



ORGANISATION, MANAGEMENT **AND CONTROL MODEL**

ex Italian Legislative Decree no. 231/01

GENERAL PART

Rev.02

The English text is a translation of the Italian Official "Model 231"; for any conflict or discrepancies between the two text the Italian text shall prevail

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1.	LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001 .	3
1.1.	THE OFFENCES COVERED BY THE REGULATIONS OF ITALIAN LEGISLATIVE DECREE 231/01.....	4
1.2.	THE ADOPTION OF THE MODEL OF ORGANISATION AND MANAGEMENT AS A POSSIBLE JUSTIFICATION OF THE ADMINISTRATIVE LIABILITY OF THE ENTITY.....	10
2.	THE ADOPTION OF THE MANAGEMENT AND ORGANISATION MODEL BY BRED A ENERGIA	11
2.1.	THE FUNDAMENTAL ELEMENTS OF THIS ORGANISATION AND MANAGEMENT MODEL.....	12
3.	THE SUPERVISORY BODY.....	12
3.1.	IDENTIFYING THE SUPERVISORY BODY.....	12
3.1.1.	THE METHODS OF APPOINTMENT, TERMINATION AND REPLACEMENT OF THE SUPERVISORY BODY.....	13
3.2.	FUNCTIONS AND OBLIGATIONS OF THE SUPERVISORY BODY.....	13
3.2.1.	ACTIVITIES OF MONITORING AND CONTROL.....	13
3.2.2.	THE TASKS OF TRAINING AND INFORMATION.....	14
3.2.3.	THE TASK OF VERIFYING THE EFFECTIVENESS AND UPDATING OF THIS MODEL.....	14
3.2.4.	THE APPLICATION OF PENALTIES.....	14
3.2.5.	REPORTING OF THE SUPERVISORY BODY TO THE COMPANY BODIES.....	15
4.	OBLIGATIONS OF DISCLOSURE VIS-À-VIS THE SUPERVISORY BODY	15
4.1.	COMPULSORY REPORTS.....	16
4.2.	THE GATHERING AND STORING OF INFORMATION.....	16
5.	TRAINING AND COMMUNICATING THE MODEL	17
6.	THE DISCIPLINARY SYSTEM.....	17
6.1.	GENERAL PRINCIPLES.....	17
6.2.	THE PENALTIES.....	17
6.2.1.	PENALTIES TO EMPLOYEES (NON MANAGERS).....	17
6.2.2.	PENALTIES AGAINST EMPLOYEES (MANAGERS).....	19
6.2.3.	PENALTIES AGAINST DIRECTORS.....	19
6.2.4.	PENALTIES AGAINST AUDITORS.....	19
6.2.4.	PENALTIES AGAINST THE MEMBERS OF THE SUPERVISORY BODY.....	19
6.2.5.	PENALTIES AGAINST EXTERNAL COLLABORATORS AND PARTNERS.....	19
7.	THE CODE OF CONDUCT	20



1. Legislative decree no. 231 of 8 June 2001

On 4 July 2001, Italian Legislative Decree No. 231/01, bearing the “rules on the administrative liability of legal entities, companies and associations, also deprived of legal status”, came into force in our system.

The Decree was issued on 8 June 2001 to carry out the delegation of powers set forth in Article 11 of Law no. 300 of 29 September 2000, with which to adapt the Italian legislation concerning the liability of legal entities to some international Agreements that Italy had already accepted for some time now, such as the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests, the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States and the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions. Therefore, with Italian Legislative Decree No. 231/01, a number of EC and international measures aimed at making responsible the legal entity, in that an unfailing requirement for combating economic crime, were transposed.

The extension of the liability of entities aims at involving in the punishment of certain criminal offences also the entities that obtained any benefit from the commission of the crime.

The liability envisaged by the decree is also identified in relation to offences committed abroad, provided that the State of the place where the fact was committed does not proceed against the Entity for these offences.

In terms of penalties, the imposition of a fine to the charge of the entity is always envisaged for all offences committed.

However, there are also more serious penalties, including suspension or revocation of licences and concessions, the prohibition of contracting with the public administration, disqualification from carrying out the business activity, the exclusion from incentives, loans, grants or subsidies and possible revocation of those already granted, the prohibition of advertising goods and services.

The penalty system ex Italian Legislative Decree 231/01 can be divided into four types of penalties.

Monetary penalties

If convicted, the judge may graduate the penalty according to a certain number of shares, from a minimum of 100 to a maximum of 1,000, establishing the monetary value of the individual share from EUR 258.23 to EUR 1,549.37, and adjusting the penalty to the economic and financial conditions of the entity.

However, the penalty can be reduced in view of the low level of the contested fact or in case of ascertained virtuous and restoring conduct by the company.

The entity alone is liable for the penalty with its property.

Disqualification penalties (applicable for a minimum of 3 months to a maximum of 2 years):

- disqualification from carrying out the business activity (in the event of a basically unlawful enterprise, permanently used exclusively or mainly for the commission of one or more offence-requirements, the final disqualification from carrying out the business activity is laid down);
- suspension/removal of a licence or of a grant or an authorisation functional to the commission of the offence;
- no contracting with the Public Administration;
- exclusion from benefits, contributions, loans and subsidies and withdrawal, if necessary, of those already granted;
- no advertising of assets or services.

The disqualification penalties can be applied also as a precautionary measure, when there are clear signs of the entity's liability and when there are well-grounded and specific elements that lead to consider as concrete the danger of committing offences of the same nature as those uncontested.



In lieu of a disqualification penalty, the possibility for the court to appoint a receiver, responsible for the continuation of the entity's activity for the period of validity of the disqualification penalty, is envisaged.

Confiscation

The main mandatory and autonomous penalty is the confiscation of money and profit of the offence, committed by persons with top management functions, even in particular cases in which the entity is exempt from liability for having validly adopted and implemented the precautionary measures established by the regulations.

In case of administration of the entity by an external commissioner, the confiscation of the profit deriving from the continuation of the activity is also established.

The filing of the judgement

If a disqualification penalty is applied, the filing of the judgement can also be prescribed, pursuant to Article 18 of Italian Legislative Decree 231/01.

Moreover, the Court, pursuant to the Decree, can order:

- the precautionary seizure of things that can be confiscated (Article 53);
- the attachment of movable and immovable property of the Entity should there be reason to believe that the guarantees for payment of the penalty, the costs of legal proceedings or other amounts due to the State are missing or dispositive (Article 54).

