



**General Principles of the  
Organization, Management and Control Model  
ex Legislative Decree No. 231/2001 of  
Emerson Process Management S.r.l.**

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## **1. Introduction**

Legislative Decree no. 231 of 8 June 2001 (hereinafter referred to as "Legislative Decree no. 231/2001" or the "Decree"), in implementation of the Government delegation by art. 11 of Law no. 300 of 29 September 2000, established the rules governing the "liability of entities for administrative offences arising from offences". According to the rules introduced by the Decree, in fact, companies can be held "liable" for certain crimes committed or attempted, in the interest or to the advantage of the companies themselves, by representatives of the company's top management and by those who are subject to the management or supervision of the latter (Article 5, paragraph 1, of Legislative Decree no. 231/2001).

The administrative liability of the Company is, however, excluded if the Company has, among other things, adopted and effectively implemented, prior to the commission of the offences, a model of organization, management and control pursuant to the Legislative Decree no. 231/2001 (hereinafter Model 231 or the Model), suitable for preventing the offences themselves; the model adopted has to be coherent with the "Guidelines" drawn up by Confindustria (the lead organization representing the manufacturing, construction, energy, transportation, ITC, tourism and services industries in Italy).

The Board of Directors of Emerson Process Management S.r.l. on December 1, 2010 approved the first version of the "Model of organization, management and Control" ex Legislative Decree No. 231 of June 8, 2001 of Emerson Process Management S.r.l. The present document "General principles of the Model" was drawn up by Emerson Process Management S.r.l. on the basis of the latest version of the Model, approved by the Board of Directors of Emerson Process Management S.r.l. on March 1<sup>st</sup>, 2019

## 2. Legal Framework

### 2.1 Type of offence

The entity can be held liable only for the offences expressly referred to in the Decree and these cases may be included in the following categories:

1. **crimes in relations with the Public Administration**, this is the first group of crimes originally identified by Legislative Decree no. 231/2001 (articles 24 and 25);
2. **offences against public faith**, such as forgery of money, public credit cards and revenue stamps, provided for by art. 25-bis of the Decree, introduced by art. 6 of D. L. 350/2001, converted into law, with amendments, by art. 1 of Law no. 409 of 23 November 2001, containing "*Urgent provisions in view of the introduction of the Euro*", amended by Law no. 99/2009 and by Legislative Decree no. 125/2016;
3. **corporate offences**, article 25-ter was introduced into Legislative Decree no. 231/2001 by Article 3 of Legislative Decree no. 61 of 11 April 2002 (as amended by Law no. 190/2012 and Law no. 69/2015), which, as part of the reform of company law, provided for the extension of the system of administrative liability of companies to certain corporate crimes;
4. **crimes for the purposes of terrorism or subversion of the democratic order**, referred to in Article 25-quater Legislative Decree no. 231/2001, introduced by art. 3 of Law no. 7 of 14 January 2003. These are "*offences for the purpose of terrorism or subversion of the democratic order, as provided for by the Penal Code and special laws*", as well as offences, other than those indicated above, "*which have in any case been committed in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism done in New York on 9 December 1999*";
5. **market abuse**, as referred to in Article 25-sexies of the Decree;
6. **crimes against the individual freedom**, provided for by art. 25-quinquies, introduced into the Decree by art. 5 of Law no. 228 of 11 August 2003 and amended by Law 199/2016;
7. **transnational crime**, article 10 of Law no. 146 of 16 March 2006 provides for the administrative liability of the entity also with reference to the offences specified by the same law that have the characteristic of trans nationality;
8. **crimes against life and individual safety**, article 25-quater.1 of the Decree, introduced by Law no. 7 of 9 January 2006, provides for the practice of mutilating female genital organs as one of the crimes for which the administrative responsibility of the entity can be traced;

9. **manslaughter and serious or very serious culpable injuries, committed in violation of the regulations on the protection of health and safety at work**, article 25-septies provides for the administrative liability of the entity in relation to the crimes referred to in Articles 589 and 590, third paragraph, of the Criminal Code. (Manslaughter and grievous or very grievous bodily harm), committed in violation of the rules on the protection of health and safety at work;
10. **offences of receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin, as well as self-laundering**, article 25-octies<sup>1</sup> of the Decree establishes the extension of the entity's liability also with reference to the offences provided for by articles 648, 648-bis and 648-ter. and 648-ter.1 of the Criminal Code;
11. **computer crimes and unlawful processing of data**, as referred to in Article 24-bis of the Decree (amended by Legislative Decree no. 7 and 8 of 2016) which provides for new types of administrative offence in relation to certain computer crimes and unlawful processing of data;
12. **crimes against industry and trade**, referred to in Article 25-bis no. 1 of the Decree;
13. **organized crime offences**, as referred to in Article 24-ter of the Decree;
14. **offences relating to violation of copyright**, referred to in art. 25-novies of the Decree;
15. **inducement not to make statements or to make false statements to the judicial authorities** (Article 377-bis of the Criminal Code), referred to in Article 25-decies of the Decree;
16. **environmental crimes**, referred to in Article 25-undecies of the Decree, introduced by Legislative Decree no. 121/2011 and amended by Law no. 68/2015;
17. **crime of employment of third-country nationals whose stay is irregular**, referred to in art. 25-duodecies of the Decree;
18. **offences of bribery among private individuals and incitement to bribery among private individuals**, referred to in Article 25-ter, letter s bis of the Decree;
19. **crimes of racism and xenophobia**, referred to in Article 25-terdecies of the Decree.

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<sup>1</sup>Article 63, paragraph 3, of Legislative Decree no. 231 of 21 November 2007, published in the Official Gazette no. 290 of 14 December 2007, implementing Directive 2005/60/EC of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as well as Directive no. 2006/70/EC, which contains the implementing measures, introduced the new article in Legislative Decree no. 231 of 8 June 2001, which provides for the administrative liability of the entity also in the case of offences of receiving stolen goods, money laundering and use of money, goods or benefits of illegal origin. Law no. 186/2014 amended art. 25-octies, which provides for the crimes of: receiving stolen goods (art. 648 c.p.), money laundering (art. 648-bis c.p.), use of money, goods or benefits of illegal origin (art. 648-ter c.p.) and self laundering (art. 648-ter.1 c.p.).

## **2.2 Attempt**

In the event of the commission, in the form of an attempt, of offences sanctioned on the basis of Legislative Decree no. 231/2001, the pecuniary sanctions (in terms of amount) and disqualification sanctions (in terms of duration) are reduced by one third to one half.

The imposition of sanctions is excluded in cases in which the entity voluntarily prevents the performance of the action or the realization of the event (art. 26 of Legislative Decree no. 231/2001).

## **2.3 Authors of the offence: persons in top positions and persons subject to the directions of others**

As mentioned above, according to Legislative Decree no. 231/2001, the Company is liable for offences committed in its interest or to its advantage:

- by "persons who hold positions of representation, administration or management of the entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the entity itself" (the above defined persons "in a top position" or "top management"; art. 5, paragraph 1, letter a), of Legislative Decree no. 231/2001);
- by persons subject to the management or supervision of one of the top management (the so-called subjects subject to the management of others; art. 5, paragraph 1, letter b), of Legislative Decree no. 231/2001).

