



## **Organization, management and control model**

**Adopted pursuant to Legislative Decree 231 of 2001**

**Updated on 31 August 2018**

**Approved by the Board of Directors on 11/12/2018**

**GENERAL SECTION**

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### **Associated documents**

- a) Special section on the description of the crimes giving rise to liability with reference to predicate offences
- b) Code of ethics
- c) Disciplinary regulation
- d) Regulation of the Supervisory Board

## Foreword and introduction to the document

This document has been drawn up as a summary of the project for conformity and compliance with Legislative Decree 231 of 2001 in order to present the Organization and Management Model in its entirety and as a single document.

This document is therefore a means of communicating with all those involved in our organization's activities (stakeholders), in particular employees, customers, the owners, management, suppliers, trade union representatives, collaborators and supervisory bodies (addressees of the Model), and also aims to describe our operating practices and procedures and improve existing business and social relationships.

This is the first edition of the document, and has been approved by the Administrative Body as defined below.

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The Organization and Management Model described in this document was drawn up through a compliance project involving the whole organization. The Company's senior executives and managers were involved through an initial information and awareness-raising initiative which led to the formal approval of this document. The various Company departments were involved through a risk analysis process conducted in collaboration with qualified professionals and consultants. Based on this analysis, the Company management has identified areas presenting significant risks and implemented a model and operating protocols to manage possible risks of crime.

The Organization and Management Model is divided into two sections (General and Special) and a series of associated documents (see contents).

The General Section contains:

- the regulatory framework;
- the Company presentation (processes and roles);
- the structure of the Organization, Management and Control Model;
- identification of the Supervisory Board, specifying its powers, responsibilities and information flows;
- the role of the disciplinary system;
- the training necessary to apply the Model;
- the criteria for updating the Model.

The Special Section contains the offences deemed relevant for the purpose of the administrative liability of entities that the Company will take into consideration by virtue of the nature of its activities.

For any further information concerning the document, please do not hesitate to contact our Administrative Director Marco Vanni.

**Amendments from the previous version:** not applicable as this is the first edition.

**Notes on terminology:** for the sake of convenience, the term Company is used for ALTAIR CHIMICA S.p.A. UNIPERSONALE, the term Model is used for Organization and Management Model and the term Decree is used for Legislative Decree 231 of 2001.

## Basic company information

|                                     |   |
|-------------------------------------|---|
| <b>Company name</b>                 | ALTAIR CHIMICA S.p.A. UNIPERSONALE  |
| <b>Reference location</b>           | Via Moie Vecchie 13 - 56048 Saline di Volterra<br>(Province of Pisa)      |
| <b>Contact person for Model 231</b> | Marco Vanni.  |
| <b>Activity</b>                     | Chemical products   |
| <b>Other information</b>            |   |
| <b>Certifications</b>               | ISO 9001, ISO 14001 and BS OHSAS 18001, ISO 50001; FSSC 22000             |
| <b>Website</b>                      | <a href="http://www.altairchimica.com/">http://www.altairchimica.com/</a> |
| <b>Subsidiaries</b>                 | ALTAIR CHIMICA IBERICA sl   |
| <b>Ownership</b>                    | 100% owned by Esseco Group S.r.l  |
| <b>Governance</b>                   | Board of Directors with 5 members, Board of Auditors and Auditing Company |

## Short presentation

We are a market-leading company in the basic chemicals sector, particularly chlorinated and potassium products for all industrial sectors including foodstuffs, pharmaceuticals and water purification.

Altair Chimica, part of the Esseco Group, is a leading international company in the chemical-production-environmental sphere and sets great store by the relationship between industrial activity and the environment, producing mercury-free chloro-potash at its new facility, which uses cutting-edge membrane cell technology.

Considering the high quality of the products made at the plant in Saline di Volterra (Province of Pisa), Altair Chimica is enhancing its reputation in applications where attention to specific parameters is of particular importance and the Company places the same focus on its own production chain.

Altair Chimica is the first membrane cell plant in Europe to guarantee its products are completely free from mercury as it is located on a greenfield site.

