

ORGANIZATION, MANAGEMENT AND CONTROL MODEL

implemented by

ICA S.p.A.

on December 3, 2012

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GENERAL SECTION

1. THE REGULATORY FRAMEWORK OF REFERENCE: ITALIAN LEGISLATIVE DECREE N°. 231/2001

June 8, 2001 saw the issuing – pursuant to Article 11 of Law N° 300 of September 29, 2000 – of Legislative Decree 231/2001 (also referred to henceforth simply as the “Decree”), which came into force on 4 July, 2001. The intention of this legislation was to upgrade the internal regulations on the liability of legal persons/entities in order to ensure compliance with certain international conventions to which Italy had already been adhering for some time.

Legislative Decree 231/2001, containing the “Regulatory framework for the administrative liability of legal persons/entities, companies and associations, including those without legal personality”, introduced for the first time in Italy the criminal liability of bodies for certain offenses committed, in the interest or to the advantage of said bodies, by the following parties (Art. 5, Sub-section 1):

- by persons who represent, direct or manage the body or one of its units with financial and operating independence, and persons who, both as to fact and law, manage and control the body;
- by persons acting under the direction or supervision of one of the parties stated above.

The Company's liability is considered alongside that of the individual who materially perpetrated the offense.

The new liability introduced by the Decree aims to involve, in the punishment of certain criminal offenses, the assets of those bodies that have benefited from the commission of the offense, in the following ways:

- for all offenses committed, a financial sanction is always expected to be applied;
- in more serious cases, and in relation solely to those offenses for which they are expressly envisaged, prohibitory sanctions will also be applied with a duration of no less than three months and no more than two years (pursuant to Article 14, Sub-section 1 of Legislative Decree 231/2001, “Prohibitory sanctions focus on the specific activity to which the offense committed by the body relates”), and which, in turn, may involve:
 - prohibition from carrying out the activity;
 - suspension or revocation of the authorizations, licenses or concessions that were instrumental to the commission of the offense;
 - prohibition from entering into contracts with the Public Administration;
 - exclusion from relief, funding, contributions or subsidies and the possible revocation of those already granted;
 - prohibition from advertising goods or services
- also envisaged is the confiscation (and preventative seizure as a precautionary measure) of an amount equating to the price or profit of the offense and, in the event of prohibitory sanctions being applied, the publication of the sentence, as an ancillary penalty.

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In relation to offenses dealt with by the disciplinary system considered here, the following types are currently covered:

- offenses committed in the context of the relations with the Public Administration;
- offenses relating to the counterfeiting of currency, public credit instruments and duty stamps;
- certain corporate offenses;
- terrorist offenses or offenses intended to subvert the democratic order;
- offenses to the detriment of the individual's character;
- transnational offenses;
- offenses relating to health and safety in the workplace.

Articles 6 and 7 of the Decree set out a form of exoneration from liability should the body show that it has adopted and effectively implemented “models of organization, management and control that are suitable for preventing the commission of the offenses” taken into consideration.

In addition, the system envisages the establishment of an internal control body charged with the responsibility of supervising the implementation and observance of the Models and dealing with their updating.

The aforementioned Models must meet the following requirements:

- identify the activities in the context of which the offenses may be committed;
- set out specific protocols/procedures geared towards the formulation and implementation of the decisions of the body in relation to the offenses to be prevented;
- identify methods of management of the financial resources that are appropriate for preventing the commission of the offenses;
- impose obligations to inform the body charged with the responsibility of supervising the implementation and observance of the Models;
- introduce a disciplinary system with the capacity to punish failures to respect the measures set out in the Model.

2. THE GUIDELINES SET OUT BY CONFINDUSTRIA (THE CONFEDERATION OF ITALIAN INDUSTRIES)

Without prejudice to the content of Sub-section 3 of Article 6 of the Decree, the Models can be adopted on the basis of the codes of conduct drafted by the trade associations representing the bodies and communicated to the Ministry of Justice, which – if appropriate – can make any observations it sees fit.

The first association to draft a steering document for the construction of the models was Confindustria, which – in March 2002 – issued its Guidelines, which were then partially modified and updated initially in March 2004 and, subsequently, in March 2008 (also referred to henceforth as the “Guidelines”).

It is now common practice to consider the Confindustria Guidelines as a fundamental starting point for the construction of an effective Model; as such, this document follows the lines set out by Confindustria.

3. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL OF ICA S.P.A.

3.1. The construction of the Model

In 2010, ICA (also referred to henceforth as the “Company”), decided to put in place a Model pursuant to Articles 6 and 7 of Legislative Decree 231/2001, commissioning an external consultant to draft the document.

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The drafting of this Model was preceded by a series of preparatory operations, sub-divided into different phases and all geared towards the objective of constructing a system for the prevention and management of risks, in line with the provisions of the Decree and taking account of the Confindustria Guidelines. The phases that were involved in the drafting of this document are described below.

1. **“As-is analysis”**. The identification of the Sensitive Processes was carried out through a preliminary examination of the company documentation (organization chart, existing corporate procedures, etc.) and a subsequent series of interviews with the key parties within the corporate infrastructure (CEO, Administration and Finance Manager, Human Resources Manager, QHSE Manager, etc.).

The results of the operation described above were set out in the “As-is Analysis” document, which identifies the Company's Sensitive Processes, as well as the departments within the corporate infrastructure and the procedures to which said processes pertain. ICA's Sensitive Processes are listed in Section 4, below.

2. **“Risk Analysis - Gap Analysis”**. Following the description of the Company emerging from the “As-is Analysis” phase, and taking account of the provisions and purposes set out in the Decree, the next phase concerning the Sensitive Processes involved the following:
 - the definition of the existing critical areas and the actions to improve the current internal procedures;
 - the formal registration of the existing but non-formalized corporate practices, through the drafting of new procedures;
 - the definition of those organizational requirements that are currently not being met within the Company (Code of Ethics, Disciplinary System and Supervisory Board) but that are essential for the drafting of a “specific” model of organization, management and control pursuant to Legislative Decree 231/2001.

