

ORGANISATION, MANAGEMENT AND CONTROL MODEL

PURSUANT TO LEGISLATIVE DECREE 231 OF 8 JUNE 2001

SICK S.p.A - Vimodrone

SICK
Sensor Intelligence.

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GENERAL PART

1 DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 Introduction

With Legislative Decree 231 of 8 June 2001 (hereinafter, “Legislative Decree 231/2001” or “Decree”), issued in implementation of the delegation of authority granted to the Government with Article 11 of Law 300 of 29 September 2000,¹ rules have been imposed to regulate the “*liability of entities for the administrative offences resulting from criminal offences*”.

These rules apply to legal entities, companies and associations, regardless of whether the latter have the status of a legal entity.

Legislative Decree 231/2001 originated with several international and European Union conventions ratified by Italy that have obligated it to establish forms of liability for collective entities in the event certain types of crimes are committed.

In fact, pursuant to the rules introduced by Legislative Decree 231/2001, companies may be held “liable” for certain criminal offences that are committed or attempted on behalf of or benefiting the companies themselves, by members of their top management (persons in “top management positions” or simply “top management”) and by those under the management and control of top management (Art. 5(1) of Legislative Decree 231/2001)².

The administrative liability of companies is separate and distinct from the criminal liability of the natural person who committed the offence, and is in addition to this latter liability.

This extension of liability aims substantially at extending the punishment for specific offences to the owners of the company and, in the final analysis, the economic interests of the shareholders who, until the decree in question entered into force, did not suffer any direct consequences from the commission of criminal offences on behalf or to the benefit of their own company by directors and/or employees.

Pursuant to Legislative Decree 231/2001, the companies are subject both to the direct and independent monetary fines and to the debarment sanctions for offences perpetrated by persons who are functionally tied to the company pursuant to Article 5 of the Decree.

Nevertheless, administrative liability is excluded if the company has, inter alia, adopted and effectively implemented Organisation, Management and Control Models before commission of the offences, and those Models were capable of preventing offences of the same kind.

¹ Legislative Decree 231/2001 was published in Official Gazette no. 140 of 19 June 2001, and Law 300/2000 in Official Gazette no. 250 of 25 October 2000.

² Article 5(1) of Legislative Decree 231/2001: “Liability of the entity – The entity is liable for the offences committed on its behalf or to its benefit: a) by persons who hold representative, administrative or management positions at the entity or one of its organisational units having financial and functional autonomy, and by persons who effectively or de facto manage and control it; b) by persons under the management and control of one of the persons indicated at sub-indent a)”.

In any event, this liability is excluded if the top management and/or their subordinates have acted exclusively on their own behalf or on behalf of third parties³.

1.2 Applicable statutory offences

Pursuant to Legislative Decree 231/2001, the entity may be held liable only for commission of the offences specifically cited in Articles 23 to 25 *duodecies* of Legislative Decree 231/2001 or pursuant to other statutory provisions (e.g. Article 10 of Law 146/2006 on “Transnational offences”), if committed on its behalf or to its benefit by the persons qualified pursuant to Article 5(1) of the decree itself.⁴

The applicable statutory offences cited by Legislative Decree 231/2001 may be classified in the following categories to simplify their illustration:

- offences in relationships with the Public Administration (e.g. corruption, extortion, embezzlement against the State, computer fraud against the State and inducement to give or promise compensation, cited by **Articles 24 and 25 of Legislative Decree 231/2001**)⁵;
- computer crimes and unlawful data processing (e.g. unlawful access to an information system or telecommunications system, installation of devices that can intercept, impede or interrupt information system or telecommunication system communications, damage to information or telecommunications systems as cited in **Article 24 bis of Legislative Decree 231/2001**)⁶;
- organised crime offences (e.g. Mafia-type associations to commit offences, including foreign ones, vote and influence peddling between politicians and Mafia organisations, kidnapping for ransom cited in **Article 24 ter of Legislative Decree 231/2001**)⁷;

³ Article 5(2) of Legislative Decree 231/2001: “Liability of the entity – The entity is not liable if the persons indicated in paragraph 1 have acted exclusively on their own behalf or on behalf of third parties”.

⁴ Article 23 of Legislative Decree 231/2001 also envisages that the entity may be punished if, during performance of the activity of the same entity on which a sanction or a precautionary debarment measure has been imposed, the obligations or prohibitions inherent in those sanctions and measures are violated.