This sensitivity towards environmental issues, efficiency, production and long-term strategy were also demonstrated through the 2012 launch of its cogeneration plant (4.5 MW), which enabled Altair to produce a third of its own energy requirements and expand its presence on international markets. Altair

Chimica decided to join the Responsible Care Program as part of its commitment to sustainability.

For more information please visit [www.altairchimica.com](http://www.altairchimica.com)

## 1. Legislative Decree 231 of 2001

In implementation of the authorization to the Government provided by Article 11 of Law 300 of 29 September 2000 and in fulfilment of international agreements, Legislative Decree 231 of 2001 introduced the 'Rules governing the administrative liability of legal entities, companies and associations, including those without legal personality', arising out of the commission of specific crimes in the interest or for the benefit of the entity by individuals who occupy senior positions in the organization or who are under the management or supervision of a senior executive.

Based on the constitutional principle by which criminal liability can only be attributed to an individual, the new regulation introduced non-criminal liability (which justifies the aforementioned term administrative liability but in criminal proceedings) of Companies or entities that commit a crime in order to maintain their market position (interests or benefits).

The entity's autonomous liability is additional to the criminal liability of the individual who is the perpetrator of the crime and makes it possible to proceed directly against the company or the entities that have had an interest in or have gained an advantage from unlawful conduct by persons acting in their name or on their behalf.

## 2. Predicate offences

Based on the principle of legality set out in Article 2 of the aforementioned Decree, the entity may not be held liable for an act constituting a crime if its administrative liability in relation that offence and the related penalties are not expressly provided for by a law which entered into force before such act was committed.

From this principle it follows that liability does not merely result from the commission of a crime defined as such by criminal law, but only from certain offences (termed predicate offences) which the legislator introduced by Legislative Decree 231 of 2001, but which it has subsequently expanded with additional offences and which it continuously updates and amends based on indications from the European Union and according to national requirements.

On this basis, the predicate offences can be organized by *areas* (see below), a classification which is essential in order to bridge the gap between a legal approach and an effective corporate application. Indeed, this classification by areas makes it possible to identify the processes and activities of the organization (and the respective persons) that may be involved, and therefore to define procedures and controls to enable the management of such corporate processes. Thereafter, the precise application of the procedures will enable specific control, including of individual offences. The Special Section of this document presents the organization and control areas that may pose risks to the Company.

### ***The areas of the predicate offences***



- I. Crimes committed in relations with authorities of public administration (in particular corruption, extortion, fraud and embezzlement)
- II. Corporate crimes and market abuse
- III. Crimes committed for terrorist purposes or to subvert the democratic order
- IV. Crimes committed against the individual
- V. Crimes related to occupational health and safety
- VI. Crimes of handling stolen property, money laundering and use of money, goods or property of unlawful origin
- VII. Computer crimes
- VIII. Offences related to organised crime (transaction crimes and false declarations)
- IX. Offences related to crimes against trade and industry
- X. Crimes related to breach of copyright
- XI. Environmental crimes
- XII. Crimes related to citizens without residence permits

### 3. Affiliation of the perpetrator to the organization

Without prejudice to the fact that in Italian law criminal liability can only apply to an individual, in order for companies or entities to be held liable for crimes pursuant to Legislative Decree 231 of 2001, the predicate offence must have been committed by an individual who belongs to the organization of the company or entity.

This condition is established by Article 5 of Legislative Decree 231 of 2001 when it states that the entity is responsible for the crimes committed by two categories of individuals:

- by individuals holding a representative, administrative or management position within the entity or within a business unit with financial and functional autonomy, as well as by individuals who, even *de facto*, manage and control such entities or units (a person in a *senior* management position);
- by individuals subject to the management or supervision of one of the senior managers (so-called *subordinate* persons).

### 4. The condition of interest or benefit of the entity

Another objective requirement for recognition of the company or entity's liability is that the crime has been committed in its interest or for its benefit (Article 5 of Legislative Decree 231 of 2001).

This principle is reinforced by the provision by which the company is not liable if the persons indicated have acted exclusively in their own interest or that of third parties (Article 5 of Legislative Decree 231 of 2001).

