INTERPUMP GROUP S.p.A.

Model of Organization, Management and Control
in accordance with the
Decree Leg. no. 231 of June 8th, 2001

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GENERAL PART

1 Administrative Liability of Legal Entities: Notes on legislation

1.1. Legal regime of administrative Liability: Leg. decree 8 June 2001, no. 231 and its evolution

Leg. Decree 8 June 2001, no. 231 (hereinafter "the Decree")[1] introduced in Italian law a specific form of responsibility, nominally of an administrative nature although substantially of a punitive-penal nature, affecting companies, associations, and institutions in general in relation to specific offences committed in their interest or to their advantage by a natural person in the internal role of a senior management position or a subordinate position.

The conditions for application of the new regulation can be summarised, extremely concisely, as follows:

a) the fact that the organisation is included among those in relation to which the Decree is applicable;
b) the commission of an offence among those listed by the Decree, on behalf of or in such a way as to benefit the entity in question;
c) the commission of the relative offence by a person vested with top management or subordinate functions within the organisation;
d) failure of the entity to adopt or implement an adequate organisational model to prevent the commission of offences of the type that has occurred;
e) non assignment of independent powers of action and control to a specific body of the entity (or insufficient vigilance by the latter) and the non-fraudulent avoidance, by the senior management representative, of the prevention model adopted by the entity.

In the event of offences committed by a subordinate party, the occurrence of each of the foregoing circumstances is subject to a specific onus of proof, the expedition of which is the responsibility of the Public Prosecutor; in contrast, in the event of offences committed by a senior management representative, the occurrence of each of the conditions as at points d) and e) is subject to a simple presumption (juris tantum), without prejudice to the entitlement of the organisation to provide proof to the contrary. (reversal of the onus of proof).

The combination of all the above conditions results in the liability of the organisation to suffer sanctions of various types, all of which are of a serious nature, including, primarily, a pecuniary fine (up to a maximum of € 1,549,370) and restrictive orders (the ultimate case being the forced winding up of the business).

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[1] The provision in question (*"Discipline of administrative responsibility of legal entities, companies and associations, also without legal status"*), published in the *Official Journal of the Italian Republic, issue* no. 140 of 19 June 2001, was issued in implementation of the delegation to the Government ex article 11 of Law no. 300, 29 September 2000. This latter finds its logical precedent in a series of acts drafted on an international level on the basis of article K.3 of the Treaty on the European Union: Convention on the protection of the European Community's financial interests, signed in Brussels on 26 July 1995; first Protocol signed in Dublin on 27 September 1996; Protocol on the interpretation, by way of preliminary rulings, by the Court of Justice of the European Communities of said convention, with annexed declaration, adopted by the Council in Brussels on 29 November 1996; and the Convention on combating bribery of public officials of the European Community or member states of the European Union adopted in Brussels on 26 May 1997 and the OCSE convention on combating bribery of foreign public officials in international economic operations, with annex, signed in Paris on 17 December 1997.

The fundamental aspects of the penalties application procedure reflect statutory criminal code, of which, with good reason, the penalties procedure is a possible appendix; notwithstanding the adopted nomen juris, the entire substantial context in which the Decree finds application is deliberately based on a conceptual framework taken from the criminal justice system.

The scope of application of the new provisions, originally restricted to articles 24, 25 and 26 of the Law, was subsequently extended both by amendment of the Decree (by art. 6, D.L. no. 350, 25 September 2001, by art. 3, D.Lgs. 11 April 2002, no. 61, by art. 3 of Law no. 7, 14 January 2003, by art. 5 of Law 11 August 2003, no. 228, by art 187-(14) of Law 18 April 2005, no. 62, by art. 31 of Law 28 December 2005, no. 262, by art. 63, par 3, of decree D. Lgs. no. 231, 21 November 2007, by art. 300 of decree D. Lgs. 9 April 2008, no. 81, by art. 7 of Law no. 48, 18 March 2008, by art. 2 of Law no. 94, 15 July 2009, by arts. 7 and 15 of Law 23 July 2009, no. 99, by art. 4 of Law 3 August 2009, no. 116, by art. 2 of decree D. Lgs. 7 July 2011, no. 121, by art. 2 of D.Lgs. 16 July 2012, no. 109 and, finally, by art. 1, subsection 77, of Law 6 November 2012, no. 190) and by deferments to the Decree itself (by articles 3 and 10 of Law 16 March 2006, no. 146 and by art. 192 of D.Lgs. 3 April 2006, no 152).

By the effect of said progressive extensions, the Decree currently applies to the following offences, either committed or, exclusively for criminal acts, simply attempted:

- Misappropriation of public funds, fraud at the expense of the state or a public authority for the purpose of obtaining public funds and computer fraud at the expense of the state or a public authority;
- Information technology crimes and illegal data processing;
- Offences of organized crime;
- Bribery and extortion
- Money counterfeiting, falsification of public credit instruments, of official stamps and of instruments or signs of identification;
- Offenses against trade and industry;
- Corporate offences;
- Crimes related to terrorism or the creation of civil unrest;
- Practices of female genital mutilation;
- Crimes against the individual
- Market abuse
- Involuntary manslaughter or actual and grievous bodily harm committed with violation of the regulations concerning health and safety in the workplace;
- Receipt of stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering;

- Offences concerning the infringement of copyright;
- Incitement to withhold information from or make false statements to the police and judicial authorities;
- Cross-border offences;
- Dispersal and uncontrolled discarding of waste on and in the soil
- Environmental offences;
- Offence of employing irregular workers;
- Offences of bribery between individuals.

1.2. Cases envisaged by the Law and the penalties applied

Positive case elements

The case in relation to which the Decree indicates the presence of the specific form of responsibility contemplated by its provisions, postulates the simultaneous presence of a series of positive elements (i.e. elements that must necessarily be combined) and the concomitant absence of specific negative elements (the absence of which, in contrast, constitutes an absolving factor).

With regard to the positive elements it should be above all stressed that the Decree is applicable to all companies or associations, even without specific legal status, and to any other entity having legal status (hereinafter referred to as the Entity for the sake of brevity), with the exception of the Government and organisations that perform constitutional functions, public territorial authorities, and other non-economic public authorities.

Having said this, the liability awarded to the Entity by the provisions of the Decree arises after the commission of **an offence** that:

a) is among those specified by the Decree or by Laws through references (hereinafter, for the sake of brevity, an Offence);

b) is committed also or exclusively **in the interest of** or benefit of the Entity, if the Offence has been committed in the exclusive interest of the offender or of third parties the Decree does not apply;

c) the offence has been committed by a **natural person:**

   1) **in an "apical" position** (i.e. a person who exercises functions of representation, administration, or management of the Entity or one of its organisational units having financial and functional independence, or who exercises, also on a de facto basis, the relative management and control: hereinafter **"Apical Subject"** for the sake of brevity); or

   2) **subject to the directive or supervision of an "Apical Subject"** (hereinafter "**Subordinate Subject**", for the sake of brevity.

List of offences

Offences that, to date, may require application of the sanctions provided for by the Decree, are listed by macro-categories in Paragraph 1.1.

Negative case elements

Even if all the foregoing positive elements have been integrated, the liability assigned by the Decree to the Organisation will not materialise if the Offence is committed.[2]:

I) by an **"Apical Subject"**, if the **Entity** proves that:

a) the managing body has adopted and efficiently implemented, before the commission of the offence, an appropriate organisational and management model for the prevention of Offences of the type that have occurred (hereinafter the **Model**, for the sake of brevity);

b) the duty of supervising over the operation and compliance with the Model and ensuring that such operation and compliance are kept up to date is entrusted to a body of the Entity having independent powers of initiative and control (hereinafter the "**Regulatory Body"** for brevity);

c) the persons have committed the Offence by **fraudulently** eluding the Model;

d) there has been an omission of or insufficient vigilance exercised by the Regulatory Body.

II) by a **Subordinate Subject**, if the **Public Prosecutor** fails to prove that the commission of the Offence was made possible by the failure to comply with the obligations of management or supervision. In any event, **the inobservance of the obligations of management or supervision** is not considered if the Entity, prior to commission of the offence, has adopted and effectively implemented a **Model.**

The penalties envisaged by the Decree in respect of the Entity are:

a) a monetary penalty;

b) forcible and restrictive penalties;

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[2] In effect, in corporate matters, the formulation adopted by the delegated legislator (art. 3 Leg. Decree 11 April 2002, no. 61) contains a modification of the text with respect to the provisions of the Law. *The responsibility of the Organisation in relation to the foregoing Offences* "[...] arises if they are committed in the interest of the company, by directors, general managers, liquidators or persons subject to their supervision, if the event would not have occurred had they exercised their supervision in compliance with the obligations inherent in their office". It is unclear whether the formula adopted is overriding with respect to the generally valid formula or whether it is merely the result of a lack of coordination with the latter.

c) publication of the conviction sentence;

d) confiscation.

The above penalties are applied at the conclusion of a complex procedure, restrictive penalties can be applied also as a precautionary measure, although never jointly with each other, on the request by the Public Prosecutor to the Judge, if both the following conditions are present:

a) there is serious evidence pointing to the existence of the liability of the Entity pursuant to the Decree;

b) there exist motivated and specific elements that point to the tangible risk that offences be committed of the same nature as those in relation to which action is being taken .

In the application of precautionary measures the Judge takes into account of the specific suitability of each in relation to the nature and degree of the precautionary requirements to be fulfilled in the concrete case, of the necessary proportion between the magnitude of the event and the penalty that is considered may be applied in respect of the Entity as a final sentence.

Money penalty

A money penalty consists in the payment of an amount of money in the measure established by the Decree and anyway not less than euro 10,329 and not more than euro 1,549,370, to be decided in practice by the Judge by means of a two-phase system (quotas system).

Restrictive penalties

Restrictive penalties consist of:

a) prohibition on the exercise of the activity[3];

b) suspension or revocation of authorisations, licenses or concessions that are necessary for the commission of the illegal act;

c) temporary or permanent prohibition of dealing with the Public Administration[4], except for dealings required to obtain the performance of a public service; in the exclusion from facilitations, financing, grants or subsidies and in the possible revocation of those that have already been awarded; in the temporary or permanent prohibition of advertising goods or services.

Restrictive penalties are applied, also jointly, exclusively in relation to offences for which they are expressly envisaged by the Decree, when at least one of the following conditions is present:

[3] Involves suspension or revocation of authorisations, licenses, of concessions that are necessary for the execution of the activity.

[4] Also limited to specific types of contract or specific administrations.

a) the Entity has made a profit of significant magnitude from the offence and the offence has been committed by an Apical Subject or by a Subordinate Subject when, in this latter case, the commission of the offence was caused by or facilitated by serious organisational failings;

b) in the case of repetition of the unlawful acts.

When one or both of the foregoing conditions are present, the restrictive penalties are not applicable if one of the following circumstances is present:

a) the offender has committed the Offence mainly in its own interest or in the interest of third parties and the Entity has not gained any advantage from the Offence or has gained only a negligible advantage; or

b) the financial loss that has been caused is extremely moderate; or

c) prior to the declaration of opening of the proceedings of the first instance, all the following conditions concur (hereinafter Prohibitive conditions for the application of a restrictive penalty):

   1) the Entity has entirely compensated for the damage caused and has eliminated the harmful or dangerous consequences of the offence, or anyway it has applied effective measures in this direction;

   2) the Entity has eliminated the organisational failings that led to the commission of the offence by adopting and implementing a Model;

   3) the Entity has offered up the profit gained so that it can be confiscated.

Publication of the conviction sentence

Publication of the conviction sentence consists in its publication once, either in the form of an excerpt or in its entirety, by the registry office of the Judge, at the expense of the Entity, in one or more newspapers as indicated by the Judge in the sentence, and by billposting in the municipality in which the Entity has its headquarters.

Publication of the conviction sentence may be ordered when a restrictive penalty is imposed on the Entity.

Confiscation

Confiscation consists in the forced acquisition by the State of the price or profit ensuing from the Offence, except for the part that can be returned to the damaged party and in any case without prejudice to the rights acquired by third parties in good faith; when it is not possible to perform the confiscation in kind, the operation can concern sums of money, assets, or other utilities of an equivalent value to the price or profit ensuing from the Offence.

1.3. Organisational, Management and Control Model: adoption

The Decree[5] introduces a **specific form of exemption from the liability** in question if the Entity is able to show:

a) that it has adopted and effectively implemented, through the managing body, prior to the commission of the offence, organisational and management models that are appropriate for the prevention of offences of the same type as the offence that has occurred;

b) that it has assigned to an internal body, having independent powers of initiative and control, the task of supervising over the operation and observance of the models, and keeping them up to date;

c) that the persons who committed the Offence acted by fraudulently eluding the foregoing models of organisation and management;

d) that there was no occurrence of omitted or insufficient supervision by the body as at the above letter b).

1.3.1 Model exerting absolving effect in the case of an offence

The Decree also envisages that, in relation to the extension of the delegated powers and the risk of commission of offences, the models of organisation, management and control must **fulfil the following requirements**[6]:

1) identify the areas at risk of the commission of the offences contemplated by the Decree;
2) provide specific protocols in order to plan the formation and implementation of decisions of the Entity in relation to the offences to be prevented;
3) provide methods of identification and management of the financial resources needed to prevent the commission of said offences;
4) prescribe obligations of disclosure in relation to the organisation assigned to supervise over the operation and observance of the Model;
5) configure an appropriate internal disciplinary system to punish the failure to observe the measures indicated in the Model.

[5] Art. 6, subsection 1
[6] Art. 6, subsection 2.

The Decree envisages that the models of organisation, management and control can be adopted, guaranteeing the requirements as set down above, on the basis of codes of conduct (for example, Guidelines) drafted by representative sector associations, communicated to the Ministry of Justice which, in liaison with the competent Ministries, can (within the term of 30 days) issue observations concerning the appropriateness of the models for the purpose of preventing offences[7].

Finally, it is envisaged that the task of supervision can be carried out directly by the:

- Board of Directors in Entities of small size ;
- in corporations, by the Statutory Auditors, by the Supervisory Board or by the Management Control Committee[8].

1.4. Guidelines issued by CONFINDUSTRIA

The different Trade Associations, in accordance with the requirements of the Decree, designed guidelines to implement the Model. In particular, Confindustria approved the final text[9] of its "Guidelines for the implementation of the Model of Organisation, Management and Control ex Leg. Decree 231/2001", which can be schematically broken down in the following fundamental phases:

- "identification of risks: i.e. the analysis of the company context to highlight where (in which area/activity sector) and in accordance with which methods, prejudicial events may occur in relation to the goals indicated by. Decree no. 231/2001";
- "design of the control system. (so-called protocols for the planning of formation and implementation of decisions of the Entity): i.e. the assessment of the system existing within the Entity and its adaptation, if necessary, in terms of capability for effective management of the risks identified".

It should be noted that differences with regard to specific points of the above mentioned Guidelines do not necessarily invalidate the Model. Since each Model should be as each fact, be developed with regard to the concrete situation of the Entity to which it refers, may well differ from the Guidelines which, by their nature, are general.

The most significant components of the control system identified by the Guidelines issued by CONFINDUSTRIA are:

- Code of Ethics;
- organisational system;
- manual and computerised procedures;

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[7] Art. 6, subsection 3.
[8] Art. 6, subsection 4.
[9] On March 7th, 2002 later updated on March 31st, 2008 and approved the last version on July 21st, 2014.

- powers of authorisation and powers of signature;
- control and management systems;
- disciplinary system and sanction measures;
- Regulatory Body;
- communication to and training of personnel.

The components of the control system must be aligned with the following principles:

- assessability, documentability, coherence and congruence of each operation;
- application of the principle of the separation of functions (e.g. no one shall be allowed to manage an entire process independently);
- evidence of controls;
- provision of an adequate system of penalties to contrast violations of the terms of the Code of Ethics and the procedures specified by the Model;
- identification of the requirements of the Regulatory Body, which can be summarised as follows:
  - autonomy and independence;
  - professionalism;
  - continuity of action;
- obligations of information of the Regulatory Body;

1.5. Legal developments

For the purposes of the drafting of the Model, Interpump took into consideration also the legal orientations formed in relation to the subject matter.

Specifically, although at first the rulings issued in relation to the administrative responsibility of entities ex Leg. Decree no. 231/01 have not addressed the adequacy of control systems, later jurisprudence began to verify the adequacy, timing of adoption and the eligibility of the model, compared to the needs and characteristics of the adoptering entities (Trib. Milan, Sec. 4 Pen. 4 February 2013, n. 13976; Cass. Pen. Sec. 5, 30 January 2014, n. 4677).

Despite the variety of the various decisions issued, certain constant references emerge in relation to checking the adequacy of the Model adopted, namely the reference to the criminal conduct in relation to which action is being taken, to the organisational structure, to the dimensions, to the type of business, and to the history, including the legal history, of the company involved in the proceedings.

More specifically, Judges have assessed:

i) the effective autonomy and independence of the Regulatory Body,
ii) analytical precision and comprehensiveness in the identification of areas at risk,
iii) the provision of specific protocols aimed at programming the formation and implementation of decisions of the entity in relation to the offences to be prevented,
iv) the existence of obligations of information in relation to the body entrusted with supervising over the operation and observance of the models,
v) the introduction of a disciplinary system capable of punishing the failure to comply with the specified measures.

2 Adoption of the Model

2.1 Interpump Group S.p.A.

Interpump Group is the world's primary manufacturer of professional, high-pressure plunger pumps and one of the world's leading groups operating on international markets in the hydraulic sector.

The Company is listed at Italian Stock Exchange, segment STAR. With more than two thirds of its sales generated outside Italy, the Group distributes its products in more than 60 countries, on markets in western Europe and north America and in the emerging economies of Far East Asia and South America.

Interpump' s mission is to pursue excellence in its operations through the application of innovation and quality. Innovation is a permanent goal of the Group companies and personnel and is the result of constant, scientific, and detailed research performed on materials, techniques, and products, conducted with the aid of the very latest equipment available in the art field.

Quality permeates all activities of Interpump; starting conditions for quality are the meticulous, methodical and constant control and verification of each phase of the life of the company, in each step of the production process, from the purchase of raw materials through to the completion of the finished product. The quality of Interpump is the fruit of a culture that is rooted in the core values of the Company, identified in efficient products that are of easy and intuitive use, guaranteed, able to meet the most modern requirements in their sector and limit consumption in the utmost respect of their users and the environment.

Sensitive to the need to diffuse and consolidate the culture of transparency and integrity, and aware of the importance of ensuring conditions of correctness in the conduct of its business and in the company activities in order to protect its position and corporate image and to defend the expectations of its shareholders, Interpump adopts the **Organisation, Management and Control Model** envisaged by the Decree, establishing the relative reference principles .

2.1.1. Goals and key points of the Model

As it is knowns, the adoption of the Model it is not imposed by the prescriptions of the Decree[10].

[10] Which refer to the adoption of the Model in purely voluntary terms with no form of obligation. It is also to be highlighted, regarding the adoption of the Model, the judgment of the Court of Milan n. 1774/2008 according to which "The failure to design an adequate Model pursuant to Legislative Decree n. 231/2001 determines the liability of the directors with regard to the so-called "mala gestio" (Art. 2392 Civil Code).

However, being Interpump listed at the Italian Stock Exchange, segment STAR, the adoption and effective implementation of the Model are preconditions for admission to listing and permanence in such segment. The adoption of a Model pursuant to the Decree is also foreseen by the Corporate Governance Code for listed companies.

Interpump aims to increase awareness among those who work in the name of and/or on behalf of Interpump, to ensure that in the execution of their activities they adhere to correct and honest forms of conduct in order to eliminate the risk of the commission of the Offences contemplated by the provisions of the Decree.

The Model was prepared on the basis of the prescriptions of the Decree and of the Guidelines issued by CONFINDUSTRIA. In addition, as stated above, the Model takes into consideration the most relevant Court rulings.

The primary goal of the Model is that of configuring a structured and organic system of procedures and control activities aimed at preventing, as far as possible, the commission of conduct liable to lead to the offences contemplated by the Decree.

The identification of the activities subject to the risk of offences ("sensitive activities") and their consequent proceduralization, reflects the following objectives:

- to achieve the full awareness of all those working in the name of and on behalf of Interpump, that they may commit a punishable offence, the commission of which is entirely condemned by the Company, in as much as such offences are always in conflict with its interest, even when it may apparently gain an economic benefit from such unlawful conduct;
- thanks to constant monitoring of the activity, to allow actions to be taken in order to prevent or oppose the commission of the offences in question.

The key points of the Model, in addition to the principles listed above, are as follows:

- mapping of high-risk activities, i.e. those in the context of which the commission of the offences envisaged by the Decree appears more probable, i.e. so-called "sensitive activities";
- the assignment to the Regulatory Body of specific duties of supervision over the effectiveness and correct operation of the Model;
- checking and documentation of each significant operation;
- the application of and compliance with the principle of separation of functions, on the basis of which no one shall be allowed to manage an entire process independently;
- the assignment of powers in accordance with the organisational responsibilities;
- the ex post verification of the conduct of the company and the operation of the Model, with consequent periodic updating;
- the definition of guidelines for the adoption of a suitable Model by the subsidiaries;

a specific procedure for the management of whistleblowing reports;

- the diffusion and involvement of all company levels in the implementation of company rules of conduct, procedures and policies.

2.1.2. Structure of the Model: General Part and Special Part

The Model is subdivided into the following parts:

- General Part, which contains the key points of the Model and deals with the operation of the Regulatory Body and the penalties system, with reference also to the Code of Ethics;
- Special Part, the contents of which are composed of the sensitive activities related to the different types of offenses envisaged by the Decree and considered – having completed the Risk Self-Assessment on the main business processes - more relevant given the nature of the Company's business.

2.1.3. Approval of the Model

The Model was approved by the Board of Directors of Interpump Group S.p.A.

2.1.4. Amendments and updating of the Model

As ruled by the Decree, the Model is "an act of emanation of the Board of Directors "[11]. Consequently, any subsequent amendments or substantial additions are the competence of the Board of Directors of Interpump.

2.2 Methodological approach to the Model

For the purposes of drafting and implementation of the Model ex Leg. Decree no. 231/2001, the methodological approach adopted envisages the following phases:

- identification of areas potentially exposed to the risk of commission of offences;
- risk assessment of the processes inherent in the areas of risk identified, with a description of any relative criticalities that may be identified;
- identification of solutions and actions aimed at overcoming or mitigating the criticalities identified;
- adaptation and drafting of the organisational procedures concerning areas identified and potentially at risk, containing binding provisions for the purposes of the reasonable prevention of the offences as at the foregoing Decree;
- preparation of the Code of Ethics;
- preparation of a disciplinary system to punish the inobservance of the measures indicated in the Model;
- drawing up of the Code of the Regulatory Body;
- drawing up of the training and communication plan of the Model.

[11] Art. 6, subsection 1, letter a) of the Decree.

2.2.1 Risk assessment method

The effective execution of the project and the need to adopt criteria that are objective, transparent and traceable for the construction of the Organisational model called for the use of adequate and integrated methods and tools.

The activity carried out was characterised by compliance with the Decree and the other standards and regulations applicable to the company, and, in relation to unregulated aspects, by compliance with:

- the guidelines issued by Confindustria with regard to "Models" ;
- best practices in relation to auditing (C.O.S.O. *Report*; *Federal Sentencing Guidelines*).

The preliminary assessment activity was addressed to the processes and the corporate functions that, on the basis of the results of the preliminary risk assessment analyses, were identified as being the most exposed to the offences contemplated by the Decree, including, for example:

- the company functions that habitually entertain significant relations with Italian, foreign, or supra-national public administrations;
- the corporate processes and functions that assume significance in the administrative and financial areas that, also on the basis of explicit reference in the legislation, constitute areas of the highest exposure to risk.