⁵ These involve the following criminal offences: embezzlement against the State or the European Union (Article 316-bis Italian Criminal Code), unlawful receipt of funds from the State (Article 316-ter Italian Criminal Code), fraud (Article 640 Italian Criminal Code), aggravated fraud against the State (Article 640(2)(1) Italian Criminal Code), aggravated fraud for the purpose of obtaining public funds (Article 640-bis Italian Criminal Code), computer fraud against the State or another public entity (Article 640-ter Italian Criminal Code), corruption for performance of official function (Articles 318, 319, 319-bis and 321 Italian Criminal Code), corruption of persons delegated to perform a public service (Article 320 Italian Criminal Code), corruption in judicial proceedings (Article 319-ter Italian Criminal Code), incitement to commit bribery (Article 322 Italian Criminal Code), extortion (Article 317 Italian Criminal Code), unlawful inducement to give or promise benefits (Article 319-quater Italian Criminal Code); corruption, incitement to commit bribery and extortion of members of the European Union, officials of the European Union, of Foreign States and of public international organisations (Article 322-bis Italian Criminal Code). As cited in the Decree, Law 190 of November 2012 has added the clause entitled “Unlawful inducement to give or promise benefits” in Article 319-quater of the Italian Criminal Code.

⁶ Article 24-bis was added to Legislative Decree 231/01 by Article 7 of Law 48/2008. This clause concerns the criminal forgery of a public computer document or a document valid as evidence (Article 491-bis Italian Criminal Code), unlawful access to an information or telecommunication system (Article 615-ter Italian Criminal Code), unauthorised possession and distribution of access codes to information or telecommunication systems (Article 615-quater Italian Criminal Code), distribution of computer equipment, devices or computer programs for the purpose of damaging or interrupting an information or telecommunication system (Article 615-quinquies Italian Criminal Code), wire-tapping, blocking or illegally interrupting information or telecommunication system communications (Article 617-ter Italian Criminal Code), installation of devices that can intercept, impede or interrupt information system or telecommunication system communications, damage to information or telecommunication systems (Article 617-quinquies Italian Criminal Code), damaging computer information, data and programs (Article 635-bis Italian Criminal Code), damaging computer information, data and programs used by the State or any other public entity or by an entity providing public services (Article 635-ter Italian Criminal Code), damaging information or telecommunication systems (Article 635-quater Italian Criminal Code), damaging information or telecommunication systems of public interest (Article 635-quinquies Italian Criminal Code) and computer fraud by the person or entity that provides electronic signature certification services (Article 640-quinquies Italian Criminal Code).

⁷ Article 24 ter was introduced in Legislative Decree 231/2001 by Article 2(29) of Law 94 of 15 July 2009. These involve the offences of association to commit certain of the offences envisaged in Articles 600-bis, 600-ter, 600-quater, 600-quater.1, 600-quinquies, 609-bis, 609-ter, 609-quinquies, 609-octies, 609-undecies, Mafia-type association to commit

- offences against public trust (e.g. counterfeiting currency, public credit notes, official stamps and identification instruments or marks, cited in **Article 25 bis Legislative Decree 231/2001**)⁸;
- offences against industry and trade (e.g. disturbance of the freedom of industry or trade, fraud in trading activities and sale of industrial products with deceptive marks, cited in **Article 25 bis.1 of Legislative Decree 231/2001**)⁹;
- white collar crime (e.g. false corporate reports, obstruction of controls, unlawfully influencing the shareholders' meeting, corruption between persons in private transactions cited by **Article 25 ter Legislative Decree 231/2001**, as amended by Law 262/2005 and more recently by Legislative Decree 39/2010 and Law 190/2012)¹⁰;
- offences involving terrorism and subversion of the democratic order (cited in **Article 25 quater of Legislative Decree 231/2001**);
- criminal offences against individuals (e.g. slave trade, enslavement and keeping slaves, cited in **Article 25 quater.1 and Article 25 quinquies of Legislative Decree 231/2001**)¹¹;

offences including foreign associations (Article 416-bis Italian Criminal Code), vote and influence peddling between politicians and Mafia organisations (Article 416-ter), kidnapping for ransom (Article 630 Italian Criminal Code) and association for the purpose of illicit trafficking in narcotic or psychotropic drugs (Article 74, Presidential Decree 309/1990). Article 25-bis was introduced in Legislative Decree 231/2001 by Article 6 of Decree Law 350/2001, converted into law, with amendments, by Article 1 of Law 409/2001. This involves the offences of counterfeiting currency, spending and introducing counterfeit money into the country, in conspiracy with others (Article 453 Italian Criminal Code), altering money (Article 454 Italian Criminal Code), spending and bringing counterfeit money into the country, not in conspiracy with others (Article 455 Italian Criminal Code), unwittingly passing counterfeit money (Article 457 Italian Criminal Code), counterfeiting official stamps, bringing into the country, purchasing, possessing or circulating counterfeit official stamps (Article 459 Italian Criminal Code), counterfeiting watermarked paper to make banknotes or official stamps (Article 460 Italian Criminal Code), making or possessing watermarks or instruments for the purpose of counterfeiting money, duty stamps or watermarked paper (Article 461 Italian Criminal Code), using counterfeit or altered duty stamps (Article 464 Italian Criminal Code). The law was then extended to cover the counterfeiting, alteration or use of trademarks or distinctive marks or patents, models and designs (Article 473 Italian Criminal Code), and bringing into the State and trading products bearing counterfeit marks (Article 474 Italian Criminal Code) with the amendment introduced by Article 17(7)(a)(1) of the Law dated 23 July 2009.