Therefore, Italian Legislative Decree No. 231/01 has introduced some substantial new features into the national legal system:

- an *administrative liability* system (comparable to criminal liability) of Entities (companies, associations, consortiums, etc.) for some offences committed in the interest or to the advantage of the Entity by natural persons entrusted with the representation, administration or management of the Entities themselves or of its organizational unit having financial and organization autonomy or by individuals subject to the direction or supervision of any of such subject;
- the possibility, in case of offence, of using a *justification*, under conditions regulated by Article 6 of the said Decree.

1.1. The offences covered by the regulations of Italian Legislative Decree 231/01

As regards offences that may determine the "administrative liability" of the Entity, the Decree refers to a series of crimes specifically and definitely indicated.

OFFENCES AGAINST THE PUBLIC ADMINISTRATION (Articles 24 and 25 of Italian Legislative Decree 231/01):

- embezzlement against the State, punishable under Article 316-bis of the Italian Penal Code;
- misappropriation of grants, loans or other payments from the State or other public body, punishable under Article 316-ter of the Italian Penal Code;
- extortion, punishable under Article 317 of the Italian Penal Code;
- corruption for an official measure, punishable under Article 318 of the Italian Penal Code;
- Corruption for an act contrary to official duties, punishable under Articles 319, 319-bis, 320 and 321 of the Italian Penal Code;
- corruption in judicial proceedings, punishable under Articles 319-ter and 321 of the Italian Penal Code;
- incitement to corruption, punishable under Article 322 of the Italian Penal Code;
- aggravated fraud committed against the State or other public body, punishable under Article 640 paragraph 2 number 1 of the Italian Penal Code;



- aggravated fraud for obtaining public funds, punishable under Article 640-bis of the Italian Penal Code;
- computer fraud committed against the State or other public body, punishable under Article 640 of the Italian Penal Code.

COMPUTER CRIMES AND UNLAWFUL PROCESSING OF DATA (Article **24-bis** of Italian Legislative Decree 231/01, introduced by Italian Law 48/08):

- forgery of a public and private electronic document with probatory efficacy, punishable under Article 491-bis of the Italian Penal Code;
- computer or telematic hacking, punishable under Article 615-ter of the Italian Penal Code;
- unauthorized possession and dissemination of access codes to computer or telematic systems, punishable under Article 615-quarter of the Italian Penal Code;
- dissemination of equipment, devices or software intended to damage or disrupt a computerized or telematic system, punishable under Article 615-quinquies of the Italian Penal Code;
- illegal interception, unavailability or interruption of computer or telematic communications, punishable under Article 617-quarter of the Italian Penal Code;
- installation of equipment designed to intercept, prevent or disrupt computer or telematic communications, punishable under Article 617-quarter of the Italian Penal Code;
- damage to information, data and computer software, punishable under Article 635-bis of the Italian Penal Code;
- damage to information, data and computer software used by the State or other public body, or however of public interest, punishable under Article 635-ter of the Italian Penal Code;
- damage to computer or telematic systems, punishable under Article 635-quarter of the Italian Penal Code;
- damage to computer or telematic systems of public interest, punishable under Article 635-quinquies of the Italian Penal Code;
- computer fraud of the subject providing electronic signature certification services, punishable under Article 640-quinquies of the Italian Penal Code.

ORGANISED CRIME OFFENCES (Article **24-ter** of Italian Legislative Decree 231/01, introduced by Italian Law 94/09):

- criminal association, punishable under Article 491 of the Italian Penal Code;
- criminal association aimed at committing the crimes on enslavement, trafficking in human beings and purchase and sale of slaves, and crimes involving violation of illegal immigration set forth in Article 12 Italian Legislative Decree 286/1998, punishable under Article 416, paragraph 6, of the Italian Penal Code;
- Mafia-type criminal organization, punishable under Article 416-bis of the Italian Penal Code;
- crimes committed by making use of the conditions of Article 416 *bis* Italian Penal Code for Mafia-type associations or in order to facilitate the activities of such associations;
- Mafia and political electoral exchange, punishable under Article 416-ter of the Italian Penal Code;
- association engaged in illicit traffic in narcotic drugs or psychotropic substances, punishable under Article 74 Italian Presidential Decree no. 309 of 9 October 1990;
- kidnapping for robbery or extortion purposes, punishable under Article 630 of the Italian Penal Code;
- illegal manufacture, introduction into the State, sale, transfer, possession and carrying in public places or open to the public of weapons of war or parts thereof, explosives, clandestine weapons as well as the most common gunpowder weapons, punishable under Article 407, paragraph 2, letter a of the Italian Penal Code.



COUNTERFEITING MONEY, PUBLIC CREDIT CARDS, REVENUE STAMPS (Article **25-bis** of Italian Legislative Decree 231/01, introduced by Italian Law 409/01, amended by Italian Law 99/09):

- counterfeiting money, spending and introduction into the State of counterfeit money, punishable under Articles 453 and 455 of the Italian Penal Code;
- debasing money, punishable under Article 454 of the Italian Penal Code;
- spending money received in good faith, punishable under Article 457 of the Italian Penal Code;
- counterfeiting revenue stamps, introduction into the State, purchase, possession or circulation of counterfeit revenue stamps, punishable under Article 459 of the Italian Penal Code;
- counterfeiting watermarked paper used for the production of public credit cards or revenue stamps, punishable under Article 460 of the Italian Penal Code;
- production or possession of watermarks or instruments aimed at counterfeiting money, revenue stamps or watermarked paper, punishable under Article 461 of the Italian Penal Code;
- use of counterfeit or debased revenue stamps, punishable under Article 464 of the Italian Penal Code;
- counterfeiting, debasing or using trademarks or marks i.e. patents, models and drawings, punishable under Article 473 of the Italian Penal Code;
- introduction into the State and marketing of products with false marks, punishable under Article 474 of the Italian Penal Code.

CRIMES AGAINST INDUSTRY AND TRADE (Article **25-bis 1** of Italian Legislative Decree 231/01, introduced by Italian Law 99/09):

- disturbing the freedom of industry and commerce, punishable under Article 513 of the Italian Penal Code;
- unlawful competition under threat or violence, punishable under Article 513-bis of the Italian Penal Code;
- fraud against Italian national industries, punishable under Article 514 of the Italian Penal Code;
- fraudulent trading, punishable under Article 515 of the Italian Penal Code;
- sale of non-genuine foodstuff as genuine, punishable under Article 516 of the Italian Penal Code;
- sale of industrial products with misleading signs, punishable under Article 517 of the Italian Penal Code;
- manufacture and sale of goods made by usurping industrial property, punishable under Article 513-ter of the Italian Penal Code;
- counterfeiting geographical indications or appellations of origin of agricultural and food products, punishable under Article 517-quarter of the Italian Penal Code.