It should also be noted that Article 12(1)(a) of Legislative Decree 231 of 2001 provides for the hypothesis of a reduction in pecuniary penalties if "*the perpetrator of the crime has committed the act primarily in their own interest or in the interest of third parties and the entity has not obtained a benefit or has obtained a minimal benefit*". This therefore means that if the perpetrator of the crime has acted in pursuit both of their own interest and that of the entity, the latter is subject to a penalty.

However, if the interest of the individual perpetrator of the crime predominates in relation to that of the entity to which they belong, the law provides for a reduction in the penalty (pecuniary or prohibitory) if the entity has not obtained a benefit or has obtained a minimal benefit from the commission of the offence.

## 5. The penalties and the verification procedure

### 5.1 The penalties

Legislative Decree 231 of 2001 sets out a number of penalties in respect of companies in whose interest or for whose benefit a predicate offence has been committed by a senior manager or by a person under the management or supervision of a senior manager, which may be classified as follows:

- 1) pecuniary penalties up to a maximum amount of EUR 1,549,370 (and preventive seizure in a precautionary capacity);
- 2) *prohibitory* penalties:
  - a ban on conducting the business activity;
  - the suspension or withdrawal of authorizations, licenses or permits enabling the commission of the crime;
  - a disqualification from contracting with authorities of public administration;
  - the exclusion from concessions, loans, grants and subsidies and possible revocation of those already granted;
  - prohibition from advertising goods or services;
- 3) the confiscation of the profits obtained by the company by the offence (however ordered, including in the form of equivalent assets);
- 4) the publication of the decision, which may be ordered in the event of application of a prohibitory penalty.

A pecuniary penalty (Article 10, Legislative Decree 231 of 2001) is always applied in the event the entity is found liable for the offence and is adjusted to financial conditions through a system of units (of between 100 and 1,000) and a scale based on the seriousness of the act, the extent of the entity's liability and the activities and measures adopted to mitigate the consequences of the offence committed.

A value is attributed to each unit on the basis of the entity's financial conditions and assets, from a minimum of EUR 258 to a maximum of EUR 1,549 for each unit applied.

Prohibitory penalties are imposed for the most serious cases and in any of the following cases:

- if the company has obtained a significant profit and the offence was committed by senior managers or by subordinates under their management or supervision when, in this last case, the commission of the predicate offence was caused or facilitated by serious organizational deficiencies;
- in the event of repeated predicate offences for which the entities bear administrative liability.

The duration of the prohibitory penalties is between three months and two years. They do not apply in the cases in which Article 12 of Legislative Decree 231 of 2001 provides for the reduction of pecuniary penalties.

As provided by Article 14 of Legislative Decree 231 of 2001, the following criteria must be followed for application of the prohibitory penalties:

- the object of the prohibitory penalties is the specific activity to which the entity's offence refers;
- the type and duration of the penalty must be determined on the basis of the seriousness of the offence, the degree of liability of the entity and the actions taken to eliminate or mitigate the consequences of the offence or to prevent other crimes from being committed;
- the disqualification from contracting with public administration authorities may be limited to certain contracts and certain authorities;
- the ban on conducting the business activity involves the suspension or withdrawal of authorizations, licenses and other such documents necessary for carrying out the activities;
- the prohibitory penalties may be applied jointly;
- the ban on conducting the business activity only applies when the imposition of other prohibitory penalties is inadequate.

Articles 15 and 45 of Legislative Decree 231 of 2001 provide for the possibility of appointment of an official receiver.

Articles 53 and 54 of Legislative Decree 231 of 2001 grant a judge authority to order the preventive seizure of assets for which confiscation or conservative seizure are permitted.

## **5.2 Procedure for verification and application of penalties**

Jurisdiction to rule on the entity's offences lies with the criminal court with jurisdiction over the crimes on which such offences are dependent (Article 36 of Legislative Decree 231 of 2001).

When the Public Prosecutor's Office identifies a predicate offence that gives rise to administrative liability on the part of companies or entities, it verifies whether the defendant belongs to a particular company or entity, and then obtains information about the administrative offence resulting from a crime committed in the interest of or to benefit the entity, immediately enters the entity's details in the register under Article 335

of the Criminal Procedure Code and, where possible, includes the name of its legal representative and the offence that gives rise to the crime.