The results of the aforementioned operations are shown in the “Risk Analysis - Gap Analysis” document.

3. **Drafting of the Model**. On completion of the above, the current Model was drafted. The Model is constituted by a General Section and a Special Section.

Along with a short discussion of Legislative Decree 231/2001, the General Section includes the list of ICA SpA's Sensitive Processes, the protocol and duties of the Supervisory Board and the Company's Disciplinary System.

The Special Section contains various sub-sections, each dedicated to one of the offenses set out in the Decree and which the Company could theoretically commit, given the nature of its operations.

In addition, the ICA SpA Code of Ethics is an integral part of the Model, and describes the organizational, management and control framework of the Company, setting out the ethical principles and conduct to which the Company intends to adhere.

3.2. The purpose of the Model

The purpose of the Model is to set out an organic system of procedures and control operations (both preventative and *ex post*) that have as their objective the reduction of the risk of committing the offenses provided for under the Decree, through the definition of the Sensitive Processes and their consequent regulation.

As such, the principles contained in this Model must lead to a twofold result: first, the full awareness on the part of the potential perpetrator (Personnel, Corporate Bodies or Other Addressees) that he/she/it is committing an offense (the commission of which is strongly condemned by, and in conflict with the interests of, ICA, even when the Company could apparently benefit from the commission of the offense); second, thanks to ongoing monitoring of its

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operations, to allow the Company to act promptly to prevent or impede the commission of the offense in question.

3.3. The Addressees of the Model

Given the objective of managing and organizing the operations of ICA, the Model is binding upon:

- all directors, auditors and parties that act on behalf of the Audit Firm commissioned by ICA (also referred to as the “Corporate Bodies”)
- all employees, managers included, without exception (also referred to as the “Employees”);
- all those who, although external to the Company, act directly or indirectly for ICA (for example: proxies, agents, collaborators of any sort, consultants, suppliers or business partners, also referred to as “Other Addressees”).

All Addressees must comply and, within their respective remits, ensure that others comply, with the principles contained in the Model, which also applies to the operations conducted by ICA outside Italy.

3.4. The Model in the ICA context

In drafting this document, account was taken of the existing procedures and control systems (described in the “As-is” phase) already widely used within the Company, wherever deemed appropriate as measures to prevent the commission of the offenses and as tools through which to monitor the Sensitive Processes.

Specifically, the following have been considered as fundamental elements of the Model:

- The documentation concerning the organization chart and the hierarchical infrastructure of roles;
- The corporate system of proxies and delegated responsibilities;
- The Quality Management System;
- The Environmental Management System;
- The System for the Management of Health & Safety in the Workplace.

Without prejudice to its specific objectives as described in Sub-section 3.2 and relating to the Decree, this Model forms part of the wider system of controls constituted mainly by the internal regulatory framework already in force within ICA SpA.

The guiding principles of the Model are as follows:

- the requirements set out in Legislative Decree 231/2001, and specifically:
 - the assignment to an ICA in-house Supervisory Board of the responsibility of ensuring the effective, accurate implementation of the Model, also through the monitoring of corporate conduct and the right to be constantly informed on the activities that are relevant to the purposes of the Decree;
 - the making available to the Supervisory Board of adequate resources to allow it to fulfill the duties entrusted to it and to reach the results that it may reasonably be expected to achieve;
 - the verification of the functioning of the Model, with consequent regular updating (*ex post* control);
 - the activity of awareness-raising and dissemination at all levels of the corporate infrastructure of the established procedures and rules of conduct;
- the general principles of an appropriate system of internal control, and specifically:
 - the verifiable, documentable nature of all operations that are relevant to the purposes of the Decree;
 - respect for the principle of the separation of functions;

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- the definition of authorizational powers coherent with the assigned responsibilities.

3.5. Implementation of the Model and subsequent modifications and updates

ICA adopted the Model through the resolution passed by the Board of Directors on December 3, 2012, and with the same resolution also established the Supervisory Board.

During the meeting, each member of the Board of Directors made an explicit undertaking to comply with the Model. Similarly, each member of the Board of Auditors, having inspected the Model, made an explicit undertaking to comply with it.

Since the Model is an “official document issued by the managing body” (in compliance with the provisions of Article 6, Sub-section 1, sub-paragraph a) of Legislative Decree 231/2001), subsequent modifications and updates are within the remit of ICA's Board of Directors.

Given that it has specific responsibilities and powers concerning the development and promotion of the continued updating of the Model, the Supervisory Board must define and deal with the drafting of modifications and/or additions of the Model that may become necessary due to:

- breaches of the provisions of the Model;
- modifications to the Company's internal organizational infrastructure and/or the methods of conducting its activities;
- regulatory modifications;
- the outcomes of the monitoring operations.

The Supervisory Board then submits the proposed changes for discussion and approval by the Board of Directors, which then deliberates upon the updating of the Model on the basis of the modifications and/or additions submitted to it.

Once the modifications have been approved, the Supervisory Board proceeds immediately with the implementation of said changes, and informs those relevant parties within and outside the Company on the nature of the modified content.

4. ICA'S SENSITIVE PROCESSES

ICA is a company that specializes in the manufacture of coatings for wood, and for over 30 years now has focused in particular on products with low levels of environmental impact; in 2004, the Company acquired Salchi Wood Coatings, the former arm of BASF Group concerned with the manufacture of coatings for wood, which it then incorporated during the course of 2012. Since 2009, ICA has also controlled ICA Iberia s.a., a company under Spanish law.

In organizational terms, the Company has a Board of Directors composed of three members, with a Chair who has been endowed with all powers of ordinary and extraordinary administration permitted by law, and with two other advisors to whom wide-ranging powers have been delegated in the sphere of the “Research and Development” part of the corporate infrastructure. In addition, the Company has an Executive Officer with responsibility for finance and administration.

On the basis of the risk analysis carried out by ICA, in relation to Legislative Decree 231/2001, it emerged that the Company's Sensitive Processes currently concern, in the main, the following:

- relations with the Public Administration;
- corporate offenses;
- environmental offenses;
- offenses relating to matters of health and safety in the workplace.