CORPORATE CRIMES (Article **25-ter** of Italian Legislative Decree 231/01, introduced by Italian Legislative Decree 61/02):

- false company communications, punishable under Article 2621 of the Italian Civil Code;
- false company communications to the detriment of shareholders or creditors, punishable under Article 2622, paragraph 1 and 3, of the Italian Civil Code;
- forgery of reports or communications of the auditing company, punishable under Article 2624, paragraph 1 and 2, of the Italian Civil Code;
- preventing control, punishable under Article 2625 paragraph 2 of the Italian Civil Code;
- fictitious capital formation, punishable under Article 2632 of the Italian Civil Code;
- illegal return of capital contributions, punishable under Article 2626 of the Italian Civil Code;
- illegal distribution of profits and reserves, punishable under Article 2627 of the Italian Civil Code;



- unlawful transactions on shares, capital shares or of the parent company, punishable under Article 2628 of the Italian Civil Code;
- transactions to the detriment of creditors, punishable under Article 2629 of the Italian Civil Code;
- non-disclosure of conflict of interests, punishable under Article 2629-bis of the Italian Civil Code;
- illegal distribution of company assets by liquidators, punishable under Article 2633 of the Italian Civil Code;
- unlawful influence on the meeting, punishable under Article 2636 of the Italian Civil Code;
- insider trading, punishable under Article 2637 of the Italian Civil Code;
- impediment to the carrying-out of the duties of public supervisory authorities, punishable under Article 2638, paragraphs 1 and 2, of the Italian Civil Code.

CRIMES FOR PURPOSES OF TERRORISM OR SUBVERSION OF THE DEMOCRATIC ORDER (Article **25-quarter** of Italian Legislative Decree 231/01, introduced by Italian Law 7/03):

- crimes for purposes of terrorism or subversion of the democratic order, established by the Italian Penal Code ad by special laws;
- crimes carried out in violation of the provisions of Article 2 of the International Convention of New York on the suppression of the financing of terrorism of 9 December 1999 (ratified with Law no. 7 of 14 January 2003).

CRIMES AGAINST THE PERSON (Article **25-quarter 1** of Italian Legislative Decree 231/01, introduced by Italian Law 7/06):

- practices of mutilation of female genitals, punishable under Article 583-bis of the Italian Penal Code.

CRIMES AGAINST INDIVIDUALS (Article **25-quinquies 231** of Italian Legislative Decree 231/01, introduced by Italian Law 228/03):

- reduction or maintenance in slavery or servitude, punishable under Article 600 of the Italian Penal Code;
- child prostitution, punishable under Article 600-bis of the Italian Penal Code, although related to virtual pornographic material;
- child prostitution, punishable under Article 600-ter of the Italian penal code, although related to virtual pornographic material;
- possession of pornographic material (also virtual), punishable under Article 600-quarter of the Italian Penal Code;
- tourism initiatives for the exploitation of child prostitution, punishable under Article 600-quinquies of the Italian Penal Code;
- trafficking in persons, punishable under Article 601 of the Italian Penal Code;
- purchase and sale of slaves, punishable under Article 602 of the Italian Penal Code.

CRIMES OF ABUSE OF INSIDER TRADING AND MARKET RIGGING (Article **25-sexies** of Italian Legislative Decree 231/01, introduced by Italian Law 62/05):

- abuse of insider trading, punishable under Article 184 of the Italian Legislative Decree no. 58/98;
- market rigging, punishable under Article 185 of the Italian Legislative Decree no. 58/98.

OFFENCES OF CULPABLE HOMICIDE AND SERIOUS OR VERY SERIOUS NEGLIGENT INJURY, COMMITTED WITH VIOLATION OF THE RULES ON PROTECTION OF HEALTH AND SAFETY AT WORK (Article **25-septies** of Italian Legislative Decree 231/01, introduced by Italian Law 123/07):



- culpable homicide, punishable under Article 589 of the Italian Penal Code;
- negligent personal injury, punishable under Article 590 paragraph 3 of the Italian Penal Code.

RECEIVING, LAUNDERING AND USING MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGIN (Article **25-octies** of Italian Legislative Decree 231/01, introduced by Italian Legislative Decree 231/07):

- receiving of stolen goods, punishable under Article 648 of the Italian Penal Code;
- laundering, punishable under Article 648-bis 648, paragraph 3 of the Italian Penal Code;
- using money, goods or benefits of unlawful origin, punishable under Article 648-ter of the Italian Penal Code.

CRIMES RELATING TO INFRINGEMENT OF COPYRIGHT (Article **25-novies** of Italian Legislative Decree 231/01, introduced by Italian Law 99/09):

- Making available to the public in a computer network system, through connections of any kind, and without having the right to do so, of an original work protected by copyright, or part of it, punishable under Article 171, paragraph 1, letter a-bis), Italian law 633/1941;
- Offence referred to in the preceding paragraph committed on the work of others not intended for advertising, or usurpation of the authorship of the work, or with deformation, mutilation or other modification of the work itself, should the honour or reputation of the author be offended, punishable under Article 171, paragraph 3, Italian Law 633/1941;
- Abusive duplication, for profit, of computer programs; import, distribution, sale, possession for commercial or entrepreneurial purposes or rental of programs contained on media not marked by the Italian Authors' and Publishers' Association (SIAE, Società italiana degli autori ed editori); preparation of means to allow or facilitate the arbitrary removal or avoidance of software protections, punishable under Article 171-bis, paragraph 1, Italian Law 633/1941;
- Reproduction on media not marked by the Italian Authors' and Publishers' Association (SIAE, Società italiana degli autori ed editori), transfer to other media, distribution, communication, presentation or public demonstration of the contents of a database for profit; extraction or re-utilization of the database in breach of the provisions on the rights of the former or user of a database; distribution, sale or rental of databases, punishable under Article 171-bis, paragraph 2, Italian Law 633/1941;
- Crimes committed for profit, non-personal use and characterized by one of the following conducts described under Article 171-ter paragraph 1, Italian Law 633/1941:
 - Abusive duplication, reproduction, public transmission or dissemination by any means, in whole or in part, of original works for television, cinema circuit, of the sale or hire of disks, tapes or similar media or any other medium containing phonograms or videograms of similar musical, cinematographic or audiovisual works or sequences of moving images (let. a)
 - Abusive reproduction, public transmission or dissemination by any means, in whole or in part, of literary, dramatic, scientific or educational, musical or musical-dramatic, multimedia works, even if incorporated in collective or composite works or databanks (let. b)
 - Introduction into the territory of the State, possession for sale or distribution, distribution, marketing, rental or sale for any reason, public projection, broadcast through television by any means, radio transmission, of the abusive duplications or reproductions set forth under letters a) and b) without participation to duplication or reproduction (let. c)
 - Possession for sale or distribution, marketing, sale, rental, transfer in any way, public projection, broadcast by radio or television with any process, of videotapes, audio cassettes, any medium containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images, or other support for which the affixing of the SIAE mark is prescribed, without the SIAE sign or with counterfeit or falsified marking (let. d)