For proceedings seeking to prove the entity's administrative liability, the Public Prosecutor must demonstrate the existence of the objective elements of liability, namely:

- that one of the predicate offences has been committed;
- that the crime has been committed in the interest of or to benefit the entity;
- the perpetrator of the crime formally *or de facto* performs a role within the entity and is in a senior management or subordinate position, even if has not been made known.

At this point it is necessary to determine whether the perpetrator of the offence:

- is in senior management;
- is a subordinate.

In the first case the organization is presumed to be at fault and the entity must present evidence in its favour for an exemption from liability according to the terms of Article 6 of Legislative Decree 231 of 2001.

In the second case, in order for the Public Prosecutor to assert the liability of the entity, he must present evidence that the crime was committed owing to a failure to comply with management or supervisory obligations, while the entity is responsible for presenting the facts that prevented its liability.

## 6. Crimes committed abroad

According to Article 4 of Legislative Decree 231 of 2001, the entity may be liable in Italy for offences committed abroad which are relevant for the purpose of the administrative liability of entities. The following are the conditions provided by the Decree on which the liability of an entity for offences committed abroad are based:

- the offence must be committed abroad by an individual functionally connected to the entity for the purposes of Article 5(1) of the Decree;
- the entity must have its main office in the territory of the Italian State;
- the entity is not being prosecuted in the State where the offence has been committed.

## 7. Conditions for exemption from liability

Article 6(1) of Legislative Decree 231 of 2001 states that the entity is not liable if it proves that:

- a) before the act was committed, the management body had adopted and efficiently implemented management and administration models capable of preventing any such offence;

- b) the task of overseeing the operation, effectiveness and compliance with the models, and proposing any upgrades thereof, had been entrusted to an internal body with autonomous powers of initiative and control;
- c) the individuals committed the offence by fraudulently evading the organization and management models;
- d) the body referred to under subparagraph b) did not fail to perform its surveillance duties or to apply a sufficient level of surveillance.

The Organization and Management Model used to exempt the entity from liability must meet the following specific requirements:

- e) it identifies any activities within which the offences may be committed (**risk analysis**);
- f) it envisages specific protocols (**procedures**) for planning the formation and implementation of the company's decisions concerning the crimes to be prevented;
- g) it identifies procedures to manage financial resources suitable for preventing the offences being committed, (with **specific controls included in the procedures of the Organizational Model, particularly for administrative procedures**);
- h) it sets out information obligations in respect of the body responsible for supervising the operation of and compliance with the Organizational Model (**regulation of the Supervisory Body and information flows**);
- i) it introduces an internal disciplinary system capable of sanctioning any failure to comply with the measures indicated in the Organizational Model (**disciplinary system**).

The documents prepared by the Company for the purpose of implementation of the Decree are written in parenthesis and in bold. See also paragraph 9 (reference to company procedures).

## 8. Operation of the Organization and Management Model

Organization and management models, introduced into Italian law based on experiences from foreign legal systems, mainly Anglo Saxon and therefore common law systems (also known as compliance programs), constituting a body of principles, provisions and organizational schemes and associated tasks and responsibilities, for the purpose of the establishment and diligent management of a system to control and monitor of sensitive activities in order to prevent the risk of the commission (or attempted commission) of predicate offences provided by Legislative Decree 231 of 2001.

The identification of activities exposed to the risk of crimes and their regulation in procedures accompanied by an efficient system of internal controls must have the following main purposes:

- make all persons working in the name and on behalf of the Company aware of the risks of committing offences subject to criminal and administrative sanctions,

should they violate the terms of the Model, not only in respect to themselves but also to the Company;

- state that any unlawful conduct is firmly condemned by the Company in that, including in cases in which the Company could potentially obtain benefits, it is in any case, not only against the law, but also contrary to the principles of correctness and transparency that the Company wishes to uphold in performing its activities;
- provide the Company with an instrument to prevent or counteract the commission of crimes and thereby avoid exposing the entity to the risks of administrative liability.
- The purposes of the Model include raising awareness among employees, corporate bodies, consultants and partners who work on behalf or in the interest of the Company, as to the importance of respect for roles, operating procedures and protocols (procedures) in the performance of Company activities.