⁸ Article 25-bis.1. was added by Article 17(7)(b), Law 99 of 23 July 2009. In particular, it addresses the offences of disturbance of the freedom of industry or trade (Article 513 Italian Criminal Code), illegal competition with threats or violence (Article 513-bis Italian Criminal Code), fraud against national industries (Article 514 Italian Criminal Code), fraud in trading activities (Article 515 Italian Criminal Code), sale of non-genuine foodstuffs as genuine (Article 516 Italian Criminal Code), sale of industrial products with deceptive marks (Article 517 Italian Criminal Code), manufacture and trade in goods made by usurping industrial property rights (Article 517-ter Italian Criminal Code), Counterfeiting of geographical indications or denominations of origin of agricultural and food products (Article 517-quater Italian Criminal Code).

⁹ Article 25-ter was added to Legislative Decree 231/2001 by Article 3 of Legislative Decree 61/2002. This addresses the offences of false corporate reports and false corporate reports damaging shareholders or creditors (Articles 2621, 2621-bis, 2622 and 2623 Italian Civil Code), obstruction of controls (Article 2625(2) Italian Civil Code), fictitious capital formation (Article 2632 Italian Civil Code), undue repayment of contributions (Article 2626 Italian Civil Code), unlawful distribution of profits and reserves (Article 2627 Italian Civil Code), unlawful dealing in the stocks or shares of the company or its parent company (Article 2628 Italian Civil Code), transactions prejudicial to creditors (Article 2629 Italian Civil Code), failure to disclose conflicts of interest (Article 2629-bis Italian Civil Code), improper distribution of the company's assets by its liquidators (Article 2633 Italian Civil Code), corruption between persons in private transactions (Article 2635 Italian Civil Code), unlawfully influencing the shareholders' meeting (Article 2636 Italian Civil Code), manipulation (Article 2637 Italian Civil Code), obstructing the functions of public Supervisory Authorities (Article 2638 Italian Civil Code). Legislative Decree 39/2010 abrogated the provision of Article 2624 Italian Civil Code entitled "False statements in the reports or notices of independent auditors", which was consequently deleted from Legislative Decree 231/2001. Article 2635 Italian Civil Code, entitled "Corruption between persons in private transactions" was added to the Decree by Law 190 of 6 November 2012.

¹⁰ Article 25-quinquies was added to Legislative Decree 231/2001 by Article 5 of Law 228 of 11 August 2003. These consist of the offences of enslavement and keeping persons as slaves or in servitude (Article 600 Italian Code of Criminal Procedure), slave trade (Article 601 Italian Criminal Code), purchase and sale of slaves (Article 602 Italian Criminal Code), offences connected with the prostitution of minors and exploitation thereof (Article 600-bis Italian Criminal Code), child pornography and exploitation thereof (Article 600-ter Italian Criminal Code), possession of pornographic material made through the sexual exploitation of minors (Article 600-quater Italian Criminal Code), virtual pornography (Article 600-quater.1), tourism for the purpose of exploiting child prostitution (Article 600-quinquies Italian Criminal Code). Article 3(1) of Legislative Decree 39 of 4 March 2014 has added to Article 25-quinquies, paragraph 1, sub-paragraph c) of the Decree, a reference to the offence of child grooming (Article 609-undecies Italian Criminal Code).