- Retransmission or dissemination by any means of an encrypted service received by means of equipment or parts of equipment aimed at the decoding of conditional-access broadcasting, in the absence of agreement with the lawful distributor (let. e)
- Introduction into the territory of the State, possession for sale or distribution, distribution, sale, rental, transfer for any reason, business promotion, installation of devices or special decoding elements that allow to access an encrypted service without paying the fee due (let. f)
- Manufacture, import, distribution, sale, rental, transfer for any reason, advertising for sale or rental, or possession for commercial purposes, of equipment, products or components or provision of services with a commercial use or prevailing purpose of avoiding effective technological protection measures or designed, produced, adapted or carried out for enabling or facilitating the avoidance of such measures (let. f-bis)
- Abusive removal or forgery of electronic information on the system of rights set forth in Article 102-*quinquies*, or distribution, import for distributing, diffusion by radio or television, communication or making available to the public of works or other protected materials from which the electronic information was removed or forged (let. h).
- Offences characterised by one of the following conducts described under Article 171-ter, paragraph 2, Italian Law 633/1941:
 - Abusive reproduction, duplication, transmission or dissemination, sale or marketing, transfer for any reason, or abusive import of more than 50 copies of works protected by copyright and related rights (let. a)
 - Entry for profit in a computer network system, through any kind of connection, of an original work or part of it protected by copyright, in violation of the exclusive right of communication to the public pertaining to the author (let. a-bis)
 - Carrying-out of the conducts established by Article 171-ter, paragraph 1, Italian Law 633/1941, by anyone having an entrepreneurial profession of reproduction, distribution, sale or marketing, or importing works protected by copyright and related rights (let. b)
 - Promotion and organisation of illegal activities set forth in Article 171-ter, paragraph 1, Italian Law 633/1941 (let. c).
- Failure to communicate to the SIAE the identification data of the media not covered by the mark, by producers or importers of such media, or making a false statement about the fulfilment of the obligations concerning the mark, punishable under Article 171-septies, Italian Law 633/1941;
- Fraudulent production, sale, import, promotion, installation, change, use for public and private use of equipment or parts of equipment fit for decoding conditional-access audiovisual transmissions made through the air, satellite, cable, in analogue or digital form (Article 171-octies, Italian Law 633/1941).

INDUCTION NOT TO MAKE STATEMENTS OR FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES (Article 25-novies of Italian Legislative Decree 231/01, introduced by Italian Law 116/09):

- Induction not to make statements or false statements to the judicial authorities, punishable under Article 377-bis of the Italian Penal Code.

OFFENCES OF TRANSNATIONAL ORGANISED CRIME (Articles 3 and 10 of Italian Law no. 146 of 16 March 2006):

Article 3 of Italian Law no. 146/2006 considers as a transnational offence the offence, punished with imprisonment of not less than a maximum of four years, whenever an organized criminal group is involved, as well as: a) committed in more than one State; b) or committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State; c) or committed in one State but involves an organized criminal group that engages in criminal activities in more than one State; d) or committed in one State but has substantial effects in another State.

- criminal association, punishable under Article 416 of the Italian Penal Code;



- Mafia-type criminal organization, punishable under Article 416-bis of the Italian Penal Code;
- criminal association with the purpose of smuggling foreign tobaccos, punishable under Article 291-quarter of the Consolidated Act set forth in Italian Presidential Decree no. 43 of 23 January 1973;
- association engaged in illicit traffic in narcotic drugs or psychotropic substances, punishable under Article 74, Italian Presidential Decree no. 309 of 9 October 1990;
- provisions against clandestine immigration, punishable under Articles 12, paragraph 3, 3-bis, 3-ter and 5, of the Consolidated Act set forth in Italian Legislative Decree no. 286 of 25 July 1998;
- Induction not to make statements or false statements to the judicial authorities, punishable under Article 377-bis of the Italian Penal Code;
- personal aiding and abetting, punishable under Article 378 of the Italian Penal Code;
- crimes for purposes of terrorism or subversion of the democratic order, established by the Italian penal code ad by special laws,
- crimes that have been carried out in violation of the provisions of Article 2 of the International Convention of New York on the suppression of the financing of terrorism of 9 December 1999 (ratified with Law no. 7 of 14 January 2003).

* * *

If an offence specifically mentioned is committed, the "administrative" liability of the company is added to the criminal liability of the natural person who has materially carried out the fact, if and in so far as all other regulatory requirements are integrated.

This liability exists even when these offences are merely tempted and i.e., even when the agent carries out measures that are appropriate and unequivocally directed to the commission of the offence but the action is not carried out or the event does not occur (Article 26 of Italian Legislative Decree 231/01 and Article 56 of the Italian Penal Code).

For a short description of the crime cases, reference is made to the special part, which leaves off all those offences (e.g.: counterfeiting currency, practices of mutilation of female genitals, abuse of insider trading, market rigging, non-disclosure of conflict of interests ex Article 2629-bis of the Italian Civil Code, etc.), for which it is hardly conceivable - or even excluded - that they may be committed in the interest of "Breda Energia S.p.A.".

1.2. The adoption of the model of organization and management as a possible justification of the administrative liability of the entity

Italian Legislative Decree no. 231/01 establishes, under Articles 6 and 7, a sort of exemption from administrative liability should the entity demonstrate it has adopted and effectively implemented, before the deed was committed, organization and management models fit for preventing crimes such as those occurred.