## **9. Trade association codes of conduct**

The reference used in drafting this document are the guidelines issued by Confindustria published on 31 March 2008 and updated in March 2014.

## 10. The reasons for adoption of the Organization and Management Model to prevent the risk of crime

### 10.1 General aspects and presentation

ALTAIR CHIMICA S.p.A. UNIPERSONALE has adopted Organization and Management Models as an essential instrument to guide the conduct of its directors, employees, suppliers, customers, consultants, external collaborators, subcontractors, service providers and any other individuals that may have a relationship with the Company, including one of an institutional nature (the addressees of this Model) in their day-to-day activities or to eliminate possible risks that they commit offences.

As provided by Legislative Decree 231 of 2001, the Supervisory Body is responsible for controlling effective compliance with the provisions of the Model adopted; the operating and functional rules of this body are governed by a suitable regulation. Conduct that is not compliant with the Model or the associated documents is punished according to the terms of the disciplinary system, and the rules are consistent with existing legal provisions, and in particular, with collective agreements and practices for the verification of violations.

### 10.2 Application of the Model

Each action or operation by the Company must be suitably recorded and documented to ensure that it is always possible, at any time, to verify the process for decisions, authorizations and execution, as well to control the characteristics of and reasons for the operation, and identify the person who authorized, conducted, recorded and verified the operation.

In managing the Company's activities, more than one person must always be involved in each activity to ensure that no operation is conducted in complete autonomy by any one person.

All contracts entered into by the Company must contain binding clauses in respect of the Model and the specific applicable procedures; a violation of the clauses referred to must be grounds for termination of contract and possible compensation for damages where applicable.

In contractual relationships with third parties, the Company verifies the seriousness and credentials of the contracting party, ensuring that all significant payments between the parties are made using traceable instruments.

Company decisions with an impact outside the company are made with complete transparency and are duly recorded.

A program of training and refresher courses for managers and employees has been defined relating to the principles of the Model, and all persons conducting control functions must inform the Supervisory Body of any irregularities found relating to compliance with the procedures under the Model.

### **10.3 Procedures for the identification of a risk of crime, particularly in sensitive activities**

An essential requirement for the Company to be exempted from liability for offences is that the Organization and Management Model has been adopted according to a procedure capable of detecting opportunities for risks of offence, particularly regarding sensitive activities, considering the Company's actual operating and market conditions. This has been done through a formal, documented evaluation of risks of crime which is updated at least annually and whose results are submitted to the Administrative Body. In accordance with these criteria, a number of Organization and Management Models have been drawn up (as summarized in this document), divided into various parts in relation to the individual activities and different persons involved, and procedures and instructions for behavior prepared according to the conduct required under the compliance programs and management systems. This enables effective integration with the Company's activities and coordination with other existing systems (for example administration, human resources, security and quality).

The procedures constitute the rules imposed by the Model for the performance of a sensitive activity or one subject to a risk, and are the most significant and decisive aspect of the Model. The sensitive activities (in relation to the risk of crime) are the Company's areas of activity and business processes that could potentially be involved in the commission of the crimes indicated in the Decree and in the associated regulations.

The following is a list of potentially sensitive areas and organizational positions at the macro level.

#### **Potentially sensitive activities for the purpose of application of the Decree**

- Strategic and organizational management of the Company
- Administrative management (including the relationship with supervisory bodies)
- Management of human resources and personnel
- Management of occupational health and safety issues
- Management of infrastructure and computer security
- Management of environmental and energy systems
- Management of quality, product safety and laboratories (including food aspects)
- Business, Sales and Marketing management and management of the sales network
- Management of procurement of raw materials
- Management of procurement of spare parts, warehouses and stocks
- Purchasing
- Management of control activities upon acceptance and release of lots of raw materials
- Production management
- Maintenance
- Design and development of new products and system technology



- Management of final product checks prior to release
- Logistics and warehouses

Note 1: transport activities are subcontracted to external suppliers

Note 2: certain activities, like the company's secretarial services, legal department and IT infrastructure are managed at the Group level through suitable agreements

### **Functions and positions**

- General Meeting
- Board of Auditors and Auditing Company
- Supervisory Board
- Board of Directors
- GM - General Manager
- Production and Processes Department
- Procurement and Technical Services Department
- HR Manager
- Supply Chain
- IT Manager
- Administration, Finance and Management Control Department
- Technological Development and New Facilities Department
- Head of Laboratory and Quality Control
- Commercial Department
- Prevention and Protection Service
- Reach Manager
- Head of Management Systems
- Energy Manager

## **11. Rules of conduct**

The rules of conduct and behavior represent the general principles of conduct that must be followed by all of the Company's employees, corporate bodies, consultants, partners and collaborators.