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The other offenses set out in the Decree do not appear to be realistically applicable to ICA's business. The activities that, due to their intrinsic nature, are considered to be the most exposed to the commission of the aforementioned offenses are listed in detail in the "As-is Analysis" document and in the sub-sections of the Special Section.

Taking care to monitor the development of the relevant legislation and of ICA's operations, the Supervisory Board has the power to identify any additional at-risk areas that may then be added to the list of Sensitive Processes.

5. THE SUPERVISORY BOARD

5.1 Identification of the Supervisory Board; appointment and removal from office

On the basis of the provisions of the Decree, the body charged with the responsibility of supervising the implementation and observance of the Model, and of dealing with its updating, must be a corporate body (Article 6, Sub-section 1, sub-paragraph *b*) of Legislative Decree 231/2001) endowed with independent powers of initiative and control.

The Guidelines define autonomy, independence, professionalism and continuity of action as main pre-requisites of said Supervisory Board. Specifically, according to the Guidelines:

- the pre-requisites of autonomy and independence require:
 - the insertion of the Supervisory Board "as a staff unit in the highest possible position within the hierarchy";
 - the provision of a contact within the Supervisory Board who reports to the senior management (the Chair, the Board of Directors as a whole and, if applicable, also the Board of Auditors);
 - the absence of responsibility on the part of the Supervisory Board for operational duties which, rendering it a contributor to operational decisions and activities, would undermine the objectivity of its judgment;
- the "portfolio of tools and techniques" that are necessary for the Supervisory Board to perform its duties effectively;
- continuity of action, which guarantees the effective, ongoing implementation of the organizational model envisaged by the Decree, and is facilitated by the presence of an infrastructure/body dedicated exclusively, and on a full-time basis, to the activity of supervising the model and is "without operational roles that may lead it to take decisions with economic/financial effects".

Applying the aforementioned principles of reference to ICA as a company and taking due account of the specific nature of the tasks assigned to the Supervisory Board, the relevant duties have been entrusted, through the same resolution referred to above, to:

Dr Fabio Lancioni;
Dr Cinzia Borgiani.

The duty of performing the supervising and monitoring roles set out by the Model is assigned to said joint Supervisory Board. The decision is considered appropriate for the following reasons:

- the autonomy and independence with which the Supervisory Board must necessarily act are guaranteed by the fact that the parties named above do not perform operational roles within ICA;
- the professionalism of the Supervisory Board is assured by the experience and skills of the appointed parties, both in the economic/judicial fields – which are essential for an understanding of the nature of the administrative liability of the bodies and the modes of commission of the offenses provided for under Legislative Decree 231/2001 – and with

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- reference to the matters of organization and control, and also in terms of the specialist techniques involved in the conducting of inspections and analyses of the control system, such as, for example, the techniques of analyzing and evaluating risks, interviewing and drafting questionnaires; support may also be provided by internal departments and external consultants, for which the Supervisory Board has access to adequate financial resources;
- continuity of action is guaranteed by the fact that the Supervisory Board is an internal ICA body, dedicated to the activity, with the possibility to collaborate, for the execution of the tasks of supervision and control assigned to it, of other internal departments, or of external consultants.

In addition, the Supervisory Board is recognized as being in a position to ensure a high level of trust in relation to the existence of the subjective requirements of eligibility that further guarantee the autonomy and independence requested by the duties assigned to it.

Specifically, on assigning the duties, the Board of Directors, receives from the Supervisory Board being appointed a declaration confirming the absence of reasons for ineligibility, such as, for example, conflicts of interest or familial relationships with the corporate bodies and with the senior management.

The appointment of the Supervisory Board and the removal from office (for example, in the event of breaches of the members' responsibilities deriving from this Model) can only be carried out by the Board of Directors.

The appointment of the Supervisory Board will have a duration of 1 (one) year, and the appointment may be renewed upon expiry. Revocation will be permitted only in cases of just cause, which may be linked to an organizational restructuring of the Company. In this regard, "just cause" for revocation of the powers associated with the appointment of a member of the Supervisory Board may include, for example:

- all instances in which the law permits the termination, by the employer, of the employment relationship;
- reasons connected to a specific instance of non-fulfillment, whether at fault or negligent, of the obligations pursuant to the appointment (for example: disloyalty, inefficiency, negligence, etc.);
- due to "failure to discharge its duty of supervision or that its supervision was inadequate" on the part of the Supervisory Board, pursuant to the content of Article 6, Sub-section 1, subparagraph d) of Legislative Decree 231/2001, resulting from a judgment issued against ICA pursuant to Legislative Decree 231/2001, regardless of whether or not it has acquired the force of *res judicata*, or from a judgment imposing the sanction on request (plea bargain);
- in instances of unforeseeable circumstances;
- whenever the Supervisory Board no longer meets the requirements of "autonomy and independence" or "continuity of action";
- whenever a member of the Supervisory Board ends his/her employment relationship with ICA.

5.2 Functions and powers of the Supervisory Board

The Supervisory Board is charged with the responsibility of supervising:

- the observance of the Model by the Corporate Bodies, the Employees and the Other Addressees;
- the effectiveness and adequacy of the Model in relation to the corporate infrastructure and the effective capacity to prevent the commission of the offenses;
- the opportunity to update the Model, wherever the requirement to upgrade it is detected in relation to changed corporate and/or regulatory conditions.