Such organization and management models must meet the following requirements:

- identify the activities within which crimes can be committed;
- establish specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to offences which must be prevented;
- define the methods of management of financial resources appropriate to prevent crimes from being committed;
- establish obligations of disclosure vis-à-vis the board in charge of supervising the functioning and compliance of the model;
- introduce a disciplinary system capable of punishing the non-compliance with the measures set out in the model.

In any case, the entity cannot be liable for crimes committed in its interest if it proves that:



- the task of supervising the functioning and compliance of the model and arranging for its update has been entrusted to a board of the entity with independent powers of initiative and control;
- the persons who have committed the crime have fraudulently avoided the aforesaid organization and management model;
- there has been no omitted or insufficient supervision by the supervisory body.

This Legislative Decree establishes that the organization and management models can be adopted, ensuring all the above requirements, on the basis of codes of conduct drawn up by trade associations reported to the Ministry of Justice, which, within thirty days, can formulate, in concert with the competent Ministries, comments on the suitability of the models themselves to prevent crimes.

2. The adoption of the management and organization model by Breda Energia

“Breda Energia S.p.A.” (hereinafter referred to as Breda Energia) is sensitive to the requirement of ensuring conditions of correctness and transparency in running the company business, in defence of its position and image, of the expectations of its shareholders and of the work of its employees, and is aware of the importance to acquire an internal control system fit for preventing the commission of unlawful behaviours by its directors, employees, representatives and partners.

To this end, even if the adoption of the Model is intended by the law as optional, Breda Energia started a Project of analysis of its organizational, management and control instruments, for checking the compliance of the principles of behavior and of the already adopted procedures with the purposes provided by the Decree and for preparing this management and organization model, whose first version was adopted with resolution passed by the Board of Directors of 15 May 2007.

In particular, through the adoption of the model, Breda Energia intends to pursue the following main purposes:

- determine, in all those operating on behalf of the company in risk areas, the awareness that they may incur, in the event of violation of the provisions therein, in the commission of offences liable to penal sanctions that can be inflicted on them and administrative sanctions that can be imposed on the company;
- reaffirm that such forms of unlawful behavior are strongly condemned by Breda Energia, in that they are contrary, in addition to the provisions of the law, also to the ethical principles which the company intends to follow (see also the adopted Code of Conduct);
- allow the company, thanks to a monitoring action on areas at risk, to intervene immediately to prevent or oppose the commission of the offences.

In the context of the implementation of a program of systematic and rational interventions for the adaptation of its organizational and control model, the company prepared a map of the business activities and identified within these activities the so-called “risky activities”, i.e. those that, due to their nature, fall under the activities to be analyzed and monitored in the light of the requirements of the Decree.

The activities at risk of commission of the offences indicated by the Italian Legislative Decree no. 231/01 were identified by examining the company documents (organizational charts, businesses, minutes of the meetings of the Board of Directors, minutes of the meetings of the Board of Statutory Auditors, minutes of the Shareholders' Meetings, organizational decisions, etc.) and a series of interviews with the key subjects of the company structure (Chairman of the Board of Directors, Managing Director, members of the Board of Statutory Auditors, General Manager) and with those most directly involved in the legal representation of the company externally.

Following the identification of the activities at risk (as better specified in the special part of this model), Breda Energia has deemed it necessary to define the principles of reference of the organizational model that it intends to implement, taking into account, in addition to the



provisions of the Decree, the guidelines drawn up by Confindustria on 7 March 2002, updated on 18 May 2004 and then again on March 31, 2008 (and approved by the Ministry of Justice) and the circular of the Ministry of Justice with the comments made pursuant to Article 6 paragraph 3 of the Decree.

The fundamental principles contained in those guidelines have also characterized the development of those parts of this Model and of the Special Part that refer to cases entirely new or, however, included only later in the list of offences, source of liability of the entity, which is contained in Italian Legislative Decree No. 231/01.

These parts will be adjusted, if possible, to the guidelines that will be issued by trade associations, taking into account the comments of the Ministry of Justice, as soon as these will be made known.

2.1. The fundamental elements of this organization and management model

The key issues identified by Breda Energia in the definition of this organization, management and control Model are, in addition to the principles already stated, the following:

- the map of company businesses "at risk", i.e. those in which, by their very nature, could be committed the offences specifically referred to in articles 24, 24-bis, 24-ter, 25, 25-bis, 25-bis.1, 25-ter, 25-quarter, 25-quater.1, 25-quinquies, 25-sexies, 25-septies, 25-octies, 25-novies, 25-novies, of Italian Legislative Decree no. 231/01 and in Article 10 of Italian Law no. 146/06 (cf. Special Part of this Model);
- verifying the existing procedures and defining any implementation aimed at ensuring adequate control principles with reference to the activities at risk;
- the adoption of a Code of Conduct that defines the need to observe the laws and regulations in force and to base on principles of correctness and transparency the reports of the directors, employees and collaborators, for any reason, of Breda Energia with the public administration and with third parties and, more generally, ask them to behave in compliance with the principles set out in the Code Conduct;
- verifying and documenting operations at risk;
- the attribution to the Supervisory Body of specific verification tasks relating to the effective and proper functioning of this Model;
- the identification of the reporting lines to the Supervisory Body and, by the Supervisory Body to the other company bodies;
- the planning of a training, awareness and information activity at all company levels and with the external collaborators of Breda Energia regarding this organization and management Model and the Code of Conduct;
- verifying company behaviours, as well as the actual functioning of this Model, resulting in its periodical updating.

3. The Supervisory Body

3.1. Identifying the Supervisory Body

Article 6 paragraph 1 letter b) of the Italian Legislative Decree no. 231/01 requires, as a further condition to obtain exemption from the administrative liability of the company, that the task of supervising the functioning and compliance of this organization Model as well as its updating has been entrusted to a company body with independent powers of initiative and control.



The guidelines issued by Confindustria, subject to the approval of the Ministry of Justice, suggests that it is a body within the company, other than the Board of Directors and Statutory Board of Auditors, characterized by autonomy, independence, professionalism and continuity of action.

This autonomy implies for the Supervisory Body to refer, when carrying out the tasks entrusted to it, only to the top management of the company (Chairman of the Board of Directors, Board of Directors and Board of Statutory Auditors).

Member of the Supervisory Body may also be a member of the Board of Directors with no power of management and representation, an employee of the company, also part of the Quality Department, or the Legal Department, Administration or other Internal Department, or an external or internal auditor.