With regard to the method of identification of the control processes and systems for the prevention of irregularities, the approach adopted is based on an assessment model having *eight components*, prepared on the basis of international best practices, with an essential contribution derived from the US *Federal Sentencing Guidelines*, from which the experience of compliance programs originated.

Among other considerations, said guidelines, in accordance with the position paper on the Decree of October 2001 issued by the Italian Association of Internal Auditors, constitute the most qualified and authoritative reference in relation to the assessment of corporate responsibility, and have been explicitly taken into consideration by the Italian legislator, as evident from the government report on the Decree.

Specifically, the components of the assessment model adopted are as follows:

The above elements are described concisely below, together with a summary of the assessments carried out:

Governance

Area of examination of the methods of attribution of the competences of the bodies concerned with management of internal control systems.

Code of Ethics and operative procedures

Area of examination of the organisational systems adopted to check compatibility with the results of the risk assessment process, with the current organisational structure, with the methods of management of company processes and human resources.

Communication

Area of examination of the internal communication system in relation to the elements of the Model and, specifically, the adequacy of the contents, the channels utilised, the frequency of communication, hierarchical differentiation, function and level of risk, and comprehensibility of language.

Training

Area of examination of practices and procedures utilised for training of personnel with regard to application of the Model, both in the framework of general and specific programs, developed or to be developed, for personnel operating in areas of risk.

Human resources

Area of examination of practices and procedures utilised for the management of human resources in regulating the main aspects of the employment relationship; also other qualifying aspects will be assessed in order to prevent illicit acts such as, for example, the systems of incentives, dissuasion and penalties, including the dismissal of personnel, as specified by the Law.

Control

Area of examination of practices and procedures utilised for the activities of control and monitoring of the performance of elements of the Model; subsequently the adequacy will be examined of processes for control of areas and operations at risk by means of red flags, process audits, routine performance audits in areas at risk, and finally adequacy of the Model so called “compliance program," or audit of the Model).

Information

Area of examination of the characteristics and methods of generation, access, and operating reporting of the information required for effective supervision over risks by the bodies concerned and, primarily, by the Regulatory Body as envisaged by the Decree; therefore analysis was carried out of the availability of the data required for the execution of effective preventive supervision and subsequent supervision of at risk activities, the existence of preferential channels of communication for the signalling of operations exposed to risk, both by third parties and by personnel (help line), timely signalling of changes in the risk profiles (e.g. new legislation, acquisitions of new activities, violations of the internal control system, access and inspections by

Violations

Area of analysis of the characteristics and methods of executing the audit activities and/or internal and external investigation, in order to assess the effectiveness both in terms of professional and/or qualitative standards and in terms of the effect on the updating of the elements of the internal control and corporate governance systems.

supervisory bodies, etc.), and the proper registration and reporting of the foregoing events with the relative subsequent actions implemented and the result of the checks carried out.

2.2.2 Operating phases

The methodological approach adopted was implemented and developed through a series of operational phases. The start of this activity called for the prior acquisition of data and information concerning the organisational system of the Company and the operative processes, useful in relation to detailed planning of individual phases.

The implementation of the foregoing methodology is articulated in the following steps, hereinafter described in more detail:

- Planning;
- Diagnosis;
- Design;
- Preparation;
- Implementation,

Stage 1: Planning

Such stage is aimed to collect the documentation and retrieve information of use to in becoming familiar with the activity and the organisational system of the company.

Among other aspects and merely by way of example, this information concerns the following:

- the company business sectors;
- the types of relations and activities (e.g. commercial, financial, regulatory control, representation, collective bargaining, etc.) entertained with Italian or foreign Public Administrations;
- cases of any presumed irregularities that have occurred in the past (incident analysis);
- Situation of internal regulations and procedures (e.g. delegations of functions, decisional processes, operative procedures, protocols);
- the documentation concerning service orders, internal communications and all other documentary evidence of assistance in arriving at a fuller understanding of the activities carried out by the company and the organisational structure.

The collection of information is carried out by means of documentary analysis, interviews and questionnaires carried out with the heads of the various company functions/divisions and, anyway, with the personnel considered to be useful for the purpose on the basis of their specific competences.

We point out that the concept of Public Administration taken into consideration for the identification of areas at risk is taken from the description contained in articles 357 and 358 of the Penal Code, on the basis of which: public officials and persons responsible for public services are all persons who - whether bound or not by a relationship of employment with the Public Administration. - perform activities regulated by the rules of public law and authoritative deeds.

On the basis of the foregoing understanding the following positions are mentioned by way of example:

1) parties who execute a legislative/administrative public function such as, for example:

- members of parliament and members of the government;
- regional and provincial counsellors;
- members of the European parliament and members of the European Council;
- parties that perform ancillary functions (officials responsible for the retention of parliamentary deeds and documents, for the preparation of shorthand reports, treasury office officials, technical personnel, etc.)

2) parties that perform a legal public function, such as, for example:

- Magistrates (ordinary magistracy of Law Courts, Appeal Courts, the Supreme Court of Cassation, Regional Court of Water, Regional Administrative Court, Council of State, Constitutional Court, Military Tribunals, lay magistrates of Assize Courts, Justices of the peace, Honorary and magistrates and associates, members of formal panels of arbitration and parliamentary inquiry commissions, magistrates of the European Court of Justice, and of various international courts, etc.);
- persons who perform associated functions (officials and agents of the criminal investigation department, finance police and Carabinieri, chancellors, secretaries, judicial officials, bailiffs, settlement ushers, official receivers, operators responsible for issuing certificates at Court registry offices, expert valuators and consultants of the Public Prosecutor, liquidators in bankruptcy proceedings, liquidators of arrangements with creditors, special commissioners of controlled administration of major enterprises in difficulty, etc.);

3) parties that perform an administrative public function, such as, for example:

- employees of the state, of international and foreign organisations and territorial institutions (for example officials and employees of the state, of the European Union, of supra-national health organisations, of foreign countries and territorial institutions, including Regions, Provinces and Municipalities; persons who perform ancillary functions with respect to the institutional functions of the state, namely members of the municipal technical department, members of the building commission, head of the administrative department of the amnesties office, municipal ushers, personnel responsible for procedures concerning the occupation of public land, municipal

correspondents in the employment office, employees of state owned companies and Municipalized companies; persons responsible for collecting taxes, personnel of ministries, of superintendencies, etc.). Specifically, relations with university academic staff are highlighted; University assistants aiding full professors in research work and didactic activities; Hospital head physicians and assistant head physicians; Members of commissions for calls for tenders issued by Local Health Authorities and Hospitals; Nas (Food hygiene enforcement unit); Health inspectors; Health officers; Medical practitioners; Pharmacists.

- employees of other national and international public authorities (e.g. officials and employees of the Chamber of Commerce, of Banca d'Italia, of the Supervisory Authority, of social security institutions, of the Italian national statistics institute, of the UN, of the FAO, etc.).
- private individuals performing public functions or public services (e.g. notaries, private individuals operating under a concession or whose activity is anyway regulated by the provisions of public law and authoritative deeds, etc.).

In this context, we stress that the specified. Public Administrations are considered to be equivalent to bodies performing analogous functions to those described above in the context of EU bodies, the bodies of other EU member states, the bodies of foreign countries or international public organisations.

Information described above constitute indispensable and essential elements to allow the start of the risk assessment procedure.

Stage 2: Diagnosis

This stage is characterised by completion of the risk assessment analysis started in the previous planning stage), in order to:

- perform an analysis of the company functions/activities that are potentially exposed to risk of offences ex Leg. Decree no. 231/2001.
- analyse the organisation and control system overall, with special regard to the following elements that make up the organisational Model and their characteristics:

  - Leadership & Governance of the Company;
  - Standards of conduct;
  - Information, internal reporting & Communication;
  - Training & Development;
  - Assessment of performance;
  - Internal control and monitoring;
  - Response of the Model to violations.

Concisely, the analysis and evaluation of the foregoing components focuses on:

- the assessment of the adequacy of the organisational system, following criteria of:
  - system formalisation;
  - clear definition of responsibilities assigned and lines of hierarchical dependence;
  - existence of cross-referenced functions;
  - correspondence between the activities effectively performed and the activities envisaged by the missions and responsibilities described in the company organisation chart;
- the assessment of the existence of protocols and formal procedures for regulation of the activities performed by structures in the areas potentially at risk, taking account of the phases of instruction and training of corporate decisions;
- the assessment of the existence of authorisation powers and signing powers in line with the organisational and management responsibilities assigned and/or effectively carried out. The assessment was conducted on the basis of an examination of the proxies issued and the internal management delegations (authorisation system for spending and negotiation);
- the assessment, for individual activities potentially at risk of offences, of the existence of protocols, procedures, and rules of conduct, identifying the integrations required for greater adherence to the principles expressed by Leg. Decree no. 231/01;
- the assessment of the adequacy of the disciplinary system in force aimed at punishing any violations of the principles and provisions aimed at preventing the commission of offences both by employees of the company - executive and non-executive - and by the company directors and external consultants;
- the assessment of the existence of forms of communication and training for personnel, in consideration of the need that initiatives aimed at implementing Leg. Decree no. 231/2001 be programmed and finalised for disclosure of the organisational Model.

A summary document was drafted at the end of this phase containing:

- the "map" of potential risks ex Leg. Decree no. 231/2001 referred to the company and the company functions involved;
- the company departments and functions that perform activities that are potentially exposed to risks ex Leg. Decree no. 231/2001;
- the centres of responsibility for each of the foregoing company activities;
- the company activities that were found to be theoretically and potentially more exposed to the risk-offence ex Leg. Decree no. 231/2001;

- the type of contacts with the Public Administration, public officials and persons in charge of public services;
- the types of offence that can be theoretically ascribed to the activities carried out;
- the potential incidence of the risk in relation to the company in terms of severity and of the theoretical probability of occurrence of the offence.

The results obtained from the foregoing analysis comprised the basis for the design of the Organisational Model, as specified below.

Stage 3: Design

This phase is articulated in the execution of the As-Is analysis on existing protocols, procedures, and/or control tools in order to check the reasonable effectiveness of existing controls for the prevention of irregularities. This activity is based on the understanding of the level of proceduralization of the company activities that are found to be exposed to risk, and the level of awareness, application, communication, updating and control of any existing procedures and protocols monitoring such activities.

More specifically and in line with the findings of the Company's mapping of areas at risk, this stage concerns:

- Verification/census of protocols, operational procedures and/or control tools already existing for each area potentially at risk. Specifically the aspects of criticality and insufficiency in the existing control systems were identified in the context of ensuring reasonable prevention of the possibilities of the offences envisaged by the Decree;
- prescriptions, suggestions and guidelines were prepared concerning the integrations and improvements to be made in such a way as to correct the identified criticalities in a reasonable manner.

This assessment activity, in line with the methodological criteria identified above, is performed by means of a preliminary request made to the structures involved to start a process of self-analysis of the potential areas of risk in the context of the activities performed by each of them, and verification of the existing procedures and internal protocols in the areas identified. The request is conducted by means of meetings with the structures involved, during which suitable clarifications are provided in relation to various different aspects of the discipline in question.

The planning of the evaluation actions of the elements making up the Organisational Model, and specifically:

- Code of Ethics, on the disciplinary system and on ethical training;
- activities that are the responsibility of the Regulatory and controlling body;

The planning of the informative reporting system allows the Regulatory Body to receive information and updates concerning the status of the activities that were identified as potentially exposed to risk.

Stage 4: Preparation

This phase is led to the drafting of the Model by means of the effective collation and/or adaptation of the organisational tools of which it is composed, considered to be the most suitable to maximise the effectiveness of the action of prevention of offences, as the:

- drafting and revision of operative procedures for the areas/activities considered to be potentially at risk because they lack controlling functions;
- drawing up of the code of ethics and consequently of ethical principles for the areas/activities considered to be potentially at risk because they lack controlling functions;
- drawing up of the internal disciplinary system with graduations in compliance with the seriousness of violations;
- definition of the powers, duties and responsibilities of the Regulatory Body and its relations with the company structures;
- planning of initiatives concerning ethical communication and training and prevention of offences.

Stage 5: Implementation

In this phase the activity carried out is designed to make the Model operational overall, by means of:

- its formal adoption by means of approval by the Board of Directors;
- the definitive implementation and communication of the elements of which the Model is composed: code of ethics, operative procedures, internal control system, communication and training plan, disciplinary system.

It is clear that it will be the responsibility of the **Regulatory Body**, in the execution of its initial interventions and in the dynamic management of the control model, to identify the criteria on which to base its actions as follows:

- the execution of periodic checks on the Model and its component elements;
- updating of the "map" of the areas at risk of offences and the actions necessary to maintain the effectiveness of the Model in preventing the commission of offences through time;
- activity of informative reporting to the company bodies for modification or integration of the basic elements of the Model.

2.3 Comparison between the Model and the Code of Ethics

The Model responds to the need to prevent, as far as possible, the commission of the offences envisaged by the Decree through the creation of a series of specific rules of conduct.

This clearly indicates the difference with respect to the Code of Ethics, which is a more generalised and wide reaching tool, aimed at promoting "corporate ethics" although without imposing any specific procedures.

However, in consideration also of the contents of the Confindustria Guidelines, a close level of integration between the Model and the Code of Ethics has been deliberately engineered, in such a way as to create a corpus of internal regulations with the aim of incentivising the culture of corporate ethics and transparency.

The conduct of employees, collaborators in any capacity and directors ("**Employees**"), of those who act, also in the role of consultants or anyway having powers of representation of the Company ("**Consultants**") and other contractual counterparties of Interpump must comply with the rules of conduct - both of a general and specific nature - envisaged in the Model and in the Code of Ethics (refer to Annex 1).

2.4 Recipients of the Model

The rules contained in the Model are applied to those who perform, also on a de facto basis, functions of management, administration, direction or control in Interpump, to employees, to collaborators as well as to those who, although not belonging to the Company, act on behalf of or are otherwise related to the same.

Interpump discloses the present Model by means of suitable procedures and ensures the effective awareness of the Model by all Employees.

The parties to whom the Model is addressed are required to comply strictly with all the provisions it contains, also in execution of duties of loyalty, fairness and diligence that result from the legal relations created with the Company.

Interpump condemns any conduct that does not comply with the law, with the provisions of the Model and of the Code of Ethics, even when such conduct is adopted in the interest of the Company or with the intention of securing an advantage for the Company.

2.5 Organization and Management Models within Groups

Decree 231 does not expressly address the responsibilities of entities that belong to a group of companies.

However the Confindustria Guidelines do address the subject of responsibility for offenses committed within groups of companies. In particular, it is not possible to impute direct responsibility for offenses to the group pursuant to Decree 231. This is because a "group" is

neither a specific entity nor a direct center for the allocation of responsibility for offenses, and it is not even included among the parties indicated in art. 1 of the Decree.

On the contrary, the entities comprising a group may have responsibility for the offenses committed in the performance of their business activities, but a subsidiary cannot be deemed to have direct responsibility merely because it is subject to control or other forms of relationship within a group of companies (Court of Cassation, 6th Criminal Section, Sent. no. 2658/2014).

The jurisprudence has therefore established the conditions under which responsibility for an offense committed by a group company may also be attributed to other companies including, in particular, the parent company. The conclusion, based on case history, is that the top management of the parent company is not directly responsible for preventing offenses committed at subsidiary company level.

The parent company may therefore be held responsible for offenses committed by the subsidiary, if:

- the offense was committed for the direct and immediate benefit of, or in the interests of both the parent company and the subsidiary;
- natural persons functionally linked with the parent company participated in the commitment of the offense, making a significant causal contribution (Court of Cassation, Vth Criminal Section, Sent. no. 24583/2011) that is demonstrated in a specific and concrete manner. For example, existence of the following is problematic:
  - criminally improper instructions, if the essential aspects of the criminal conduct of the participants can be traced with sufficient clarity to the program of action established by senior management;
  - same senior management at both the parent company and the subsidiary (so-called interlocking directorates): this increases the risk that responsibility may be propagated within the group, since the companies may be deemed to be separate entities in name only.

The Confindustria Guidelines clarify that **each group company**, being individually subject to the requirements of Decree 231, **must independently prepare and update its own Organization and Management Model, although that activity may be carried out with reference to instructions and methodologies specified by the parent company, having regard for the organization and operations of the group.** This coordination must not, however, restrict the autonomy of subsidiaries when it comes to adopting the model.

The Confindustria document also establishes that the adoption of an independent model by each group company has two fundamental consequences:

- *development of a model that is truly appropriate for the organizational reality found at each company. In fact, only the company concerned can precisely and effectively recognize and manage the risk of committing criminal offenses, which is essential for the model to be deemed effective pursuant to art. 6 of Decree 231;*

- *confirmation of the autonomy of the individual operating unit within the group, with a resulting reduction of the risk that responsibility might be attributed to the parent company.*

The parent company may indicate a structure for the code of conduct, as well as common principles for the disciplinary system and implementation protocols. However, these components of the model must be implemented independently by the individual group companies and adapted to their individual circumstances, with - where appropriate - the adoption of standards of ethics and conduct based on the specific business of the company and the particular offenses to which it is exposed.

Of course, the Organization and Management Model of the parent company takes account of the integrated processes involving several group companies and those activities that generate a common result (e.g. consolidated financial statements).

It is very important for these procedures to be founded on the principles of transparency and accounting propriety, with coordination in particular of the system of controls over those activities known to be exposed to risk. The protocols and procedures adopted by each company must be consistent with the principles established by the parent company, in order to demonstrate that all group companies have checked and agreed on rules of conduct that are consistent with the requirements of the Decree.

2.6 Principles established by Interpump Group for compliance with Decree no. 231/2001 by Italian and foreign subsidiaries

Interpump Group S.p.A. directly or indirectly controls the companies within the Interpump group and, accordingly, considers it necessary to summarize here the principles and rules that apply to all Italian and foreign companies.

Interpump Group S.p.A. requires all direct and indirect subsidiaries to align their organization and management models with the principles set out below, while exercising their autonomy when determining the exact content of such models.

2.6.1 General Principles

Interpump Group requires all Italian and foreign subsidiaries to adopt a system of organization that guarantees:

- management and monitoring of the activities associated with gifts, donations and entertaining expenses;
- management and monitoring of the processes adopted for personnel selection, hiring and appraisal;
- supervision of the processes adopted for preparing the statutory and consolidated financial statements, ensuring their accuracy and transparency;
- monitoring and traceability of cash flows;

- proper allocation of powers and segregation of duties in the management of each business process;
- disciplinary action for failure to comply with the conduct required;
- proper management of reports (i.e. whistle-blowing policy, see section 2.6.4);
- compliance with locally-applicable regulations and the rules established at group level, if more demanding;
- traceability of processes and the filing of documentation.

Without prejudice to the above, each company must also comply with the following requirements.

2.6.2 Code of Ethics

The Board of Directors of Interpump Group S.p.A. has adopted a Group Code of Ethics that applies, with the considerations indicated below, to all Group companies.

The Group Code of Ethics is sent to the administrative bodies of each subsidiary for assessment and subsequent adoption.

Without prejudice to the fundamental principles set out in the Code of Ethics, each Interpump group company is sent a version that takes account of its specific characteristics:

- Italian company that has adopted an Organization and Management Model pursuant to Decree no. 231/2001 and, accordingly, that has appointed a Supervisory Body;
- Italian company that has not adopted an Organization and Management Model pursuant to Decree no. 231/2001;
- foreign company.

The Administrative Body of each company will make its own assessment about the adoption and proper implementation of the document.

2.6.3 [omissis]

2.6.4 Policy for the management of whistle-blowing reports

Interpump Group S.p.A. has adopted a specific procedure for the management of whistle-blowing reports, consistent with the related national and international best practices.

Each Italian and foreign company within the Interpump group must adopt a clear and timely process for the management of whistle-blowing reports, in order to ensure that all cases of non-compliance are known to and managed by the competent corporate bodies.

With regard to the management of reported non-compliance, Interpump Group S.p.A. requires each group company to adopt the following principles:

- the persons reporting cases of non-compliance must be protected from any form of retaliation. Each Interpump group company must adopt an anti-retaliation policy that protects persons making reports from adverse consequences (such as dismissal, demotion, unjustified transfers or, in any case, conduct that may be construed as mobbing);
- anonymous reports must be taken into consideration, on condition that they are capable of identifying facts and situations that arose in specific contexts;
- the persons reported must receive the same protection as those making the reports;
- in relation to companies that have not appointed a Supervisory Body, the reports may be sent to the Supervisory Body of Interpump Group S.p.A. at the following address (e-mail: organismodivigilanza@interpumpgroup.it).
- each Interpump group company must manage the reports received in compliance with all the laws and regulations governing data protection;
- the reports made pursuant to this policy must be detailed and accompanied by the largest possible number of details, so that the facts can be reconstructed and checked;
- the investigation following the receipt of a report is carried out in compliance with the applicable regulations;
- the data relating to reports received must be stored electronically in areas with restricted access that requires specific authentication.

All those who become aware of cases of non-compliance in the performance of their duties must submit a specific and detailed report of the facts, as they understand them in good faith, to the competent corporate bodies.

3 The Regulatory Body

If events included among the offences envisaged should occur, the Decree[12] specifies as an absolving condition in relation to administrative liability the fact that the task of supervising over the operation of and compliance with the Model, and ensuring it is kept up to date, has been assigned to a body of the Entity (having independent powers of initiative and control).

3.1 Identification of the internal Regulatory Body "OdV"

In order to implement the provisions of the Decree, the body to which this responsibility is assigned has been identified by the Board of Directors, having heard the opinion of the Board of Statutory Auditors, among the persons who are considered to have the qualities of autonomy, integrity, independence, professionalism, and continuity of action required for this function. Causes of incompatibility or conflicts of interest resulting from significant financial or familiar relationships with the Company, its officers or other individuals in apical positions should not exist.

3.2 Functions and powers

The Regulatory Body is responsible to monitor:

- effectiveness of the Model: i.e. supervise to ensure that the conduct adopted in the company corresponds with the provisions of the Model;
- efficacy of the Model: i.e. verifying that the implemented Model be effectively capable to prevent the occurrence of the offences envisaged by the Degree and by subsequent provisions that alter the scope of application;
- opportunity of updating the Model to adapt it to environmental and company structure's changes.

On a more practical level the Regulatory Body is assigned the following tasks:

- periodic checking of the map of areas at risk of offences ("sensitive areas") in order to adapt it to changes in the activity and/or the structure of the company. To this end the company management and persons responsible for control activities in the context of individual functions are required to signal to the Regulatory Body all possible situations that may expose the company to the risk of offences. All communications must be exclusively in written form;

[12] Art. 6, letter b).