Article 25-quater.1 was added by Law 7 of 9 January 2006 and refers to the offence of mutilating female genital organs (Article 583 bis Italian Criminal Code)

- market abuse offences (insider trading and market manipulation, cited in **Article 25 sexies Legislative Decree 231/2001**)¹²;
- transnational offences (e.g. association to commit offences and the obstruction of justice, provided that these offences satisfy the prerequisites for being considered “transnational”)¹³;
- workplace health and safety offences (manslaughter and serious or serious personal injuries cited in **Article 25 septies of Legislative Decree 231/2001**)¹⁴;
- receipt of stolen goods, money laundering and use of money, goods or assets of unlawful origin and self-laundering (cited in **Article 25 octies of Legislative Decree 231/2001**)¹⁵;
- copyright infringement (**Article 25 nonies Legislative Decree 231/2001**)¹⁶;
- the offence of inducement not to make statements or to give false statements to the Judicial Authorities (**Article 25 decies Legislative Decree 231/2001**)¹⁷;
- environmental offences (**Art. 25 undecies Legislative Decree 231/2001**)¹⁸;

¹² Article 25-sexies was added to Legislative Decree 231/2001 by Article 9(3) of Law 62/2005. This addresses insider trading (Article 184 of Legislative Decree 58/1998) and market manipulation (Article 185 of Legislative Decree 58/1998).

¹³ Transnational offences were not added directly in Legislative Decree 231/2001 but this statute is applicable to them pursuant to Article 10 of Law 146/2006. For the purposes of this law, a transnational offence is considered to be the crime punished with imprisonment for a maximum of no less than four years, if it involves an organised crime group, and: a) is committed in more than one State; b) is committed in one State, but a substantial part of its preparation, planning, management or control occurs in another State; c) or it is committed in one State, but it implicates an organised crime group involved in criminal activities in more than one State; d) or it is committed in one State but its substantial effects occur in another State. These involve the crimes of association to commit offences (Article 416 Italian Criminal Code), Mafia-type association to commit offences (Article 416-bis Italian Criminal Code), association to commit offences for the purpose of smuggling foreign processed tobacco (Article 291-quater of Presidential Decree 43/1973), association for the purpose of illicit trafficking in narcotic or psychotropic drugs (Article 74, Presidential Decree 309/1990), measures against illegal immigration (Article 12, paragraphs 3, 3-bis, 3-ter and 5 of Legislative Decree 286/1998), inducement not to make statements or to give false statements to the Judicial Authorities (Article 377-bis Italian Criminal Code) and aiding and abetting offenders (Article 378 Italian Criminal Code).

¹⁴ Article 25-septies of Legislative Decree 231/01 was added by Law 123/07. This addresses the offences of manslaughter and serious or extremely serious personal injuries committed with violation of accident prevention and occupational hygiene and health protection laws (Articles 589 and 590, paragraph 3, Italian Criminal Code).

¹⁵ Article 25-octies was added to Legislative Decree 231/2001 by Article 63(3) of Legislative Decree 231/07. This involves the offences of receiving stolen goods (Article 648 Italian Criminal Procedure), money laundering (Article 648-bis Italian Criminal Code) and use of money, goods or assets of unlawful origin (Article 648-ter). Subsequently, Article 3(5) of Law 186 of 15 December 2014 added to Legislative Decree 231/2001 the new offence of self-laundering envisaged and punished by Article 648-ter.1.

¹⁶ Article 25 nonies was introduced by Law 99 of 23 July 2009, “Provisions for the development and internationalisation of companies, and on energy” and adds to the decree Article 171(1)(a)-bis, Article 171(3), Article 171-bis, Article 171-ter, Article 171-septies and Article 171-octies of Law 633 of 22 April 1941 covering the “Protection of copyright and other rights associated with its exercise”.

¹⁷ Article 25 decies was added by Article 4(1) of Law 116 of 3 August 2009, which introduced in the provisions of Legislative Decree 231/2001 Article 377-bis of the Italian Criminal Code, entitled “Inducement not to make statements or to give false statements to the Judicial Authorities”.

¹⁸ Article 25-undecies was added by Article 2 of Legislative Decree 121 of 7 July 2011, which introduced in the provisions of Legislative Decree 231/2001 certain acts considered as criminal offences (punishable for malice aforethought) and as misdemeanours (punishable for negligence, inter alia), including: 1) Article 137 of Legislative Decree 152/2006 (Consolidated Environmental Law): this concerns violations of administrative authorisations, inspections and reports to the delegated authorities on the management of industrial waste water; 2) Article 256 of Legislative Decree 152/2006: this concerns the activities of collection, transport, recovery, disposal or, in general, waste management that are unauthorised or in violation of the provisions stipulated in the authorisations; 3) Article 257 of Legislative Decree 152/2006: this concerns site clean-up violations that cause pollution of the soil, subsoil and surface waters and going above the limits on hazardous concentrations; 4) Article 258 Legislative Decree 152/2006: this addresses a crime punished as a malicious offence committed by someone who, when preparing a waste analysis certificate, provides false information about the nature, composition and chemical and physical characteristics of the wastes and who uses a false certificate during transport; 5) Articles 259 and 260 Legislative Decree 152/2006: these concern the illegal trafficking of wastes, both in simple and organised form; 6) Article 260 bis Legislative Decree 152/2006: this addresses different crimes, punished as malicious offences, concerning the waste tracking control information system (SISTR), to combat forgery of the waste analysis certificate or waste transport certificate in altered electronic or paper format; 7) Article 279 Legislative Decree 152/2006: this addresses the cases where the allowed limits on pollutant emissions limits are exceeded in operating a plant, and this also causes violation of air quality limits. Article 25-undecies has been amended by Law 68 of 2015, which introduced monetary fines for the following violations: environmental pollution (Article 452-bis Italian Criminal Code),