It is also appropriate to reiterate that the Company is not liable, by express legislative provision (art. 5, paragraph 2, of Legislative Decree no. 231/2001), if the persons indicated above have acted in their own exclusive interest or that of third parties.

## **2.4 Offences committed abroad**

According to art. 4 of Legislative Decree no. 231/2001, the entity may be called to account in Italy in relation to crimes - covered by the same D. Legislative Decree no. 231/2001 - committed abroad<sup>2</sup>. The Explanatory Report to Legislative Decree no. 231/2001 underlines the need not to leave out of sanction a frequently verified criminal situation, also in order to avoid easy circumvention of the entire regulatory framework in question

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<sup>2</sup> Article 4 of Legislative Decree no. 231/2001 provides for the following: "In the cases and under the conditions set out in Articles 7, 8, 9 and 10 of the Penal Code, entities having their head office in the territory of the State are also liable in relation to offences committed abroad, provided that the State of the place where the offence was committed does not take action against them. 2. In cases where the law provides that the guilty party shall be punished at the request of the Minister of Justice, proceedings shall be brought against the entity only if the request is also made against the latter.

## **2.5 Suitability Syndacate**

The Company's liability, attributed to the criminal judge, is ascertained by means of:

- verification of the existence of the crime that is a prerequisite for the Company's liability;
- the review of suitability of the 231 models adopted.



### 3. Organization, Management and Control Model

#### 3.1 Exempt value of Organization, Management and Control Models

A fundamental aspect of Legislative Decree no. 231/2001 is the attribution of an exempt value to the Company's Organization, Management and Control Model.

In the case of the offence was committed by a person in a top position, in fact, the Company is not liable if it proves that (art. 6, paragraph 1, Legislative Decree no. 231/2001):

- a) the management body has adopted and effectively implemented, before the offence was committed, organization and management models suitable for preventing offences of the type that have occurred;
- b) the task of supervising the functioning of and compliance with the model and of updating them has been entrusted to a Supervisory Body (hereinafter "Supervisory Body" or "SB") of the Company with autonomous powers of initiative and control;
- c) the persons have committed the offence by fraudulently circumventing the Organisation and Management Model;
- d) there has been no omission or insufficient supervision by the Supervisory Board.

In the case of an offence committed by top management, there is therefore a presumption of liability on the part of the Company because such persons express and represent the policy and, therefore, the will of the entity itself. This presumption, however, can be overcome if the Company succeeds in demonstrating that it is not involved in the facts alleged against the top management by proving the existence of the above listed requirements that are competing and, consequently, the circumstance that the commission of the offence does not derive from its own "organisational fault"<sup>3</sup>.

In the case, on the other hand, of an offence committed by persons subject to the direction or supervision of others, the Company is liable if the commission of the offence was made possible by the violation of the management or supervision obligations to which the Company is subject<sup>4</sup>.

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<sup>3</sup> The Explanatory Report to Legislative Decree no. 231/2001 expresses, in this regard, in the following terms: "For the purposes of the entity's liability, therefore, it will be necessary not only that the offence be objectively related to it (the conditions under which this occurs, as we have seen, are governed by Article 5); moreover, the offence must also constitute an expression of the company's policy or at least derive from a fault of the organisation". And again: "we start from the presumption (empirically founded) that, in the case of an offence committed by a top management, the "subjective" requirement of liability of the entity [i.e. the so-called "organisational fault" of the entity] is satisfied, since the top management expresses and represents the policy of the entity; if this does not happen, it must be the company that proves its extraneousness, and this can only be done by proving the existence of a series of requirements that are competing with each other".

<sup>4</sup> Art. 7, paragraph 1, of Legislative Decree no. 231/2001: "Subjects subject to the management of others and models of organisation of the entity - In the case provided for in article 5, paragraph 1, letter b), the entity is liable if the commission of the offence was made possible by failure to comply with the obligations of management or supervision".

In any case, the violation of the obligations of management or supervision is excluded if the Company, before the crime was committed, has adopted and effectively implemented a Model 231 suitable for preventing crimes of the type of the one that has occurred.

In the case of an offence committed by a person subject to the direction or supervision of a senior person, the burden of proof is reversed. The prosecution must, in the hypothesis provided for by the cited art. 7, prove the failure to adopt and effectively implement a Model 231 suitable for preventing the crimes of the type of the one that has occurred.

Legislative Decree no. 231/2001 outlines the content of the 231 Model, providing that the same, in relation to the extension of delegated powers and the risk of commission of offences, as specified in Article 6, paragraph 2, must:

- identify the activities in the context of which crimes may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the Company's decisions in relation to the offences to be prevented;
- identify ways of managing financial resources that are suitable for preventing the commission of offences;
- provide for obligations to inform the Supervisory Body responsible for supervising the functioning of and compliance with the models;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in Model 231.

Article 7, paragraph 4, of Legislative Decree no. 231/2001 also defines the requirements for the effective implementation of Model 231:

- the periodic verification and possible modification of the 231 Model when significant violations of the provisions are discovered or when changes in the organization and activity take place;
- a disciplinary system suitable for sanctioning non-compliance with the measures indicated in Model 231.

### **3.2. Model's Recipients**

All those who work to achieve the purpose and objectives of Emerson Process Management S.r.l. are recipients of the model.

The recipients of the Model are obliged to comply with the utmost correctness and diligence all the provisions and protocols contained therein, as well as all the procedures for the implementation thereof.

## 4. The Supervisory Body of Emerson Process Management S.r.l

Based on the provisions of Legislative Decree no. 231/2001 - art. 6, paragraph 1, letters a) and b) - the entity may be exempted from liability resulting from the commission of crimes by persons qualified under art. 5 of Legislative Decree no. 231/2001, if the management body has, among other things:

- adopted and effectively implemented models of organisation, management and control suitable for preventing the offences considered;
- entrusted with the task of supervising the functioning of and compliance with Model 231 and ensuring that it is updated<sup>5</sup> to a Supervisory Body of the entity with autonomous powers of initiative and control.

The task of continuously monitoring the widespread and effective implementation of the 231 Model, its observance by the Recipients, as well as proposing its updating in order to improve the efficiency of prevention of crimes and offences, is entrusted to this body set up by the Company.

The assignment of the above tasks to a body with autonomous powers of initiative and control, together with the correct and effective performance of the same, is therefore an essential prerequisite for the exemption from liability provided for by Legislative Decree no. 231/2001.

The Confindustria Guidelines<sup>6</sup> suggest that this is a body with the following requirements:

- (i) autonomy and independence;
- (ii) professionalism;

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<sup>5</sup> The Explanatory Report to Legislative Decree no. 231/2001 states, in this regard: "The entity (...) shall also supervise the effective operation of the models, and therefore their compliance: to this end, in order to guarantee the maximum effectiveness of the system, it is provided that the *societas* avails itself of a structure that must be constituted within it (in order to avoid easy manoeuvres aimed at pre-establishing a license of legitimacy to the work of the *societas* through the recourse to compliant organisms, and above all to establish a real fault on the part of the entity), endowed with autonomous powers and specifically responsible for these tasks (...) of particular importance is the provision of a burden of information to the aforementioned internal control body, functional to guaranteeing its own operational capacity (...)"