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To this end, the Supervisory Board is also charged with the following responsibilities:

- **Updates:**
 - proposing to the relevant corporate bodies or departments that they issue procedural provisions to implement the principles and rules contained in the Model;
 - interpreting the relevant regulatory provisions, with input from external consultants where necessary, with a view to verifying the adequacy of the Model vis-à-vis said regulatory provisions, informing the Board of Directors of possible areas for intervention;
 - evaluating the requirements to update the Model, informing the Board of Directors of possible areas for intervention;
 - making the management aware of appropriate updates to the systems for managing financial resources (both incoming and outgoing) that already exist within ICA, to introduce certain enhancements geared towards highlighting the existence of any atypical financial flows, with broader discretionary margins than would normally be applicable;
 - informing the Chair and the Board of Directors of the opportunity to issue specific procedural provisions to implement the principles contained in the Model, which may not be coherent with those currently in force within the Company, dealing with the co-ordination of said provisions in relation to the existing practices.
- **Checks and monitoring:**
 - conducting monitoring activities to ensure compliance with the corporate procedures intended to protect the Sensitive Processes for the purposes of the Model, dealing, where necessary, with the issuing of informative internal circulars;
 - conducting reconnaissance on the Company's activities in order to update the mapping of the Sensitive Processes;
 - conducting periodic checks geared towards specific operations or actions put in place by ICA, particularly in the context of the Sensitive Processes, the results of which must be summarized in a dedicated report to be submitted to the relevant corporate bodies;
 - compiling, drafting and storing the relevant information concerning respect for the Model, and updating the list of information that must be supplied to it or made available to it. To this end, the Supervisory Board must be promptly informed, by all employees, using the dedicated internal communication system, of any actions, conduct or events that may result in a breach of the Model (including reporting on the commission, or reasonable risk of commission, of the offenses provided for under Legislative Decree 231/2001) or that, more generally, are relevant for the purposes of the Decree.
 - co-ordinating with the other company areas to ensure the most effective monitoring of the activities in relation to the procedures set out in the Model. To this end, the Supervisory Board has unfettered access to all the company documentation that it deems relevant and must be constantly informed by the management: a) on the aspects of the Company's business that may expose ICA to the tangible risk of committing one of the offenses; b) on the relations with the Consultants and Partners operating on behalf of the Company in the sphere of the Sensitive Operations;
 - launching and conducting internal investigations, collaborating on an occasional basis with the relevant departments, to acquire additional investigative information.
- **Training:**
 - co-ordinating with the Human Resources Manager on the definition of training programs for the Personnel and the content of the regular communications to be

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made to the Employees and the Corporate Bodies, which are intended to provide them with the necessary awareness and basic understanding of the regulations provided for under Legislative Decree 231/2001; once said training programs have been defined, regularly conducting checks on the quality of the content of said programs;

- preparing and updating, on an ongoing basis, a section within the Company's Intranet containing all of the information on the Decree and the Model;
- monitoring the initiatives for the promotion of knowledge and understanding of the Model and preparing the necessary internal documentation in order to ensure its effective implementation, containing instructions for use, clarifications or updates;
- **Breaches and sanctions:**
 - reporting any breaches of the Model and the Decree to the relevant department, to the Chair and, in the context of its reporting activities, to the Board of Directors and the Board of Auditors;
 - co-ordinating with the management to evaluate the adoption of any necessary disciplinary sanctions, without prejudice to the remit of the management to apply the sanction and the relevant disciplinary procedure;
 - indicate the most appropriate provisions to remedy the breaches.

General provisions

In relation to the duties entrusted to it, the Board of Directors is, in any case, the only corporate body with the power to conduct supervision of the adequacy of the operations of the Supervisory Board, since the Board of Directors is ultimately responsible for the implementation and effectiveness of the Model.

Without prejudice to any different, applicable and prevalent legal provision, the Supervisory Board has unfettered access, with no requirement for prior consent, to all departments within the Company, to allow it to obtain any information or data it deems necessary for the fulfillment of the tasks set out by the Decree.

The Supervisory Board can avail itself of the input not only of every area within the corporate infrastructure but also, under its direct supervision and responsibility, of external consultants, with specific relevant professional expertise, for the execution of the technical operations required for the purposes of control. Said consultants must always submit the results of their operations to the Supervisory Board.

In the context of the procedures for the formulation of the Company's budget, the Board of Directors must approve an amount of financial resources, on the basis of a document that details the requirements and programs of utilization proposed by the Supervisory Board – an amount that the Supervisory Board can access for all requirements pertaining to the fulfillment of its duties (e.g. specialist consultancies, travel expenses, etc.); it must report on its expenditure to the Board of Auditors and the Board of Directors.

The Supervisory Board has, as required by law, autonomous powers of initiative and control in order to supervise the implementation and observance of the Model, but has no powers of coercion or intervention vis-à-vis modifications of the corporate infrastructure or the disciplinary system in relation to the Corporate Bodies, Managers, Employees or Other Addressees; said powers are transferred to the relevant Corporate Bodies or departments.

The autonomy and independence that must characterize the activities of the Supervisory Board have made it necessary to introduce certain forms of protection for its benefit, with a view to guaranteeing the effectiveness of the Model and to avoiding situations in which its control operations give rise to forms of retaliation to its detriment (for example, the potential situation in which inspections carried out by the Supervisory Board result in the emergence of elements that may cause liability for the actual or attempted commission of an offense, or for the breaching of this Model, to be attributed to the senior management).

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As such, the decisions on remuneration, promotions, transfers or disciplinary sanctions relating to the member (or members, in the event of a joint body) of the Supervisory Board are made exclusively by the CEO, who must compulsorily seek the opinion of the Board of Directors.

5.3 Flows of information towards the Supervisory Board

The Supervisory Board must be promptly informed, through dedicated notices issued by the Corporate Bodies, the Employees and/or the Other Addressees, on actions, conduct or events that could give rise to liability for ICA pursuant to the Decree.

These notices may be sent to the Supervisory Board, even anonymously, either by e-mail (to the following address: organismodivigilanza@icaspa.com), or in writing to the following address: Organismo di Vigilanza, Industria Chimica Adriatica SPA, Via Sandro Pertini 52 – 62012 Civitanova Marche (MC), Italy.