- unlawful employment of citizens from other countries whose stay is irregular (**Article 25 duodecies Legislative Decree 231/2001**)¹⁹.

1.3 Applicable sanctions

Articles 9-23 of Legislative Decree 231/2001 impose the following sanctions on the entity when the aforementioned offences are committed or attempted:

- monetary fine (and attachment for interim relief);
- debarment sanctions (also applicable as interim relief) lasting no less than three months and no more than two years (with the clarification that, pursuant to Article 14(1) of Legislative Decree 231/2001, “*The debarment sanctions target the specific activity to which the offence committed by the entity refers*”), which may consist in turn of:
 - debarment from operating the activity;
 - suspension or revocation of the authorisations, licenses or concessions used to commit the offence;
 - a ban on contracting with the public administration, except to obtain the performance of a public service;
 - exclusion from concessions, loans, contributions or subsidies, and possible revocation of those already granted;
 - a ban on advertising its goods and services.
- confiscation (and attachment for interim relief);
- publication of the judgement (if a debarment sanction is applied).

The Judge determines the monetary fine according to a system based on “quotas”. The number of quotas may not be less than one hundred or more than one thousand, and their amount varies from a minimum of Euro 258.22 to a maximum of Euro 1,549.37. When setting the monetary fine, the Judge determines:

- the number of quotas, considering the seriousness of the act, the degree of the entity's liability, and the action taken to eliminate or attenuate the consequences of the act and to prevent the commission of further unlawful acts;
- the amount of the individual quota, according to the economic and financial conditions of the entity.

environmental disaster (452-quarter Italian Criminal Code), environmental offences without criminal intent (Article 452-quinquies Italian Criminal Code), trafficking and abandonment of highly radioactive material (Article 452-sexies Italian Criminal Code) with the related aggravating circumstances (Article 452-octies Italian Criminal Code), killing, destruction, capture, taking or possession of protected wild animal or plant species (Article 727-bis Italian Criminal Code), destruction or deterioration of habitat within a protected site (Article 733-bis Italian Criminal Code). Law 68/2015 has also imposed monetary fines for commission of the offences envisaged in Law 150/1992 (International trade of animal and plant species at risk of extinction), in relation to commission of the offences envisaged in Article 3(6) of Law 549/1993 (Measures to protect the ozone layer in the stratosphere and the environment) and the offences envisaged in Legislative Decree 202/2007 (Pollution caused by ships).

¹⁹ Article 25 duodecies was added by Article 2 of Legislative Decree 109 of 16 July 2012, which introduced in the provisions of the Decree the offence envisaged in Article 22, paragraph 12-bis of Legislative Decree 286 of 25 July 1998.

The debarment sanctions apply only to the administrative offences for which they are specifically envisaged, and provided that at least one of the following conditions applies:

- a) the entity has realised a large profit from consummation of the offence, and the offence was committed by top management personnel or by subordinates reporting to others when, in this last case, serious organisational deficiencies caused or facilitated commission of the offence;
- b) if the offences are repeated.

The Judge determines the type and duration of the debarment sanction, considering the fitness of the individual sanctions to prevent unlawful acts of the sort that was committed and, if necessary, may apply them jointly (Article 14, paragraphs 1 and 3, Legislative Decree 231/2001).

The sanctions of debarment from operating the activity, ban on contracting with the Public Administration and ban on advertising goods and services may be applied on a permanent basis in the most serious cases²⁰. Moreover, the activity of the entity may be continued (in lieu of imposition of the sanction) by a commissioner appointed by the Court pursuant to the conditions set out in Article 15 of Legislative Decree 231/2001²¹.

1.4 Attempt

When the offences that are sanctioned pursuant to Legislative Decree 231/2001 are committed in attempted form, the monetary fines (and specifically their amount) and the debarment sanctions (and specifically their duration) are reduced by one third to one half (Articles 12 and 26 Legislative Decree 231/2001).