<sup>6</sup> Confindustria Guidelines: "...the requirements necessary to carry out the mandate and, therefore, be identified in the body required by Legislative Decree no. 231/2001 can be summarized in:

- **Autonomy and independence:** *these qualities are obtained by placing the Body in question as a staff unit in a hierarchical position as high as possible and providing for the "reporting" to the highest operational top management or to the Board of Directors as a whole.*
- **Professionalism:** *This connotation refers to the wealth of tools and techniques that the Body must possess in order to carry out the assigned activity effectively. These are specialist techniques typical of those who carry out "inspection" activities, but also consultancy in the analysis of control systems and of a legal and, more specifically, penal type. With regard to the inspection and analysis of the control system, there is a clear reference - by way of example - to statistical sampling; to risk analysis and assessment techniques; to measures for their containment (authorisation procedures; mechanisms for opposing tasks; etc.); to the flow-charting of procedures and processes for identifying weaknesses; to interviewing and processing questionnaires; to elements of psychology; to methods for detecting fraud; etc.. These are techniques that can be used a posteriori, to ascertain how an offence of the species in question could have occurred and who committed it (inspection approach); or as a preventive measure, to adopt - at the time of the design of the Model and subsequent amendments - the most suitable measures to prevent, with reasonable certainty, the commission of the offences themselves (advisory approach); or, again, currently to verify that daily conduct actually respects the codified ones.*
- **Action continuity:** *in order to guarantee the effective and constant implementation of such an articulated and complex model as the one outlined above, especially in large and medium sized companies, it is necessary to have a structure dedicated exclusively and full-time to the supervision of the Model without, as mentioned, operational tasks that could lead it to make decisions with economic and financial effects".*

(iii) action continuity.

The requirements of autonomy and independence would require the absence of operational tasks on the part of the Supervisory Board which, by involving it in operational decisions and activities, would compromise its objectivity of judgment, the provision of reports by the Supervisory Board to the top management and the provision, as part of the annual budgeting process, of financial resources allocated to the functioning of the Supervisory Board.

Moreover, the Confindustria Guidelines provide that "*in the case of mixed composition or with internal subjects of the Body, since total independence from the body is not required from the components of internal origin, the degree of independence of the Body must be assessed in its entirety*".

The requirement of professionalism must be understood as the wealth of theoretical and practical knowledge of a technical-specialist nature necessary to effectively carry out the functions of the Supervisory Body, i.e. the specialist techniques of those who carry out inspection and consultancy activities.

The requirement of continuity of action makes it necessary for the Supervisory Board to have an internal structure dedicated on an ongoing basis to the supervision of Model 231.

Legislative Decree no. 231/2001 does not provide information on the composition of the Supervisory Board<sup>7</sup>.

In the absence of such indications, the Company opted for a solution that, taking into account the aims pursued by the law, was able to ensure, in relation to its size and organizational complexity, the effectiveness of the controls to which the Supervisory Board is responsible, in compliance with the requirements of autonomy and independence mentioned above.

Within this framework, the Company's Supervisory Body is a collegial body identified by virtue of the professional skills it has acquired and its personal characteristics, such as a marked capacity for control, independence of judgement and moral integrity.

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<sup>7</sup> The Confindustria Guidelines specify that the rules laid down by Legislative Decree no. 231/2001 "do not provide information on the composition of the Supervisory Body (O.D.O.). This allows for a choice of both single and multi-subjective composition. In the multi-subjective composition, internal and external members of the entity (...) may be called upon to be part of the Supervisory Body. Although in principle the composition seems indifferent to the legislator, however, the choice between one or the other solution must take into account the purposes pursued by the law and, therefore, must ensure the profile of effective controls in relation to the size and organizational complexity of the entity. Confindustria, Linee guida, cit., in the final version updated to March 2014.

#### 4.1 General principles on the establishment, appointment and replacement of the Supervisory Board

The Company's Supervisory Body is established by resolution of the Board of Directors and remains in office for the period established at the time of its appointment and may be re-elected.

Appointment as a member of the Supervisory Board is subject to the presence of subjective eligibility<sup>8</sup> requirements.

In the selection of members, the only relevant criteria are those that relate to the specific professionalism and competence required for the performance of the functions of the Body, the honorability and absolute autonomy and independence from the same; the Board of Directors, at the time of appointment, must acknowledge the existence of the requirements of independence, autonomy, honorability and professionalism of its members<sup>9</sup>.

Following approval of the 231 Model or, in the case of new appointments, at the time of appointment, the person designated to hold the office of member of the Supervisory Body must issue a declaration in which he certifies the absence of the following reasons for ineligibility:

- relationships of kinship, spouse or affinity up to the fourth degree with members of the Board of Directors, the Sole Auditor and the Independent Auditors;
- conflicts of interest, including potential conflicts of interest, with the Company such as to prejudice the independence required by the role and duties of the Supervisory Board;
- direct or indirect ownership of shareholdings of such a size as to enable them to exercise significant influence over the Company;
- administration functions - in the three financial years prior to appointment as a member of the Supervisory Body or to the establishment of the consultancy/collaboration relationship with the same Body - of companies subject to bankruptcy, compulsory administrative liquidation or other insolvency procedures;
- sentence of conviction, even if not final, or sentence of application of the penalty on request (the so-called plea bargaining), in Italy or abroad, for the crimes referred to in Legislative Decree no. 231/2001 or other crimes affecting professional morality and integrity;

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<sup>8</sup> *"This applies, in particular, when opting for a multi-subjective composition of the Supervisory Board and in it are concentrated all the different professional skills that contribute to the control of corporate management in the traditional model of corporate governance (eg a non-executive director, a member of the Board of Statutory Auditors, the person responsible for internal control). In these cases, the existence of the aforementioned requirements is already ensured, even in the absence of further indications, by the personal and professional characteristics required by law for independent directors, auditors and the person in charge of internal controls". Confindustria, Linee guida, cit., in the final version updated to March 2014.*

<sup>9</sup> In the sense of the need for the Board of Directors, at the time of appointment "to acknowledge the existence of the requirements of independence, autonomy, honourableness and professionalism of its members", Order of 26 June 2007 Trib. Naples, Office of the Judge for Preliminary Investigations, Section XXXIII.

- conviction, with sentence, even if not final, to a punishment that imports the interdiction, even temporary, from the public offices, or the temporary interdiction from the executive offices of the juridical persons and the enterprises;
- the pending of a procedure for the application of a measure of prevention referred to in Law No. 1423 of 27 December 1956 and Law No. 575 of 31 May 1965, or the pronouncement of the decree of seizure pursuant to Article 2 bis of Law No. 575/1965, or the decree of application of a measure of prevention, both personal and real;
- lack of the subjective requisites of honourableness provided for by Ministerial Decree 162 of 30 March 2000 for the members of the Board of Statutory Auditors of listed companies, adopted pursuant to art. 148, paragraph 4 of the Consolidated Law on Finance.