It is conceivable to entrust third parties, which have the specific skills needed for the best performance of the assignment, with technical tasks, also as a support to the Supervisory Body. The overall liability for the carrying-out of the supervisory activity on the implementation of this Model pertains, in any case, to the Supervisory Body.

3.1.1. The methods of appointment, termination and replacement of the Supervisory Body

In accordance with the guidelines issued by Confindustria, which acknowledged also the observations made by the Ministry of Justice, Breda Energia regulated as follows the functioning of the Supervisory Body, with a view to protecting at best the requirements of autonomy, independence, professionalism and continuity of action.

The appointment and revocation of the Supervisory Body pertain to the Board of Directors, which may delegate this appointment to the Managing Director.

Only those who possess the formal subjective requirements that ensure the autonomy and independence that the assignment requires, in addition to respectability and professionalism, can be asked to join the Supervisory Body.

The Board of Directors periodically assesses the adequacy of the Supervisory Body in terms of organizational structure and granted powers but makes also sure that the requirements of autonomy, independence, professionalism and continuity of action necessary for carrying out this delicate duty are maintained, by revoking the granted mandate should it ascertain that such requirements are not met or when causes of incompatibility are generated.

The Supervisory Body formulates and updates annually a regulation of its activities (determining the frequency of controls, identifying the method and procedures of analysis, etc.) that must be communicated to the Board of Directors.

3.2. Functions and obligations of the Supervisory Body

The Supervisory Body is entrusted with the task to supervise:

- the observance of this organization, management and control Model adopted pursuant to Italian Legislative Decree No. 231/01, by the employees of Breda Energia, the directors, collaborators, for any reason whatsoever, of the company and its business partners;
- the effectiveness and adequacy of the Model itself in relation to the company structure and to the actual capacity to prevent the commission of offences set forth in Legislative Decree mentioned above;
- the advisability of updating this Model if it is necessary to make adjustments thereof, in relation to the changed company and/or legislative conditions (in the case of significant violations of the provisions of the organizational Model), soliciting for this purpose the competent company bodies.

3.2.1. Activities of monitoring and control

More specifically, the Supervisory Body is expressly entrusted with the following tasks relating to monitoring and control of the activities carried out by Breda Energia:



- implement control procedures laid down in this Model, also through the issue or proposition of regulatory provisions or internal informative reports;
- carry out a reconnaissance of the company business in order to update the mapping of the activities in the areas at risk;
- perform periodic checks on certain operations or specific measures carried out by Breda Energia, especially within the framework of activities in the areas at risk;
- collect, process and store the relevant information in order to comply with this organization and management Model;
- verify compliance with rules and procedures laid down in this Model, reporting any behavioural deviation that may arise from the analysis of information flows and from reports that the managers of the different business functions are bound to;
- investigate internally alleged violations of the provisions of this Model, coordinating each time with the company structures concerned to acquire all the essential elements of the investigation.

3.2.2. The tasks of training and information

The Supervisory Body is expressly entrusted with the following tasks on training and information:

- coordinate with other business functions, also through special meetings, in order to define training programs of employees and the content of the informative reports to be sent to employees, for any reason, of Breda Energia;
- coordinate with other business functions, also through special meetings, for better monitoring of the activities in areas at risk of commission of crime (in particular, the different business functions will have to inform the Supervisory Body on the relations with the public administration that they may establish each time);
- collect, process and store all relevant information received in relation to the implementation of this Model, and update the list of information that must be sent to the Supervisory Body;
- promote initiatives for disseminating knowledge and understanding of this organization, management and control Model, preparing all the documents necessary for this purpose.

In performing these tasks, the Supervisory Body is guaranteed free access to all business functions and without the need of any prior consent in order to obtain any information deemed necessary or relevant for carrying out the tasks provided for by Italian Legislative Decree No. 231/01.

The Supervisory Body may also make use of all company structures and external consultants to carry out at best the tasks entrusted to it.

3.2.3. The task of verifying the effectiveness and updating of this Model

The Supervisory Body is also expressly instructed to:

- interpret the relevant legislation to ensure compliance with Legislative Decree No. 231/01 and verify the appropriateness of this Model with such regulations, reporting to the Board of Directors the possible areas of intervention;
- assess the updating requirements of this Model, also through special meetings with the different business functions concerned, reporting to the Board of Directors the appropriate interventions to change it;
- monitor the updating of the company organization chart, which describes the organization of the company as a whole, with the specification of areas, facilities and offices and their respective functions;
- finally make sure that the activities covered by the special part of this Model for the different types of offences are adequate and appropriate to ensure compliance with the provisions of Legislative Decree 231/01, otherwise update them.

3.2.4. The application of penalties

In case of ascertained violation of the requirements established in this organization model or of the principles laid down in the Code of Conduct, the Supervisory Body coordinates with the competent business functions to consider the adoption of any penalty or disciplinary measure.



In particular, the Supervisory Body must report the committed violations and propose the most appropriate disciplinary measures.

The adoption of disciplinary measures in accordance with the legislation in force and in accordance with the disciplinary system adopted by Breda pertains exclusively to the company management.

The competent company bodies implement the adopted disciplinary measures and refer the result to the Supervisory Body.

3.2.5. Reporting of the Supervisory Body to the company bodies

The Supervisory Body reports on the implementation of this Model and on any critical factor.

There are two reporting lines by the Supervisory Body:

- the first one, on an ongoing basis, to the Chairman of the Board of Directors of Breda Energia;
- the second one, on a regular basis, to all the Board of Directors and the Board of Statutory Auditors.

The presence of such a functional relation, also with top bodies without operational tasks, and therefore released from management activities, is a factor that is able to ensure greater independence of the Supervisory Body and the more effective fulfilment of the tasks entrusted to it.

Meetings with company bodies to which the Supervisory Body is obliged to report must be recorded. Copy of the minutes must be kept by the Supervisory Body and sent to the company bodies involved each time.

The Supervisory Body prepares every six months a written report for the Board of Directors, the Chairman of the Board of Directors and the Statutory Board of Auditors on the activities carried out, indicating the controls carried out and the outcomes achieved, in particular.

At least once a year, maybe just at the time of preparation of the above-mentioned written report, the Supervisory Body notifies the Board of Directors and the Statutory Board of Auditors the plan of activities that it intends to carry out to fulfil its tasks, the state of progress of the program already defined and all the suggestions necessary for updating the mapping of the activities at risk and, in general, to ensure a tangible effectiveness to this model.

