

LEGISLATIVE DECREE 231/2001 AND ORGANISATION, MANAGEMENT AND CONTROL MODEL

Legislative Decree 231/2001 (hereinafter the “**Decree 231**”) has introduced for the first time in the Italian law the concept of “corporate criminal liability” of legal entities.

Pursuant to the Decree 231, a new regime of administrative responsibility has been introduced in the Italian system against companies and other entities for particular crimes committed in their interest or advantage by their managers, directors and employees or by subjects subordinated to their direction or vigilance.

At the same time, the Decree 231 provides for the possibility for the entity to benefit from an exemption from liability where it has adopted and effectively implemented an organization, management and control model (hereinafter the “**Model**”), as well as assigning the task of monitoring the observance of the Model and its effectiveness to an internal body with independent powers of control, the so-called “Vigilance Body”.

Balma, Capoduri & C. S.p.A. (hereinafter the “**Company**”), in order to improve its corporate governance and compliance system with current regulation and in the interest of all stakeholders, has adopted a Model.

One of the main aims of adopting a Model is to raise the awareness of those who act for various reasons in the interest of the Company, in order to ensure that they operate in absolute compliance with the relevant regulations.

With reference to counterparties (*i.e.* consultants, suppliers or partners), the Model also requires that the Company provides for the regulation of the relative relationships by ensuring – also through specific contractual clauses – that the counterparties are aware that Decree 231 provides for the direct liability of the company for a series of crimes committed by its employees, suppliers or business partners in addition to the personal liability of the person who committed the offence. The counterparty is therefore invited to adopt the required measures in order to prevent its employees, managers, directors, representatives, partners from committing any conduct which could be deemed to be a crime provided for by Decree 231 (**please see Annex 1**).

We also remind you that, in compliance with the provisions of Decree 231, a Vigilance Body has been appointed with the task of monitoring the observance and compliance with the Decree 231 by anyone working for or on behalf of the Company.

Any reports of violations of Decree 231 must be sent by e-mail to the following address: odv@zenithbc.com

ANNEX 1**SUMMARY OF THE RELEVANT FEATURES OF CRIMINAL LIABILITY
CORPORATION UNDER ITALIAN LAW, AS SET OUT IN LEGISLATIVE DECREE
231/2001**

1. WHAT LEGISLATIVE DECREE 231 IS

The Legislative Decree 231/2001 ("**Decree 231**") has introduced for the first time in the Italian law the concept of "corporate criminal liability" of legal entities.

Pursuant to the Decree 231, a new regime of administrative responsibility has been introduced in the Italian system against companies and other entities for particular crimes committed in their interest or advantage by their managers, directors and employees or by subjects subordinated to their direction or vigilance (e.g. consultants, agents, etc.). This responsibility is in addition to that of the individual who has committed the crime.

The company is directly liable unless it has adopted an organization, management and control model ("**Model**") according to the rules set forth in the Decree 231 and elaborated by the case-law.

According to several scholars and case-law, such responsibility could also be ascribed to foreign natural persons and legal entities that operate in Italy, which bear the obligation to respect the Italian law, even if there is no comparable legal discipline in their country of origin.

2. WHICH ARE THE CRIMES

The responsibility provided for in the Decree 231 applies in relation to the commission of numerous crimes. Namely, the main types of crimes are the following:

- crimes committed against the Public Administration (e.g. bribery, corruption and fraud);
- certain company crimes (e.g. false company communications, accounting/financial fraud, fictitious formation of capital, stock manipulations);
- private corruption;
- forgery of banknotes, revenue stamps and company trademarks and signs;
- financing of terrorism;
- crimes against the individuals (such as the illegal recruitment of workers at very low wages);
- insider trading and market manipulation;
- some "international" crimes;
- manslaughter and accidental serious injuries occurred as a consequence of violation of the rules regarding health and safety in the workplace;
- money laundering crimes (including the so-called "self-money laundering" crime);
- information technology crimes;
- criminal conspiracy crimes;

- crimes against industry and commerce (e.g. illegal competition by means of threat or violence, manufacturing of goods breaching third parties' intellectual property rights);
- intellectual property crimes;
- environmental crimes;
- employment of citizens of third countries whose residence is illegal;
- crimes of racism and xenophobia.

3. WHICH ARE THE SANCTIONS FOR THE COMPANY

Among the sanctions provided, the most severe include penalties up to several millions Euros and disqualifying measures such as the suspension or revocation of licenses and concessions, the prohibition to contract with Government and Public Agencies, the suspension of business activities, the exclusion or revocation of loans or contributions and the prohibition from advertising goods and services.

In determining the penalty, the judge has wide discretionary powers, and has to take into account several elements, such as:

- the importance of the act committed;
- the "degree" of the company's liability;
- what the company has done in order to cancel or mitigate the consequences of the act; and
- what ongoing practices the company has in place in order to prevent the commission of crimes.

4. WHAT AN ORGANIZATION, MANAGEMENT AND CONTROL MODEL ("MODELLO DI ORGANIZZAZIONE, GESTIONE E CONTROLLO") IS

Should one of the crimes mentioned in the Decree 231 be committed, the company, according to Article 6 of the Decree 231, may be exempted from liability only if it proves that:

- a) before the commission of the crime, the board of directors adopted and put into effect Model pursuant to Decree 231 (including also an appropriate whistle-blowing scheme) suitable to prevent such crimes;
- b) the task of monitoring the observance of the Model and its effectiveness, as well as its updating, has been entrusted to an internal body with independent powers of control, the so-called "Vigilance Body";
- c) those who committed the crime acted by fraudulently eluding the Model; and
- d) the abovementioned Vigilance Body did not fail to monitor nor was such monitoring insufficient.

The Model must provide for rules concerning the separation of decision-making and control functions, the training of personnel and the assignment of powers consistent with the roles of any individual belonging to the company.