The entity incurs no liability if it voluntarily prevents execution of the act or realisation of the event (Article 26 Legislative Decree 231/2001). In this case, non-application of the sanctions is justified in consequence of the interruption of all relationships between the entity and the persons who are assumed to act in its name and on its behalf.

²⁰ In this regard, see Article 16 of Legislative Decree 231/2001, pursuant to which: "1. Permanent debarment from operating the activity may be ordered if the entity has realised a large profit from the offence and has already been convicted at least three times in the last seven years to temporary debarment from operating the activity. 2. The judge may permanently debar the entity from contracting with the public administration or debar it from advertising goods or services when the same penalty has already been inflicted on it at least three times over the last seven years. 3. If the entity or one of its organisational units are permanently used for the sole or principal purpose of allowing or facilitating the commission of offences for which it may be held liable, permanent debarment from operating the activity is always ordered and the provisions of Article 17 do not apply".

²¹ "Judicial Commissioner – If the conditions are satisfied for imposing a debarment sanction that halts the entity's operations, the judge may, in lieu of applying the sanction, order that the entity's activity continue under the control of a commissioner for a period equal to the duration of the debarment sanction that would have been applied, when at least one of the following conditions apply: a) the entity provides a public service or necessary public service whose interruption might cause serious harm to society; b) interruption of the entity's activity may have major repercussions on employment, considering its dimensions and the economic conditions of the territory where it is located. The judge specifies the commissioner's duties and powers in the judgement ordering continuation of the activity, considering the specific activity in connection with which the offence was committed by the entity. In connection with the duties and powers indicated by the judge, the commissioner oversees the adoption and effective implementation of the organisation and control models that can prevent commission of the offences of the type that occurred. The commissioner may not execute acts of extraordinary administration without authorisation by the judge. The profit resulting from continuation of the activity is confiscated. Continuation of the activity by the commissioner may not be ordered when interruption of the activity results from definitive imposition of a debarment sanction".

1.5 Offences committed in foreign countries

Pursuant to Article 4 of Legislative Decree 231/2001, the entity may be held liable in Italy for offences – envisaged in Legislative Decree 231/2001 – committed in foreign countries²².

The premises for holding the entity liable for the offences committed in foreign countries are:

- i) the offence must be committed by a person functionally connected with the entity, pursuant to Article 5(1) of Legislative Decree 231/2001;
- ii) the entity must have its own head office in the territory of the Republic of Italy;
- iii) the entity may be held liable only in the cases and according to the conditions envisaged in Articles 7, 8, 9, 10 Italian Criminal Code. (in the cases where the law provides that the guilty person – a natural person – be punished on request by the Minister of Justice, the entity is prosecuted only if the request is also made against the entity itself, partly in accordance with the principle of legality pursuant to Article 2 of Legislative Decree 231/2001, and only for the offences for which its liability is envisaged by a special legislative provision;
- iv) when the cases and conditions envisaged in the aforementioned articles of the Italian Criminal Code apply, the State in the place where the act was committed does not prosecute the entity.

1.6 Organisation, Management and Control Model

A characteristic aspect of Legislative Decree 231/2001 is that the Organisation, Management and Control Models adopted by the company exempt it from liability. If an offence is committed by a member of top management, the company is not held liable if it proves that (Article 6(1) of Legislative Decree 231/2001):

- the management body adopted and effectively implemented organisation and management models before commission of the act and which could have prevented offences of the kind that were actually committed;
- the task of supervising the functioning of and compliance with the models and updating them was delegated to a company body vested with independent powers of initiative and control;
- the persons committed the offence by fraudulently avoiding the organisation and management models;
- there was no omission or insufficient control by the supervisory board.

Therefore, the company will have to prove that it played no part in commission of the acts charged against the top manager by demonstrating that it satisfied all of the aforementioned prerequisites and, consequently, the fact that the offence was not committed in consequence of its own “organisational negligence”.

Instead, in the case of an offence committed by persons under the management and supervision of another person, the company is liable if commission of the offence was rendered possible by violation of the management or supervision obligations with which the company must comply.

²² Article 4 of Legislative Decree 231/2001 provides as follows: “1. In the cases and at the conditions envisaged in Articles 7, 8, 9 and 10 Italian Criminal Code, the entities that have their head office on Italian territory shall also be liable for the offences committed in foreign countries, provided that the State in the place where the act was committed does not prosecute them. 2. In the cases where the law envisages that the guilty party be punished on request by the Minister of Justice, the entity is prosecuted only if the request is also made against the entity.”

Article 7(4) of Legislative Decree 231/2001 also defines the prerequisites for effective implementation of the organisational models:

- periodic review and possible modification of the model when material violations of the prerequisites are found or when changes occur in the organisation and its activity.
- an effective disciplinary system to punish non-compliance with the measures envisaged in the model.