If any of the above reasons for ineligibility should arise for an appointed person, ascertained by a resolution of the Board of Directors, he will automatically be removed from office.

The Supervisory Board may benefit - under its direct supervision and responsibility - in carrying out the tasks entrusted to it, from the collaboration of all the Functions and Structures of the Company or of external consultants, making use of their respective skills and professionalism. This power allows the Supervisory Board to ensure a high level of professionalism and the necessary continuity of action. The above-mentioned reasons for ineligibility must also be considered with reference to any external consultants involved in the activity and performance of the tasks of the Supervisory Board.

At the time of the assignment, the external consultant where to issue the appropriate statement in which he certifies:

- the absence of the above-mentioned reasons for ineligibility or reasons hindering the assumption of the office (for example: conflicts of interest; family relations with members of the Board of Directors, top management in general, auditors of the Company and auditors appointed by the independent auditors, etc.);
- the circumstance of having been adequately informed of the provisions and rules of conduct provided for by Model 231.

The revocation of the powers of the Supervisory Body and the attribution of such powers to another party may only take place for just cause (also linked to organizational restructuring of the Company) by means of a specific resolution of the Board of Directors and with the approval of the Board of Statutory Auditors.

In this regard, the "Right Motivation" of revocation of the powers connected with the office of member of the Supervisory Board is understood, by way of example and not limited to:

- serious negligence in the performance of the tasks connected with the appointment, such as: failure to prepare the half-yearly report or the annual summary report on the activity carried out by the Body; failure to prepare the Audit Plan;

- the "omitted or insufficient supervision" by the Supervisory Body - in accordance with the provisions of Article 6, paragraph 1, letter d), of Legislative Decree no. 231/2001 - resulting from a conviction, even if not legally enforceable, issued against the Company pursuant to Legislative Decree no. 231/2001 or from a sentence of application of the penalty on request (the so-called plea bargaining);
- in the case of an internal member, the assignment of operational functions and responsibilities within the company organization that are incompatible with the requirements of "autonomy and independence" and "continuity of action" of the Supervisory Board; in any case, any provision of an organisational nature that concerns him (e.g. termination of employment, transfer to another position, dismissal, disciplinary measures, appointment of a new manager) must be submitted to the attention of the Board of Directors;
- in the case of an external member, serious and established grounds for incompatibility which frustrate his independence and autonomy;
- the failure to meet even one of the eligibility requirements.

Any decision concerning individual members or the entire Supervisory Board relating to revocation, replacement or suspension is the exclusive responsibility of the Board of Directors.

#### 4.2 Functions and powers of the Supervisory Board

The activities carried out by the Supervisory Board may not be reviewed by any other body or function of the Company. The verification and control activity carried out by the Body is, in fact, strictly functional to the objectives of effective implementation of Model 231 and cannot substitute or replace the institutional control functions of the Company.

The Supervisory Board is vested with the powers of initiative and control necessary to ensure effective and effective supervision of the functioning of and compliance with the 231 Model in accordance with the provisions of Article 6 of Legislative Decree no. 231/2001.

The Body has autonomous powers of initiative, intervention and control, which extend to all sectors and functions of the Company, powers that must be exercised in order to carry out effectively and promptly the functions provided for in Model 231 and the rules for its implementation.

In particular, the Supervisory Body is entrusted, for the performance and exercise of its functions, with the following tasks and powers<sup>10</sup>:

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<sup>10</sup> In detail, the activities that the Body is required to perform, also on the basis of the indications contained in Articles 6 and 7 of Legislative Decree no. 231/2001, can be summarized as follows:

- **monitoring the effectiveness** of the model, which consists in verifying the consistency between the concrete behaviours and the established model;

- to regulate its own functioning also through the introduction of a regulation of its own activities;
- supervise the functioning of the Model 231 both with regard to the prevention of the commission of the offences referred to in Legislative Decree no. 231/2001 and with reference to the ability to bring to light any unlawful conduct;
- carry out periodic inspection and control activities, of a continuous nature - with a time frequency and methods predetermined by the Audit Plan activities - and unannounced controls, in consideration of the various sectors of intervention or types of activities and their critical points to verify the efficiency and effectiveness of Model 231;
- have free access to any direction and unit of the Company - without the need for any prior consent - to request and acquire information, documentation and data, deemed necessary for the performance of the tasks provided for by Legislative Decree no. 231/2001, from all employees and managers; if a reasoned refusal to access the records is opposed, the Supervisory Body draws up, if it does not agree with the opposite reason, a report to be sent to the Board of Directors;
- request relevant information or the production of documents, including IT documents, relevant to risk activities, from directors, control bodies, auditing firms, collaborators, consultants and, in general, from all persons required to comply with the 231 Model. The obligation of the latter to comply with the request of the Body must be included in the individual contracts.
- take care of, develop and promote the constant updating of the 231 Model, formulating, where necessary, proposals to the management body for any updates and adjustments to be made through the amendments and/or additions that may become necessary because of: i) significant violations of the provisions of the 231 Model; ii) significant changes to the internal structure of the Company and/or the methods of carrying out business activities; iii) regulatory changes;
- verify compliance with the procedures set out in Model 231 and detect any behavioral deviations that may emerge from the analysis of the information flows and from the reports

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- examines the **adequacy** of the model, i.e. its real (and not merely formal) capacity to prevent, in principle, unwanted conduct;
  - analysis of the **maintenance** over time of the requirements of solidity and functionality of the model;
  - taking care of the necessary **dynamic updating** of the model, in the event that the analyses carried out make it necessary to make corrections and adjustments. This care, as a rule, is carried out in two distinct and integrated stages;
  - presentation of proposals to **adapt** the model to the corporate bodies/ departments able to give them concrete implementation in the corporate fabric. Depending on the type and scope of the interventions, the proposals will be directed to the functions of Personnel and Organization, Administration, etc., or, in certain cases of particular importance, to the Board of Directors;
  - **follow-up**, i.e. verification of the implementation and effective functionality of the solutions proposed by Confindustria, Guidelines, cited above, p. 56, version updated to March 2014.



to which the heads of the various functions are subject and proceed in accordance with the provisions of Model 231;

- ensure the periodic updating of the system for the identification of sensitive areas, mapping and classification of sensitive activities;
- handling relations and ensuring the relevant information flows to the Board of Directors, as well as to the Board of Statutory Auditors;
- promote communication and training activities on the contents of Legislative Decree no. 231/2001 and the 231 Model, on the impacts of the regulations on the company's activities and on behavioral regulations, also establishing controls on frequency. In this respect, it will be necessary to differentiate the programme, paying attention to those working in the various sensitive activities;
- verify the preparation of an effective internal communication system to allow the transmission of information relevant for the purposes of Legislative Decree no. 231/2001, guaranteeing the protection and confidentiality of the reporter;
- ensure knowledge of the conduct to be reported and how to report it;
- provide clarifications regarding the meaning and application of the provisions contained in the 231 Model;
- to formulate and submit for the approval of the executive body the expenditure forecast necessary for the correct performance of the assigned tasks, with absolute independence. This expenditure forecast, which must guarantee the full and correct performance of its activities, must be approved by the Board of Directors; the Supervisory Body may autonomously commit resources that exceed its spending powers, if the use of such resources is necessary to deal with exceptional and urgent situations. In these cases, the Body must inform the Board of Directors at the next meeting;
- promptly report to the management body, for the appropriate measures, any ascertained violations of the 231 Model that may give rise to liability on the part of the Company;
- verify and assess the suitability of the disciplinary system pursuant to and for the purposes of Legislative Decree no. 231/2001;
- as part of the activity of supervising the application of Model 231 by subsidiaries, the Supervisory Body of the Company is assigned the right to acquire, without any form of intermediation, relevant documentation and information and to carry out periodic controls and targeted checks on individual activities at risk.