- periodically execute, also through the use of external professional parties, checks aimed at ascertaining the contents of the Model, specifically ensuring that the procedures, protocols and controls envisaged have been implemented and documented in a manner that is in compliance and that the ethical principles are observed. It is noted however, that the control activities are assigned to the primary responsibility of the operative management and are considered an integral part of each company process (so-called "line control"), which is the reason for the importance of a properly designed personnel training process;
- periodically check the adequacy and effectiveness of the Model in preventing the Offences envisaged by the Decree;
- periodically execute targeted checks on specific operations or acts performed, especially in the context of sensitive activities the results of which are summarised in a specific report whose contents will be related in the context of communications to the corporate bodies;
- liaise with the other company functions (also by means of specific meetings) for an exchange of information to keep the areas at risk of offences / sensitive areas updated to:
    - keep a check on their evolution in order to perform constant monitoring;
    - check the various aspects concerning the implementation of the Model (definition of standard clauses, personnel training, changes in regulations and organisational matters, etc.);
    - guarantee that the necessary corrective actions to make the Model suitable and effective are undertaken in a timely manner;
- gather, process and preserve all the relevant information received in compliance with the Model, and update the list of information that must be transmitted to the Regulatory Body. For this purpose, the Regulatory Body has free access to all the relevant company documentation and must be kept constantly informed by the company management:
- on aspects of the company activity that may expose the Company to the risk resulting from the commission of one of the Offences envisaged by the Decree;
- on relations with Consultants and Partners;
- promote initiatives for training and communication on the Model and prepare the necessary documentation for this purpose;
- interpret the relevant legislation and check the adequacy of the internal control system in relation to said legislative prescriptions;
- report periodically to the Board of Directors and the Board of Statutory Auditors with regard to the implementation of company policies for implementation of the Model.

The thus-identified structure must be capable of acting in compliance with the need for application, checking, and implementation of the Models required by art. 6 of the Decree, and also, necessarily, with respect to the need for constant monitoring of the condition of implementation and the effective

compliance of said models to the needs of prevention that are required by the law. Said activity of **continual verification** must proceed in two directions:

- if it emerges that the state of implementation of the operative standards required is insufficient, it is the responsibility of the Regulatory body to adopt all the necessary initiatives and correct this "pathological" condition. The required course of action will therefore be, depending on the cases and the surrounding circumstances:
  - to invite the heads of the individual organisational units to comply with the Model of conduct;
  - to indicate directly which corrections and changes must be made to the normal activity practices;
  - to signal the most serious cases of failed application of the Model to the heads and officers responsible for internal control of the individual functions.
- in contrast, if monitoring of the level of implementation of the Model shows the need for adaptation, which is found to be fully and correctly implemented, but is not suitable for the purpose of avoiding the risk of the occurrence of certain of the offences envisaged by the Decree, the Regulatory Body itself must take steps to ensure updating, times of execution and forms of said adaptation [13].

For this purpose, as anticipated, the Regulatory Body must have unrestricted access to the persons and all the company documentation and must also have and the facility to acquire data and information concerning the responsible parties..

3.3 Reporting of the Regulatory Body to the Corporate Bodies

The Regulatory Body is responsible for communicating the following matters to the Board of Directors:

- at the beginning of the activity and, after, each year: the plan of activities it intends to carry out in order to fulfil the duties assigned to it;

- periodically: the level of progress of the program defined and any changes made to the plan, with the relevant motivations;

- immediately: any significant problems resulting from the activity;

[13] Clearly, the relative times and forms are not preset. The times are to be construed as being as rapid as possible and the contents will be in line with the observations that led to the emergence of the need for adjustment.

- the Regulatory Body reports, on at least an annual basis, with regard to the implementation of the Model by Interpump.

The Regulatory Body can be invited to report periodically to the Board of Statutory Auditors and the Board of Directors with regard to its activities.

The Regulatory Body must also, evaluating individual circumstances time-by-time:

1) communicate the results of its checks to the heads of the functions and/or processes, if the activities show the presence of aspects requiring improvement. In this case the Regulatory Body must obtain from the process heads a plan of action, with relative schedule, for the activities requiring improvement, and the specifications of the operational methods necessary to implement such improvements;
2) signal any forms of conduct/actions that are not in line with the Code of Ethics and with the company procedures and/or protocols, in order to:
   i) acquire all the necessary elements to make communications with the specified structures for the assessment and application of disciplinary penalties;
   ii) avoid the repetition of the event, providing indications for rectification of the deficiencies.

The activities indicated in point 2) must be communicated by the Regulatory Body to the Board of Directors as rapidly as possible, requesting also the support of the other corporate structures, which can collaborate in the activity of verification and identification of the actions aimed at preventing the repetition of said circumstances.

The Regulatory Body is obliged to inform the Board of Directors when the infringement concern the Apical Subjects of the Company or the Board of Statutory Auditors when the infringement concerns the members of the Board of Directors and/or the members of the Statutory Auditors. The copies of the relative minutes will be kept in the custody of the Regulatory Body and the bodies involved time-by-time.

3.4 Reporting: general prescriptions and obligatory specific prescriptions

The Regulatory Body must be informed, by means of specific indications from the parties required to comply with the Model, with regard to events that could result in the emergence of liability of Interpump, in compliance with the Decree.

3.4.1 Prescriptions of a general nature

In this context the following **general prescriptions** are applicable:

- any indications concerning the commission or reasonable risk of commission of the Offences contemplated by the Decree or anyway conduct that is not in compliance with the rules of conduct as per the Model, must be collected by each Function Head;
- each employee must signal violations (or presumed violations) of the Model by contacting his hierarchical superior and/or the Regulatory Body (with a provision of the Regulatory Body "dedicated information channels" are set up to facilitate the flow of official signals and information, such as, for example, telephone lines, email or mailboxes);
- consultants, collaborators and commercial partners, with regard to their activities performed in relation to Interpump, make the indication directly to the Regulatory Body;
- the Regulatory Body evaluates the signals received and the activities to be implemented; any consequent provisions are defined and applied in compliance with the following indications concerning the disciplinary system.

The Regulatory Body for the purposes referred to in this Model, activate a mail box that allows the different functions to communicate whistleblowing reports and submit the required information.

3.4.2 Specific obligatory prescriptions

In addition to indications concerning violations of the type indicated above, notifications must be transmitted to the Regulatory Body concerning:

- penal and disciplinary proceedings initiated in relation to cases of violation of the Model;
- the penalties applied (including provisions assumed in relation to employees), or provisions for filing such procedures complete with the relative reasons.
- inspections or initiatives of any type carried out by the public supervisory authorities.

3.4.3 Reporting by company exponents or third parties

In the context of the company the Regulatory Body must be kept informed of the documentation prescribed in the Special Part of the Model in accordance with the procedures contemplated therein, and of all other information, of any whatsoever type, arriving also from third parties and concerning and pertaining to the implementation of the Model in the areas of activity at risk.

In this regard the following **prescriptions are applicable**:

- any indications relative to the commission of Offences envisaged by the Decree in relation to company activities or, anyway, to conduct that is not in compliance with the lines of conduct adopted by by the company must be collected;

- the influx of indications, including those of an informal nature, must be routed to the Regulatory Body, which will assess the indications received and the consequent provisions, if any, at its own reasonable discretion and under its responsibility, hearing, if necessary, the author of the indication and/or the person responsible for the presumed violation, and motivating in writing any refusals to proceed with an internal examination;
- in compliance with the contents of the Model and of the Code of Ethics, whistleblowing reports can be in writing and concern violations or suspected violations of the Model.
- the activation of "dedicated information channels" ("Dedicated channels") is envisaged in order to facilitate the flow of whistleblowing reports and information to the Regulatory Body, and to solve uncertainties as quickly as possible.

3.5 Collection, storage and filing of information

All information, disclosures and reports specified by the Model are retained by the Regulatory Body in a specific computerised database and/or on conventional hard copy.

The data and information sorted in the database are placed at the disposal of parties external to the Regulatory Body further to the provision of specific authorisation from the Regulatory Body.

This latter issues a specific internal provision to define the criteria and conditions for access to the database.

3.6 Regulatory Body Bylaws

See annex "2".

4 Training and dissemination of the Model

4.1 Employees

4.1.1 Employees Training

Interpump recognises and believes that, for the Model to be effective, it is necessary to guarantee correct awareness and dissemination of the rules of conduct contained herein in relation to all Employees.

For this purpose, Interpump organizes (allocating financial and human resources) training and information programs with a different degree of detail in relation to the different level of involvement of the resources training and information programmes implemented with a different level of detail in relation to different levels of involvement of the resources in question in "sensitive activities".

Interpump therefore considers personnel training to be an essential condition for the effective implementation of the Model: such training should be carried out periodically with methods that ensure the mandatory attendance at the courses in terms of controls of the attendance itself, the quality of the program content and the level of learning .

Training is managed by the Regulatory Body in strictly cooperation with the HR Department.

4.2 External Collaborators and Partners

4.2.1 Information for External Collaborators and Partners

Specific information concerning the policies and procedures adopted will be supplied to external parties (e.g. Consultants and Partners) on the basis of the present Model, as well as the text of contractual clauses. .

5 The disciplinary system

5.1 General principles

Pursuant to art. 6 subsection 2, letter e), and 7, subsection 4, letter b) of the Decree, the Model can be considered to be effectively implemented only when it envisages a disciplinary system empowered to punish failure to comply with the measures it indicates.

This disciplinary system is addressed to employees and executives, and it contemplates adequate penalties of a disciplinary nature.

Violation of the rules of conduct specified in the Code of Ethics and of the measures envisaged by the Model, by workers employed by the company in any capacity and, therefore, even managers , constitutes serious breach of the contractual obligations assumed in compliance with the terms arising from the working relationship, pursuant to art. 2104 and art. 2106 of the Civil Code. The application of the disciplinary penalties is without regard to the result of possible criminal proceedings, because the rules of conduct, the protocols, and internal procedures are binding on the assignees, irrespective of the effective commission of an Offence as a consequent of the relative behaviour.

5.2 Measures in respect of employees

Art. 2104 of the Civil Code, identifying the obligation of "obedience" to which workers are subject, states that the workers must observe, in the execution of his or her work, instructions of both a legal and contractual nature issued by the employer. In the event of inobservance of said instructions the employer is entitled to apply disciplinary penalties, graduated in accordance with the severity of the infringement, in compliance with the provisions contained in the applicable Industry-wide labour agreements.

In any event, the disciplinary system adopted by Interpump observes the limits granted to the disciplinary power by Law no. 300 of 1970 (so called "Statute of workers") and collective bargaining for the sector, both with regard to the penalties that can be applied and with regard to the form of exercise of said power.

Specifically, the disciplinary system complies with the following **principles**:

a) the system is duly advertised by means of bill posting in a place that is accessible to employees and must be subject to specific refresher and training courses;

b) the penalties are in accordance with the principle of proportionality with respect to the infringement, the specification of which is entrusted, pursuant to art. 2106 of the Civil Code, to the collective bargaining of the sector;

c) suspension of the service and pay cannot exceed three days;

d) the right of defence of the worker on whom the penalty is inflicted is awarded.

5.3 Measures in relation to Directors

In the event of violation of statutory legislation, the Model, or the Code of Ethics, by the Directors of Interpump, the Regulatory Body will inform the Board of Directors and the Board of Statutory Auditors, which will take the appropriate actions as envisaged by statutory legislation.

5.4 Measures in relation to external parties: collaborators, consultants and other third parties

All types of conduct adopted by collaborators, consultants or other third parties connected with Interpump by a contractual relationship other than a relationship of employment, in violation of the provisions of the Model and/or the Code of Ethics, can, in accordance with the provisions of the specific contractual clauses included in the relative letter of assignment or also in the absence of such clauses, result in termination of the contractual relationship without prejudice to the entitlement to demand compensation if the conduct in question has damaged the company, also independently of termination of the contractual relationship.

SPECIAL PART

Introduction

The following Special Part contains, after a brief description of the company's governance, an analysis of the activities considered as "sensitive" for the purposes of the Decree, resulting from the Risk Assessment activities conducted over the principal processes, in relation to the type of Business.

Following the meetings held with subjects in an apical position, it has defined an analysis which includes activities having risk profiles in relation to the following types of offences:

1) Crimes against the Public Administration, the Public Administration heritage, the Judicial Administration and employing irregular workers;
2) Corporate offences and offences of bribery between individuals;
3) Market abuse offences;
4) Crimes of involuntary manslaughter or actual and grievous bodily harm committed with violation of the regulations concerning health and safety in the workplace;
5) Offences of receipt of stolen goods, money laundering, and using cash, goods, or utilities of illicit origin, as well as self-laundering, terrorism offences and subversion of democratic order;
6) Information technology crimes and illegal data processing;
7) Offences concerning the infringement of copyright;
8) Offences against industry and trade;
9) Crimes of counterfeiting currency, credit cards and securities and misrepresentation in instruments or distinguishing signs;
10) Environmental offences;
11) Offences of organized crime.

In relation to the additional types of offences included as at today in the Decree, we point out that from the analysis conducted, the tangible likelihood of realization appeared remote; these are offences that in consideration of the organizational structure of Interpump and its business activities, are not of particular significance given that (i) they refer to processes that are unrelated to the Company's business model and (ii) wherever they should occur, it is highly unlikely that they be committed in the interest of or to the benefit of the company (for example, they refer to offences against the individual).

We point out that each type of offences included within the Decree has been evaluated in terms of likelihood and impact and is dealt with in the Code of Ethic which contains the general principles of behavior afferent each of those offences.

6 Company’s organizational structure and *Governance*

Interpump adopts all necessary measures to ensure the healthy and prudent management of the business, the containment of risk and the stability of the financial situation.

For this purpose, Interpump adopts, applies and maintains:

a. an organizational structure that specifies clear hierarchical relationships and the segregation of functions and responsibilities;
b. measures ensuring that significant persons are aware of the procedures to be followed in the proper exercise of their responsibilities;
c. effective systems for internal reporting and the communication of information.

Interpump regularly checks and assesses the adequacy and effectiveness of the above requirements and adopts on a timely basis the measures needed to remedy any weaknesses found.

All the protocols adopted by Interpump Group S.p.A., and referred to in the continuation of this Model as controls, are governed by the following requirements:

- ✓ segregation of duties
- ✓ specific identification of control steps and authorizations
- ✓ allocation of responsibility for managing each phase in the process
- ✓ formalization
- ✓ traceability
- ✓ reporting among the functions active within the process and to the Supervisory Body

6.1 [omissis]

6.2 [omissis]

7 Crimes against the Public Administration, the Judicial Administration and employing irregular workers

7.1 Types of offences

The present section of this Special Part contains a concise description of the offences contemplated by articles 24, 25, 25-decies and 25-duodecies of the Decree, with reference to the General Part for definitions and for examples relative to the concepts of the Public Administration, public functions, public officers, public services, and persons responsible for providing a public service.

Embezzlement at the expense of the State, of another public authority, or of the European Community (art. 316[2] Penal Code)

This type of offence occurs in the event in which, after having received financing or grants from the State or from a public authority or from the European Community, the relative amounts obtained are not utilized for the purposes for which they were disbursed (the unlawful conduct consists in having taken, even partially, the amount obtained, without revealing that the planned activity has anyway been executed).

Taking account of the fact that the moment of commission of the offence coincides with the executive phase, the offence can arise also in reference to funds already obtained in the past, which are no longer allocated to the purposes for which they were originally disbursed.

Misappropriation of public funds at the expense of the State, of another public authority, or of the European Community (art. 316[3] Penal Code)

This type of offence occurs in the event in which - through the use or submission of false declarations or through the omission of due information - grants, funds, soft loans or other disbursals of the same type allowed or disbursed by the State, by another public authority or by the European Community are obtained without the necessary entitlement.

In this case, unlike the case described in the previous point (art. 316[2]), the use made of the amounts disbursed is irrelevant, because the offence occurs as soon as the amounts are obtained. Moreover, it should be stressed that this type of offence is residual with respect to the offence of fraud against the same parties, because penalties in relation to this title can be applied only in the cases in which no penalties are applicable in respect of the foregoing cases of fraud.

Extortion (art. 317 Penal Code)

This type of offence occurs in the event in which a public officer or a person in charge of a public service, in abuse of his or her power or authority, forces another party to wrongfully offer or promise cash or other undue utilities to himself or others.

The art. 317 p.c. has been modified by Law no. 69 of May 27th, 2015.

Bribes offered, promised or given to a public officer to obtain an omission or delay of an act relating to his/her office (art. 318, 319 and 320 Penal Code)

This type of offence occurs in the event in which a public officer or a person in charge of a public service receives, either for themselves or for other persons, cash or other benefits to perform acts in breach of their official duties, or to perform, omit, or delay official acts (resulting in a benefit for the party offering the bribe). The art. 319[2] “Aggravating circumstances” also envisages that the law punishment must be increased if the event concerns the assignment of public employments, wages, pensions or drawing up contracts with the administration for which the public officer is part of as well as payment or refund of taxes.

It should be noted that the offence of bribery always involves mutually concerted action, in which both the bribe payer and the bribe taker are punished (cf. art. 321 Penal Code).

The form of corruption known as "proper bribery", paid to obtain the performance of an act against the duties of a public officer(for example, the acceptance of cash for the award of a tender contract), can be committed by a public officer or by a person in charge of a public service, while so-called "improper bribery", i.e. bribery in which a public officer is involved in carrying out a legitimate act (for example, expediting the processing of his or her official duties), can be committed by a public officer land by a person in charge of a public service operating in the role of a public servant.. The corruption may be so-called active bribery (a director or employee bribes a public officer or a person in charge of a public service to secure a benefit for the company), or passive bribery (the person representing the company receives cash or other utilities to perform an act that is contrary to his official duties), in cases wherein the activity actually carried out must be qualified as a public function or public service.

These types of offence are different from extortion, because there is a financial agreement between the bribe taker and the bribe payer aimed at securing a reciprocal advantage, while in extortion the victim is merely a passive party who suffers the conduct of the public officer or the person in charge of a public service.

Bribery in judicial proceedings (art. 319[3] Penal Code)

This type of offence may occur in cases in which the Entity is involved in judicial proceedings and, in order to obtain an advantage in the case, one of its exponents bribes a public officer (magistrate, clerk of the court or another official).

Undue incitement to give or promise benefits (art. 319-quater of the criminal code)

This type of offense arises, unless the circumstances are more serious, when public officials or the providers of a public service abuse their position or powers by improperly inducing someone to give them or third parties cash or other benefits, or to promise such payments.

This article envisages punishment for both the recipients and those that give or promise cash or other benefits.

Law 69/2015 "Instructions regarding crimes against the public administration, mafia-related activity and false financial reporting" came into effect on June 14, 2015, and, in art. 1, amended the penalties for crimes against the public administration by changing, among others, arts. 318, 319, 319[3] and 319-quater.

Instigation of corruption (art. 322 of the criminal code)

This type of offense occurs when, in the presence of behavior intended to corrupt, public officials or the providers of a public service refuse the offer illegally made to them (in the case of instigation to delay the performance of duties, the provider of the public service must also be a public employee, which is not necessary in the case of instigation not to perform duties).

Embezzlement, malfeasance, undue incitement to give or promise benefits, corruption and instigation of corruption by members of the international criminal court or EU bodies or Foreign States (art. 322[2] of the criminal code)

The provisions of arts. 314, 316, 317-320 and 322, paras. 3 and 4, also apply to:

1) members of the EC Commission, the European Parliament, the European Court of Justice and the European Court of Accounts;

2) officials and agents employed under the contract for EU officials or under the regime applicable to EU agents;

3) persons seconded to European bodies, by member States or by any public or private agency, whose functions are similar to those of EU officials or agents;

4) members and employees of agencies formed under the various EU treaties;

5) those who, in the context of other EU member States, carry out functions or activities that correspond to those of public officials and the providers of public services;

5[2]) judges, prosecutors, deputy prosecutors, officials and agents of the international criminal court, persons seconded by the States that signed the Treaty to establish the international criminal court whose functions correspond to those of the court officials or agents, the members and employees of agencies formed under the Treaty that established the international criminal court.

The provisions of arts. 319-quater, para. 2, 321 and 322, paras. 1 and 2, also apply if the cash or other benefits are given, offered or promised to:

1) the persons indicated in the first paragraph of this article;

2) persons whose functions or activities correspond to those of public officials or providers of public services in the context of other Foreign States or international public organizations, if the fact is committed in order to obtain an improper advantage for the instigator or others in relation to international economic transactions or to obtain or retain an economic-financial activity.

The persons indicated in the first paragraph are deemed to be similar to public officials if they exercise the corresponding functions, and to the providers of public services in other cases."

Incitement to withhold information from or make false statements to the police and judicial authorities (art. 377[2] Penal Code)

This offence occurs if, through the use of violence or threats, or with offers of cash or other benefits, someone who is called to appear before the Judicial Authorities to make statements that can be used in criminal proceedings – who has the faculty to remain silent – is incited to either refrain from making statements or to make false statements.

Fraud at the expense of the state, another public authority or the European Union (art. 640, subsection 2, no. 1 Penal Code)

This type of offence occurs in the event in which, in order to make unlawful profit, subterfuge and deception are applied in order to deceive and cause loss to the state (or another Public Authority or the European Union).

For example, this offence may occur when, in the preparation of documents or data required to take part in contract bidding procedures, the Public Administration is supplied with untruthful information supported by forged documentation in order to secure the offered contract.

Aggravated fraud for the purpose of obtaining public funds (art. 640[2] Penal Code)

This type of offence occurs in the event in which fraud is perpetrated to gain undue access to public funds.

These events may occur if subterfuge or deception are used, for example by communicating untruthful data or by preparing false documentation to obtain public funds.

Computer fraud (art. 640[3] Penal Code)

This type of offence occurs when, by modifying the operation of a computer or telecommunications system or by manipulating the data contained in such systems, an undue profit is obtained causing a loss to the state or another public authority.

The offence may arise, for example, if, having obtained a loan, the security of the computer system is breached in order to enter a loan amount that is higher than the amount obtained legally.

Employing workers with irregular residence permit (art. 22, subsection 12[2] Decree Legislative no. 286 of July 25th, 1998)

This type of offence occurs in the event the employer employs foreign workers without a residence permit or with an expired residence permit which has not been renewed, or again, the residence permit has been revoked or voided and in any case when:

a. the number of employed workers is over three unit;
b. the employed workers are under the legal working age;
c. the employed worker are under mistreatment in accordance with the subsection 3 of the art. 603[2] p.c. (illegal brokerage and working mistreatment).

7.2 [omissis]

7.3 Recipients of the Special Part

The present Special Part refers to conduct adopted by directors, managers and employees, of Interpump "Company Exponents" in the areas of activities at risk, and by external Collaborators and Partners, already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The goal of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

7.4 Interpump Group "Anti-Corruption Compliance Program"

The Interpump Group firmly condemns any form of public or private corruption.

For all Interpump group companies, corruption is a phenomenon to be fought and repressed, constantly and tenaciously, and all group companies are therefore required to take all necessary action to prevent the commitment of any and all forms of corruption.

This section represents the Anti-Corruption Compliance Program (hereinafter, the "ACCP") applicable to all companies within the Interpump group.

7.4.1 Procedures and Organizational Model

As indicated in Section 2.6.1. above, Interpump Group S.p.A. adopts an organizational/procedural/control model commensurate with the risks identified and that, in any case, is suitable for:

- managing and monitoring the activities associated with gifts, donations and entertaining expenses;
- managing and monitoring the processes adopted for personnel selection, hiring and appraisal;
- supervising the processes adopted for preparing the statutory and consolidated financial statements, ensuring their accuracy and transparency;
- guaranteeing the monitoring and traceability of cash flows;
- guaranteeing the proper allocation of powers and segregation of duties in the management of each business process;
- taking disciplinary action for failure to comply with the conduct required;
- guaranteeing the proper management of reports (i.e. whistle-blowing policy, see section 2.6.4);
- guaranteeing compliance with locally-applicable regulations and the rules established at group level, if more demanding;
- guaranteeing the traceability of processes and the filing of documentation.

In order to ensure the proper implementation of the ACCP, all Interpump group companies are required to align their organization and management models with the above criteria.

7.4.2 Top Level Commitment

The top management of Interpump Group S.p.A. and that at the other companies within the Interpump group disseminate an anti-corruption culture at a grassroots level within their organizations, encouraging the reporting of cases of non-compliance with the ACCP and the holding of meetings on ethical standards, with particular reference to the ACCP.