The Board of Directors, the Chairman of the Board of Directors, the Managing Director and the Board of Statutory Auditors have the right to convene at any time the Supervisory Body which has, in turn, the right to request, through the competent subjects, the convocation of the aforementioned bodies for urgent reasons.

4. Obligations of disclosure vis-à-vis the Supervisory Body

In order to facilitate also the task of supervising the effectiveness and efficiency of this organization and management model, the Supervisory Body must be informed, through special reports, by the employees, company bodies, external collaborators and partners of the company (the latter within the terms and limits established by contract) on all events that could give rise to the liability of Breda Energia pursuant to Italian Legislative Decree No. 231/01, but also on the violations (or alleged violations) of the principles established in the Code of Conduct.

The following specifications are valid in this regard:

- employees must transmit to the Supervisory Body any report relating to the commission or to the reasonable belief of the commission of the offences set forth in the above-mentioned Legislative Decree;
- those who carry out such reporting in good faith must be protected against any type of retaliation, discrimination or penalization;
- the identity of the reporting parties must be kept confidential, without prejudice to the obligations of the law and the protection of the rights of the company or of the persons wrongly accused or in bad faith.



4.1. Compulsory reports

In addition to the reports relating to the general violations described above, it is mandatory for the employees to immediately send the information set below to the Supervisory Body:

- the measures and in general all the news from criminal police bodies or from any other authority, from which it emerges that investigations are being carried through on offences set forth in Italian Legislative Decree 231/01, including investigations on persons unknown, if these investigations involve Breda Energia or its employees or collaborators;
- requests for legal aid made by employees following the start of a criminal proceeding for the offences envisaged by the said Decree;
- reports prepared by other business function managers of Breda Energia within their controlling activity, which might give rise to facts, acts, events or omissions that could affect the offences referred to by Italian Legislative Decree 231/01;
- news reporting disciplinary procedures carried out or any possible penalty inflicted (or dismissal provisions of these proceedings with relevant reasons), if they concern the commission of offences referred to in articles 24 to 25-sexies of Italian Legislative Decree No. 231/01 and Article 10 of Italian Law No. 146/06 or, however, the violation of the rules laid down in this organization and management model.

On a regular basis, the Supervisory Body will propose to the Board of Directors any modification of this list of mandatory reports.

In addition, it appears, to say the least, appropriate, that the following are communicated to Supervisory Body:

- updates and changes to the system of proxies and powers within the company;
- news reporting organizational changes (organizational charts);
- the summary statements of the contracts entrusted as a result of national and European tenders, or private agreements;
- news related to orders assigned by public bodies or subjects carrying out functions of public interest;
- changes of situations of risk or potentially at risk.

4.2. The gathering and storing of information

When an employee intends to report a violation (or alleged violation) of the rules established by this organization and management Model, he/she must contact his/her direct superior.

However, if the report has no result or the employee feels uncomfortable in contacting his/her direct superior for submitting the report, he/she can refer directly to the Supervisory Body.

The external collaborators for any reason of Breda Energia and the partners of the company report directly to the Supervisory Body.

In line with Article 6 paragraph 2 letter d) of Italian Legislative Decree No. 231/01, the reports must be made in writing (including by e-mail sent to the address OdV@bredaenergia.it).

The flow of reports, including unofficial reports, must be channelled towards the Supervisory Body.

The Supervisory Body considers the reports received and any consequent measure according to its own reasonable discretion and liability. To this end, it can listen to the author of the report and the person responsible for the alleged violation, justifying in writing any refusal to carry out an internal investigation.

The Supervisory Body is not obliged to take into account anonymous reports.

Any information or report envisaged by this organization, management and control Model is stored by the Supervisory Body in a special reserved file (electronic or paper) for a period of ten years, in strict compliance with the applicable privacy legislation.

In particular, in addition to the members of the Supervisory Body, only the Chairman of the Board of Directors of Breda Energia, the Managing Director and the members of the Board of Statutory Auditors are authorized to access the file.



5. Training and communicating the model

In order to effectively implement this Model, it is essential to ensure a correct knowledge and dissemination of the rules of conduct contained therein and of the principles laid down in the Code of Conduct both in respect of employees and in respect of subjects collaborating for any reason with Breda.

The level of training and information is implemented by the personnel department, in close collaboration with the Supervisory Body, with a different level of detail in relation to the different level of involvement of the subjects concerned in the activities at risk of commission of offences established by Italian Legislative Decree No. 231/01.

The adoption of this Model is communicated to the employees and collaborators of Breda Energia when it is adopted.

The knowledge of concepts considered of primary importance and, in particular, the knowledge of this organization, management and control Model, and of the Code of Conduct will be given to the newly hired personnel and to the subjects with whom a contractual relationship with Breda Energia is established for the first time. Therefore, these subjects must issue a written statement to Breda Energia stating that they are fully informed on this model and the Code of Conduct, they have received all necessary information and explanations, and they undertake to observe scrupulously all the provisions therein.

As regards external collaborators and partners of Breda Energia, special assessment systems can be put in place for their selection and information on policies and procedures adopted by the company in connection with this organizational Model and Code of Conduct.

6. The disciplinary system

6.1. General principles

The preparation of an adequate system of penalties (proportionate to the violation and having a proper deterrent effect) applicable in case of violations to the rules prescribed by the Code of Conduct and by the procedures established by this Model, makes effective the actions of the Supervisory Body and allows for the effective implementation of the model itself.

Pursuant to Article 6, first paragraph, letter e) of Italian Legislative Decree No. 231/2001, the definition of the disciplinary system is, in fact, the requirement for the exemption from the administrative liability of the company if an offence is committed in its interest by its employees, agents or collaborators.

The application of the disciplinary system and related penalties is irrespective of the carrying out and result of the criminal proceedings filed by the Court should the wrongdoing include also a crime case relevant in terms of the Legislative Decree above.

6.2. The penalties

6.2.1. Penalties to employees (non managers)

The non-compliance with the rules lay down by this organization, management and control Model, adopted by Breda Energia pursuant to Italian Legislative Decree No. 231/01, as well as the violations of the principles established in the Code of Conduct by the employees are disciplinary offences.

They can give rise, according to the seriousness of the infringement, to the application of disciplinary measures indicated below, in compliance with the provisions contained in the collective national labour agreement in force for workers in the private metalworking industry, applied by Breda Energia,



and in accordance with the procedures laid down in Article 7 of Italian Law No. 300 of 30 May 1970 (Workers' Statute of Rights). There is no prejudice to the right of Breda Energia to claim for damages occurring as a result of the punished behaviours, including damage caused by the application, by the Court, of the measures provided for in Italian Legislative Decree No. 231/01.