In this regard, the following general indications apply:

- the Employees and Corporate Bodies must inform the Supervisory Board about the breaches, regardless of who has committed them, set out in Sub-section 7.2, and specifically, notice must be provided of:
 - the commission, or the reasonable risk of commission, of offenses (including administrative offenses) that are relevant in relation to the administrative liability of bodies;
 - conduct that, in any case, may result in a breach of the Model;
- there is an obligation to provide information on any conduct that conflicts with the provisions contained in the Model and that falls within the duty of care and obligation of allegiance of ICA employees;
- the Other Addressees are expected to report any breach (or alleged breach) of the Model, within the limits and using the methods that may be set out contractually;
- the Supervisory Board evaluates the reports received; any consequent provisions are applied in compliance with the content of Section 7 "The disciplinary system";
- those submitting reports in good faith will be protected against any form of retaliation, discrimination or penalty and in any case the identity of the person submitting the report will not be revealed.

Alongside the reports concerning the general breaches described above and, on condition that the reports relate to activities falling within the remit of the Supervisory Board, information on the following must compulsorily be submitted immediately to the Supervisory Board:

- measures being taken and/or notices issued by police bodies, or by any other authority, from which it can be deduced that investigations, even if they relate to parties unknown, are under way on the offenses, whenever those investigations involve ICA, its Employees or members of its Corporate Bodies;
- requests for legal support sent to the Company by Employees, pursuant to the collective labor agreements, in the event of the initiation of legal proceedings concerning said Employees
- any reports made by the managers of other departments in the context of their control activities and from which facts, actions, events or emissions could emerge highlighting critical risks relating to the observance of the regulations of the Decree;
- notices relating to disciplinary procedures carried out and any sanctions applied (including measures concerning the Employees) or measures to dismiss said procedures, along with the relevant justifications, should they be associated with the commission of offenses or breaches of the rules of conduct or procedural rules of the Model;

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- anomalies or atypical situations uncovered in the context of the available information (a fact not relevant if considered singularly could take on greater importance if repeated or if the affected area is extended).

The Supervisory Board also has the power to identify other information that must be communicated to it, in addition to the information described above.

5.4 Reporting by the Supervisory Board to the senior management

The Supervisory Board reports to the senior management on the implementation of the Model and the emergence of any critical risks. The Supervisory Board has two lines of reporting:

- the first, on an ongoing basis, directly to the CEO;
- the second, once every six months, to the Board of Directors and the Board of Auditors.

Specifically, twice a year the Supervisory Board drafts a written report for submission to the Board of Directors and the Board of Auditors on the work it has done (with particular reference to the checks it has carried out and the outcomes of those checks, the specific verification operations it has conducted and the outcomes of those operations, any updates to the mapping of the Sensitive Processes, and the status of the fund that it manages, etc.); in addition, it also submits an annual plan for the verification, control and updating operations that it will carry out over the course of the coming year, taking due account of any emergencies that it may have to deal with.

Should the Supervisory Board detect critical risks concerning one of the parties to which it reports, the relevant information must be promptly submitted to the parties set out at Sub-section 7.3.1. Specifically, the reports submitted must cover:

- the work done by the Supervisory Board;
- any critical risks (and proposals for improvement) that emerge, both in relation to conduct or events within ICA and in relation to the effectiveness of the Model.

The meetings with the bodies to which the Supervisory Board reports must be minuted, and a copy of the minutes must be archived by the Supervisory Board and the Corporate Bodies involved.

The Board of Auditors, the Board of Directors, the CEO and the Audit Firm are entitled to convene the Supervisory Board at any time. Similarly, the Supervisory Board is entitled to request, via the relevant departments or individuals, the convening of the aforementioned Corporate Bodies to address urgent matters.

In addition, the Supervisory Board must co-ordinate with the relevant departments and individuals, and specifically:

- with the corporate consultant who drafted the Model, on the interpretation of the relevant regulations, on the modification or supplementing of the mapping of the Sensitive Processes, on defining and implementing actions intended to protect ICA in all cases in which there is a breach of the provisions set out in Legislative Decree 231/2001, and on corporate compliance matters that may be relevant in relation to the commission of corporate offenses;
- with the Human Resources Manager in relation to the training of the Personnel and the disciplinary procedures;
- with the Administration and Finance Manager in relation to checks on the financial flows and all of the activities, including administrative activities, that may be relevant vis-à-vis the commission of corporate offenses;
- with the Quality, Health, Safety and Environment Manager in relation to accident-prevention activities, and hygiene, health and environmental matters.

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5.5 Compilation and storage of information

All information, recommendations and reports set out in this Model are stored by the Supervisory Board in a dedicated (electronic and paper-based) database for a period of 10 years.

Access to the database is granted to members of the Board of Auditors and the Board of Directors, except when the information concerns investigations into their conduct or actions, in which case access will be dependent on the authorization of the Board of Directors, in collaboration with the Board of Auditors, and on condition that said access is permitted by current legislation.

The documentation set out in the Model relating to the Sensitive Processes is also stored by the relevant Personnel for a period of 10 years.

5.6 Relations with the company's Supervisory Bodies

Without prejudice to the above content concerning the flows of information towards the Supervisory Board and the reports to be submitted by the Supervisory Board to the senior management, the Supervisory Board organizes an annual meeting with the Board of Auditors and the Audit Firm in order to verify the observance of the Company's rules and procedures by the Directors, Managers and Employees. The minutes of said meeting must be stored by the Supervisory Board in its archives for a period of 10 years.

6. THE TRAINING OF THE RESOURCES AND THE DISSEMINATION OF THE MODEL

The Company undertakes to ensure the prompt internal and external dissemination of the Model through:

- its distribution to all of the members of the Corporate Bodies and all Personnel;
- its displaying in a location accessible to all;
- its being made available to the Other Addressees and any other party on the Company's website and its intranet.

In partnership with the Human Resources Department, the Supervisory Board organizes training initiatives that are differentiated to match the intended recipients' roles and responsibilities.

In the contracts with the Other Addressees, the parties involved are expected to sign declarations formalizing their commitment to respect the Model and the Code of Ethics; in addition, clauses will be introduced into the contracts setting out the relevant contractual sanctions to be applied whenever the aforementioned commitment is breached (see Section 7, "The Disciplinary System").

For contractual relationships already in existence at the time in which this Code of Ethics comes into force, ICA will require the Other Addressee to sign a specific additional agreement featuring the aforementioned content.