The rules, instructions and procedures are based on general principles of legality. All Company employees and collaborators must undertake to comply with existing laws and regulations; they must not behave in a manner that might lead to the offences provided by Legislative Decree 231 of 2001, nor engage in conduct that could potentially lead to such crimes being committed.

The same commitments must also be undertaken by consultants, collaborators, suppliers and any other persons with a relationship with the Company. The aforementioned documents are also addressed to individuals who represent or who could represent the Company in relations with third parties.

## 12. Description of the offences for which the Company or entity is liable with reference to the predicate offences

The Special Section of this document contains separate chapters on each area of possible crimes as described below:

- I. Crimes committed in relations with authorities of public administration (corruption, extortion and embezzlement)
- II. Corporate crimes and market abuse
- III. Crimes committed for terrorist purposes or to subvert the democratic order
- IV. Crimes committed against the individual
- V. Crimes related to occupational health and safety
- VI. Crimes of handling stolen property, money laundering and use of money, goods or property of unlawful origin
- VII. Computer crimes
- VIII. Offences related to organised crime (transaction crimes and false declarations)
- IX. Offences related to crimes against trade and industry
- X. Crimes related to breach of copyright
- XI. Environmental crimes
- XII. Crimes relating to citizens without residence permits

The Special Section of the 231 Model contains the following for each area:

- Detailed list of predicate offences
- Activities that can be associated with the type of offence
- Reference procedures for managing the activities
- Any specific rules of conduct including information flows to the Supervisory Board

The risk management procedures must be consistent with the following instructions, which are also used for *internal audits* as verification activities. The operating instructions must specify:

- **Rules of conduct:** specification of rules of conduct and principles of behavior (clear and explicit).
- **Procedures:** internal procedures to safeguard sensitive activities; such procedures must:
  - be formalized and made available;
  - define rules and procedures for performing tasks;
  - guarantee the traceability of actions, operations and transactions, and identify the various persons involved in the operation in different capacities (authorization, execution, registration and verification);
  - include clear definitions of responsibilities for activities;
  - set out objective criteria for making choices on behalf of the Company.
- **Separation of tasks:** a correct distribution of responsibilities and the establishment of suitable levels of authorization, avoiding overlaps or task

allocations that result in the concentration of important activities with a single individual.

### 13. Delegations of authority and powers of attorney

The allocation of responsibilities and tasks is one of the most critical aspects in preventing risks of crime, hence the need for the Company to pay particular attention to the system for delegating authority and assigning powers of attorney. This is also an important element of the system of controls defined by the Model to incorporate the principle of dual responsibility for implementing decisions.

In this document the following definitions apply:

- **power of attorney:** unilateral legal document by which the Company grants an individual powers of representation in respect of third parties;
- **delegation of authority:** formal internal document for the attribution of functions and tasks;
- **job description:** internal document summarizing the tasks and responsibilities of a specific Company department.

In effect, the system of powers of attorney allows the Company's senior managers to grant managers and department heads all powers needed to exercise their tasks and functions. At the top of the system of powers of attorney is the Administrative Body (Board of Directors), which acts according to the Articles of Incorporation and also defines the delegations of authority required for implementation of the Model, particularly for members of the Supervisory Board.

Responsibility must be taken when assigning delegations of authority or powers of attorney for overseeing the actions and the qualifications of the chosen recipient. When assigning tasks or delegations of authority, the recipient must always have access to sufficient financial resources.