In carrying out its activities, the Supervisory Body may avail itself of the Functions present in the Company by their relative competences.

#### **4.3 Information obligations towards the Supervisory Board - Information flows**

The Supervisory Board must be promptly informed, by means of a special communication system, of those acts, behaviors or events that may lead to a violation of the 231 Model or which, more generally, are relevant for the purposes of Legislative Decree no. 231/2001.

The obligation to provide information on any conduct contrary to the provisions contained in Model 231 falls within the broader duty of care and duty of loyalty of the employee.

The corporate functions that operate in the context of sensitive activities must transmit to the Supervisory Board information concerning: i) the periodic results of the control activities carried out by the same in implementation of Model 231, also on request (summary reports of the activities carried out, etc.); ii) any anomalies or atypical situations found in the context of the information available.

The information may include, but is not limited to, the following:

- operations that fall within the scope of sensitive activities (for example: periodic summary prospectuses on contracts obtained following tenders with public entities at national and international level, on contracts awarded following tenders at national and European level, or by private treaty, information relating to contracts awarded by public entities or entities performing public utility functions, information relating to new hires of personnel or use of financial resources for the purchase of goods or services or other investment activities, etc.);
- measures and/or information from the judicial police, or any other authority, from which it is possible to infer that investigations are being carried out, even against unknown persons, for the offences contemplated by Legislative Decree no. 231/2001 and which may involve the Company;
- requests for legal assistance made by employees in the event of initiation of legal proceedings against them and in relation to the offences referred to in Legislative Decree no. 231/2001, unless expressly prohibited by the judicial authorities;
- reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions with critical profiles with respect to compliance with the rules and provisions of Model 231 could emerge;
- information relating to the disciplinary proceedings carried out and any sanctions imposed (including measures taken against employees) or measures to close these proceedings with the relative reasons;
- any other information which, although not included in the above list, is relevant for the purposes of correct and complete supervision and updating of the 231 Model.

About *partner*, consultants, external collaborators, etc., there is a contractual obligation for them to report immediately if they receive, directly or indirectly, from an employee/representative of the Company a request for conduct that could lead to a violation of Model 231.

#### 4.4 Whistleblowing

Pursuant to Article 6, paragraph 2-bis<sup>11</sup> of this Decree, specific reporting channels are made available to the recipients of this Model 231 in order to highlight unlawful conduct based on precise and consistent factual elements.

Such conduct may concern possible violations with respect to the provisions of Legislative Decree no. 231/01 and/or violations of model 231, to be understood not necessarily as a case of crime, but also as conduct that does not comply with company procedures and policies.

Reports will be handled in line with the provisions of the respective internal organisational provisions adopted by the Company on Whistleblowing.

In particular, the following transmission channels shall be established:

- Mailbox, [whistleblowing.emerson@it.ey.com](mailto:whistleblowing.emerson@it.ey.com) or [odv.emerson@it.ey.com](mailto:odv.emerson@it.ey.com)
- in paper and confidential form, via ordinary mail addressed to: EMERSON PROCESS MANAGEMENT - Attention of the Supervisory Body - Piazza Filippo Meda, 5, 20121 Milano (MI);
- Whistleblowing on-line portal that provides a guided tour for the reporter.

For further details on the methods of communication, reference should be made to the Code of Conduct, which is an integral part of this document.

The Company guarantees, regardless of the channels used, the confidentiality of the identity of the reporter and at least one alternative reporting channel suitable for guaranteeing, by computerised means, the confidentiality of the reporter in the activities of managing the report.

It shall also be prohibited to retaliate or discriminate, directly or indirectly, against the reporter for reasons directly or indirectly related to the report.

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<sup>11</sup> In this regard, see also: para 2-ter, pursuant to which "The adoption of discriminatory measures against the subjects who make the reports referred to in para 2-bis may be reported to the National Labour Inspectorate, for the measures of its own [sic] competence, as well as by the reporter, also by the trade union organization indicated by the same;" para 2-quaer [first period], pursuant to which "The retaliatory or discriminatory dismissal of the reporter is null and void. The change of duties pursuant to Article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure adopted against the whistleblower, are also null and void;" paragraph 2-quaer [second sentence], pursuant to which "It is the employer's responsibility, in the event of disputes related to the imposition of disciplinary sanctions, or sizing, dismissal, transfer, or submission of the whistleblower to another organizational measure having a negative effect, direct or indirect, on working conditions, following the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself".

It should also be noted that, pursuant to Article 6, paragraph 2-bis, letter d), of Legislative Decree no. 231/01, in addition to the provisions of Chapter 5 "Disciplinary System", further sanctions are provided for "against those who violate the measures to protect the reporter, as well as those who intentionally or grossly negligently make reports that prove to be unfounded".

The following general requirements are set out below:

- any reports must be collected relating to: i) the commission, or reasonable risk of commission, of offences referred to in Legislative Decree no. 231/2001; ii) conduct not in line with the rules of conduct issued by the Company; iii) conduct that, in any case, may result in a violation of the 231 Model;
- an employee who becomes aware of a violation, attempt or suspected violation of the 231 Model may contact his or her direct superior or, if the report is unsuccessful or the employee feels uncomfortable in contacting his or her direct superior to make the report, report directly to the Supervisory Board;
- partners, consultants, external collaborators, about the relations and activities carried out with the Company, may directly report directly to the Supervisory Board any situations in which they receive, directly or indirectly, from an employee/representative of the Company a request for conduct that could lead to a violation of Model 231;
- to effectively collect the reports described above, the Supervisory Board will promptly and extensively inform all interested parties of the ways and means of carrying them out;
- the Supervisory Board evaluates at its own discretion and under its own responsibility the reports received and the cases in which it is necessary to activate its inspection powers;
- reasons must be given in writing for the determination of the outcome of the assessment.

The Company adopts suitable and effective measures so that confidentiality is always guaranteed regarding the identity of those who transmit useful information to the Body to identify behaviours that differ from the provisions of Model 231, from the procedures established for its implementation and from the procedures established by the internal control system, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused wrongly and/or in bad faith.