7.4.3 Appraisal of contractual counterparts

In order to mitigate the risk of non-compliance with the ACCP, Interpump Group S.p.A. and the other Interpump group companies make appropriate assessments of each contractual counterpart, with particular reference to those parties authorized to work in the name and on behalf of the company, placing special emphasis in their appraisals on the ethical and reputational aspects.

7.4.4 Communications and Training

Interpump Group S.p.A. and the other companies within the Interpump group adopt communications and training programs that address the company and/or group rules and procedures designed to prevent cases of *non-compliance* with the ACCP. Evidence that the communications and training programs were properly implemented is gathered and retained.

7.4.5 Monitoring and Updates

The need to update the procedures and systems adopted by Interpump Group S.p.A. is reviewed periodically. Updates are considered, for example, when (i) events occur that might affect the level of risk (gravity and proportional importance), including any whistle-blowing reports; (ii) regulatory changes are made; (iii) there are organizational changes within the company; (iv) the parties involved in the process concerned consider revision to be appropriate.

7.5 General rules of conduct

The present Special Part envisages the express obligation, bearing directly on the Company Exponents, and by means of specific contractual clauses, on external Collaborators and Partners, of :

- strict observance of all the laws and regulations that govern the company's activity, with special reference to activities that involve contact and relations with the Public Administration or with public administration officers.
- establishment and maintenance of any relation with the Public Administration or with public administration officer on the basis of the maximum fairness and transparency.

The present Special Part therefore envisages the **expressed prohibition**, for Company Exponents directly and for External Collaborators and Partners, by means of specific contractual provisions, to put in place:

1. adopting conducts such as to configure the types of offences discussed above (art. 24, 25, 25[10] and 25[12] of the Decree);
2. conduct that, although it is not equivalent to the commission of the types of offence included among those described above, could potentially lead to the commission of such offences or however appear as questionable interpretation.

3. any situation of conflict of interest with respect to the Public Administration in relation to the situations described in the foregoing types of offences.

In the context of the foregoing types of conduct, in particular, also through the intermediation of subsidiary and associated companies or persons or legal entities related to Interpump by a business relation:

1. it is prohibited to entertain relations with the Public Administration except for parties specifically delegated for this role in accordance with the governance of the Company and specific conferred proxies;
2. it is prohibited to offer or make, either directly or indirectly, illicit payments and pledges of personal benefits, of any whatsoever nature, to representatives of the Italian or foreign Public Administration. This prohibition includes the direct or indirect offer of free availability of services, aimed at influencing decisions or transactions;
3. it is prohibited to use any form of pressure, deception, suggestion or exploitation of the good nature of a public officer in such a way as to influence the outcome of administrative acts;
4. it is prohibited to pay to anyone, by any whatsoever title, amounts of money or to furnish assets or other utilities with the aim of facilitating and/or reducing the expense of the execution and/or management of contracts with the Public Administration with respect to the obligations assumed in such contracts;
5. it is prohibited to distribute gratuities and gifts exceeding the normal company practices, meaning all forms of gifts that exceed normal commercial practices or courtesy, or anyway given with the intention of receiving preferential treatment in the pursuit of any company business activity. In particular, it is forbidden to make any form of gift to Italian or foreign public officers or their families such that could influence their independent judgment or lead to the attainment of any whatsoever type of advantage for the company. As envisaged by the Code of Ethics, permitted gifts are always identified by their modest value. All gifts offered must be appropriately documented to allow the Regulatory Body to perform the relevant checks;
6. it is prohibited to receive or solicit payments in cash, gratuities, gifts, or benefits of any other nature, in the context of the exercise of public functions or public services; whosoever receives gratuities or benefits of another nature not included among the permitted types, is required, in accordance with the established practices, to communicate the matter to the Regulatory Body, which will assess the appropriateness and notify the party that endowed the gratuities or benefits of the relevant Interpump policy;
7. it is prohibited to assign consultancy contracts to parties recommended by the Public Administration particularly with reference to recommendations made, even if indirectly, to obtain advantage and/or financial loans/authorizations or to award public tender procedures.
8. it is prohibited to present untruthful statements or lacking of mandatory information to national and foreign public bodies for the purposes to obtain public financial loans and, in any case,

commit whatsoever act that may deceive the public body in granting payments or making payments of any kind;

9. it is prohibited to allocate amounts received by national or foreign public bodies as grants, subsidies or loans to purposes other than their intended purposes;
10. it is prohibited to recognize payments to consultants, collaborators or business partners of the Company for which no justification of actually performed activities exists;
11. it is prohibited to bring about whatsoever behavior intended to illegitimately influence the outcome of penal lawsuit;
12. it is prohibited to exploit illegal manpower in whatsoever manner.

7.6 [omissis]

7.7 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

8. Corporate offences and offences of bribery between individuals

8.1 Types of offences

With regard to the present section of this Special Part, the following text contains a concise description of the offences it contemplates, as indicated in art. 25 [3] of the Decree, that can be grouped into five types.

Misrepresentation in corporate communications, financial statements, and reports

With the already mentioned Law no. 69/2015 "Dispositions concerning offences against the Public Administration, Mafia-type association and false financial statements" the legislator took actions within the scope of crimes on the Civil Code, including new articles that modified the legal regulation of misrepresentation of corporate communications. Such legislative measure concerned art. 2621, 2621[2], 2621[3] and 2622 of Civil Code.

False corporate communications (articles 2621 c.c.)

Except for cases provided for by art. 2622 c.c, directors, general managers, managers responsible for preparing company accounting documents, statutory auditors and liquidators, who, ***in order to gain an illicit profit for themselves or for others****, in financial statements, in reports or in other corporate communications required by law, addressed to shareholders or to the general public, wittingly present relevant material facts that are untrue or omit relevant material facts, whose communication is required by the law, concerning the economic or financial situation of the company or the group to which the company is part of, in such a way as to concretely mislead the recipients, said persons shall be punished by imprisonment for a term between one year and five years.*

The liability to punishment is extended also in the case in which misrepresentations or omissions relate to assets held by or administrated by the company on behalf of third parties.

Via the addition of art. 2621[2] to the Italian Civil Code (Minor facts), the reform expressly envisages the specific situations in which the commitment of offenses pursuant to art. 2621 of the Italian Civil Code is subject to reduced penalties:

- If the facts are deemed to be minor, the prison sentence may range from a minimum of 6 months to a maximum of 3 years. The judge considers whether or not the facts are minor with reference to the nature and size of the company, as well as to the method and effects of the criminal conduct;
- The same penalty (from 6 months to 3 years) also applies in the case of false financial reporting by companies that cannot go bankrupt. In this case, the offense may be challenged by the offended party, but not directly by the magistracy.

The addition of art. 2621[3] to the Italian Civil Code envisages that certain trivial facts may not be punishable, with the judge required in this case to consider, in particular, the "*scale of any losses caused to the company, the stockholders or the creditors*".

False corporate communications by listed companies (art. 2622 of the Civil Code)

The directors, general managers, managers responsible for preparing the corporate accounting documentation, the statutory auditors and liquidators of issuers of financial instruments admitted for listing in a regulated market in Italy or in another EU country, who deliberately report untrue material facts in financial statements, reports or other corporate communications intended for stockholders or the general public, or who omit material facts about the economic or financial position of the company or the group to which they belong that must be disclosed by law, in a manner that induces others to draw erroneous conclusions so that they can obtain undue benefits for themselves or others, are punishable by imprisonment for between three and eight years.

The following are considered equivalent to the companies indicated in the preceding paragraph:

1) issuers of financial instruments for which a request has been filed for admission for listing in a regulated market in Italy or in another EU country;

2) issuers of financial instruments admitted for listing on an Italian multilateral trading system;

3) companies that control the issuers of financial instruments admitted for listing in a regulated market in Italy or in another EU country;

4) companies that solicit investment by the public or, in any case, manage such investments.

The above provisions also apply if the false or omitted information relates to assets held or administered by the company on behalf of third parties.

The principal change is that false corporate communications by any company, and not just listed companies, has become a crime once again. The new arts. 2621 and 2622 of the Italian Civil Code describe offenses that differ depending, in essence, on the type of entity concerned: the first may only be committed by unlisted companies, while the second may be committed by listed companies and those deemed to be similar.

After the changes, imprisonment in relation to listed companies ranges from 3 to 8 years, but from 1 to 5 years in relation to unlisted companies. In substance, there are two difference between arts. 2621 and 2622, both relating to false statements: only art. 2621 requires them to have been made in the context of the corporate communications 'required by law' and relate to 'significant' material facts (which seems to exclude criminal responsibility for 'judgments').

Following the amendments made in relation to false corporate communications (arts. 2621, 2622 et seq. of the Italian Civil Code), Law no. 69/2015 establishes inter alia a degree of coordination with the rules governing the administrative responsibility of entities deriving from the offenses identified

in Decree no. 231/2001. In particular, the regulatory changes have increased the fines envisaged: (i) the fine for false corporate communications (art. 2621) now ranges from 200 to 400 quotas; (ii) the fine for minor facts (art. 2621[2]) now ranges from 100 to 200 quotas; (iii) the fine for false corporate communications affecting listed companies (art. 2622) now ranges from 400 to 600 quotas.

Reports

The expression "report" is used in the civil law governing joint stock companies to indicate the specific information reports of qualified parties characterized by their written form and the obligatory nature for publication in relation to situations established in legislation.

Specifically, the following reports are required: the board of directors report (art. 2428 Civil Code) and the report of the board of statutory auditors (art. 2429 Civil Code), accompanying the ordinary annual financial statements; the interim report of directors concerning the performance of companies with shares listed on the stock exchange (art. 2428, subsection 3, Civil Code); the board of directors report required in the procedure envisaged for the distribution of advances on dividends (art. 2433[2], subsection 5, Civil Code); the board of directors report with which the proposal for a share capital increase must be illustrated, with the exclusion or limitation of option rights (art. 2441, subsection 6, Civil Code); the board of directors report and the comments of the board of statutory auditors concerning the company equity situation for the reduction of share capital further to operating losses (art. 2446 Civil Code); the report of the board of statutory auditors accompanying the final liquidation financial statements (art. 2453, subsection 2, Civil Code); the report of the directors on merger or demerger plans (art. 2501 [4] and 2504 [9] Civil Code).

The preceding list is not an end in itself, but rather is aimed at emphasizing how the meaning of the expression "reports" must be restrictive: in practice, the expression refers exclusively to "typical reports" (i.e. written reports relative to company activities expressly envisaged by the law).

Financial statements

With regard to the category of "financial statements", this is more extensive than the expression "annual financial statements" or "ordinary financial statements" (art. 2423 et seq. Civil Code) "construed as an instrument of information on the equity, financial and economic situation of the company in operation, i.e. a company characterized by its ongoing business activities".

In general, the category of financial statements includes also the consolidated financial statements (i.e. the accounting document destined to provide an overview of the economic and financial situation of the group considered as a whole), which may function as a possible source of the misrepresentations expressed by art. 2621 no. 1 Civil Code and all financial statements of an extraordinary nature, which will generally include the accounting documents that are utilized to indicate the company's situation of assets and liabilities at the time of events other than the end of the normal company year or at the time of specific judicial or administrative occurrences. For example, the expression extraordinary financial statements includes the accounting document

required (art. 2433[2], subsection 5, Civil Code) for the purpose of distribution of advances on dividends; the final liquidation financial statements as at art. 2311 and 2453 of the Civil Code, the balance sheet drafted in compliance with the rules governing the annual financial statements (art. 2501[3], subsection 1, Civil Code) which must accompany the merger plan (art. 2501 subsection 3, Civil Code) or demerger plan (art. 2504[9] Civil Code); the financial statements that must be deposited together with the deed of bankruptcy of the company (art.14. Bankruptcy Law).

Other company communications

It must be remembered that, as a general rule, in order to identify documents that should be construed as corporate communications, the following three requirements should be taken into account, the first being relative to the subject of the deed: "the official nature"; the second, resulting from its relationship with the subject: "inherent in the corporate aim"; the third, related to the intended recipients: "public communication".

With regard to the first consideration, legal theory and consolidated case law are in agreement in considering that an essential requirement of the communication (relevant from a penal standpoint) is the integrated official nature whenever it is issued by parties qualified in the exercise and by virtue of the specific functions assigned to them in the framework of a company that is already incorporated or in progress of incorporation.

Communications that lack the requirement of official standing therefore include so-called. confidential or private information, in relation to which misrepresentation cannot be equated with the characteristics of the offence in question, although, in relation to the relative details, it can be the cause of penal liability under the title of corporate fraud or market rigging.

The second requirement, i.e. the inherent nature with respect to the corporate aim, concerns the contents of the declaration and assumes that the company attribution can be associated with communications having a generic relation to the existence of business of the company and therefore, for example, the declaration of the competent bodies of the corporate function designed to provide information with regard to the performance of the stock exchange in the country or in other countries, or a declaration stating that a proxy has been vested in a given party, cannot be considered to be "corporate" in nature.

Finally, the third requirement is intended to ascribe penal relevance exclusively to information that is official and inherent to the corporate aim that can be potentially referred to a plurality of recipients. In other words, the character of public communication is the "external relevance" that arises whenever the communication is destined to an undetermined number of parties or to shareholders, company creditors and third parties (potentially shareholders or creditors), which are protected as "open categories" rather than as individuals.

With regard to the form, even though in theoretical terms this claim could be potentially subject to dispute, it must be considered that also exclusively verbal form could be considered as a form of false communication to be taken into account.

Consider, for example, false statements made by directors or statutory auditors to the shareholders' meeting or the bondholders' meeting, or by the promoters of the assembly of subscribers.

Therefore, neither communications of the individual members of the corporate bodies (board of directors and board of statutory auditors) nor those issued by the directors to the internal control body, will be construed as "corporate" communications as such.

Misrepresentation in accounting entries and in the company books

In general terms, it must be considered that also any alteration of the company books, which are characterised as being "created as a means of information for shareholders and for possible other parties" may result in misrepresentation violations in compliance with the definitions of the offences given above.

Criminal protection of the share capital

Undue reimbursement of contributions (art. 2626 Civil Code)

Typical conduct consists in the **restitution of provisions** to shareholders, or the release of the same from the obligation to make the contributions, in an open or simulated manner, **without considering cases of legitimate reduction of the share capital.**

Active parties of the offence are the directors ("*reato proprio*"). However, the possibility of the shareholders acting in collusion is still applicable[14], since shareholders may have performed actions of incitement, determination, or assistance in relation to the directions.

Illegal allocation of profits and reserves (art. 2627 Civil Code)

The criminal conduct of this offence, which is a misdemeanour, **consists in distributing profits or advances on profits** not actually gained or allocated by law to reserves, **or distributing reserves**, also not composed of profits, that are non-distributable in the eyes of the law .

The reconstitution of profits or reserves before the term envisaged for approval of the financial statements automatically cancels the relative offence.

[14] In accordance with the general rules as at articles 110 et seq Penal Code.

The active parties of the offence are the directors ("reato proprio").

Illegal transactions involving shares or quotas of the company or the controlling company (art. 2628 Civil Code)

This offence occurs with the purchase or subscription **of shares of quotas of the controlling company, with resulting damage to the integrity of the share capital and** reserves that are non-distributable by law.

The offence is null and void if the capital or reserves are reconstituted before the term envisaged for the approval of the financial statements for the year relative to which the improper conduct was adopted.

In the event in which the illicit operations are carried out with regard to shares of the parent company, the active parties of the offence are the directors of the subsidiary, while responsibility of the directors of the controlling company can be configured exclusively in terms of accessories to the crime. Also the shareholders may be called upon to respond to the same charge.

Transactions prejudicial to creditors (art. 2629 Civil Code)

This offence takes place with the execution, in violation of the provisions of the law protecting creditors, of a reduction of the share capital or mergers with other companies, or demergers, that result in losses caused to creditors. Compensation for the loss caused to the creditors before going to court automatically cancels the offence.

Also in this case, the active parties of the offence are the directors.

Omitted communication concerning the conflict of interests (art. 2629[2] Civil Code)

The Director or the member of the Supervisory Board of a company, listed on regulated stock exchange market in Italy or in other European Union countries or whose securities are spread among the public in a relevant manner, in accordance with the art. 116 of T.U., Decree Legislative no. 58 of February 24th, 1998 and following modifications, otherwise of a subject under the supervision in compliance to the T.U. Decree Legislative no. 385, September 1st, 1993, of the cited T.U. Decree Legislative no. 58 of 1998, Decree Legislative no. 209 September 7th, 2005, or Decree Legislative no. 124 April 21st, 1993, who breaches legal obligations provided for by the art. 2321, subsection 1, is punished by imprisonment for a term between one year and three years if such infringement originates losses to the company or third parties.

Fraudulent formation of capital (art. 2632 Civil Code)

The offence may arise from the following types of conduct:

a. fraudulent formation or increase of the share capital through the assignment of shares or quotas in an amount that is overall higher than the total amount of the share capital;

b. reciprocal underwriting of shares or quotas;

c. significant overstating of provisions of assets in kind, receivables or company assets in the event of a transformation process.

The active parties of this offence are the directors and conferring shareholders.

On the contrary, the omitted control and possible audit of the evaluation of provisions in kind by the directors and statutory auditors (pursuant to the terms of art. 2343, subsection 3, Civil Code) contained in the estimate report drafted by the expert appointed by the Court, is not considered to be an offence.

Undue distribution of company assets by liquidators (art. 2633 Civil Code)

This offence occurs with **the distribution of company assets among shareholders prior to the payment of company creditors** or the allocation of the amounts necessary to pay them, thus resulting in a loss to company creditors. It should be noted that compensation to creditors for the loss caused automatically cancels the offence.

The active parties of the offence are exclusively the directors.

Criminal protection of the regular operation of the company

Obstruction of auditing or monitoring (art. 2625 Civil Code)

The criminal conduct consists in **preventing and obstructing**, by the concealment of documents or other suitable means **the execution of the activities of control legally ascribed** to the shareholders and to other corporate bodies.

The offence may be committed by the directors.

Corruption between private individuals (art. 2635 of the Civil Code)[15]

Unless the fact represents a more serious offense, the directors, general managers, managers responsible for preparing the corporate accounting documents, statutory auditors and liquidators who, further to the payment or promise of payment of cash or other benefits, perform or omit acts for themselves or on behalf of others, in violation of the duties associated with their position and the

[15] This offense, which extends the previous offense of "*Corruption by giving or promising benefits*", was added by art. 1, para. 76, of Law no. 190 dated November 6, 2012, with the consequence addition – by para. 77 – of letter s[2]) to art. 25[3], para. 1, of Decree no. 231/2001.

requirement for loyalty, which cause losses for the company, are punishable by imprisonment from one to three years.

Imprisonment for up to eighteen months is envisaged if the offense is committed by a person under the supervision or management of one of the parties indicated in the first subsection.

Whosoever pays or promises payment of cash or other benefits to the persons indicated in the first and second subsections is subject to the penalties specified therein.

The penalties established in the foregoing subsections are doubled in the case of companies whose securities are listed on regulated markets in Italy or other EU countries or held by the public in a significant manner pursuant to the provisions of art. 116 of the Consolidated Finance Law, pursuant to Decree No. 58 dated February 24, 1998 and subsequent amendments.

Action is initiated by the offended party, unless such the fact causes a distortion of competition in the procurement of goods or services.

This offense may be committed not only by management and control bodies, but also by any party that, on behalf of the company, carries out an activity subject in any way, whether by law or by contract, to the management or supervision of top management.

The illegal conduct involves carrying out or omitting to carry out acts in violation of the duties assigned following the giving or promising of cash or other benefits, the criminal consequences of which depend on the cause of the event that is detrimental to the corrupted company.

It is necessary for the company to have suffered a loss, even when the offense may be challenged directly by the magistracy.

Lastly, it is emphasized that only the third subsection of this article is relevant for Law 231 purposes, being the conduct of the party belonging to the corrupting company, since both the first and second subsections are incompatible with the objective criterion established in Decree no. 231/2001.

The risk of committing an offense principally arises in relation to functions involved in processes that involve third parties who may be corruptible, thus damaging their companies for the benefit of Interpump.

Illegal influence over the shareholders' meeting (art. 2636 Civil Code)

The typical criminal conduct involves the adoption of simulated acts or fraud to establish a majority in the shareholders' meeting (result offence) in order to secure an unjust profit for self or for others (willful misconduct).

The offence is considered as a "reato comune" in that it may be committed by anyone, including persons unrelated to the company.

Criminal protection against fraud

Market rigging (art. 2637 Civil Code)

The commission of the offence envisages the diffusion of false information or the implementation of simulated transactions or other measures, tangibly suitable to cause a significant alteration in the price of financial instruments, or to impact significantly on the trust of the public in the financial soundness of banks or banking groups.

Also this offence is a "reato comune" or "breach of law" in that it may be committed by anyone.

Criminal protection of the supervisory functions

Obstruction of the duties of the public supervisory authorities (art. 2638 Civil Code)

The legislation identifies two possible types of offence, depending on the specific conduct and the time of commission of the crime:

- the first occurs with the exposure, in communications to the supervisory authority envisaged by the law, with the aim function of obstructing the functions of the supervisory authority, of material facts not corresponding to the truth, or still subject to assessment, concerning the economic, equity or financial situation of the matters submitted to supervision, or the concealment, utilizing other fraudulent methods, entirely or partly, of facts that should have been communicated concerning the same situation (subsection 1);
- the second type of offence occurs with the simple obstruction of the exercise of the functions of supervision, performed deliberately, in any whatsoever form, also by omitting the due communications to the supervisory authority (subsection 2).

It is specified that:

- the first hypothesis focuses on a conduct of misrepresentation that pursues the specific goal of preventing the supervisory function (willful misconduct);
- the second situation concerns an offence of event (obstruction of the exercise of the functions of supervision) in free form, i.e. that can be achieved with any mode of conduct, including omissions, the subjective element of which is construed as general misconduct.

The perpetrators of both the possible offences described above are directors, general managers, managers responsible for drafting the company accounting documents, statutory auditors and liquidators.

8.2 [omissis]

8.3 Recipients of the Special Part

Recipients of the present Special Part are the parties identified time-by-time by the incriminating event (directors, statutory auditors, employees), "Apical Subjects " of Interpump, and employees subject to supervision and control by apical subjects in the areas of activity at risk, hereinafter all jointly referred to as "Recipients".

With regard to the directors, the responsible manager, the general managers, the statutory auditors and the liquidators, the law equates with the persons who are formally vested with these qualifications also those parties that perform the functions on a de facto basis. In compliance with art. 2639 of the Civil Code, in relation to the corporate offences envisaged by the Civil Code the parties who are required to perform the relative functions, variously qualified, and also the parties who effectively perform in a continuous and significant manner the typical powers inherent in the qualification are required to respond.

The goal of the present Special Part is to ensure that, with the aim of preventing the occurrence of the offences envisaged by the Decree:

- all the Recipients as identified above are fully aware of the significance of the reprimanded forms of conduct, and
- said Recipients therefore adopt rules of conduct in compliance with the prescriptions of said Decree.

8.4 General rules of conduct

The present Special Part envisages **the express prohibition** by the Recipients, of:

- adopting, collaborating, or giving cause for the adoption of types of conduct such that could correspond to the commission of offences as considered above (art. 25 [3] of the Decree);
- adopting, collaborating, or causing to be adopted forms of conduct which, although not such as to constitute in themselves the commission of the offences among these considered above, may potentially become so.