Legislative Decree 231/2001 outlines the contents of the Organisation and Management Models by providing that connection with extension of the delegated powers and risk of commission of offences, they have to:

- identify the activities which may give rise to the commission of offences;
- define specific procedures according to which the company makes and implements decisions relating to the offences to be prevented;
- define procedures for managing financial resources to prevent offences from being committed;
- mandate disclosures and reporting to the body delegated to supervise the functioning of and compliance with the models;
- an effective disciplinary system to punish non-compliance with the measures envisaged in the model.

In regard to occupational health and safety offences, Article 30 of Legislative Decree 81/08 provides that the Organisation and Management Model must be adopted by implementing a corporate system to comply with all legal obligations related to:

- compliance with the technical-structural standards required by law in respect of equipment, plant, workplaces, and chemical, physical and biological hazards;
- assessment of the risks and preparation of consequent prevention and protection measures;
- organisation to handle emergencies, first aid, supply/works contract management, regular safety meetings, consultations with the workers' safety representatives;
- health monitoring activities;
- worker information and training activities;
- monitoring of compliance by the workers with the safe work procedures and instructions;
- acquisition of legally mandatory documents and certifications;
- periodic assessments of the application and effectiveness of the adopted procedures.

1.7 Codes of conduct drafted by business associations

Article 6(3) of Legislative Decree 231/2001 envisages that "The organisation and management models may be adopted, while guaranteeing satisfaction of the requirements indicated in paragraph 2, on the basis of codes of conduct drafted by the business associations representing the entities, and which are notified to the Ministry of Justice which, in collaboration with the other Ministries having jurisdiction, may make comments within thirty days on the fitness of the models to prevent criminal offences".

In preparing this Model, the Company followed the Confindustria Guidelines issued on 7 March 2002, which were first amended in March 2008 and then in March 2014 and approved by the Ministry of Justice.

In particular, the Confindustria Guidelines suggest to its member companies that they use risk assessment and risk management processes when drafting their Organisation, Management and Control Models, and envisage the following phases:

- identification of “sensitive” activities, i.e. those in connection with offences may be committed, and the related risks;
- analysis of the control system existing before adoption of the Organisational Model;
- assessment of the remaining risks not covered by the preventive control protections;
- inclusion of specific procedures to prevent the commission of offences, in view of upgrading the preventive control system.

Nevertheless, it should be pointed out that any non-compliance with the specific aspects of the reference Guidelines does not by itself impair the validity of the Model adopted by the Company. In fact, since the individual Model has to be prepared in reference to the actual situation of the company to which it refers, it may diverge from the Guidelines (which, by their nature, are of a general nature), so as better to address the demands for prevention made in the Decree itself.

2 DESCRIPTION OF THE COMPANY

2.1 Company Activity

Sick S.p.A. is a company operating in Italy that makes components and services for industrial automation, automation of factory machines and equipment, logistic processes, measurement and control of gases and dust, especially those released by industrial processes, and provides technical support (installation and maintenance) to its customers.

The activity of Sick S.p.A. is concentrated specifically on the development, assembly, marketing, installation, including on behalf of third parties, of photoelectric equipment, inductive and magnetic proximity sensors, rotating and linear position measurement systems, accident prevention systems, laser measurement systems, vision systems, bar code readers, cash registers of gas flow, analysers of dust and gas and provision of services to third parties in those sectors.

Sick S.p.A. offers high quality standards that are guaranteed, inter alia, by the application of methods and controlled procedures aimed at realising full customer satisfaction.

2.2 Description of the corporate structure

2.2.1 Ownership structure

Sick S.p.A. is an Italian company belonging to the Sick Group, with approved share capital of Euro 1,508,000 (one million five hundred eight thousand).

In particular, Sick AG owns 2,610,000 (two million six hundred ten thousand) shares having a par value of Euro 0.52 (zero point five two) and Sick Engineering GmbH owns 290,000 (two hundred ninety thousand) shares having a par value of Euro 0.52 (zero point five two).