## **5. Structure's elements of disciplinary system**

### **5.1 Function of the disciplinary system**

Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of Legislative Decree no. 231/2001 indicate, as a condition for the effective implementation of Model 231, the introduction of a

disciplinary system suitable for sanctioning non-compliance with the measures indicated in Model 231 itself.

Therefore, the definition of an adequate disciplinary system is an essential prerequisite for the relieving value of Model 231 with respect to the administrative liability of entities.

The adoption of disciplinary measures in the event of violations of the provisions contained in Model 231 does not depend on whether an offence has been committed and on the course and outcome of any criminal proceedings instituted by the judicial authorities<sup>12</sup>.

Compliance with the provisions contained in the 231 Model adopted by the Company must be considered an essential part of the contractual obligations of the "Recipients" defined below.

Violation of the rules of the same harms the relationship of trust established with the Company and may lead to disciplinary, legal or criminal action. In the most serious cases, the violation may lead to the termination of the employment relationship, if carried out by an employee, or to the termination of the contractual relationship, if carried out by a third party.

For this reason, each Recipient is required to be familiar with the rules contained in the Company's Model 231, in addition to the reference rules governing the activities carried out within the scope of his/her function.

This system of sanctions, adopted pursuant to art. 6, paragraph 2, letter e) of Legislative Decree no. 231/2001, must be considered complementary and not alternative to the disciplinary system established by the Tertiary National Collective Labour Agreement and the distribution of services (hereinafter referred to as the National Collective Labour Agreement) and applicable to the various categories of employees employed by the Company.

The imposition of disciplinary sanctions for violations of Model 231 does not depend on whether criminal proceedings are instituted for the commission of one of the offences provided for in the Decree.

For facts and acts that are relevant pursuant to Legislative Decree no. 231/01, the holder of the sanctioning power is the Employer, who is responsible for determining the amount of the sanction on the basis of what is established by the respective national collective bargaining agreements. It should be noted that the term "employer" refers to the Board of Directors; it should also be noted

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<sup>12</sup> In fact, as provided for in the new version of the Confindustria Guidelines, "Failure to comply with the measures provided for by the organisational model must activate the sanctioning mechanism provided for by the latter, regardless of the possible establishment of criminal proceedings for any crime committed. On the contrary, a model can be said to have been effectively implemented only when it activates the disciplinary apparatus to counteract behaviours that produce the crime. In fact, a disciplinary system aimed at sanctioning behaviours that already constitute an offence in themselves would end up by duplicating unnecessarily the sanctions imposed by the state system (punishment for the natural person and sanction ex decree 231 for the entity). Instead, it makes sense to provide for a disciplinary apparatus if this operates as an internal control within the company, which adds to and prevents the application of "external" sanctions by the State. As mentioned above, the disciplinary system completes and makes effective the organizational model, whose purpose is to prevent crimes from being committed, not to repress them when they have already been committed. At the same time, the decision to apply a sanction, especially if expulsive, without waiting for the criminal trial, involves a rigorous assessment of the facts, without prejudice to the possibility of resorting to the institution of precautionary suspension when this assessment is particularly complex. Confindustria, Linee guida, cit., in the version updated to March 2014.

that the Board of Directors has formally delegated the powers of the employer to the Managing Director.

In any case, the phases of notification of the violation, as well as those of determination and effective application of the sanctions, are carried out in compliance with the laws and regulations in force, as well as the provisions of collective bargaining.

The system of sanctions and its applications are constantly monitored by the Supervisory Board.

No disciplinary procedure may be closed, nor may any disciplinary sanction be imposed, for violation of Model 231, without timely information to the Supervisory Board.

## **5.2. Sanctionable ducts: basic categories**

Actions taken in violation of the Code of Conduct, Model 231 and internal operating procedures and failure to comply with any instructions and prescriptions from the Supervisory Board are punishable. The punishable violations can be divided into four basic categories according to an increasing order of seriousness:

- a) violations not related to Sensitive Activities
- b) violations related to Sensitive Activities
- c) violations that can supplement the mere fact (objective element) of one of the offences for which the administrative liability of legal persons is provided for;
- d) violations aimed at committing crimes provided for by Decree 231/2001 or which, in any case, entail the possibility of attributing administrative responsibility to the Company.

By way of example, they constitute punishable conduct:

1. failure to comply with the procedures prescribed in the 231 Model and/or referred to therein;
2. failure to comply with the information requirements laid down in the control system;
3. the omission or untruthful documentation of transactions in accordance with the principle of transparency;
4. omission of control by the responsible parties;
5. unjustified failure to comply with the information requirements;
6. the failure to control the dissemination of the Code of Conduct by the responsible parties;
7. the adoption of any circumvention of control systems;
8. the adoption of behaviours that expose the Company to the communication of the sanctions provided for by Legislative Decree no. 231/2001.

## **5.3 Sanctions and disciplinary measures**

### 5.3.1 Penalties for Employees

In accordance with applicable legislation, Emerson Process Management S.r.l. informs its employees of the provisions, principles and rules contained in Model 231, through the information, dissemination and training activities described above.

The violation by the employee of the provisions, principles and rules contained in the Model 231 prepared by Emerson in order to prevent the commission of crimes under the Decree constitutes a disciplinary offence, punishable according to the procedures for notification of violations and the imposition of the consequent penalties provided for by the National Collective Labour Agreement in force (CCNL) and in compliance with the provisions of art. 7 of Law no. 300 of 20 May 1970 (the so-called Workers' Statute).

The disciplinary system relating to Model 231 has been set up in strict compliance with all legal provisions on employment. No procedures and sanctions other than those already codified and reported in collective agreements and trade union agreements have been provided for. The CCNL provides for a variety of penalties which can vary the penalty to be imposed according to the seriousness of the infringement.

Furthermore, pursuant to art. 6, paragraph 2-bis, the employee who, in violating the internal procedures provided for by Model 231 on Whistleblowing, or by adopting a conduct that does not comply with the provisions of Model 231, performs acts of retaliation or discrimination, direct or indirect, against the reporter for reasons connected, directly or indirectly, to the report, or makes reports with intent or gross negligence that prove to be unfounded, is punished.

Depending on the seriousness of the offence, these disciplinary offences may be punished by the following measures:

- verbal warning;
- written warning;
- a fine not exceeding four hours' hourly earnings calculated on the basis of the minimum scale;
- suspension from work and pay for a maximum of ten days;
- dismissal.