7. THE DISCIPLINARY SYSTEM

7.1 ICA's disciplinary system

The definition of a fair disciplinary system, to be applied in the event of breaches of the rules set out in the Model, makes the activities of the Supervisory Board more efficient and is intended to ensure the effectiveness of the Model.

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Indeed, the definition of the disciplinary system constitutes, pursuant to the terms of the Decree, an essential pre-requisite of the Model for the purposes of exoneration with respect to the Company's liability.

This Disciplinary System is intended to operate in compliance with the current regulations, including, where applicable, those set out in the collective labor agreements, and its nature is mainly internal, for use within the Company, since rather than replacing the current laws or regulations, it is supplementary to them.

Breaches of the Model committed by the Corporate Bodies, Managers, Employees and Other Addressees will, in particular, be subject to sanction.

The establishment of a disciplinary procedure, and the application of the sanctions set out below, do not prejudice the initiation and/or the outcome of any criminal proceedings concerning the same conduct considered by the Disciplinary System in question.

7.2 Sanctionable conduct

For the purposes of the Disciplinary System in question, and in compliance with the provisions set out in the collective labor agreements (where applicable), breaches of the Model are constituted by all forms of conduct, commissive or omissive (including misconduct), that may damage the effectiveness of the Model as an instrument for the prevention of the risk of the offenses provided for under the Decree being committed.

In compliance with the constitutional principle of legality, and with the principle of the proportionate nature of the sanction, taking account of all the elements and/or circumstances relevant to said sanction, it is deemed appropriate to define the possible breaches, set out below in order of increasing seriousness:

- a) the breaching of the internal procedures set out or referred to in this Model (for example, failure to observe the prescribed procedures, failure to inform the Supervisory Board in relation to prescribed information, failure to carry out checks, etc.) or the adoption, in carrying out activities associated with the Sensitive Processes, of conduct that does not comply with the prescriptions of the Model or with the procedures referred to therein;
- b) the breaching of the internal procedures set out or referred to in the Model or the adoption, in carrying out activities associated with the Sensitive Processes, of conduct that does not comply with the prescriptions of the Model or with the procedures referred to therein, which expose the Company to an objective risk of committing one of the offenses;
- c) the adoption, in carrying out activities associated with the Sensitive Processes, of conduct that does not comply with the prescriptions of the Model or with the procedures referred to therein, and is clearly geared towards the commission of one or more of the offenses;
- d) the adoption, in carrying out activities associated with the Sensitive Processes, of conduct that is clearly in breach of the prescriptions of the Model, or of the prescriptions referred to therein, such as to result in the tangible application against the Company of sanctions provided for under Legislative Decree 231/2001.

It is appropriate to define, in particular, the possible breaches concerning the sector of health and safety in the workplace, which are set out below in order of increasing seriousness:

- e) failure to respect the Model, should the breach result in a situation of tangible physical danger for one or more persons, including the perpetrator of the breach, as long as one of the conditions set out at points f), g) and h) (below) does not apply;

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- f) failure to respect the Model, should the breach result in physical harm to one or more persons, including the perpetrator of the breach, as long as one of the conditions set out at points g) and h) (below) does not apply;
- g) failure to respect the Model, should the breach result in physical harm, classifiable as “serious” pursuant to the terms of Article 583, Sub-section 1 of the Italian Penal Code, to one or more persons, including the perpetrator of the breach, as long as one of the conditions set out at point h) does not apply;
- h) failure to respect the Model, should the breach result in physical harm, classifiable as “grievous” pursuant to the terms of Article 583, Sub-section 1 of the Italian Penal Code, or the death of one or more persons, including the perpetrator of the breach.

7.3 Sanctions

This section lays down the sanctions that may be applied following verification of one of the breaches set out in Sub-section 7.2. The sanctions are applied in compliance with the regulations deriving from the collective labor agreements, where applicable.

In any case, the definition and application of the sanctions must take account of the principles of proportionality and appropriateness with respect to the breach in question.

To this end, the following general elements will be taken into consideration:

- the seriousness of the conduct or of the event to which the conduct has given rise;
- the type of breach committed;
- the circumstances of the conduct;
- the method of the conduct.

The following elements will also be taken into account and may result in the sanction applied being more serious:

- the commission of multiple breaches through repetition of the same conduct, in which case a more serious sanction will be applied accordingly;
- the collusion of multiple individuals in the commission of the breach;
- the recidivism of the perpetrator.

The application of the sanctions set out below will not prejudice, in any case, the Company's right to make a claim against the party responsible in order to obtain compensation for all the damages incurred due to, or resulting from, the verified conduct.

7.3.1 Sanctions applicable against Directors, members of the Board of Auditors and employees of the Audit Firm

Following verification of the commission of one of the breaches set out in Sub-section 7.2 by a Director, a member of the Board of Auditors or an employee of the Audit Firm, the following sanctions will be applied:

- a written warning;
- a notice to comply with the Model;
- the reduction of the annual emoluments or of the pre-set annual fee, by up to 50%;
- removal from office.

Specifically:

- for the breaches referred to at points a) and e) of Sub-section 7.2, the sanction applied will either be a written warning or a notice to comply with the Model;
- for the breaches referred to at points b) and f) of Sub-section 7.2, the sanction applied will either be a notice to comply with the provisions of the Model or the

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reduction of the annual emoluments, or of the pre-set annual fee to be paid to the Audit Firm, by up to 50%;

- for the breaches referred to at points c) and g) of Sub-section 7.2, the sanction applied will either be the reduction of the annual emoluments, or of the pre-set annual fee to be paid to the Audit Firm, or removal from office;
- for the breaches referred to at points d) and h) of Sub-section 7.2, the sanction applied will be removal from office.

In the event of the breach being committed by a Director employed by the Company, the sanctions applied will be those set out for Managers of Employees, as described in Sub-sections 7.3.2 and 7.3.3 (below). In such instances, should the sanction of termination, with or without notice, be imposed, the Director will be removed from office.