The details of the procedure are as follows:

**Powers of attorney** must always be registered and set down in writing in the Register of Powers of Attorney, and those of particular importance must be issued through a public deed; powers of attorney that grant powers to third parties must be included in the Chamber of Commerce certificate. The entry in the Register of Powers of Attorney must be signed by the recipient and, if this person is from outside the Company, the entry must be accompanied by a duly signed CV.

**Delegations of authority** must always be made in writing with a formal notification signed by the recipient and filed in the Human Resources department or an equivalent department.

**Job descriptions** must be signed to denote acceptance of the position.

## 14. The Supervisory Board

The Supervisory Board, an *internal* Company body, is required by law to perform the important and fundamental task of promoting implementation of the Model by monitoring conduct in the Company and obtaining information on activities and on associated relevant risks in accordance with Legislative Decree 231 of 2001. This body is also responsible for raising awareness and disseminating the principles contained in the codes of conduct and Company protocols and for checking that the Model is working in practice.

The correct and effective performance of the complex tasks required of the Supervisory Board constitutes an essential condition for the Company to be exempt from administrative liability. For this reason, it is essential for the Supervisory Board to meet the requirements of *autonomy, independence, professional expertise and continuity*.

The Administrative Body defines the rules for appointment of members of the Supervisory Board and makes the appointments.

The regulation of the Supervisory Board must be approved by the appointed members or must be amended according to their requests; complete records of such actions must be maintained. The Supervisory Board has an annual budget for the performance of its tasks. The Supervisory Board produces specific written records of all activities carried out and a suitable procedure is in place for any interested party to call upon its services. A specific document sets out the responsibilities and minimum time frames for information flows to the Supervisory Board. Members must formally accept their appointment.

### *Examples of information sent to the Supervisory Board:*

- Financial statements
- Reports by the Board of Auditors
- Penalties and verifications by external control bodies
- Accidents and monitoring indicators on occupational health and safety
- Penalties for employees
- Audit Reports produced internally and by the certification body
- DURC [Social Security Compliance Certificate] and Chamber of Commerce certificate
- Notifications and complaints/disputes involving customers
- Ongoing legal proceedings involving managers
- Planning of training relating to Decree 231

The composition of the Supervisory Board is communicated formally.

## 15. Training, information and selection of human resources

For effective implementation of the principles and contents of the Model and the associated procedures, the Company ensures they are suitably disseminated among its employees (at all levels) and to individuals in contractual relationships with the Company, for whatever purpose.

These dissemination activities vary depending on the different groups to which they are addressed, but are always guided by the principles of completeness, timeliness, accuracy, accessibility and continuity, and are managed through a documented procedure. Such documentation is included in circulars or communications which are sent by the Human Resources department or an equivalent department.

At the time of recruitment, all employees are given the necessary procedures and manuals, and records are kept of such activities. Upon recruitment, each employee is also asked to sign a declaration of awareness, compliance and commitment to comply with the fundamental rules and principles of conduct.

An area of the corporate intranet is also devoted to disseminating and raising awareness of the Model and the associated procedures.

Participation in training activities and refresher courses is obligatory for all Company employees.

Every year a report is produced on the training activities carried out relating to Legislative Decree 231 of 2001 and on planning for the year ahead.

## 16. The disciplinary system

The formulation of an appropriate disciplinary system to punish violations of the principles of the code of ethics and internal procedures is essential to ensure the effective implementation of models to prevent crimes.

The application of the disciplinary system and the respective penalties are not linked to the pursuit and outcome of any criminal proceedings in that the rules of conduct imposed by the Model are adopted by the Company in a completely independent manner, irrespective of the significance of the conduct from a criminal perspective. In the event of an intervention by judicial authorities, this will be defined by the Administrative Body in consultation with the Supervisory Board and, if applicable, with the Board of Auditors. The addressees of the disciplinary system, the same persons to whom the Model and the procedures apply, are required to ensure they comply with the aforementioned rules.

The company's senior managers may follow these guidelines to determine the penalties to be imposed:

- the degree to which the conduct was intentional;
- the level of negligence, carelessness and incompetence shown by the individual in committing the violation, particularly if the event was foreseeable and avoidable;
- the consequences and seriousness of the violation, meaning the level of risk to which the Company may reasonably be deemed to have been exposed;
- the position in the Company of the person responsible for the violation, particularly regarding the level of responsibility and autonomy associated with their tasks and their length of service;
- any aggravating or attenuating circumstances that have a bearing on the perpetrator's conduct;
- participation in the violation by other individuals subject to the terms of the Model;
- previous disciplinary issues involving the individual.