In particular, the following disciplinary measures are provided:

- oral warning;
- written warning;
- fine;
- suspension from work and pay;
- dismissal.

In the case of violation by the worker of the internal procedures established by this Model or in the case of adoption, when carrying on the activities in the areas at risk, of a behaviour not in compliance with the provisions of the Model itself, the oral or written warning measure shall apply.

In the case of several violations by the worker of the internal procedures established by this Model or in the case of adoption several times, when carrying on the activities in the areas at risk, of a behaviour not in compliance with the provisions of the Model itself, a fine (of the amount not exceeding three hours of pay) shall apply.

In the case of violation of the internal procedures established by this Model or in the case of adoption, when carrying on the activities in the areas at risk, of a behavior not in compliance with the provisions of the Model itself, or carrying out acts that are contrary to the interest of Breda Energia, the worker damages the company or exposes the company to a situation of objective danger to the wholeness of the assets of the company, the measure of suspension from work and salary (up to a maximum of three days) shall apply.

In the case of adoption by the worker, when carrying on the activities in the areas at risk, of a behavior unequivocally intended to commit a crime punished by Italian Legislative Decree 231/01, or a behavior not in compliance with the provisions of the Model itself, the penalties provided by this Decree shall apply.

As regards the ascertainment of the breaches and the application of the penalties, the powers already granted to the competent company bodies, within the scope of their respective authority, remain unchanged.

All the provisions of the national labour collective agreement applied by Breda Energia, related to the procedures and obligations to be observed in the application of disciplinary sanctions, remain unchanged and are referred to herein.

In particular: the employer cannot adopt any disciplinary measure against the worker without having previously charged him/her with the accusation and without having heard his/her defence.

Except for the oral warning, the charging must be made in writing and the disciplinary measures cannot be inflicted before five days, during which the worker can submit his/her comments and justifications.

If the disciplinary measure is inflicted within 6 days following such justification, these shall be deemed accepted.

The worker can submit its justifications also orally, with the assistance of a representative of the trade union to which he/she belongs, or a member of the unitary Trade Union Representation.

The imposition of the disciplinary measure must be justified and notified in writing.

The type and extent of the penalties, as well as any claim for damages will be proportionate to:

- the level of responsibility and operational autonomy of the employee;
- the possible existence of criminal records to his/her charge;
- the intention of the behavior or the level of negligence, carelessness or lack of expertise, with reference to the predictability of the event;
- the seriousness of the behavior, that is to say also the level of risk to which the company can reasonably be exposed, pursuant to and for the purposes of Italian Legislative Decree no. 231/01, owing to the censured behavior;
- to all the other special circumstances that accompany the disciplinary violation.

The disciplinary measures have no effect after two years from their application.



6.2.2. Penalties against employees (managers)

The non-compliance with the rules lay down by this organization, management and control Model, adopted by Breda Energia pursuant to Italian Legislative Decree No. 231/01, as well as the violations of the principles established in the Code of Conduct by the employees are disciplinary offences.

As regards employees with managerial qualification, such violations may give rise, according to the seriousness of the infringement, to the application of disciplinary measures indicated below, including, in the most serious cases, the dismissal, in compliance with the provisions contained in the collective national labour agreement in force for industrial managers, applied by Breda Energia, and in accordance with the procedures laid down in Article 7 of Italian Law No. 300 of 30 May 1970 (Workers' Statute of Rights), without prejudice to the right to claim for damages caused by the application, by the judge, of the measures established by Italian Legislative Decree no. 231/01.

The type and extent of the penalties, as well as any claim for damages will be proportionate to:

- the level of responsibility and operational autonomy of the manager;
- the possible existence of criminal records to his/her charge, insofar as the law allows to take this into account;
- the intention of the behavior or the level of fault, with reference to the predictability of the event;
- the seriousness of the behavior, that is to say also the level of risk to which the company can reasonably be exposed, pursuant to and for the purposes of Italian Legislative Decree no. 231/01, owing to the censured behavior;
- to all the other special circumstances that accompany the disciplinary violation.

6.2.3. Penalties against directors

In case of violation of the principles laid down in the Code of Conduct or requirements established by this Model by one or more members of the company's Board of Directors, the Supervisory Body will inform the Board of Statutory Auditors and the entire Board of Directors of Breda Energia, which will take all the appropriate measures including, for example, the call of the shareholders' meeting in order to adopt the most appropriate measures provided for by the regulations in force.

6.2.4. Penalties against auditors

In case of violation of the principles laid down in the Code of Conduct or requirements established by this Model by one or more Auditor, the Supervisory Body will inform the Board of Statutory Auditors and the entire Board of Directors of Breda Energia, which will take all the appropriate measures that they deem appropriate including, for example, the call of the shareholders' meeting in order to adopt the most appropriate measures provided for by the regulations in force.

6.2.4. Penalties against the members of the Supervisory Body

If the Board of Directors is informed about violations of the principles laid down in the Code of Conduct or requirements established by this Model by one or more members of the Supervisory Body, it will accept, in collaboration with the company management concerned, the initiatives considered most appropriate.

6.2.5. Penalties against external collaborators and partners

The non-compliance in accordance with this organization, management and control Model, adopted by Breda Energia pursuant to Italian Legislative Decree No. 231/01, as well as the violation of the principles laid down in the Code of Conduct by external collaborators, agents and partners of Breda Energia may determine, in accordance with and governed by the specific contractual relationship, the termination of the relevant contract, without prejudice to the right of Breda Energia to claim for damages occurring as a result of the said behaviours, including the damage caused by the application by the Court of the measures provided for in Italian Legislative Decree No. 231/01.



7. The Code of Conduct

The rules of behavior contained in this Model are integrated with those of the Code of Conduct, even if the Model presents, for the purposes that it intends to pursue in the implementation of the provisions contained in Italian Legislative Decree No. 231/01, a significance other than the Code of Conduct.

In fact, the Code of Conduct is an instrument adopted independently and that the company can broadly apply to express the principles of company deontology that it recognises as its own and which must be observed by all the employees and collaborators.

However, this organization, management and control model complies with specific provisions contained in the said Legislative Decree, provisions aimed at preventing the commission of particular offences, definitely indicated, for facts that, apparently committed for the benefit of the company, can involve its administrative liability pursuant to the said Legislative Decree.