7.3.2 Sanctions applicable against Managers

Following verification of the commission of one of the breaches set out in Sub-section 7.2 by a Manager, the following sanctions will be applied (adapted – as permitted by Article 27 of the Italian collective labor agreement in force [CCNL] concerning Managers of Industrial Companies, and by the judicial interpretations of the matter – from those applicable to the other employees), without prejudice to any other provisions in the sphere of the applicable collective labor agreements:

- a verbal reprimand;
- a written warning;
- a fine, not exceeding the maximum amount set out by the collective labor agreement applicable to the specific case;
- suspension from the post and suspension of salary, not exceeding the maximum amount set out by the collective labor agreement applicable to the specific case;
- dismissal with notice;
- dismissal without notice.

Specifically:

- for the breaches referred to at points a) and e) of Sub-section 7.2, the sanction applied will either be a verbal reprimand or a written warning;
- for the breaches referred to at points b) and f) of Sub-section 7.2, the sanction applied will either be a written warning or a fine;
- for the breaches referred to at points c) and g) of Sub-section 7.2, the sanction applied will either be suspension from the post and suspension of salary, or dismissal with notice;
- for the breaches referred to at points d) and h) of Sub-section 7.2, the sanction applied will be dismissal without notice.

7.3.3 Sanctions applicable against Employees

Following verification of the commission of one of the breaches set out in Sub-section 7.2 by an Employee, the following sanctions will be applied:

- a verbal reprimand;
- a written warning;
- a fine, amounting to no more than 3 (three) hours of remuneration, and in any case within the limits set out by the collective labor agreement applicable to the specific case;

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- suspension from the post and suspension of salary, up to no more than 3 (three) days, and in any case within the limits set out by the collective labor agreement applicable to the specific case;
- dismissal with notice;
- dismissal without notice.

Specifically:

- for the breaches referred to at points a) and e) of Sub-section 7.2, the sanction applied will either be a verbal reprimand or a written warning;
- for the breaches referred to at points b) and f) of Sub-section 7.2, the sanction applied will either be a written warning or a fine;
- for the breaches referred to at points c) and g) of Sub-section 7.2, the sanction applied will either be suspension, or dismissal with notice;
- for the breaches referred to at points d) and h) of Sub-section 7.2, the sanction applied will be dismissal without notice.

In the event of the breach being so serious as to require dismissal, the worker may be suspended from his/her post on a precautionary basis until the sanction is imposed.

7.3.4 Sanctions applicable against Other Addressees

Following verification of the commission of one of the breaches set out in Section 7.2 by an Other Addressee, the following sanctions will be applied:

- a notice to comply with the Model, with failure to do so resulting in the application of the penalty set out below or the termination of the contractual relationship with the Company;
- the application of a penalty, agreed in advance, of 10% of the pre-set amount to be paid to the Other Addressee;
- the immediate termination of the contractual relationship with the Company.

Specifically:

- for the breaches referred to at points a), b), e) and f) of Sub-section 7.2, the sanction applied will be a notice to comply or the agreed penalty or termination, depending on the seriousness of the breach;
- for the breaches referred to at points c) and g) of Sub-section 7.2, the sanction applied will be the agreed penalty or termination;
- for the breaches referred to at points d) and h) of Sub-section 7.2, the sanction applied will be termination.

In the event of the breaches set out in Sub-section 7.2 being committed by agency staff or contracted workers, the sanctions will be applied – once it has been positively verified that the breach was committed by the worker in question – against the agency or contractor.

In the context of the relations with the Other Addressees, the Company inserts into the relevant appointment letters and/or contracts, dedicated clauses setting out the application of the aforementioned measures in the event of breach of the Model.

7.4 The procedure for application of the sanctions

This section sets out the procedures to follow when applying the sanctions resulting from the commission of the breaches envisaged in Sub-section 7.2.

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Specifically, it is important to delineate the procedure for the application of the sanctions in relation to each category of addressees, indicating, for each one:

- the phase of notifying the interested party about the breach;
- the phase of identifying and subsequently applying the sanction.

In any case, the application procedure is initiated following the reception, by the Corporate Bodies involved on a case-by-case basis (as set out below), of the communication with which the Supervisory Board provides notification of the breach of the Model.

Specifically, in all cases in which the Supervisory Board receives a report (even from an anonymous source) or acquires, during the course of its activity of supervision and verification, the set of elements that, taken together, would indicate the risk of a breach of the Model being committed, it is obligated to carry out the inspections and checks, falling within its remit, that it deems appropriate.

Having completed its checks and monitoring operations, the Supervisory Board makes an evaluation, based on the elements in its possession, as to whether that which has been verified is effectively a sanctionable breach of the Model. If so, it reports the breach to the relevant Corporate Bodies; if not, it informs the Human Resources Manager in order to evaluate the conduct with respect to other applicable laws and regulations.

Should the Corporate Bodies responsible for the application of the sanction ascertain that the breach of the Model detected by the Supervisory Board also represents one or more breaches of the provisions set out in the corporate disciplinary infrastructure and/or the collective labor agreements, on completion of the prescribed procedure a sanction may be applied, out of the various applicable options, that may be more serious than the sanction proposed by the Supervisory Board.

7.4.1 The procedure for application of the sanctions against Directors, members of the Board of Auditors and employees of the Audit Firm

Should the breach of the Model be committed by a Director, who is not an employee of the Company, the Supervisory Board submits a report to the Board of Directors and the Board of Auditors, containing:

- a description of the conduct in question;
- an indication of the provisions of the Model that have been breached;
- the details of the party responsible for the breach;
- any documents providing evidence of the breach and/or other validating elements;
- a proposal in terms of the sanction deemed appropriate to the case.

Within ten days of receipt of the Supervisory Board's report, the Board of Directors summons the member identified by the Supervisory Board to attend a meeting of the Board of Directors, which must be held not later than 30 days after receipt of the report. The summons must:

- be made in writing;
- contain information on the conduct in question and on the provisions of the Model that have been breached;
- state the date of the meeting, advising the summoned party of his/her right to make comments and/or claims, either verbally or in writing.

The summons must be signed by the Chair and by at least one member of the Board of Directors.