In particular, the following disciplinary sanctions are envisaged:

1. **Verbal warning** in the case of:
  - slight non-compliance with the principles and rules of conduct provided for by Model 231, or violation of the internal procedures and rules provided for and/or referred to, or still in the process of being adopted, in the context of sensitive activities, of conduct that does not comply with or does not comply with the provisions of Model 231, such conduct being related

to a slight non-compliance with contractual rules or directives and instructions issued by management or superiors;

2. **Written warning** in the case of:

- non-compliance with the principles and rules of conduct provided for by Model 231 or violation of the internal procedures and rules provided for and/or referred to or still in the process of being adopted, in the context of sensitive activities, of conduct that does not comply with or does not comply with the provisions of Model 231 to such an extent that it can be considered, even if not minor, in any case, not serious, since the said conduct is related to a minor non-compliance with the contractual rules or directives and instructions issued by the management or superiors;

3. **Fine** in the case of:

- non-compliance with the principles and rules of conduct provided for by Model 231 or violation of the internal procedures and rules provided for and/or referred to or still in the process of being adopted, in the context of sensitive activities, of conduct that does not comply with or does not comply with the provisions of Model 231 to such an extent as to be considered of a certain gravity, even if it depends on recidivism, since such conduct is related to repeated or serious non-compliance with the contractual rules or directives and instructions issued by management or superiors;
- performance of acts contrary to the interests of the Company or which cause damage or expose the assets of the Company to a situation of objective danger;

4. **Suspension** in case of:

- adoption, in the performance of the activities included in the "sensitive activities", of a conduct characterised by significant non-compliance with the prescriptions and/or procedures and/or internal rules established by this Model 231, even if it is only likely to constitute one of the offences to which the Decree is applicable, since such conduct is related to a violation such as to constitute a "significant" non-compliance with the relative obligations;
- adoption, in the performance of activities in sensitive activities, of conduct that does not comply with the provisions of Model 231 and is unambiguously aimed at committing an offence sanctioned by the decree;

5. **Dismissal**, in the case of:

- adoption, in the performance of the activities included in the "sensitive activities", of a conduct consciously in conflict with the provisions and/or procedures and/or internal rules in this Model 231 which, even if it is only likely to constitute one of the offences to which the Decree is applicable, harms the element of trust that characterises the employment relationship or is so serious as not to allow its continuation, not even temporarily, since the conduct in question



is linked to a lack of seriousness such as (either because of the wilfulness of the act, or because of criminal or pecuniary repercussions, or because of recidivism or because of its particular nature) as to give rise to the trust on which the employment relationship is based and not to allow the continuation of the relationship itself.

The sanctions must be imposed taking into account the seriousness of the infringements: in consideration of the extreme importance of the principles of transparency and traceability, as well as the importance of the monitoring and control activities, the Company will apply the measures of greatest impact against those infringements which by their very nature infringe the very principles on which this Model 231 is based.

The type and extent of each of the sanctions shall be applied considering:

- the intentionality of the behavior or the degree of negligence, imprudence or inexperience with regard also to the predictability of the event;
- the overall conduct of the worker, with regard to the existence or otherwise of previous disciplinary measures of the same, within the limits of the law;
- the worker's duties;
- the functional position and level of responsibility and autonomy of the persons involved in the facts constituting the absence;
- other special circumstances relating to the disciplinary offence.

This is without prejudice to the prerogative of the Company to claim compensation for damages deriving from the violation of Model 231 by an employee. The compensation for any damages requested will be commensurate:

- the level of responsibility and autonomy of the employee who committed the disciplinary offence;
- the existence of any disciplinary precedents against the same;
- the degree of intentionality of his behavior;
- the severity of its effects.

### **5.3.2 Penalties for Executives**

In the event of a violation of Model 231 by "Executive Employees", the Company will apply the most appropriate measures to them in accordance with the provisions of current legislation, the applicable national collective bargaining agreement and Article 7 of Law no. 300 of 20 May 1970 (Workers' By-laws), which are present in the HR Function.

If the violation of Model 231 causes the relationship of trust to fail, the sanction is identified as dismissal for just cause.

In the event of a significant breach of the provisions and/or procedures and/or internal rules contained in this Model 231, in the company procedures and in the performance of the activities included in the Sensitive Activities, which causes the loss of the relationship of trust that characterises the employment relationship or is so serious as not to allow its continuation, **the termination of the employment relationship** may be applied, which must be decided by the Board of Directors.

In addition, the illicit conduct of the manager, who, in the event of a breach of the provisions of Model 231, is to be considered as punishable:

- retaliates or discriminates, directly or indirectly, against the reporter for reasons directly or indirectly related to the report;
- makes reports with intent or gross negligence that prove to be unfounded.

### **5.3.3 Sanctions for Directors**

Upon notification of a violation of the principles, provisions and rules of Model 231 by the members of the Board of Directors, the Supervisory Body is required to promptly inform the entire Board of Directors and the Sole Auditor, for the adoption of appropriate measures including, for example, the calling of the Shareholders' Meeting in order to adopt the most appropriate measures. The Supervisory Body, in its information activity, shall not only report on the details concerning the violation, but also indicate and suggest the appropriate further investigations to be carried out and, if the violation is ascertained, the most suitable measures to be taken (for example, the revocation of the director involved).

### **5.3.4 Sanctions against Statutory Auditors**

Upon notification of a violation of the provisions and rules of Model 231 by Sole Auditor, the Supervisory Body is required to promptly inform the Board of Directors, for the adoption of appropriate measures including, for example, the calling of the Shareholders' Meeting in order to adopt the most appropriate measures.

### **5.3.5 Sanctions against collaborators and external subjects operating on behalf of the Company**

The violation by the other Recipients of Model 231, having contractual relations with the Company for the performance of activities considered sensitive, of the provisions and rules of conduct provided for by Model 231 or the possible commission of the crimes covered by Legislative Decree no.

231/2001 by the same, will be sanctioned according to what is provided for in the specific contractual clauses that will be included in the relevant contracts.

These clauses, making explicit reference to compliance with the provisions and rules of conduct set out in the Code of Conduct and Model 231, may provide, for example, for the obligation on the part of these third parties not to adopt acts or behave in such a way as to result in a violation of the Code of Conduct and Model 231 by the Company.

The right of the Company to provide for the application of sanctions in the event of violation of such obligations and to request compensation for damages remains unaffected.

### **5.3.6 Measures against the Supervisory Board**

In the event of negligence and/or inexperience on the part of the Supervisory Board in monitoring the correct application of Model 231 and its compliance with it, and in failing to identify cases of violation thereof and eliminate them, the Board of Directors, in agreement with the Sole Auditor, will take the appropriate measures in accordance with the procedures provided for by current legislation, including the revocation of the appointment and without prejudice to the claim for compensation.

In order to guarantee the full exercise of the right of defence, a time limit must be set within which the interested party may submit justifications and/or defensive writings and may be heard.

In the event of alleged unlawful conduct on the part of the members of the Supervisory Board, the Board of Directors, once it has received the report, investigates the actual offence that has occurred and then determines the relative penalty to be applied.

## 6. Controls System

The system for the prevention of offences perfected by the company, based on the guidelines provided by Confindustria's guidelines and international best practices, has been implemented by applying to each sensible activity:

- general control standards, applicable to all sensitive activities considered;
- specific control standards applicable to each of the sensitive activities for which they are identified.

The general control protocols based on the tools and methodologies used to structure the specific control principals can be summarised as follows:

- **Segregation of duties:** the system must ensure the application of the principle of separation of functions, whereby the authorization to perform an operation must be under the responsibility of a person other than the one who accounts, executes operatively or controls the operation.