The present Special Part consequently envisages the **express obligation** by the Recipients, of:

1. maintaining proper, transparent, and helpful forms of conduct, in compliance with the articles of law and the internal company procedures, in all activities aimed at the formation of financial statements and other company communications;

2. strictly observing all the regulations imposed by the law to protect the integrity and effectiveness of the company share capital and act always in compliance with the company's internal procedures, which are based on such laws, in order to avoid harming the guarantees of creditors and third parties in general;

3. ensuring the proper operation of the company and the corporate bodies, guaranteeing and facilitating all forms of internal control on company management envisaged by the law, and the free and correct formation of the intentions of the shareholders' meeting;

4. observing the rules that preside over the correct formation of the price of the financial instruments, strictly avoiding the adoption of forms of behaviour that are such as to cause a significant alteration in relation to the tangible situation of the market;

5. executing, in a timely manner and with fairness and good faith, all the communications envisaged by the law and by the regulations towards the Supervisory Authority, without interposing any obstruction to the exercise of the functions of supervision that are the responsibility of said Supervisory Authority;

6. As requested by the management of relationships with Public Administration or with Public Administration's officer, maintaining a fair and transparent approach with all private subjects the company has a relationship with.

In the context of the foregoing forms of conduct, specifically, it is strictly prohibited to:

- with reference to the previous point 1:

    i represent or transmit for processing, communicating (communication addressed to financial institution included) and representation in the financial statements, reports and accounting tables or other corporate communications, false data, incomplete data, or anyway data that do not correspond to the effective situation, concerning the economic, equity and financial situation of the Company and the group or concerning agreements that entail, for the Company and the group, financial or economic obligations against third parties;
    ii omit the communication of data and information imposed by the law concerning the economic, equity and financial situation of the Company and the group;
    iii alter the data and information to be used for the provision of corporate communications and reports, etc.;
    iv illustrate the data and information in such a way as to provide a presentation that does not correspond with the effective judgment with regard to the equity, economic and financial situation of the company and the performance of its business;

v impair the comprehensibility of corporate communications by disproportionately increasing the amount of data and the descriptive parts contained compared to the requirements of the real information needs;

- with reference to the preceding point 2:

  i return conferment to shareholders or free them from the obligation of making conferment, beyond the cases of legitimate reduction of the share capital;
  ii distribute profits or advances on profits not effectively earned or assigned by law to reserves;
  iii proceed with fraudulent formation or increase of share capital;
  iv divert company assets, at the time of liquidation of the company, from their allocation to creditors, distributing them among shareholders before the payment of creditors or before the creation of provisions containing the amounts necessary to settle debts with creditors;

- with reference to the preceding point 3:

  i adopt conduct that tangibly prevents, through the concealment of documents or the use of other fraudulent measures or that anyway constitutes an obstruction to the execution of activities of control or auditing of company operations by the Board of Statutory Auditors or the Independent Auditing Company, as the execution of inspection activities by shareholders;
  ii determine or influence the passing of resolutions of the shareholders' meeting, by performing simulated or fraudulent acts aimed at altering the regular procedure of the formation of the volition of the meeting;

- with reference to the preceding point 4:

  i publish or disseminate false information or perform simulated operations or engage in other forms of conduct of a fraudulent or deceitful nature regarding listed or unlisted financial instruments and such as to significantly affect the relative price (*price sensitive*);
  ii publish or disseminate false information or perform simulated operations or engage in other forms of conduct of a fraudulent or deceitful nature such as to disseminate distrust among the public in relation to banks or banking groups, impairing their image of stability and liquidity;

- with reference to the preceding point 5:

  i fail to execute, with the due quality and punctuality, all the periodic notifications envisaged by the law and by regulations in the sector, to the Supervisory Authority to

which the company and/or Group business is subject, and transmit the data and documents envisaged by the regulations and/or specifically requested by the foregoing Authorities;

ii describe untruthful events or facts in the foregoing communications and transmissions or conceal significant facts or events in relation to the economic, financial and commercial conditions of the company;

iii adopt any form of conduct that is such as to obstruct the exercise of the supervisory functions, also in the time of inspection performed by the Public Supervisory Authorities, in the form of present opposition or vexatious refusals, or to adopt obstructionist behavior and unhelpful conduct, such as delays in communications or in making available the necessary documents.

- with reference to the preceding point 6:

  i parties, other than those expressly authorized, are forbidden to maintain relations with customers, vendors, commercial partners, certification agencies and any other private parties with which the company has significant - not necessarily solely in economic terms - business relations (hereinafter, “Significant Private Parties”);

  ii it is prohibited to offer or make, directly or indirectly, improper payments or promises of personal benefits of any kind to the representatives of Significant Private Parties. This prohibition includes the direct or indirect offer of free services, with a view to influencing decisions or transactions;

  iii it is prohibited to make recourse to forms of pressure, trickery, suggestion or ways to win the goodwill of Significant Private Parties;

  iv it is prohibited to distribute presents and gifts that go beyond normal company practices, meaning all forms of gifts that exceed normal commercial practices or courtesy, or anyway that are given to obtain preferential treatment in the pursuit of any business activity. In particular, it is forbidden to make gifts in any form to Italian or foreign public officials, or to their families, that could influence their discretionary behavior or independent judgment or lead to any advantage being obtained for the company. As envisaged in the Code of Ethics, permitted gifts are always identified by their modest value. All gifts offered must be appropriately documented, so that the Supervisory Body can perform the relevant checks;

  it is prohibited to grant consultancy appointments to parties named by Significant Private Parties, with particular reference to those indicated, directly or indirectly, as a condition for obtaining any advantage and/or for the provision of a service.

8.5 [omissis]

8.6 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

9 Market abuse offences

9.1 Types of offences

The present Special Part refers to offences and administrative irregularities of market abuse, mentioned by art. 25[6] of the Decree and art. 187[5], TUF (Leg. Decree 24 February 1998, no. 58) and reported here below.

Misuse of privileged information (art. 184, TUF)

The conduct will be punished of any party who, in possession of inside information due to a specific role (member of the issuer's administrative, managing or controlling bodies), a specific de facto situation (participation in the capital of the issuer), the exercise of certain activities (occupation, profession or function, including a public function, or holding of an office) or due to the preparation or execution of criminal activities, performs a series of operations, namely:

- purchases, sells or performs other transactions, directly or indirectly, on its own account or on behalf of others, in relation to financial instruments, making use of the inside information in question;
- discloses inside information to others, outside the normal exercise of their professional activities, their function or their office;
- advises or induces other parties to perform one or more of the operations indicated above.

Pursuant to the terms of art. 181 TUF (Financial Services Act) inside information is construed as *"information of a precise nature that has not been published, concerning, either directly or indirectly, one or more issuers of financial instruments, or one or more financial instruments, which, if published, could exert a significant influence on the prices of said financial instruments".*

Market manipulation (art. 185, TUF)

The conduct is punished of whosoever diffuses misleading information or executes simulated transactions or uses other artifices tangibly capable of causing a significant alteration in the price of financial instruments.

The offence occurs if the simulated transactions or other artifices are capable of causing a significant alteration in the price of financial instruments. If the manipulative conduct is not such as to produce this effect, the offence will be considered to be a regulatory offence as per art. 187[3] TUF.

Moreover, the art. 187[5], TUF provided for an administrative responsibility held by the entity even for administrative irregularities distinguished as Market abuse, and precisely:

Responsibility of the entity (art. 187[5], TUF)

"*The entity is responsible for paying an amount equal to the administrative penalty levied for illegal acts addressed in this section that were committed in its interests or for its benefit:*

a. *by persons whose functions are to represent, administer or manage the entity or one of its organizational units having financial and functional independence, or who perform, even on a de facto basis, the related management and control functions;*
b. *by persons subject to the management or supervision of one of the parties indicated in letter a).*

If the entity obtains significant results or profits as a result of committing the offenses referred to in subsection 1, the penalty is increased by up to ten times those results or profits.

The entity is not responsible if it can show that the persons indicated in subsection 1 acted solely in their own interests or those of third parties.

With regard to the offenses referred to in subsection 1, the provisions of arts. 6, 7, 8 and 12 of Decree no. 231 dated June 8, 2001, are applicable to the extent compatible. The Ministry of Justice shall make the comments referred to in art. 6 of Decree no. 231 dated June 8, 2001, having consulted with Consob, with regard to the offenses addressed in this title."

The conduct relevant for the purposes of committing a criminal offense and that representing the abuse of privileged information, which is an administrative offense, coincide in large measure except that, solely with regard to the administrative offense:

- an attempt is deemed equivalent to success;
- the conduct is penalized even if the party is merely at fault.

The offenses addressed in this section are intended to ensure proper access to the market, whose effectiveness may be impeded if someone, due to the activities/profession/function performed, becomes aware of privileged information and uses it to make or recommend investments or transactions in financial instruments, thus obtaining an advantage with respect to those who make investment decisions solely based on the information available to the public.

The precondition for these offenses is the possession of privileged information, which is defined in art. 181, para, 1, TUF, as "*precise information that has not been made public about, directly or indirectly, one or more issuers of financial instruments or one or more financial instruments that, if made public, might significantly influence the prices of such financial instruments.*"

Pursuant to art. 181, para. 3, TUF, information is precise if:

a. *it refers to a set of circumstances that exist or that may reasonably be expected to exist or to an event that has taken place or that may reasonably be expected to take place;*

b. *it is sufficiently specific to enable conclusions to be drawn about the possible effects of the set of circumstances or the event referred to in letter a) on the prices of the financial instruments.*

Privileged information primarily comprises details of facts that directly concern the issuer (such as its economic, financial and operating position and prospects) or the securities that it has issued.

As indicated in the Confindustria Guidelines, the above information relating directly to the life of a company or to its securities may, by way of example, include the following:

- operational performance of the *business*;
- changes of control and/or the control agreements;
- changes in *management*;
- equity transactions or the issue of debt instruments or instruments carrying the right to purchase or subscribe for securities;
- decisions about changes in capital stock;
- mergers;
- purchase or sale of shares, businesses or lines of business;
- business restructuring and/or reorganizations with an impact on the assets, liabilities, financial position or income statement;
- revocation or cancellation of lines of credit by the banking system;
- legal disputes and/or the termination of contracts and/or other terminations;
- insolvency of significant debtors;
- new licenses, patents and trademarks;
- new products or innovative processes;
- environmental damage or product defects;
- changes in the expected levels of profits and/or losses;
- information about dividends (payment date, ex-dividend date, changes in dividend policy).

9.2 [omissis]

9.3 Recipients of the Special Part

The present Special Part refers to conduct adopted by directors, managers and employees, of Interpump "Company Exponents" in the areas of activities at risk, and by external Collaborators and Partners, already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The goal of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

9.4 General rules of conduct

In the execution of sensitive activities, all Recipients of the Model are required to observe the general principles of behavior that the company has identified in compliance also with the contents of the internal regulatory code on Internal Dealing and the internal regulatory code for the Management of inside information, and the creation of a register of the persons having access to such information.

The present Special Part consequently envisages, bearing directly on the Company Exponents, and by means of specific contractual clauses, on external Collaborators and Partners:

- the obligation of keeping confidential all documents, data, and information relative to the Company and/or the Group and using them exclusively for the execution of the company functions;

- the prohibition to all Recipients of the Model that are in possession of inside information concerning the company and/or the Group:

  i. of purchasing, selling or performing other transactions on financial instruments of the company or companies of the group, making use of inside information;

  ii. of communicating to third parties the inside information beyond the limits of their work, profession, or appointment;

  iii. recommending or inducing others, on the basis of inside information, to perform transactions concerning financial instruments of the company or other companies in the group.

It is strictly prohibited for all recipients of the model to:

  i. diffuse information, rumours or news that is false or misleading or that provide or could provide false indications or misleading indications concerning the financial instruments of the company and the companies in the Group;

  ii. perform simulated operations or other artifices concerning the financial instruments of the company or companies in the group.

The foregoing rules of conduct must be observed also in the processing of data and information concerning other companies, acquired due to the specific appointment held in the company, or in the exercise of specific activities.

The foregoing rules of conduct must be observed also in the processing of data and information concerning other companies, acquired due to the specific appointment held in the company, or in the exercise of specific activities.

9.5 [omissis]

9.6 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

10 Crimes of involuntary manslaughter or actual and grievous bodily harm committed with violation of the regulations concerning health and safety in the workplace

10.1 Types of offence

This section of the Special Part relates to offenses against persons and, specifically, to cases of negligent manslaughter and serious or very serious injury due to violations of the regulations governing health and safety in the workplace, as referred to in art. 25-*septies* of the Decree and detailed below.

Negligent manslaughter or serious or very serious injury in violation of the regulations governing health and safety in the workplace

The regulations penalize those whose conduct causes the death of a person or personal injuries.

"*Injury*" is defined as the set of pathological effects comprising illness, being the organic and functional alterations that arise as a result of violent conduct: the injury is serious if the illness jeopardized the life of the victim, required a period of convalescence in excess of forty days or permanently weakness the functional capabilities of a sense, such as hearing, or an organ, such as a set of teeth. Injury is very serious if it causes an illness that is probably incurable (with permanent effects that cannot be cured) or causes the total loss of a sense, a limb, the ability to talk correctly or procreate, the loss of use of an organ or deforms or scars the face of the victim.

Injury becomes "*manslaughter*" when violent conduct results in the death of a person.

The loss, whether represented by serious or very serious injury or by death, may result from *active conduct* (the conduct of the person responsible directly results in injury to the other), or from an *omission* (a person in a position of responsibility fails to take action to prevent the loss event). Top management that does not comply with the requirements of Decree no. 81/2008 and, as a result, fails to impede an event is usually responsible for an omission.

Subjectively, with regard to the administrative responsibility of entities, the manslaughter or significant injuries must arise *as a result of negligence*: this subjective determination may be *generic* (violation of rules of conduct accepted by society based on experience with reference to the need for diligence, prudence and care) or *specific* (violation of rules of conduct originally based on experience and subsequently included in legislation, regulations, orders or disciplines). This is significantly different to the subjective criteria used to identify the other offenses referred to in Decree no. 231/2001, all of which are punished for willful misconduct: the parties want the event to occur as a consequence of their criminal conduct, and are not merely imprudent or careless in this regard.

With regard to the omissions referred to above, parties are only responsible for omissions that threaten the life or physical safety of a person if they are in a *position that protects* the victim, which may arise from a contract or the unilateral decision of the actor. The regulations identify the *employer* as the guarantor of the "*physical safety and moral well-being of the workers*" and this position of protection is, in part, transferable to other parties, on condition that the related mandate

is sufficiently specific, set down in writing and appropriately transfers all the authorization and decision-making powers needed to protect the safety of employees (note in this regard that the risk assessment and appointment of the RSPP - safety manager - cannot be delegated). The person appointed must be capable and skilled in the matters for which responsibility is transferred.

Under the recent legislation, the improper conduct of the actor must be *aggravated*, i.e. in violation of the safety regulations and those regarding health and safety in the workplace. In order to implement the Model, it is therefore necessary to remember that:

- compliance with the minimum safety standards envisaged by specific sector regulations does not satisfy the overall requirement for diligence (aspect relating to specific negligence);
- it is necessary to guarantee the adoption of safety standards that minimize (and eliminate, if possible) all risk of accidents or illness, implementing the best techniques and science known to be available, having regard for the specific nature of the work (aspect relating to generic negligence);
- for the purposes of the Model, the entity is not exonerated from all responsibility by the conduct of the injured worker that resulted in the event, when this is attributable, in any case, to the lack of or insufficient precautions that, if adopted, would have neutralized the risks associated with that conduct. The obligation to protect is only excluded in the conduct of the worker is exceptional, abnormal or exorbitant with respect to normal working procedures, the organizational directives received and common prudence.

With regard to the parties protected, the safety regulations not only protect employees, but also all persons with a legitimate reason to visit the premises in which work is carried out.

10.2 [omissis]

10.3 Recipient of the Special Part

The present Special Part refers to conduct adopted by directors, managers and employees, of Interpump "Company Exponents" in the areas of activities at risk, and by external Collaborators and Partners, already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The goal of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

10.4 General rules of conduct

The present Model is not intended to replace law/regulation prerogatives and liabilities held by subjects identify by the Decree Legislative no. 81/2008 and by further applicable regulations relevant in specific cases. It is, instead, a further control defense and monitoring of the existence,

effectiveness and adequacy of the organizational structure in place with respect to the peculiar legislation in force in the field of health and safety in the workplace.

In the execution of the above-mentioned activities, all recipients of the Model, as identified by the paragraph 2.4 of the General Part, are required to comply with the general rules of conduct defined by the company in accordance with the prescriptions of the Code of Ethics and the rules resulting from legislation concerning hygiene, health and safety of workers.

In particular, all Recipients of the Model are required to adapt their conduct to conform to the following general measures adopted by the Company:

a) careful assessment of risks and complete transposition of risk evaluations to the Risk Assessment Document;

b) planning of prevention, aiming to achieve an overall system that integrates, in a coherent manner, the technical production conditions and organizational conditions of the company and the influence of workplace-related factors in the approach to prevention;

c) observance of ergonomic principles in the conception of work stations, in the choice of tools, and in the definition of working and production methods, specifically to attenuate the effects of monotonous work and repetitive tasks on health in the workplace;

d) elimination of risks and, where elimination is not practical, reduction of such risks to the absolute minimum in relation to the know-how acquired on the basis of technical progress;

e) reduction of risks at source;

f) replacement of all potentially hazardous equipment etc. with safe alternatives or at least less hazardous alternatives;

g) limitation to the indispensable minimum of workers who are or may be exposed to risks;

h) limited use of chemical, physical and biological agents in the workplace;

i) priority of collective protective measures over individual protective measures;

j) health checks of workers;

k) removal of workers from situations in which they are exposed to risks for reasons related to their individual conditions and assignment of alternative duties, if possible;

l) suitable information, classroom training and on-the-job training for workers;

m) suitable information and training for top management and persons in charge;

n) suitable information and training for worker representatives in relation to matters concerning safety in the workplace;

o) issue of adequate instructions to workers;

p) consultation, participation and communication of workers;

q) consultation and participation of worker representatives in relation to matters concerning health in the workplace;

r) planning of measures considered to be opportune to guarantee improvement of safety levels through time, also by means of the adoption of codes of conduct and best practices;

s) emergency measures to be adopted in the event of first aid, firefighting, evacuation of workers and serious and imminent danger;

t) use of warning and safety signs;

u) regular maintenance of workplaces, equipment, machines and plant, with special attention to safety devices in compliance with the instructions of the manufacturers.

10.5 Procedures of prevention

The Company has implemented a system of controls designed to create an informational channel towards the Regulatory Body in order to prevent the commission of crimes of involuntary manslaughter or actual and grievous bodily harm committed with violation of the regulations concerning health and safety in the workplace.

The Company has adopted and efficiently implemented an organisational model defined in compliance with British Standard OHSAS 18001:2007. The company has also implemented a system of controls designed to create an information channel in relation to the Regulatory Body in order to prevent the commission of crimes of manslaughter or actual and grievous bodily harm committed with violation of the regulations concerning health and safety in the workplace.

[omissis]

11 Offences of receipt of stolen goods, money laundering, and using cash, goods, or utilities of illicit origin, as well as self-laundering, terrorism offences and subversion of democratic order

11.1 Types of offences

This section of the Special Part refers to the offences of receipt of stolen goods, money laundering, and using cash, goods, or utilities of illicit origin, as well as self-laundering, terrorism offences and subversion of democratic order, recalled respectively by the art. 25[8] and 25[4] of the Decree and listed below.

On December 17th, 2014, it has been published on the "Gazzetta Ufficiale" the Law no. 186 of December 15th, 2014, entered into force on January 1st, 2015, "Measures to reinforce the fight to organized crime and illicit heritages". The Law has introduced the crime of self-laundering within the Italian set of rules and the same offence has been also adopted by the art. 25[8] in the Decree, representing a new type of offence.

Receipt of stolen goods (art. 648 Penal Code)

The conduct will be punished of whosoever, not including cases of accessories to the crime, in order to gain for self or others, acquires, receives or conceals cash or property deriving from any type of crime, or who acts to cause such goods to be purchased, received, or concealed.

Money laundering (art. 648[2] Penal Code)

The conduct will be punished of whosoever, not including cases of accessories to the crime, replaces or transfers cash, assets, or other utilities deriving from no-fault liability offences; or whosoever executes, in relation to such utilities, other operations in such a way as to obstruct the identification of their illicit origin.

Use of cash, goods, or utilities of illicit origin (art. 648[3].1 Penal Code)

The conduct will be punished of whosoever, not including cases of accessories to the crime envisaged by art. 648 and 648[2], uses in economic or financial activities, cash, assets or other utilities deriving from crime.

Self-laundering (art. 648[3].1 Penal Code)

The conduct of those who deliberately commit or contribute to the commitment of an offense is further punished if they effectively impede identification of the criminal origin of the cash, assets or other benefits deriving from their crime by employing them in, exchanging them for or transferring them to economic, financial, entrepreneurial or speculative activities.

Crimes related to terrorism or the creation of civil unrest

Art. 25-*quater* (Crimes related to terrorism or the creation of civil unrest), added to Decree no. 231/2001 by art. 3 of Law no. 7 dated January 14, 2003, is described briefly below.

This article establishes fines and preventive measures for companies that commit certain offenses related to terrorism or the creation of civil unrest, or that facilitate the commitment of such offenses.

It addresses, in particular, those "crimes related to terrorism or the creation of civil unrest envisaged by the criminal code and special laws" (art. 25-quater, para. 1), as well as those other crimes "that are committed in violation of the provisions of art. 2 of the International convention for the suppression of the financing of terrorism signed in New York on December 9, 1999" (art. 25-quarter, para. 4).

The general nature of the wording of art. 25-*quater* creates various problems in identifying exactly which offenses may result in application of the provisions of Decree no. 231/2001.

In terms of the category of "crimes related to terrorism or the creation of civil unrest envisaged by the criminal code and special laws", it is nevertheless possible to identify the principal offenses give rise to responsibilities pursuant to Decree no. 231/2001:

- art. 270[2] of the Criminal Code (Associations for the purpose of domestic and/or international terrorism or the creation of civil unrest). This regulation punishes those who promote, establish, organize, direct or finance associations that seek to carry out violent acts for the purpose of terrorism or the creation of civil unrest.
- art. 270[3] of the Criminal Code (Support for members of associations). This regulation punishes those who give refuge to or provide food, hospitality, transport or means of communication to persons that belong to terrorist or subversive organizations.

With regard to the offenses identified in the New York Convention, this punishes anyone who, illegally and willfully, provides or gathers funds in the knowledge that they will be used, in whole or in part, to carry out:

- acts intended to kill or seriously injure civilians in order to intimidate the population or coerce a government or an international organization;
- acts representing crimes pursuant to the Conventions governing the safety of flight and navigation; the protection of nuclear materials; the protection of diplomatic staff; the suppression of attacks using explosives.

Punishment applies to all accomplices and even if the funds are not actually used to carry out the crimes described above.

11.2 [omissis]

11.3 Recipients of the Special Part

The present Special Part refers to conduct adopted by directors, managers and employees, of Interpump "Company Exponents" in the areas of activities at risk, and by external Collaborators, outsourcers and Partners, already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The objective of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

11.4 General rules of conduct

The present Special Part envisages **the express obligation**, bearing directly on the Company Exponents, and on external Collaborators, outsourcers and Partners, of:

1. proceeding with the proper identification of customers and vendors;
2. verifying that the collections in amounts of cash or bank cheques are supported by an order and/or contract;
3. not accepting goods and/or services and/or other utilities in relation to which there is no adequately authorised order and/or contract;

The present Special Part therefore envisages the **express prohibition** for Company Exponents directly and for External Collaborators and Partners, of:

1. adopting conduct such as to integrate the types of offences considered above;
2. adopting forms of conduct which, although not such as to constitute in themselves the commission of the offences among these considered above, may potentially become so.