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At the meeting of the Board of Directors, at which the Supervisory Board is invited to participate, the hearing of the interested party will be staged, any claims submitted by said party will be received and any additional checks deemed appropriate will be conducted.

On the basis of the information acquired, the Board of Directors determines the sanction it deems applicable, providing reasons for any discrepancy between its proposal and that formulated by the Supervisory Board.

Should the sanction deemed applicable involve the reduction of the annual emoluments and the removal from office, the Board of Directors will immediately convene the Shareholders' Assembly with a view to taking the relevant decisions.

The decision of the Board of Directors and/or the Shareholders' Assembly, depending on the case, is communicated in writing, by the Board of Directors, to the interested party and to the Supervisory Board, in order for the appropriate checks to be carried out.

The aforementioned procedure is applied, *mutatis mutandis*, also when the breach of the Model is committed by a member of the Board of Auditors or an employee of the Audit Firm, within the limits of the applicable legislation.

In all cases in which a breach of the Model is committed by a Director employed by the Company, the procedure set out in Sub-sections 7.4.2 or 7.4.3 will be applied.

Should the outcome of said procedure be the imposition of the sanction of dismissal, the Board of Directors immediately convenes the Shareholders' Assembly to approve the removal of the Director from office.

7.4.2 The procedure for application of the sanctions against Managers

Should the breach of the Model be committed by a Manager, the procedure for confirmation of the breach is carried out in compliance with the provisions set out in Article 7 of the Workers' Statute, and with the applicable collective labor agreements.

Specifically, the Supervisory Board submits a report to the Board of Directors and the Board of Auditors and the Human Resources Manager, containing:

- a description of the conduct in question;
- an indication of the provisions of the Model that have been breached;
- the details of the party responsible for the breach;
- any documents providing evidence of the breach and/or other validating elements;
- a proposal in terms of the sanction deemed appropriate to the case.

Within ten days of the receipt of the Supervisory Board's report, the Company – through the Human Resources Manager – notifies the Manager in question as to the breach verified by the Supervisory Board in the form of a written communication containing:

- a clear indication of the conduct in question and of the provisions of the Model that have been breached;
- notice of the right to formulate written claims and/or justifications within eight days of receipt of the communication, and of the right to request the intervention of the representative of the trade union of which the Manager is a member or to which he/she grants authority.

The notification must be signed by the Chair of the Board of Directors. Following any counterclaims made by the Manager in question, the Board of Directors will make a pronouncement relating to the determination and application of the sanction, providing reasons for any discrepancy between its proposal and that formulated by the Supervisory Board.

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In any case, the disciplinary measures cannot be imposed until eight days have passed since receipt of the notification by the Manager in question, and the Manager must be notified by the Human Resources Manager of the disciplinary measures no more than eight days after the expiry of the deadline for the formulation of written claims and/or justifications.

The Human Resources Manager deals with the effective application of the sanction in compliance with the relevant legislation and regulations, and with the provisions set out in the collective labor contracts and the corporate regulatory framework, where applicable.

The Supervisory Board, which is informed of the application of the sanction, verifies that it has been effectively applied.

Without prejudice to the right to resort to the judicial authorities, the Manager may request, in the twenty days following receipt of the disciplinary measure, the setting up of a conciliation and arbitration board, as set out in the collective labor agreements applicable to the case in question. In such instances, the disciplinary sanction is suspended until the conciliation and arbitration board reaches a verdict.

7.4.3 The procedure for application of the sanctions against Employees

Should the Supervisory Board ascertain a breach of the Model committed by an Employee, the provisions set out in Sub-section 7.4.2 will be applied both to the notification procedure and to the procedure for the application of the sanction.

Without prejudice to the right to resort to the judicial authorities, the Manager may request, in the twenty days following receipt of the disciplinary measure, the setting up of a conciliation and arbitration board, as set out in the collective labor agreements applicable to the case in question. In such instances, the disciplinary sanction is suspended until the conciliation and arbitration board reaches a verdict.

7.4.4 The procedure for application of the sanctions against Other Addressees

Should it ascertain a breach of the Model by one of the Other Addressees, the Supervisory Board submits a report to the Board of Directors, the Board of Auditors and the individual responsible for the management of the contractual relationship in question, containing:

- a description of the conduct in question;
- an indication of the provisions of the Model that have been breached;
- the details of the party responsible for the breach;
- any documents providing evidence of the breach and/or other validating elements;
- a proposal in terms of the sanction deemed appropriate to the case.

Within ten days of receipt of the Supervisory Board's report, the manager of the relevant department will make an announcement on the determination and application of the measure, providing reasons for any discrepancy between his/her proposal and that formulated by the Supervisory Board.

The manager in question then informs the interested party in writing of the conduct in question, of the provisions of the Model that have been breached, and of the applicable contractually envisaged measures for remedying the breach.

The definitive application of the sanction is communicated in writing to the interested party by the manager of the relevant department, who also ensures the effective application of the sanction in compliance with the relevant legislation and regulations.

The Supervisory Board, which receives a copy of the communication, verifies the implementation of the applicable contractual remedy.

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8. CHECKS ON THE ADEQUACY OF THE MODEL

Alongside the activity of supervision that the Supervisory Board conducts on an ongoing basis on the effectiveness of the Model (and that takes the form of the verification of the correspondence between the tangible conduct of the addressees and the Model), it periodically carries out specific checks on the actual capacity of the Model to prevent the commission of offenses, with the option to avail itself of third parties that are able to provide an objective evaluation of the work done.

This activity involves conducting sample checks on the main corporate documents and the contracts or acts of greatest importance signed or performed by ICA in relation to the Sensitive Processes and the compliance of said documents, contracts and acts with the rules set out in this Model.

The verification operations are conducted by the Supervisory Board, which normally avails itself of the support of other internal departments as and when necessary.

The checks and the outcome of those checks are the subject of an annual report submitted to both the Board of Directors and the Board of Auditors. In the event of detection of inefficiencies in the Model, the Supervisory Board will set out the improvements to be made.