Furthermore, it is necessary that: i) to no one be attributed unlimited powers; II) Powers and responsibilities are clearly defined and known within the organisation; III) the licensing and signing powers are consistent with the organizational responsibilities assigned.

This segregation is ensured by the intervention, within the same macro-business process, of several subjects to guarantee independence and objectivity of the processes. The separation of functions is also implemented using computer systems that enable certain operations only to identified and authorized persons. Segregation is assessed by considering the sensitive activity in the context of the specific membership process and considering the complexity of the same activity.

- **Traceability:** For each operation there must be an adequate documentary support on which we can proceed at any time to carry out checks that attest to the characteristics and motivations of the operation and identify those who have authorized, Effected, recorded, verified the operation itself and, in any case, are governed with detail the cases and modalities of possible possibility of cancellation or destruction of the recordings made.

The safeguarding of data and procedures in the computer field can be ensured by adopting the security measures already provided for by Legislative Decree No. 196/2003 (Code on the protection of personal data) for all data processing carried out with Electronic instruments.

- **Proxies and delegations:** the authorization and signature powers assigned must be: i) consistent with the organizational and managerial responsibilities assigned, providing, where

required, indication of the thresholds for approving expenditure; II) clearly defined and known within the company. Corporate roles are defined to which the power to bind the company in certain expenses is assigned, specifying the limits and the nature of the expenses. The act attributive to functions must comply with the specific requirements required by law (e.g. delegation in the field of health and safety of workers). In addition to the adoption of general and specific proxies, proxies are adopted between the companies of the group for the carrying out of specific centralised activities, regulated by service contracts.

- **Regulation:** The existence of business provisions suitable to provide principles of conduct, operational modalities for the performance of sensitive activities and methods of archiving relevant documentation (such as procedures, policies, lines Guide and internal regulations as well as organizational provisions and service orders).

- **Monitoring activities:** It is aimed at the periodic/timely updating of proxies, delegations of functions and of the control system, in coherence with the decision-making system and with the whole structure of the organizational facility. Finally, the Protocol provides for the existence of process controls.

The specific control protocols are acknowledged, together with the general control protocols, in the individual business procedures that govern the cases of sensitive activities listed in the organization, management and control model of Emerson Process Management S.r.l. in relation to the individual offences for which Emerson Process Management S.r.l. has considered to implement a dedicated business procedure.

## 7. Training and communication plan

### 7.1 Introduction

To effectively implement Model 231, the Company intends to ensure the correct dissemination of its contents and principles within and outside its organisation.

The Company's objective is to communicate the contents and principles of Model 231 not only to its own employees but also to subjects who, although not formally qualified as employees, operate - even occasionally - to achieve the Company's objectives by contractual relations. In fact, the recipients of the 231 Model are both persons who hold representative, administrative or management positions in the Company, as well as persons subject to the management or supervision of one of the aforesaid persons (pursuant to art. 5 of Legislative Decree no. 231/2001), but also, more generally, all those who work for the achievement of the Company's purpose and objectives. The recipients of Model 231 therefore include the members of the corporate bodies, the persons involved in the functions of the Supervisory Body, employees, collaborators, agents, traders, external consultants and commercial and/or industrial and/or financial partners.

The Company, in fact, means:

- determine, in all those who work in his name and on his behalf in the "sensitive areas", the awareness of being able to incur, in the event of violation of the provisions contained therein, in an offence punishable by penalties;
- inform all those who operate for any reason in its name, on its behalf or in its interest that the violation of the provisions contained in Model 231 will result in the application of appropriate sanctions or the termination of the contractual relationship;
- reaffirm that the Company does not tolerate unlawful conduct of any kind and for any purpose whatsoever, since such conduct (even if the Company is apparently in a position to benefit from it) is in any case contrary to the ethical principles to which the Company intends to adhere.

Communication and training activities vary according to the Recipients to whom they are addressed, but are, in any case, based on principles of completeness, clarity, accessibility and continuity to allow the various Recipients to be fully aware of those company provisions that they are required to comply with and of the ethical rules that must inspire their conduct.

- These recipients are required to comply punctually with all the provisions of the 231 Model, also in fulfilment of the duties of loyalty, correctness and diligence that derive from the legal relationships established by the Company.

Communication and training activities are supervised by the Supervisory Body, which is assigned, among other things, the tasks of "promoting and defining initiatives for the dissemination of knowledge and understanding of Model 231, as well as for the training of personnel and raising their awareness of compliance with the principles contained in Model 231" and "promoting and developing communication and training measures on the contents of Legislative Decree no. 231/2001, on the impact of legislation on the company's activities and on rules of conduct".

## **7.2 Employees**

Each employee is required to: i) acquire awareness of the principles and contents of Model 231 and the Code of Conduct; ii) know the operating methods with which their activities must be carried out; iii) actively contribute, in relation to their role and responsibilities, to the effective implementation of Model 231, pointing out any shortcomings found in it.

In order to guarantee an effective and rational communication activity, the Company promotes the knowledge of the contents and principles of the Model 231 and of the implementation procedures within the organization applicable to them, with a different degree of detail depending on the position and the role covered.

Employees and new employees are given a copy of Model 231 and the Code of Conduct or are guaranteed the opportunity to consult them directly on the company intranet in a dedicated area; they are required to sign a declaration of knowledge of and compliance with the principles of Model 231 and the Code of Conduct described therein.

In any case, for employees who do not have access to the Intranet, this documentation must be made available to them by alternative means such as posting on company notice boards.

Training initiatives may also be carried out remotely using information systems (e.g.: video conference, e-learning, staff meeting, etc.).

At the end of the training event, participants must complete a questionnaire, certifying that they have received and attended the course.

The completion and sending of the questionnaire will serve as a declaration of knowledge and observance of the contents of Model 231.

Appropriate communication tools will be adopted to update the addressees of this paragraph about any changes made to the 231 Model, as well as any significant procedural, regulatory or organizational changes.

### **7.3 Members of the corporate bodies and persons with representative functions of the Company**

Members of the Company's governing bodies and persons with representative functions of the Company will be provided with a hard copy of the 231 Model at the time of acceptance of the office conferred on them and will be required to sign a declaration of compliance with the principles of the 231 Model itself and the Code of Conduct.

Appropriate communication and training tools will be adopted to update them on any changes made to the 231 Model, as well as any significant procedural, regulatory or organizational changes.

### **7.4 Supervisory Body**

Specific training or information (e.g. on any organisational and/or business changes in the Company) is provided to the members of the Supervisory Board and/or to the persons it makes use of in the performance of its functions.

### **7.5 Other addressees**

The activity of communicating the contents and principles of Model 231 must also be addressed to third parties who have contractually regulated collaboration relationships with the Company (for example: commercial/industrial partners, agents, traders, consultants and other independent collaborators) with reference to those who operate in the context of activities considered sensitive pursuant to Legislative Decree no. 231/2001.

To this end, the Company will provide third parties with an extract of the reference principles of Model 231 and the Code of Conduct and will evaluate the opportunity to organize ad hoc training sessions if it deems it necessary.

Training initiatives may also take place at a distance using computer systems (e.g. video conference, e-learning).