11.5 [omissis]

11.6 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

12 Information technology crimes and illegal data processing

12.1 Types of offences

With regard to the present section of the Special Part, the text contains a concise description of the offences it contemplates, as indicated in art. 24[2] of the Decree and listed here below.

Digital documents (art. 491[2] Penal Code)

If any of the misrepresentations envisaged in this heading (i.e. Heading III Title VII book II of the Penal Code. "Misrepresentation in deeds") concerns a public or private digital document of probative effectiveness, the provisions of the heading in question are applicable concerning, respectively, public deeds and private agreements.

By means of the reference made to Heading III of the Penal Code, supposed offences in relation to the Decree also include the so-called misrepresentation in deeds, governed by articles 476 et seq. Penal Code.

The offence as at art. 491[2] Penal Code. could consist in the alteration, forgery, false attestation, suppression or destruction and concealment of digital documents of probative effectiveness (wherein "digital documents" means the computerised representation of judicially relevant deeds, events or data)[16].

Illegal access to a computer or telecommunications system (art. 615[3] Penal Code)

This offence occurs in the event in which a party illicitly enters or remains - against the express or tacit will of the party entitled to deny access - within a computer or telecommunications system protected by security measures.

This offence is punishable with a prison term of up to three years.

The prison term can be between one to five years if:

a. the offence is committed by an official or person responsible for a public service with misuse of powers or violation of the duties inherent in the function or the service, or by a person conducting, also illicitly, the function of private detective, or with abuse of the role of system operator;

[16] The offences of misrepresentation in deeds referred to in art. 491*(2)* Penal Code can be broken down into two main categories: public misrepresentation in deeds and misrepresentation in private agreements. With the former the legislator addresses both ideological misrepresentation (construed as the untruthfulness of declarations included in the deed) and material misrepresentation (forgery and/or alteration of the deed) committed either by a public officer or by a private party; in the offences of misrepresentation in private agreements, on the contrary, only the material forgery is considered in penal terms.

b. if the offender uses violence against property or persons to commit the offence, or if the offender is manifestly armed;

c. if the action results in the destruction or damage of the system and the total or partial interruption of its operation, or the destruction or corruption of data, information, or the programs contained in the system.

Illegal possession and diffusion of access codes to computer or telecommunications systems (art. 615[4] Penal Code)

This type of offence occurs whenever the offending party, illicitly and with the aim of procuring a profit for self or for others or causing damage, procures, copies, disseminates, discloses or consigns codes, passwords or other means capable of providing illicit access to a computer or telecommunications system protected by security measures, or anyway supplies instructions or indications that are suitable for pursuing the foregoing goal.

Diffusion of digital equipment, devices or programs to damage or interrupt a computer or telecommunications system (art. 615[5] Penal Code)

This type of offence occurs if a party procures, reproduces, disseminates, discloses, consigns or anyway makes available to others equipment, devices, or computer programs, with the aim of illicitly damaging a computer or telecommunications system or the information, data and/or programs resident therein or pertinent to said system in order to obtain the total or partial interruption of the service or to modify the operation of the same.

Illicit interception, prevention or interruption of computer communications or telecommunications (art. 617[4] Penal Code)

This offence occurs when a party fraudulently intercepts computer system communications or telecommunications systems or communications between multiple systems, or when the party prevents or interrupts such communications.

This offence is punishable with a prison term of between six months and four years.

The same penalty is applicable, unless the episode constitutes a more serious offence, to whosoever discloses, using any type of means of public communication, the contents of the foregoing communications in their entirety or partly.

The foregoing offences are punishable if the offended party lodges a claim. The penalty is increased (prison term of from one to five years) and is applied automatically, if the offence is committed:

(i) in violation of a computer system or telecommunications system utilised by the government or by a public authority or by a private company engaged in the execution of public services or services of public necessity;

(ii) by a public officer or a person in charge of a public service, with abuse of power or with violation of the obligations implicit in the function or service, with abuse of the role of system operator;

(iii) by a person conducting, also illicitly, the function of private detective.

This offence may occur, for example, with the illicit interception of a digital communication (employees' email) or by gaining access to the contents of email messages transmitted between two or more parties without their knowledge.

Installation of equipment designed to intercept, prevent or interrupt digital communications or telecommunications (art. 617[5] Penal Code)

This offence occurs in the event in which a party, beyond the cases allowed in law, installs equipment designed to intercept, prevent or interrupt communications relative to a computer or telecommunications system, or to prevent or interrupt communications between several systems.

This offence is punishable with a custodial sentence of between one and four years (except in the presence of the circumstances as at the fourth subsection of art. 617[4]: in this case the prison term is from one to five years).

Damage to digital information, data and programs (art. 635[2] Penal Code)

This offence occurs, unless the episode constitutes a more serious offence, in the event wherein a party destroys, damages, deletes, modifies or suppresses information, data, or computer programs belonging to others. This offence is punishable, when a claim is lodged by the offended party, with a prison term of between six months and three years.

Punishment for this conduct becomes automatic, with a prison term of between one and four years, if the offence is committed with the abuse of the role of system operator or if the offence is committed with actual bodily harm or threatened violence (art. 635 subsection 2, no. 1 Penal Code).

This offence may occur, for example, through the deterioration, deletion or suppression of information, data or computer programs belonging to others.

Damage to digital information, data or programs utilised by the Italian State or any other Public Authority or anyway of public utility (art. 635[3] Penal Code)

This offence occurs, unless the episode constitutes a more serious offence, in the event in which a party performs an act aimed at destroying, damaging, deleting, altering or suppressing information, data or computer programs utilised by the government or another public authority or a body related to the State or public authorities or anyway of public utility.

This offence is punishable with a prison term of between one year and four years.

This offence may occur, by way of example, in the event of destruction, deletion, alteration or suppression of information, data or computer programs utilised by the government or another public authority or a body related to the state or public authorities or anyway of public utility.

Damage to computer or telecommunications systems (art. 35[4] Penal Code)

Unless the episode constitutes a more serious offence, any party who, through the conduct illustrated in the art. 635[2], or through the entry or transmission of data, information, or programs, destroys, damages, renders totally or partially unusable computer or telecommunications systems of others or seriously obstructs their operation, is punishable with a prison term of between one and five years.

If the circumstance as at number 1) of the second subsection of the art. 635 is applicable, or if the offence is committed with abuse of the role of system operator, the penalty is increased.

Also in this case the charges could be amplified, for example, by the destruction, damage or any other operation that renders unusable the computer or telecommunications systems of others.

Damage of computer or telecommunications systems of public utility (art. 635[5] Penal Code)

This offence occurs if the conduct regulated by the art. 635[4] is aimed at destroying, damaging, or rendering totally or partially unusable, computer or telecommunications systems of public utility, or otherwise severely obstructing their operation.

In this case the penalty is a prison term of between one and four years.

If, however, the conduct results in the destruction or damage of computer or telecommunications systems of public utility, or if the latter are rendered totally or partly unusable, the penalty is a prison term of between three and eight years. If the circumstance as at number 1) of the second subsection of the art. 635 is applicable, or if the offence is committed with abuse of the role of system operator, the penalty is increased.

This offence may occur, by way of example, through the destruction or damage or any whatsoever operation that renders unusable computer or telecommunications systems of public utility.

Computer fraud of the party responsible for digital authentication certification services (art. 640[5] Penal Code)

This offence occurs when a party responsible for providing digital authentication certification services, in order to gain an unjust profit for themselves or for others or to cause harm to others. infringes the obligations provided for in law for the issue of a qualified certificate.

This offence is punishable with a prison term of up to three years and with a pecuniary fine of between Euro 51 and Euro 1,032.

12.2 [omissis]

12.3 Recipients of the Special Part

The present Special Part refers directly to conduct adopted by all those who have access to the Company's Computer Systems, whether they be directors, managers and/or employees of Interpump "Exponents of the Company" and external Collaborators and Partners, already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The goal of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the significant Offences ex art. 24[2] of the Decree.

12.4 General rules of conduct

In the execution of the activities, all Recipients of the Model as identified above are required to comply with the general rules of conduct defined by the company in accordance with the prescriptions of the Code of Ethics and the rules resulting from legislation concerning Information Technology Crime and illegal data processing

Specifically, the company adopts the following general measures:

1. prohibition of installing, downloading and/or using computer programs and tools that make it possible to alter, counterfeit, falsely attest, suppress, destroy and/or conceal public or private digital documents;
2. prohibition of installing, downloading and/or using computer programs and tools that allow illicit access to computer or telecommunications systems protected by security measures or that allow the unauthorised presence within such systems, in violation of the measures applied to protect said systems by the owner of the data or the programs, which are to be protected or kept confidential;

3. prohibition of retrieving, disseminating, sharing and/or disclosing passwords, access codes, or other means capable of allowing the conduct as at the preceding points 1) and 2);
4. prohibition of using, retrieving, disseminating, sharing and/or disclosure of the methods of use of equipment, devices or computer programs designed to damage or interrupt the operation of a computer or telecommunications system;
5. prohibition of using, retrieving, disseminating, installing, downloading, sharing and/or disclosure of the methods of use of equipment, devices or computer programs designed to intercept, prevent or interrupt, illicitly, computer communications or telecommunications, also when they take place between several system;
6. prohibition of destroying, damaging, deleting, making totally or partially unusable, altering, or suppressing the data and computer programs of others or serious obstruction of their operation;
7. prohibition of using, installing, downloading and/or disclosure of computer techniques, programs or tools that make it possible to alter the sender field or any other information relative to the sender or that make it possible to conceal the identity of the sender or to modify the settings of the computer tools supplied by the Company to the Recipients of the provisions of the Model ;
8. prohibition of using file sharing software and/or chat software and accessing game or recreational websites;
9. compliance with licenses, copyrights and all local, national and international laws and regulations that protect intellectual property rights and on-line activities;
10. obligation to verify the correctness, truthfulness and completeness of all information transmitted by information technology means.

12.5 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

13 Offences concerning the infringement of copyright

13.1 Types of offences

The Law no. 99/2009 has included, in the liable offences of the Decree, a series of types of offences within the Law no. 633/1941 concerning "Copyright protection and other right related to such exercise" (from art. 171 to art. 171[8]) below illustrated:

Art. 171, subsection no. 1, lett. a[2]) and subsection no. 3 (L. no. 633/1941)

Such regulation punishes the behavior of making available to the public, entering into a computer network system and by means of any whatsoever type of connection, a protected intellectual work, or part of such a work. Also, the punishment is aggravated if the foregoing offences are committed in relation to a third party intellectual work that is not destined for use in advertising, or by usurping the property rights of the intellectual work, or with deformation, mutilation or other alterations of the intellectual work in question, if such actions offend the author's good name and reputation.

Such regulation safeguards the financial interest of the author's intellectual work whose own expectations of gain might get frustrated in case of free circulation on the web of his/her own intellectual work.

Therefore, the inclusion of the offence in the Decree responds to an empowerment view of all companies that manage servers through which they might make available, to the public, intellectual works protected by copyright.

Art. 171[2] (Law no. 633/1941)

Such regulation punishes whosoever illicitly duplicates, to gain profit, computer programs or, for the same purpose, imports, distributes, sells, retains for commercial or entrepreneurial purposes or transfers under license, programs stored on media that does not bear the mark of the Italian Society of Authors and Publishers (SIAE); or whosoever seeks profit by reproducing, on media that does not bear the SIAE mark, or transferring to another medium, distributing, communicating, presenting or performing in public the contents of a database in violation of the provisions as at articles 64[5] and 64[6], or extracts or reuses the database in violation of the provisions as at articles 102[2] and 102[3], or distributes, sells and grants under license a database.

Such regulation has been established to criminally protect software and database. The term "software" is intended as programs for computer, in any form as long as original, as a result of author's intellectual invention; whereas the term "database" is intended as collection of intellectual works, data or other independent elements, systematically organized and individually accessible through electronic means or other ways.

Art. 171[3] (L. no. 633/1941)

Such regulation punishes whosoever, to gain profit:

a) illicitly duplicates, reproduces, transmits or diffuses publicly with any whatsoever system, entirely or partly, an original work destined for the television or cinematographic circuits, for sale or rental, discs or analogous media or all types of media containing phonograms or

videograms of musical, cinematographic, or audiovisual works composed of or similar to sequences of moving images;

b) illicitly reproduces, transmits or diffuses publicly with any whatsoever system, entire or parts of literary, theatrical, scientific or didactic, musical or theatrical-musical works or multimedia works, even when such works are including in collective or composite works or databases;

c) although not having assisted with the duplication or reproduction, introduces into the country, retains for sale or for distribution, distributes, places on the market, grants under license, or transfers under any whatsoever title, shows in public, broadcasts by television using any whatsoever procedure, broadcasts by radio, plays in public the illicit copies or reproductions as at letters a) and b);

d) holds for sale or distribution, markets, sells, hires, or transfers under any whatsoever title, shows in public, broadcasts by radio or by television using any whatsoever procedure, videocassettes, music cassettes, any whatsoever medium containing phonograms or videograms of musical, cinematographic or audio visual works or sequences of moving images, or any other media for which, in compliance with the provisions of the present law, the application of the mark by the S.I.A.E. is prescribed, without said mark or bearing counterfeit or altered marks;

e) in the absence of agreement with the legitimate distributor, distributes, re-broadcasts or diffuses with any whatsoever means, an encrypted service received by means of equipment or parts of equipment suitable for decoding broadcasts subject to conditional access;

f) introduces into the country, retains for sale or distribution, distributes, sells, grants under license, transfers for any whatsoever title, promotes commercially, installs devices or elements for special decoding that allows access to an encrypted service without payment of the duly levied charge.

f[2]) manufactures, imports, distributes, sells, hires, transfers under any whatsoever title, advertises for sale or for hire, or holds for commercial purposes, equipment, products or components or whosoever renders services having the prevailing aim or commercial use of avoiding efficacious technological measures as at art. 102[4] or are mainly designed, produced, adapted or made with the aim of making possible or facilitating the avoidance of the foregoing measures. The technological measures include those that are applied, or that remain, after the removal of the said measures as a consequence of voluntary initiative of the owners of the rights or in agreement between these latter and the beneficiaries of exceptions, or further to the execution of provisions of the administrative of judicial authority;

g) illicitly removes or alters the electronic information as at art. 102[5], or distributes, imports for the purpose of distribution, diffuses by radio or by television, discloses or places at the disposal of the public, works or other protected materials from which said electronic information has been removed or altered.;

h) reproduces, duplicates, transmits or diffuses illicitly, sells or otherwise markets, transfers under any title or illicitly imports more than fifty copies or items of works protected by copyright and associated rights;

h[2]) in violation of art. 16, for financial gain, discloses to the public, by input into a system of computer networks by means of connections of any whatsoever type, an original work protected by copyright, or part of such a work;

i) exercises in entrepreneurial form activities of reproduction, distribution, sale or marketing, importation of works protected by copyright and associated rights, becomes responsible for the acts covered by subsection 1;

l) promotes or organises the illicit activities as at subsection 1.

Such regulation is to safeguard numerous intellectual works, both those intended for radio-TV and cinematographic circuit, but even for musical, literary, scientific or educational works. The circumstance of punishment concerns the impersonal use of the intellectual work and specific intention to gain a profit.

Art. 171[7] (L. no. 633/1941)

Such regulation punishes manufacturers or importers of media not subject to the marking as at art. 181[2], who fail to inform SIAE within thirty days from the date of introduction onto the market in the country or the date of importation, of the data required for unequivocal identification of the media in question; or whosoever falsely declares the occurrence of the fulfillment of obligation as at art. 181[2], subsection 2, of this regulation.

Art. 171[8] (L. no. 633/1941)

Such regulation punishes whosoever, for fraudulent purposes, produces, offers for sale, imports, promotes, installs, modifies, utilises for public and private applications, equipment or parts of equipment designed to decode audiovisual broadcasts subject to conditional access transmitted on the airwaves, via satellite, via cable, in analogue or digital form. Conditional access is construed as access to all audiovisual signals broadcast by Italian or foreign broadcasters in such a form as to make the information visible exclusively to closed groups of users selected by the party that releases the signal, irrespective of the application of a charge for the use of the service in question.

This kind of risk-offence exists for the departments that might access, use and/or manage licensed software, audiovisual devices, company's web intranet, etc.

13.2 [omissis]

13.3 Recipients of the Special Part

The present Special Part refers directly to conduct adopted by directors, managers and/or employees "Exponents of the Company" of Interpump within the risk activity areas, as well as external Collaborators, outsourcer and Partners already defined in the General Part (hereinafter all jointly referred to as "Recipients").

Objective of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

13.4 General rules of conduct

Interpump safeguards copyrights, conforming to policies and procedures provided by for their own protection; the Company dictates strict compliance with copyright regulations with specific respect to development and use of software and intellectual works, and it does any preventive and subsequent control necessary to ensure the compliance with the law.

Interpump follows any restriction specified in license agreements drawn up with its own software suppliers and prohibits reproduction and use of software or documentation outside of what is allowed by each mentioned license agreements.

Interpump condemns any behavior aimed to cause loss, theft, unauthorized dissemination or improper use of the own or third-party intellectual and industrial property or rather confidential information.

13.5 [omissis]

13.6 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

14 Crimes against industry and commerce

14.1 Types of offences

With regard to the present section of the Special Part, the text contains a concise description of the offences it contemplates, as indicated in art. 25[2].1 of the Decree.

Impediment of free industrial and commercial activities (art. 513 Penal Code)

This type of offence occurs in the event in which a subject uses violence against property or uses fraudulent means to prevent or impair the operation of an industrial or commercial activity. Unless the episode constitutes a more serious offence, this offence is punishable, when a compliant is lodged by the offended party, with a prison term of up to two years and a pecuniary fine of between Euro 103 and Euro 1,032.

Unlawful competition with threats or violence (art. 513[2] Penal Code)

This type of offence occurs if a subject, in the exercise of a commercial, industrial or productive activity, carries out acts of competition with violence or threats. In this case the offence is punishable with a prison term of between two and six years.

The punishment is increased if the acts of competition are carried out against an activity that is financed entirely or partly or in any whatsoever manner by the government or other public bodies.

Fraud against national industries (art. 514 Penal Code)

This type of offence occurs when a subject harms the national industry by offering for sale or otherwise placing in circulation, on domestic or foreign markets, industrial products with names, trademarks or distinctive features that are counterfeit or altered.

Fraud in commercial activities (art. 515 Penal Code)

This type of offence occurs if a party, in the exercise of a commercial activity, or in a retail outlet open to the public, consigns to the buyer a good or asset in place of another, i.e. a good or an asset that in terms of its source, place of origin, quality or quantity, differs from the stated or agreed good. Unless the episode constitutes a more serious offence, this offence attracts a prison term of up to two years with the levying of a pecuniary fine of up to Euro 2,065.

Sale of non-genuine food substances disguised as genuine products (art. 516 Penal Code)

This type of offence occurs if a subject offers for sale or otherwise markets as genuine products, food products that are not genuine. This offence is punishable with a prison term of up to six months or with a pecuniary fine of up to Euro 1,032.

Sale of industrial products with false distinguishing signs (art. 517 Penal Code)

This type of offence occurs if a subject offers for sale or otherwise markets original intellectual works or industrial products, with domestic or foreign names, marks, or distinctive features, such as to deceive the buyer with regard to the source, origin or quality of the work or product. Unless the episode is classified as a criminal activity by virtue of other articles of law, this offence is punishable with a prison term of up to two years and a pecuniary fine of up to Euro 20,000.

Manufacture and commerce of goods created by violating industrial property rights (art. 517[3] Penal Code)

Without prejudice to the application of art. 473 and 474 of the Penal Code, this type of offence occurs when a subject, in a position to know of the existence of the title of industrial property, manufactures or uses in an industrial activity objects or other goods made by usurping or infringing an industrial property right.

This offence is punishable, when a claim is lodged by the offended party, with a prison term of up to two years and a pecuniary fine of up to Euro 20,000.

The same penalty is applicable to parties who, for motive of profit, introduce into the country, retains for sale, markets with direct offering to consumers or otherwise place in circulation the goods as at the first paragraph.

Counterfeiting of geographical indications or denominations of origin of agribusiness products (art. 517[4] Penal Code)

This type of offence occurs if a subject forges or otherwise alters geographical indications or designations of origin of agribusiness products and is punishable with a prison term of up to two years and a pecuniary fine of up to Euro 20,000.

The same penalty is applicable to parties who, for motive of profit, introduce into the country, retains for sale, markets with direct offering to consumers or otherwise place in circulation the same products with the counterfeit indications or designations.

This type of risk-offence concerns the departments which are involved in the placing on the market and/or offering to the public of products with names, trademarks or national or foreign distinguishing signs, and also in the business processes where products protected by intellectual property regulation are used.

14.2 [omissis]

14.3 Recipients of the Special Part

The present Special Part refers to behaviors adopted by directors, managers and/or employees “Exponents of the Company” of Interpump within risk activity areas and also by external Collaborators and Partners , already defined in the General Part (hereinafter all jointly referred to as “Recipients”).

The Objective of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

14.4 General rules of conduct

It is essential for Interpump that the market be based on a fair competition. All departments shall scrupulously observe laws and regulations and collaborate with market regulatory authorities.

Interpump condemns any illicit behavior, or in any case unfaithful, set up in order to take over commercial secrets or other aspects of third party economic activity. Moreover, the Company does not hire employees neither coming from competitors in order to obtain confidential information, nor persuade customers or employees of competitors to reveal information which cannot be divulged.

14.5 [omissis]

14.6 Prevention procedures ad protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

15 Crimes of counterfeiting currency, credit cards and securities and misrepresentation in instruments or distinguishing signs

15.1 Types of offences

The following offences have been introduced by the inclusion of the art. 25[2] in the Decree, by means of the art. 6 of the D.L. no. 350 of September 25th, 2001, converted in law, with modifications, by the Law no. 409 of November 23rd, 2001. The Law no. 99 of July 23rd, 2009 has extended the art. 25[2] also recalling the offences of the art. 473 and 474 of the Penal Code.

The following text contains a concise description of the offences.

Forgery of currency, spending or introduction into the State, prior agreement, of counterfeit currencies (art. 453 c.p.)

The law punishes the forgery or counterfeiting of national or foreign currencies, introducing forged or counterfeit currencies into the State, purchase of forged or counterfeit currencies in order to circulate them.

Alteration of money (art. 454 Penal Code)

The law punishes whosoever alters currencies decreasing the value in anyway, or, with respect to those altered currencies, commits one of the facts reported in the previous article.

Spending and circulating counterfeit money into the State, without agreement (art. 455 Penal Code)

Except cases provided by previous articles, the law punishes whosoever introduces into the State, purchases or holds forged or counterfeit currencies in order to spend or circulate them.

Spending forged currencies received in good faith (art. 457 c.p.)

The law punishes whosoever spends or otherwise circulates altered or counterfeit currencies received in good faith.

Making, introducing into the State, purchasing, possessing or circulating forged revenue stamps (art. 459 of the Penal Code)

The law punishes behaviors provided for by the art. 453, 455 and 457 of the Penal Code also relating to counterfeiting or altering revenue stamps and the introduction into the State, purchase, possession and circulating counterfeit revenue stamps.

Counterfeiting watermark paper for making money or official stamps (art. 460 Penal Code)

The law punishes counterfeiting watermark paper used to produce bills representing public credit or revenues stamps, as well as purchase, possession and transfer of such a counterfeit watermark paper.