Regarding subordinate workers, in accordance with the procedures provided by Article 7 of Law 300 of 30 May 1970 (Workers' Statute) and any applicable special laws, disciplinary measures are applied in view of the system of penalties of the CCNL [National Labor Collective Agreement] of the applicable category, and any additional Company regulations or employment contract terms (if applicable).

For individuals linked to the Company by contracts other than a subordinate work relationship, the applicable measures and penalty procedures must comply with existing laws and must be included in contractual conditions. See the 'Disciplinary system' document for further details.

## 17. Update of the Model and reference to essential procedures and controls

### 17.1 Update of the Model

In accordance with the terms of Article 6(1)(b) of Legislative Decree 231 of 2001, the Supervisory Board is responsible for updating the Model. To this end the Supervisory Board, which may be assisted by Company departments responsible for monitoring new legislation and organizational changes, as well as changes to the types of activities conducted by the Company – and in particular related information flows provided continuously to the Board for such purposes – identifies and informs the Administrative Body of the need to update the Model, also providing indications as to how best to make such interventions.

The Administrative Body considers the need to update the Model notified by the Supervisory Board and, having consulted the Board of Auditors, adopts a resolution on the update of the Model relating to any changes or additions that may be necessary.

Reasons to update the Model may include the following:

- changes to legislation on the administrative liability of entities and significant developments in the interpretation of relevant laws;
- identification of new sensitive activities, or changes to those already identified, including those that may relate to the start of new business activities, changes to the Company's internal structure or the methods of performing its business activities;
- the issue and amendment of guidelines by trade associations;
- the commission of offences by persons subject to the terms of the Model liable to expose entities to administrative liability or significant breaches of the Model in general;
- detection of deficiencies in the terms of the Model following verifications of its effectiveness.

When adopting resolutions relating to activities to update the Model, the Administrative Body identifies the Company departments that will be required to perform and implement the aforementioned update activities and the methods to be used, and issues authorization for the start of a suitable project.

The Supervisory Board is immediately informed of approval of the update of the Model, and in turn verifies the correct implementation and dissemination of the updates made.

The Supervisory Board also issues periodic reports to inform senior management of the outcome of the supervisory activities undertaken following the changes.

In any event, the Model is subject to a periodic review process, conducted *annually*, which is ordered through a resolution of the Administrative Body.

Periodically and at least once a year, senior management records an update of actions relating to application of the Model in its minutes.



## 17.2 Reference to Company procedures

The Company procedures and instructions, circulars and communications issued for the purpose of preventing unlawful conduct that could expose the Company to liability (according to the terms of Legislative Decree 231 of 2001) form an integral part of this Model; this aspect is mentioned within the scope and in the field of application of the aforementioned documents.

These documents are managed as controlled documents according to the terms of an appropriate internal procedure, following rules on international management systems (ISO standard).

The Company documentation includes the following, in addition to the disciplinary system and the regulation of the Supervisory Board:

- Resolutions of the Managing Director (contained in suitable legal registers)
- Code of ethics
- Register of delegations of authority and powers of attorney
- Organizational chart and job descriptions
- Rules on the selection and management of personnel and management of training
- Safety protocol (OHS)
- Internal regulations on conduct
- List of procedures and instructions
- Orders and administrative circulars

## 18. Communications and final notes

### 18.1 Communications

Communications may be sent in writing and anonymously using the following methods:  
by email: **odv@altairchimica.com**;

by letter to the following address: Altair Chmica SpA Unipersonale - Via Moie Vecchie 13 - 56048 Saline di Volterra (Province of Pisa) Italy – for the attention of the Supervisory Board (confidential and personal)

### 18.2 Final note

This document was approved by the Board of Directors on 11.12.2018. All requests for information regarding this document may be sent to the following email address:

**odv@altairchimica.com**

For more information please visit: **<http://www.altairchimica.com/>**