Making or possessing watermarks or instruments for the purpose of counterfeiting money, official stamps, or watermark paper (art. 461 of the Penal Code)

The law punishes making, purchase, possession or transfer of watermarks, information technology instruments or general instruments exclusively intended for counterfeiting or altering currencies, revenues stamps or watermark papers, or holograms and other components of the currency intended to protect against counterfeiting or alteration.

Use of counterfeit or altered official stamps (art. 464 of the Penal Code)

The law punishes the use of counterfeit or altered official stamps, even if received in good faith.

Counterfeiting, alteration of the use of trademarks or distinguishing signs or patents, models and designs (art. 473 Penal Code)

The regulation punishes the counterfeiting or alteration of the domestic and foreign trademarks or distinctive signs of industrial products, and the use of such counterfeited or altered trademarks or signs. The regulation also punishes the counterfeiting or alteration of the domestic and foreign patents, designs and industrial models, and the use of such counterfeited or altered patents, designs or models.
The crimes envisage in the first two paragraphs are punishable on condition that the entitled party has complied with the domestic laws, EU regulations and international conventions on the protection of intellectual and industrial property.

Introduction into the country and trade in products bearing false markings (art. 474 of the Criminal Code)

Aside from participation in the offenses envisaged in art. 473, this regulation punishes the introduction into the country, for profit, of industrial products with counterfeit or altered trademarks or other distinctive signs, whether registered in Italy or abroad. Aside from participation in counterfeiting, the regulation also punishes the alteration, the introduction into the country, the holding for sale, the sale or in any case the distribution, for profit, of the products referred to in the first paragraph.
The crimes envisage in the first two paragraphs are punishable on condition that the entitled party has complied with the domestic laws, EU regulations and international conventions on the protection of intellectual and industrial property.
These offenses reflect the objective need to protect the public trust in trademarks and distinctive signs that identify intellectual works and industrial products, and that guarantee their circulation.
The offense referred to in art. 473 of the Criminal Code presents a real risk, given that it is not actually necessary to breach the public trust, but merely to adopt deliberate conduct intended to generate confusion among the majority of consumers. The trademark/patent must be registered in accordance with domestic, EU and international regulations, otherwise the offense cannot be recognized.

Accordingly, the regulation punishes conduct that counterfeits or alters trademarks, distinctive signs and patents that are registered. The first addresses conduct intended to vest false trademarks with qualities that engender confusion about the real source of the product and possibly mislead consumers, while the second addresses the modification of a genuine trademark, even if only in part.
The circumstances covered by art. 474 are subordinate to those addressed by art. 473, in that only those that have not participating in counterfeiting may be punished for introducing products into the country or selling them. In particular, the regulation punishes the introduction into the country of goods with counterfeit trademarks, as well as the holding for sale, the sale and in any case the distribution of counterfeit products. The punishment is determined with reference to the existence of specific malfeasance, represented by the profit motive, and generic malfeasance represented by knowing that the trademark is a counterfeit.
In terms of identifying the offenses, *business trademarks* comprise all signs that can be presented graphically (words/names of people, designs, letters, forms, tones of color) in order to distinguish the products of a business from those of another; *distinctive signs* comprise everything that more generically identifies the business e.g. company name, signage, brand identity. *Patents*, on the other hand, related to new inventions that imply creative activity and are suitable for industrial applications; lastly, *designs and models* are identified by characteristic lines, borders, colors, forms, surfaces, materials used or ornamentation, on condition that they are new (*no identical design or model has been disseminated before*) and have individual character (*i.e. the general impression created for an informed user differs from that created for the same user by any other design or model already registered, displayed, put on sale or made public in any other way*).
In terms of the situation relating to Interpump, the only significant risk of offenses relates to the protection of public trust in trademarks and distinctive signs that identify intellectual works or industrial products and guarantee their circulation.

Art. 473 of the Criminal Code punishes conduct intended to vest false trademarks with qualities that engender confusion about the real source of the product and possibly mislead consumers (counterfeiting); or conduct that modifies a genuine trademark, even if only in part, to create confusion (alteration). The article also punishes cases in which patents are usurped.

Art. 474 of the Criminal Code punishes "*the holding for sale, sale and in any case the distribution of intellectual property or industrial products with counterfeit or altered trademarks or or other distinctive signs, whether registered in Italy or abroad*".
The trademark/patent must be registered in accordance with domestic, EU and international regulations, otherwise this offense cannot be recognized.

15.2 [omissis]

15.3 Recipients of the Special Part

The present Special Part refers to behaviors adopted by directors, managers and/or employees "Exponents of the Company" of Interpump in the risk-activity areas and also external Collaborators and Partners as already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The objective of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

15.4 General rules of conduct

It is essential for Interpump to safeguard its own intellectual property and not violating third party property; all departments are compelled to scrupulously observe laws and regulations and to collaborate with market regulatory authorities.

Interpump condemns the accomplishment of any illicit behavior made to counterfeit or alter distinctive features of intellectual works in whatsoever way.

Interpump dictates the observance of the law over intellectual property with particular reference to the development of software and products.

15.5 [omissis]

15.6 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

16 Environmental offences

16.1 Types of offences

With the publication of Decree no. 121 dated July 7, 2011, on “Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, and Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for violations”, that entered into force on August 16, 2011, the Italian legislator adopted the EC directive on the protection of the environment through criminal law, which seeks to tackle better all forms of environmental crime. Decree no. 121/2011 added art. 25-undecies to Decree no. 231/2001, envisaging further administrative responsibilities for various environmental offenses, including those indicated further below.

Law no. 68 dated May 22, 2015, published in Italian Official Gazette no. 122 on May 28, 2015, has reformed the list of environmental offenses with a view to improving greatly the protection of health and natural assets.

This measure introduced a new title to the criminal code dedicated to "Environmental crimes" (Book II, Title VI[2], arts. 452[2]-452[13]), which include the following new offenses:

- Environmental pollution;
- Environmental disaster;
- Traffic in and abandonment of radioactive materials;
- Obstruction of checks;
- Failure to make good.

The amendments made have been included in Decree no. 231/2001, which identifies the offenses indicated below in art. 25-*undecies*.

Environmental pollution (art. 452[2] of the Criminal Code).

Imprisonment for between two and six years and a fine of between Euro 10,000 and Euro 100,000 are envisaged for anyone who unlawfully damages or causes a significant and measurable deterioration:

1) of the waters or the air, or extended or significant portions of the soil or the sub-soil;

2) of an ecosystem, biodiversity in agriculture or otherwise, flora and fauna.

The penalties are increased if the pollution is generated in a protected natural area or an area subject to restrictions in order to protect views or the environment, or for historical, artistic, architectural or archaeological reasons, or causes damage to protected animal or vegetable species.

Environmental disaster (art. 452-quater of the Criminal Code).

Aside from the cases envisaged in art. 434, anyone who unlawfully causes an environmental disaster is punished by imprisonment for between five and fifteen years.

Each of the following represent environmental disasters:

1) irreversible alteration of the equilibrium of an ecosystem;

2) alteration of the equilibrium of an ecosystem that is particularly onerous to correct and can only be done by exceptional measures;

3) endangerment of public safety due to the significance of the event in terms of the area damaged or its adverse effects or the number of persons affected or exposed to danger.

The penalties are increased if the disaster is generated in a protected natural area or an area subject to restrictions in order to protect views or the environment, or for historical, artistic, architectural or archaeological reasons, or causes damage to protected animal or vegetable species.

Environmental negligence (art. 452-quinquies of the Criminal Code).

If any of the offenses envisaged in arts. 452[2] and 452-quater are committed due to negligence, the penalties envisaged in those articles are reduced by between one-third and two-thirds.

If the offenses referred to in the previous paragraph give rise to the risk of environmental pollution or environmental disaster, the penalties are further reduced by one third.

Traffic in and abandonment of highly radioactive materials (art. 452-sexies of the Criminal Code).

Unless the facts represent a more serious offense, imprisonment for between two and six years and a fine of between Euro 10,000 and Euro 50,000 are envisaged for anyone who unlawfully assigns, purchases, receives, transport, imports, exports, obtains for others, holds, transfers, abandons or improperly disposes of highly radioactive materials.

The penalties envisaged in the first paragraph are increased if the facts give rise to the risk of damage or deterioration:

1) of the waters or the air, or extended or significant portions of the soil or the sub-soil;

2) of an ecosystem, biodiversity in agriculture or otherwise, flora and fauna.

The penalties are increased by up to one half if the facts endanger the lives or the physical safety of individuals.

Aggravating circumstances (art. 452-octies of the Criminal Code).

When the association referred to in art. 416 is intended, whether exclusively or partly, to commit one of the offenses envisaged in this title, the penalties envisaged in art. 416 are increased.

When the association referred to in art. 416[2] is intended to commit one of the offenses envisaged in this title by acquiring the management of or in any case the control of economic activities, concessions, authorizations, contracts or public services in relation to environmental matters, the penalties envisaged in art. 416 are increased.

The penalties envisaged in the first and second paragraphs are increased by between one third and one half if the association includes public officials or providers of a public service who carry out functions or provide services in relation to environmental matters.

Killing, destruction, capture, removal, custody of specimens of protected wild fauna or flora (art. 727[2] of the Criminal Code)

Unless the facts represent a more serious offense and except as permitted, anyone who kills, captures or holds specimens of protected wild fauna[17] is punished by imprisonment for between one and six months or by a fine of up to Euro 4,000, unless the action relates to a negligible quantity of specimens and has a negligible impact on the state of conservation of the species.

Except as permitted, anyone who destroys, removes or holds specimens of protected wild flora is punished by a fine of up to Euro 4,000, unless the action relates to a negligible quantity of specimens and has a negligible impact on the state of conservation of the species.

Fine of up to two hundred and fifty quotas.

Accordingly, the regulation punishes anyone who: *(i) kills, captures or holds specimens of protected wild fauna; (ii) destroys, removes or holds specimens of protected wild flora.*

The legal asset protected by the regulation is identified as "the state of conservation of the species".

Further, the offense arises in the case of "risk": in fact, actual loss or damage is not necessary, since the offense is committed by the mere fact of endangering the state of conservation of the species.

Destruction or degradation of habitats in a protected site (art. 733[2] of the Criminal Code)

[17]The species of protected wild fauna and flora are listed in Attachment IV to Directive 92/43/EC and Attachment I to Directive 2009/147/EC.

Except as permitted, anyone who destroys a habitat in a protected site[18]* or who in any case degrades it and endangers its state of conservation, is punished by imprisonment for up to eighteen months and fine of not less than Euro 3,000.*

Fine of between one hundred and fifty and two hundred and fifty quotas.

The regulation punishes "*except as permitted, anyone who destroys a habitat in a protected site or who in any case degrades it and endangers its state of conservation*".

The regulation punishes a common offense of damage or endangerment (since the offense is committed on destroying or degrading the habitat), of an immediate nature with permanent effects.

Further, this is a contravention (punishment by imprisonment and a fine) and the punishment for malfeasance or negligence is the same, since it is not necessary for the actor to be aware of the naturalistic importance of the site damaged (although the prohibited conduct would seem to be typically malicious in nature).

The typical offenses are: a) destruction of a habitat (being a place whose physical or abiotic characteristics allow a given living species, whether flora or fauna, to live and grow); b) degradation of a habitat that endangers its state of conservation[19]. The legal asset protected by the regulation is represented by “the habitat in a protected site” and, more generally, the protection of the natural wealth of the State[20].

D.Lgs. 3 aprile 2006, n. 152 “Norme in materia ambientale"

Art. 137 “water dumping”

Subsection 2

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[18] "*Habitat* in a protected site" means any *habitat* for a species for which a special protection zone has been established pursuant to art. 4, paras. 1 or 2, of Directive 2009/147/EC, or any natural *habitat* or a *habitat* for a species for which a special conservation zone has been established pursuant to art. 4, para. 4, of Directive 92/43/EC.

[19] To assess the endangerment of the state of conservation, it is necessary to evaluate "the effect of the degradation on the ecological function represented by the habitat concerned". As an example, the state of conservation of a wood used for nesting by a protected species of bird may be said to be endangered if the felling of many but not all trees results in the site, at least in part, no longer being used by the species for rest and reproduction. Endangerment exists even if the habitat can be restored subsequently, over an extended period of time, either by man (e.g., reforestation, making good etc.) or by the slow passage of time (spontaneous regrowth of plants).

[20] There are two aspects to the concept of *habitat*: regulatory, in relation to the two EU directives mentioned, and "naturalistic" given use of the wording "any natural *habitat*", which apparently allows for the concrete assessment of the judge, regardless of specific administrative deeds or definitions/classifications/legislation. In fact, para. 3 of the regulation considered states that "For the purpose of applying art. 733[2] of the Criminal Code, "*Habitat* in a protected site" means any *habitat* for a species for which a special protection zone has been established pursuant to art. 4, paras. 1 or 2, of Directive 79/409/EC, or any natural habitat or a habitat for a species for which a special conservation zone has been established pursuant to art. 4, para. 4, of Directive 92/437/EC".

This regulation punishes anyone who, without authorization, opens or in any case makes new discharges[21] of industrial waste water[22] containing hazardous substances belonging to the families and groups of substances indicated in tables 5 and 3/A of Attachment 5 to the third part of this decree, or who continues to make or maintain such discharges after their authorization has been suspended or revoked.

Fine of between two hundred and three hundred quotas. On conviction, the actor may be banned from the activities concerned for up to six months.

The actor is any party that actually makes the discharge, regardless of the formal ownership of the location and/or the named holder of the permit that was suspended/revoked.

Reference is only made to the place of production of industrial waste waters, which must only derived from a manufacturing-commercial facility.

Actual environmental damage is not necessary, since the offense is committed by the mere fact of discharging with authorization or when authorization has been suspended/revoked.

This is a contravention, involving imprisonment and a fine.

Sub-section 3

Without prejudice to the situations envisaged in sub-section 5, this regulation punishes by imprisonment for up to two years anyone who, without complying with the requirements of the authorization, or the other requirements of the competent authority appointed pursuant to arts. 107, para. 1, and 108, para. 4, discharges industrial waste water containing hazardous substances belonging to the families and groups of substances indicated in tables 5 and 3/A of Attachment 5 to the third part of this decree.

Fine of between one hundred and fifty and two hundred and fifty quotas.

This regulation punishes anyone who, without complying with the requirements of the authorization, or the other requirements of the competent authority appointed pursuant to arts. 107, para. 1, and 108, para. 4, discharges industrial waste water containing hazardous substances belonging to the families and groups of substances indicated in tables 5 and 3/A of (Attachment 5, part III of the

[21] Discharge means "any emission exclusively from a stable collection system that connects, without interruption, the production cycle of waste water with the recipient of surface waters, in the soil, the sub-soil and the drainage network, regardless of their polluting nature and even if treated beforehand".

[22] Waste waters are defined as waters whose quality has been degraded by anthropic action after use in domestic, industrial or agricultural activities, becoming unsuitable for direct use. Organic or inorganic substances often found in such waters could be hazardous for the environment if disseminated. Such waters can only acquire their original characteristics after purification processes (including the removal of contaminants) and, in some cases, recovery is not possible since the nature of the water has be irreversibly changed.

Consolidated Law). The doctrine considers reference to the substances contained in the two tables to be binding; in substance, an offense is not committed on the discharge of substances not listed in the tables, even if they are hazardous.

Sub-section 5

This regulation punishes by imprisonment for up to 2 years and a fine of between Euro 3,000 and Euro 30,000, anyone who, in relation to the substances indicated in table 5 of Attachment 5 to Part III of this Decree, discharges industrial waste water containing in excess of the maximum values established in table 3 or, in the case of discharge into the soil, in table 4 of Attachment 5 to Part III of this Decree, or of the more restrictive limits established by the Regions or the Autonomous Provinces or by the competent authority appointed pursuant to art. 107, para. 1. If the maximum values established for the substances in table 3/A of Attachment 5 are also exceeded, the punishment involves imprisonment for between six months and three years and a fine of between Euro 6,000 and Euro 120,000.

Fine of between one hundred and fifty and two hundred and fifty quotas (first sentence) and between two hundred and three hundred quotas (second sentence). On conviction (for the cases envisaged in the second sentence), the actor may be banned from the activities concerned for up to six months.

Sub-section 11

Anyone who does not comply with the discharge prohibitions contained in arts. 103 (discharges into the soil) and 104 (discharges into the sub-soil and the underground waters) is punished by imprisonment for up to three years.

Fine of between two hundred and three hundred quotas. On conviction, the actor may be banned from the activities concerned for up to six months.

Punishment is given to anyone who violates the general prohibitions on discharges into the soil or the surface strata of the sub-soil, and on direct discharges into the underground waters and the sub-soil.

Sub-section 13

This regulation punishes by imprisonment for between two months and two years any discharges into the sea by ships or aircraft of substances and materials that are absolutely banned from discharge by the relevant international conventions ratified by Italy, unless physical, chemical and biological processes that normally occur in the sea will rapidly render innocuous the quantities concerned, and on condition that prior authorization has been given by the competent authority.

Fine of between one hundred and fifty and two hundred and fifty quotas.

Punishment is given to anyone who discharges into the sea, from ships or aircraft, substances and materials that are absolutely banned from discharge by international conventions.

Decree no. 152 dated April 3, 2006 "Regulations on environmental matters"

Art. 256 "Unauthorized management of waste"

Sub-section 1

Anyone who collects, transports, recycles, disposes of, trades in and brokers waste without the required authorization, registration or communication pursuant to arts. 208, 209, 210, 211, 212, 214, 215 and 216 is punished:

a) *by imprisonment for between three months and one year or by a fine of between two thousand six hundred euro and twenty-six thousand euro, if the waste is not hazardous;*
b) *by imprisonment for between six months and two years and by a fine of between two thousand six hundred euro and twenty-six thousand euro, if the waste is hazardous.*

Fine of up to two hundred and fifty quotas (letter a) or between one hundred and fifty and two hundred and fifty quotas (letter b). The penalty is halved "for failure to comply with the requirements contained in or referred to in the authorizations, and for inadequacies in meeting the requirements and conditions required for registration or communications." (Decree no. 152/2006, art. 256, para. 4).

The first para. of art. 256 penalizes anyone who carries out activities related to the management of waste (collection, transport, recycling, disposal, trade and brokerage), without the required authorizations, registrations or communications.

Further, this is an offense committed on a spot and non-recurring basis that arises when a single instance of the typical conduct occurs, since even just one transportation of waste is a crime[23].

Sub-section 3

This regulation punishes anyone who creates or manages an unauthorized landfill by imprisonment for between six months and two years and a fine of between Euro 2,600 and Euro 26,000. The

[23] The offenses of creating and managing a landfill without authorization and of the storage of waste without authorization must be committed actively; they are not committed by merely managing the landfill and storage on behalf of third parties, even in the knowledge of their existence, unless any form of participation can be demonstrated or there is a legal obligation to prevent the event, pursuant to art, 40, para. 2, of the Criminal Code. (Court of Cassation, Criminal Section, no. 31401, June 8, 2006)

punishment is imprisonment for between one and three years and a fine of between Euro 5,200 and Euro 52,000 if the landfill is used, even just in part, for the disposal of hazardous waste.

On conviction or sentencing pursuant to art. 444 of the Criminal Procedures Code, the area used for the authorized landfill is confiscated if owned by the author of or participant in the crime, without prejudice to the requirement to restore or make good the location.

Fine of between one hundred and fifty and two hundred and fifty quotas (first sentence) and between two hundred and three hundred quotas (second sentence). The penalty is halved "for failure to comply with the requirements contained in or referred to in the authorizations, and for inadequacies in meeting the requirements and conditions required for registration or communications." (Decree no. 152/2006, art. 256, para. 4). On conviction (for the cases envisaged in the second sentence), the actor may be banned from the activities concerned for up to six months.

The third sub-section of art. 256 punishes an offense, whether committed due to malfeasance or negligence (since it is a contravention), that is committed by creating or managing an unauthorized landfill (the creation of an unauthorized landfill is one aspect of the management of waste). Accordingly, this sub-section punishes an offense that must actually be committed, possibly on an ongoing basis, by preparing and equipping and area for the illegal purpose.

Sub-section 5

This regulation punishes anyone who, in violation of the prohibition in art. 187, carries out the unauthorized mixing of waste, with the penalties listed in sub-section 1, letter b).

Fine of between one hundred and fifty and two hundred and fifty quotas. The penalty is halved "for failure to comply with the requirements contained in or referred to in the authorizations, and for inadequacies in meeting the requirements and conditions required for registration or communications." (Decree no. 152/2006, art. 256, para. 4).

This regulation governs a common offense, since the ban on mixing waste and the related penalties apply to anyone with access to waste.

The regulation prohibits the mixing of different categories of hazardous waste and hazardous waste with non-hazardous waste, but probably does not cover the mixing of different categories of non-hazardous waste or the same category of hazardous waste (mixing means the union of waste in a way that makes it extremely difficult, if not impossible, to separate and differentiate it later).

Sub-section 6, first sentence

This regulation punishes anyone who temporarily stores hazardous sanitary waste in the place of production, in violation of art. 227, para. 1, letter b), by imprisonment for between three months and one year or a fine of between Euro 2,600 and Euro 26,000.

An administrative fine of between Euro 2,600 and Euro 15,500 is levied for quantities that do not exceed two hundred liters or their equivalent.

Fine of up to two hundred and fifty quotas.

The regulations governing the offense are principally contained in art. 8 and art. 17 of Presidential Decree no. 254 dated July 15, 2003, which governs the temporary storage (in the place of production) of hazardous sanitary waste carrying a risk of infection, specifying that the maximum duration is five days from the closure of the container, with a possible extension to thirty days for quantities of less than two hundred liters (the timing of the temporary storage commences from the closure of the container, marking recognition of the existence of the sanitary waste, and the conduct is only punishable if the temporary storage involves quantities of sanitary waste of two hundred liters or more or their equivalent - threshold determined by the legislator for determining if the temporary storage of sanitary waste should be punished as a crime).

Although the regulation refers to "anyone", this does not appear to be a common offense. The jurisprudence is clear in believing that the offense is attributable solely to the managers of healthcare facilities, whose position of responsibility and control requires them to carry out the degree of supervision necessary to prevent the storage of waste (this requirement is specified in art. 17 of Presidential Decree no. 254/2003, which clearly makes the managers of healthcare facilities, whether public or private, responsible for failure to comply with the instructions given on the subject of sanitary waste).

Decree no. 152 dated April 3, 2006 "Regulations on environmental matters"

Art. 257 "Restoration of sites"

Sub-section 1

This regulation punishes anyone who pollutes the soil, sub-soil, surface waters or underground waters in concentrations that exceed the threshold of risk by imprisonment for between six months and one year or by a fine of between two thousand six hundred euro and twenty-six thousand euro, if they do not arrange to restore the site in compliance with a project approved by the competent authority as part of the procedure envisaged in arts. 242 et seq. In the event of failure to make the communication required by art. 242, the culprit is punished by imprisonment for between three months and one year or a fine of between Euro 1,000 and Euro 26,000.

Fine of up to two hundred and fifty quotas.

Art. 257 governs the offense of failure to restore polluted sites in accordance with the administrative procedure described in art. 242 of Decree no. 152/2006.

The instructions issued by the competent authority must be followed precisely by the party deemed responsible for polluting the soil, sub-soil, surface waters or underground waters. The offense is only committed if the "concentrations exceed the threshold of risk" (CSRs)[24]. The penalties are increased if the pollution involves hazardous substances.

Sub-section 2

The punishment is imprisonment for between one and two years and a fine of between Euro 5,200 and Euro 52,000 if the pollution is caused by hazardous waste.

Fine of between one hundred and fifty and two hundred and fifty quotas.

Decree no. 152 dated April 3, 2006 "Regulations on environmental matters"

Art. 258 "Violation the requirements to make communications and keep mandatory registers and data sheets"

Sub-section 4, second sentence

This regulation punishes firms that collect and transport their own non-hazardous waste pursuant to art. 212, para. 8, without voluntarily joining the system for checking the traceability of waste (SISTRI) pursuant to art. 188[2], para. 2, letter a), and transport such waste without the data sheet specified in art. 193, or which indicate incomplete or inexact information on the data sheet, by a fine of between Euro 1,600 and Euro 9,300. The penalty indicated in art. 483 of the Criminal Code is applied to those who, in preparing a waste analysis certificate, provide false information about the nature, composition and chemical-physical characteristics of the waste and to those who use a false certificate during the transportation of waste.

Fine of between one hundred and fifty and two hundred and fifty quotas.

The fourth sub-section of the regulation punishes those who, in preparing a waste analysis certificate, provide false information about the nature, composition and chemical-physical characteristics of the waste and those who use a false certificate during the transportation of waste.

[24] The CSRs represent levels of environmental contamination, to be determined case by case, with the performance of a specific site risk analysis in accordance with the principles described in Attachment 1 in Part IV of Decree no. 152/06 and reference to the characteristics of the pollution. If the threshold concentrations are exceeded, the site must be made safe and restored. The concentration levels established in this way represent the levels of acceptability for the site (see art. 240, para. 1, and letter c)).

The fourth sub-section of the regulation therefore punishes two offenses:

1) the preparation of false documentation concerning the nature of the waste;
2) the use of a false certificate to transport the waste.

Decree no. 152 dated April 3, 2006 "Regulations on environmental matters"

Art. 259 "Illegal trafficking in waste"

Sub-section 1

This regulation punishes anyone who transports waste as part of illegal trafficking pursuant to art. 2 of Regulation (EEC) no. 259 dated February 1, 1993, or transports waste listed in Attachment II to that Regulation in violation of art. 1, para, 3, letters a), b), c) and d) of the Regulation, by imprisonment for up to two years and a fine of between Euro 1,550 and Euro 26,000. The penalty is increased if hazardous waste is transported.

Fine of between one hundred and fifty and two hundred and fifty quotas.

In substance, the first sub-section of art. 259 punishes the illegal trafficking of waste (relating exclusively to the cross-border transportation of waste), with increased penalties for the transportation of "hazardous waste".

"Illegal trafficking in waste" is defined in art. 26 of Regulation no. 259/1993, which specifies: "any shipment of waste made in violation of specific requirements imposed by community regulations" (notification of all competent authorities, agreement from the competent authorities, cross-border shipment specifically indicated in the transport documentation etc.).

The second offense envisaged in the first sub-section of art. 259 relates to the transportation of waste to be recycled that is listed in Attachment 2 to Regulation no. 259/93 (so-called green list), if that shipment is made in violation of the conditions envisaged in art. 1, para. 3 letters a), b), c) and d) of that Regulation (the waste must be taken to authorized plant, must be available for environmental or sanitary checks, etc.).

Decree no. 152 dated April 3, 2006 "Regulations on environmental matters"

Art. 260 "Organized activities for the illegal trafficking in waste"

Sub-section 1

This regulations punishes anyone who, seeking unjust profit via multiple transactions and the ongoing organization of equipment and activities, assigns, receives, transports, imports, exports or

in any case unlawfully manages massive quantities of waste, by imprisonment from between one and six years.

Fine of between three hundred and five hundred quotas. On conviction, the actor may be banned from the activities concerned for up to six months. If the entity or one if its organizational units is regularly used for the sole or principal purpose of allowing or facilitating commitment of the offenses addressed by this article, they shall be punished by a permanent ban on carrying out the activities concerned.

The object of the repeated conduct is the "management of massive quantities of waste", with reference to the total quantity of materials managed via the various activities.

The subjective element required for the conduct to be penalized is the existence of specific malfeasance, as described in art. 260 "for the purpose of seeking and unjust profit". The offense is committed regardless of whether or not the improper advantage sought by the actor is obtained, and such advantage need not be financial, since its nature could be different.

Sub-section 2

The punishment for trafficking in highly radioactive waste is imprisonment for between three and eight years.

Fine of between for hundred and eight hundred quotas. On conviction, the actor may be banned from the activities concerned for up to six months. If the entity or one if its organizational units is regularly used for the sole or principal purpose of allowing or facilitating commitment of the offenses addressed by this article, they shall be punished by a permanent ban on carrying out the activities concerned.

Decree no. 152 dated April 3, 2006 "Regulations on environmental matters"

Art. 260[2] "IT system for controlling the traceability of waste"

Sub-section 6

The penalty indicated in art. 483 of the Criminal Code is applied to those who, in preparing a waste analysis certificate, used by the system for controlling the traceability of waste, provide false information about the nature, composition and chemical-physical characteristics of the waste and to those who include a false certificate among the data provided to ensure the traceability of the waste.

Fine of between one hundred and fifty and two hundred and fifty quotas.

Sub-section 7, second and third sentence

The transport firm that omits to transport the waste together with a hard copy of the SISTRI - MOVEMENT AREA form and, when required by current regulations, a copy of the detailed certificate identifying the characteristics of the waste, is punished by an administrative fine of between Euro 1,600 and Euro 9,300. The penalty indicated in art. 483 of the Criminal Code is applied if hazardous waste is transported. This last penalty is also applied to those who, during the transportation of waste use a waste analysis certificate containing false information about the nature, composition and chemical-physical characteristics of the waste transported.

Fine of between one hundred and fifty and two hundred and fifty quotas.

Sub-section 8

The transport firm that transports waste together with a fraudulently altered hard copy of the SISTRI - MOVEMENT AREA form is punished by the fine envisaged in arts. 477 and 482 of the Criminal Code, taken together. The penalty is increased by up to one third if hazardous waste is transported.

Fine of between one hundred and fifty and two hundred and fifty quotas (first sentence) and between two hundred and three hundred quotas (second sentence).

Decree no. 152 dated April 3, 2006 "Regulations on environmental matters"

Art. 279 "Atmospheric emissions"

Sub-section 5

The punishment for the cases envisaged in sub-section 2 is imprisonment for up to one year if exceeding the emissions threshold also results in exceeding the air quality limits envisaged in the current regulations.

Fine of up to two hundred and fifty quotas.

The fifth sub-section of art. 279 of Decree no. 152/2006 punishes those who, in the situations envisaged in sub-section 2 (being "those who, in the operation of a factory, *violate the emission limits or the requirements established in the authorization*, in Attachments I, II, III or V of Part V of this Decree, in the plans, programs or regulations referred to in art. 271 or the other requirements imposed by the competent authority pursuant to this title..."), by exceeding the emission limits, also cause the air quality limits envisaged in the current regulations to be exceeded.

"Factory" means a unified and stable production complex, under the management of a single manager, containing one or more plant or where one or more activities are carried out that generate emissions via, for example, mobile devices, manual operations, deposits and movements.

By "emission limit", the legislator means "the emission factor, the concentration, the percentage or the flow of polluting substances in the emissions that must not be exceeded". Emission limits expressed as concentrations are established "by reference to the functioning of the plant in the most intensive operating conditions and, unless specified otherwise, are stated as an average hourly rate".

Law no. 150 dated February 7, 1992 "Regulation of offenses regarding the application in Italy of the Convention on international trade in endangered species of wild fauna and flora"

Art. 1, sub-section 1

Unless the facts represent a more serious offense, whoever violates the provisions of Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, by doing any of the following in relation to the species listed in Attachment A to the Regulation and subsequent amendments, is punished by imprisonment for between three months and one year and a fine of between 15 million lire and 150 million lire:

a) *imports, exports or re-exports specimens, under any customs regime, without the required certificate or license, or with a certificate or license that is not valid pursuant to art. 11, para. 2a, of Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments;*
b) *fails to comply with the requirements regarding the physical safety of the specimens, as specified in a license or certificate issued in compliance with Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, and Regulation (EC) no. 939/97 of the Commission of May 26, 1997, and subsequent amendments;*
c) *utilizes the above specimens in a manner different to the requirements specified in the authorizations or certificates issued together with the import license or subsequently;*
d) *transports or arranges the transportation of specimens, directly or on behalf of third parties, without the required license or certificate issued in compliance with Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, and Regulation (EC) no. 939/97 of the Commission of May 26, 1997, and subsequent amendments and, in the case of exports or re-exports from a third Country that signed the Washington Convention, issued in compliance with that Convention, or without sufficient proof of their existence;*
e) *trades in plants reproduced artificially in contrast with the requirements established with reference to art. 7, para. 1, letter b) of Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, and Regulation (EC) no. 939/97 of the Commission of May 26, 1997, and subsequent amendments;*

f) *holds, uses for profit, purchases, sells, displays or holds for sale or commercial purposes, offers for sale or in any case assigns specimens without the required documentation.*

Fine of up to two hundred and fifty quotas.

Sub-section 2

In the case of repeated offenses, the culprit is punished by imprisonment for between three months and two years and a fine of between 20 million lire and 200 million lire. If the above offense is committed in the course of a business activity, conviction results in suspension of the license for between a minimum of six months and a maximum of eighteen months.

Fine of between one hundred and fifty and two hundred and fifty quotas.

Law no. 150 dated February 7, 1992 "Regulation of offenses regarding the application in Italy of the Convention on international trade in endangered species of wild fauna and flora"

Art. 2, sub-sections 1 and 2

Unless the facts represent a more serious offense, whoever violates the provisions of Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, by doing any of the following in relation to the species listed in Attachments B and C to the Regulation and subsequent amendments, is punished by imprisonment for between three months and one year or a fine of between 20 million lire and 200 million lire:

a) *imports, exports or re-exports specimens, under any customs regime, without the required certificate or license, or with a certificate or license that is not valid pursuant to art. 11, para. 2a, of Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments;*
b) *failure to comply with the requirements regarding the physical safety of the specimens, as specified in a license or certificate issued in compliance with Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, and Regulation (EC) no. 939/97 of the Commission of May 26, 1997, and subsequent amendments;*
c) *utilizes the above specimens in a manner different to the requirements specified in the authorizations or certificates issued together with the import license or subsequently;*
d) *transports or arranges the transportation of specimens, directly or on behalf of third parties, without the required license or certificate issued in compliance with Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, and Regulation (EC) no. 939/97 of the Commission of May 26, 1997, and subsequent amendments and, in the case of exports or re-exports from a third Country that*

signed the Washington Convention, issued in compliance with that Convention, or without sufficient proof of their existence;

e) *trades in plants reproduced artificially in contrast with the requirements established with reference to art. 7, para. 1, letter b) of Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, and Regulation (EC) no. 939/97 of the Commission of May 26, 1997, and subsequent amendments;*

f) *holds, uses for profit, purchases, sells, displays or holds for sale or commercial purposes, offers for sale or in any case assigns specimens without the required documentation, but solely in relation to the species referred to Attachment B to the Regulation.*

g) *In the case of repeated offenses, the culprit is punished by imprisonment for between three months and one year and a fine of between 20 million lire and 200 million lire. If the above offense is committed in the course of a business activity, conviction results in suspension of the license for between a minimum of four months and a maximum of twelve months.*

Fine of up to two hundred and fifty quotas.

Law no. 150 dated February 7, 1992 "Regulation of offenses regarding the application in Italy of the Convention on international trade in endangered species of wild fauna and flora"

Art. 6, sub-section 4

Whoever contravenes the provisions of sub-section 1 ("Without prejudice to the provisions of Law no. 157 dated February 11, 1992, it is prohibited for anyone to hold live specimens of wild mammals and reptiles and live specimens of mammals and reptiles born in captivity that represent a danger for the health and safety of the public") is punished by imprisonment for up to three months or a fine of between 15 million lire and 200 million lire.

Fine of up to two hundred and fifty quotas.

Law no. 150 dated February 7, 1992 "Regulation of offenses regarding the application in Italy of the Convention on international trade in endangered species of wild fauna and flora"

Art. 3[2], sub-section 1

The offenses envisaged in art. 16, para. 1, letters a), c), d), e) and l), of Regulation (EC) no. 338/97 of the Council of December 9, 1996 and subsequent implementations and amendments, regarding the falsification or alteration of certificates, licenses, import notices, declarations, communications of information in order to obtain a license or certificate, and the use of false or altered certificates or licenses are subject to the penalties envisaged in Book II, Title VII, Section III of the Criminal Code.

Fine of up to two hundred and fifty quotas if offenses are committed that are punishable by imprisonment for not more than one year;

Fine of between one hundred and fifty and two hundred and fifty quotas if offenses are committed that are punishable by imprisonment for not more than two years;

Fine of between two hundred and three hundred quotas if offenses are committed that are punishable by imprisonment for not more than three years;

Fine of between three hundred and five hundred quotas if offenses are committed that are punishable by imprisonment for more than three years.

Law no. 549 dated December 28, 1993 "Measures to protect atmospheric ozone and the environment"

Art. 3 "Cessation and reduction of the use of harmful substances"

Sub-section 6

Anyone who violates the provisions of this article is punished by imprisonment for up to two years and a fine of up to three times the value of the substances used in production, imported or sold. In the most serious cases, upon conviction, the authorization or license under which the illegal activity was carried out shall be revoked.

Fine of between one hundred and fifty and two hundred and fifty quotas.

Decree no. 202 dated November 6, 2007 "Implementation of Directive no. 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements"

Art. 8 "Willful pollution"

Unless the facts represent a more serious offense, the captain of a ship sailing under any flag, as well as the members of the crew, the owner and the charter party, if the offense was committed with their cooperation, who willfully violate the provisions of art. 4 are punished by imprisonment for between six months and two years and a fine of between Euro 10,000 and Euro 50,000.

If the violation referred to in para. 1 causes permanent or in any case particularly serious damage to the quality of the waters, fauna and flora, or to some of these, the offense is punishable by imprisonment for between one and three years and a fine of between Euro 10,000 and Euro 80,000.

Fine of between one hundred and fifty and two hundred and fifty quotas (first paragraph) and between two hundred and three hundred quotas (second paragraph). On conviction, the actor may be banned from the activities concerned for up to six months. If the entity or one if its organizational units is regularly used for the sole or principal purpose of allowing or facilitating commitment of the

offenses addressed by this article, they shall be punished by a permanent ban on carrying out the activities concerned.

Decree no. 202 dated November 6, 2007 "Implementation of Directive no. 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements"

Art. 9 "Negligent pollution"

Unless the facts represent a more serious offense, the captain of a ship sailing under any flag, as well as the members of the crew, the owner and the charter party, if the offense was committed with their cooperation, who negligently violate the provisions of art. 4 are punished by a fine of between Euro 10,000 and Euro 30,000. If the violation referred to in para. 1 causes permanent or in any case particularly serious damage to the quality of the waters, fauna and flora, or to some of these, the offense is punishable by imprisonment for between six months and two years and a fine of between Euro 10,000 and Euro 30,000.

Fine of up to two hundred and fifty quotas (first paragraph) and between one hundred and fifty and two hundred and fifty quotas (second paragraph). On conviction (for the cases envisaged in the second paragraph), the actor may be banned from the activities concerned for up to six months.

16.2 [omissis]

16.3 Recipients of the special part

This Special Part refers to behaviors adopted by directors, managers and employees “Company Exponents” of Interpump in the risk-activity areas, and by external Collaborators, outsourcers and Partners, already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The objective of this Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree.

16.4 General rules of conduct

Interpump adopts principles and instruments to ensure correctness, transparency and traceability of all carried out operations.

In particular with respect to the activities at risk of commission of illicit waste management, the Code of Ethic establishes the commitment to rely on authorized subjects (e.g. professional disposer, carriers, etc.), having the highest requirements in term of professionalism and ethic, as

well as instructing own employees to reduce the amount of wastes and the excessive use of resources.

Concerning environmental matter, as a whole, Interpump inspires its own behavior to the following principles:

- foster safeguard and respect of laws and regulations concerning environmental matters by all employees or collaborators, customers, vendors and partners;
- guide company's choices in order to ensure the greatest feasible compatibility between economic initiative and environmental need, not restraining itself to simply respect the actual law, but in perspective of sustainable synergy with the territory, natural elements and the health of workers;
- use recycled/recycling materials during the execution of own activities in any possible cases;
- define and maintain programs to safeguard and manage Company structures respecting and, where possible, exceeding standards defined by laws and regulations ;
- consider environmental themes in all principal business operations of the Company;
- use resources in an efficient fashion.

It is carried out a specific audit activity having as objective the implementation and appropriateness of controls indicated to safeguard the fore above-mentioned activities.

16.5 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.

17 Offences of organized crime

17.1 Types of offences

Law no. 94 of 15 July 2009 ("Provisions concerning public safety") has extended, with the introduction of art. 24[3] in the Decree, the administrative responsibility of corporations for the offences that depend on offences of organised crime committed in the country although lacking the requirement of trans-nationality.

The commission of certain offences of organised crime in the interest of or for the benefit of the entity already involved a form of co-responsibility between natural persons and legal entity, if the offence were committed in more than one country or in a single country, but with part of the conduct (conceptualisation, preparation, management or control) carried out elsewhere, with the implication of an organised crime group engaged in illegal activities in more than one country or the effects of which occur in a different country (art. 3 and 10 of Law no. 146/2006 "Ratification and execution of the United Nations Convention and Protocols against Transnational Organized Crime").

The new article 24[3] of Leg. Decree envisages, on the contrary, pecuniary and prohibitory penalties for the entity that commits any of the offences depending on organized crime as listed below, without any constraints concerning the place of commission of the crime or concerning the perpetration:

- Criminal association (art. 416 Penal Code)
- Crimes of criminal association aimed at imposing or maintaining a condition of slavery, trafficking in human beings, the purchase or sale of slaves and the crimes concerning the violation of provisions concerning clandestine immigration as at art. 12 Leg. Decree 286/1998 (Art. 416, subsection 6, Penal Code);
- Mafia-type activity including foreign associations (art. 416[2] Penal Code);
- Political-Mafia patronage (art. 416[3] Penal Code);
- Kidnapping of persons for the purpose of extortion (art. 630 Penal Code);
- Criminal association for the purpose of trafficking in narcotic or psychotropic drugs (art. 74 decree DPR 309/90);
- Offences concerning the manufacture and trafficking of weapons or war, explosives and clandestine weapons (art. 407, par. 2, letter (a) code of criminal procedure).

A description of the offences in question is given below:

Criminal association (art. 416 Penal Code). Punishes those who, in a minimum of three or more persons, enter into association with the aim of committing a plurality of crimes, or those who promote or constitute or organize the association between three or more persons.

Likewise, in subsection 6 the law punishes criminal association aimed at the commission of specific crimes, such as imposing or maintaining a condition of slavery or servitude (art. 600 Penal Code), trafficking of human beings (art. 601 Penal code) and purchase and sale of slaves (art. 602 Penal Code).

Mafia-type activity including foreign associations (art. 416[2] Penal Code). Punishes the

membership in mafia type association formed of three or more persons; or the conduct of those who promote, manage or organise the association.

Political-mafia patronage (art 416[3] Penal Code). Punishes the conduct of persons who obtain the promise of votes in exchange for the payment of money.

Kidnapping of persons for the purpose of extortion (art. 630 Penal Code). Punishes the conduct of persons who kidnap a victim with the aim of gaining an illicit profit for themselves or for others in the form of a ransom payment for release of the hostage.

Criminal association for the purpose of trafficking in narcotic or psychotropic drugs (art. 74 Decree DPR 309/90). Punishes the conduct of those who, in a minimum of three or more persons, enter into association with the aim of committing a plurality of crimes, including those envisaged by art. 73 of the Decree DPR (production, trafficking and illicit retention of narcotic or psychotropic drugs), or of those who promote, manage, organise or finance the association.

Offences concerning the manufacture and trafficking of weapons or war, explosives and clandestine weapons (art. 407, par. 2, letter (a) code of criminal procedure). Punishes the conduct of those who manufacture, introduce into the country, offer for sale, transfer, retain and transfer to public places or places open to the public, weapons of war or components of weapons of war, explosives, clandestine weapons, and common firearms.

17.2 [omissis]

17.3 Recipients of the Special Part

The present Special Part refers to behaviors adopted by directors, managers and/or employees "Exponents of the Company" of Interpump in the risk-activity areas and also external Collaborators, outsourcers and Partners , already defined in the General Part (hereinafter all jointly referred to as "Recipients").

The objective of the present Special Part is to ensure that all the Recipients as identified above adopt rules of conduct that are in compliance with the prescriptions contained herein, in order to prevent the occurrence of the offences envisaged by the terms of the Decree

17.4 General rules of conduct

Interpump adopts principles and instruments aimed at guaranteeing fairness, transparency and traceability in all the operations carried out.

With special reference to activities at risk of commission of acts of organised crime, the Code of Ethics establishes that business relations must be entertained only with customers, partners, suppliers, and companies of certain reputation engaged in legal commercial activities and whose

income is derived from legitimate sources. For this purpose rules are provided for ensuring the proper identification of customers and specific procedures for selection and evaluation of the target companies.

In the cases of criminal association aimed to attempt crimes constituted by presumed offences of the Decree, reference is made to all the controls and checks already evidenced in the special references parts and those designed to manage the risk of the specific attempt crime at which the associative conduct is aimed. Indeed, as also suggested by prevailing legal theory on this subject, the controls put in place to cover the commission of attempt crimes consequently make it possible to prevent also the occurrence of the phenomenon directed towards the execution of the same.

In the event of internal or external criminal association aimed to commit offences included in the Decree Interpump inspires its own behavior to the following principles:

- pay attention to integrity and ethics in the execution of the activities;
- attribute decision-making responsibilities in a way commensurate to the conferred accountability, authority and autonomy degree.
- properly define, assign and communicate power of attorney and authorization, providing for, when requested, a punctual indication of approval limits of expenditures in order to avoid that any subject has unlimited powers;
- ensure the *segregation of duties* principle in managing processes, providing to assign to different subjects critical phases of which the process is composed and, in particular, the authorization, accounting, execution and control processes.
- consider proper point of controls during the course of activities (reconciliation, information flows, accounting matches, etc.);
- ensure verifiability, traceability, coherence and adequacy of each operation or transaction. Therefor for this purpose, it must be guaranteed traceability of activity through an adequate supporting documentation process in which it can be carried out controls in any moment.
- ensure traceability of carried out controls;
- ensure the presence of specific reporting mechanism that allow systematic reporting process by personnel called for carrying out sensitive activities;
- provided for *monitoring circumstances* about the correctness of activities carried out by single departments as part of the considered process (compliance of rules, correct use of the power of attorney and expenditure power);
- ensure an adequate selection of external consultants to whom outsourcing activities are entrusted by the Company, guaranteeing transparency of the appointment process for outsourcing activities as well as the existence of respectability and professionalism requirements and reliability of all subjects that intervene within the company's processes.

The company adopts all necessary instruments and controls in order that:

- Company decision-making centers act and approve through codified rules and keep track of their actions (e.g. minutes of meeting, reporting, etc.);
- all the documentation concerning customers, consultants, vendors, partners, etc. is accurately recorded and stored in order to ensure integrity, availability and confidentiality of information;
- use of petty-cash is limited to small expenditure transactions.

It is carried out a specific audit activity having as objective the implementation and appropriateness of controls indicated to safeguard the above-mentioned activities.

[omissis]

17.5 Prevention procedures and protocols

The procedures and protocols adopted by the company are an integral part of this Model. The procedures and protocols are communicated to all parties involved in the processes to which they relate. All parties involved in the process are required to comply with and respect the procedures and protocols governing their sphere of activities, implementing them rigorously.