2.2.2 *The organisational structure of Sick S.p.A.*

The Company is managed by a Board of Directors (composed by three standing members) which, being vested with full powers for ordinary and extraordinary management of the Company and providing for all matters that are not reserved by law or the articles of association to the shareholders' meeting, has delegated ordinary management to the following appointed individuals:

- the Chief Executive Officer, who has been granted powers for ordinary management of the Company under his own, free, several and separate power of signature, with the exception of those that cannot be delegated by law or the articles of association or that the law or articles of association reserve to the board of directors itself. These powers are to be exercised within the limits of what is envisaged in the documents adopted by the Company;
- Chairman of the Board of Directors, who has been granted powers for ordinary and extraordinary management of the Company under his own, free, several and separate power of signature, including the power to appoint agents with limited authority and agents to negotiate agreements;
- the Chief Financial Officer, who has been granted powers for financial management of the Company under his own, by power of attorney, free power of signature, with the exception of those that cannot be delegated by law or the articles of association or that the law or articles of association reserve to the board of directors itself, or with the joint signature of another procurator of the Company or a member of the Company Board of Directors. These powers are to be exercised within the limits of what is envisaged in the documents adopted by the Company;
- the General Manager, who has been granted powers to represent the Company under his own, by power of attorney, free power of signature, with the exception of those that cannot be delegated by law or the articles of association or that the law or articles of association reserve to the board of directors itself, or with the joint signature of the Chief Executive Officer, or another procurator of the Company or a member of the Board of Directors of the Company. These powers are to be exercised within the limits of what is envisaged in the documents adopted by the Company.
- Board of Statutory Auditors, composed of three standing statutory auditors and two alternate members for the duration of three financial years;

The organisational structure of Sick S.p.a. can be represented as follows:

- the Chief Executive Officer reports directly to the Chairman of Sick S.p.a.; to the Chief Executive Officer report directly:
 - The Chief Financial Officer, who also holds the function of Deputy of the CEO;
 - The Proxy (Marketing Manager);

- HR & Personnel Administration;
- R&D Stegmann;
- IT Dept;
- Sales Manager PA;
- Sales Manager LA;
- Sales Manager FA;
- Regional Sales Manager;
- CCF Responsible (Head of processes inherent in the business cycle);
- Service Manager;

The Company has a “Management Team”, to which belong the Chief Executive Officer, the Chief Financial Officer (CFO), and the head of the Marketing Department and an “Extended Management Team”. The composition of these groups is illustrated in the organisation chart appended to this document (Exhibit 1).

The Heads of the corporate departments listed hereinabove have been assigned specific and formal duties of organisation and coordination of the activities operated by the Company.

The employer has established the Protection and Prevention Service, appointing a person from outside the company as its head (the “RSPP”).

Modification or updates to the organisation chart attached to this document (**Exhibit 1**) do not entail that the Organisation, Management and Control Model (hereinafter, “Model”) be approved again unless the modifications affect the proper functioning of the rules envisaged in this document.

2.3 *The governance instruments of Sick S.p.A.*

The principal **governance** instruments adopted by the Company can be summarised as follows:

- the Articles of Association of Sick that, aside from describing the activity performed by the company, contain different provisions affecting corporate governance, such as the functioning of the shareholders' meeting and the board of directors;
- the system of powers of attorney granted by the Board of Directors to the Chairman of the Board of Directors and the Chief Executive Officer;
- the organisation chart that describes the functions and hierarchical relationships existing at the Company;
- identification of the employer as the Chairman of the Board of Directors, with full powers and full financial independence;

- the corporate procedures, including computer procedures, that regulate the principal business processes;
- the corporate documentation on the management of occupational health, safety and the environment;
- Management Team (formed in accordance with Group policies) and Extended Management Team (introduced at the national level in Italy).

The set of adopted governance instruments (whose general outlines have just been sketched out hereinabove) and provisions of this Model make it possible to identify how the entity's decisions are formed and implemented (see Article 6(2)(b) of Legislative Decree 231/01).

2.4 The Code of Ethics

The principles and rules contained in this Model are consistent with those envisaged in the Code of Ethics adopted by Sick S.p.A.

The Code is distributed to all recipients and sets out the ethical standards that the Company adopts as its own and for which it demands compliance by everyone who work to achieve the corporate objectives.

Inter alia, the Code of Ethics cites standards of conduct that facilitate prevention of the offences envisaged in Legislative Decree 231/01, even if they are not directly included in the Model.

Consequently, the Code of Ethics must be considered as an integral part of this Model and a fundamental tool in achieving the objectives of this document.

3. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL AND THE METHODS USED TO PREPARE IT

3.1 Introduction

The decision of the Board of Directors of SICK to adopt an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, not only establishes grounds for exempting the Company from liability for the commission of certain types of offences, it also represents an act of social responsibility towards stakeholders (e.g. the shareholder, employees, customers, suppliers, partners) as well as society.

Therefore, the Company has decided to undertake an activity (hereinafter, the “Project”) to adopt the Organisation, Management and Control Model Pursuant to Legislative Decree 231/2001 for the prevention of criminal offences.

3.2 The SICK Project to draft its own Model

Article 6(2)(a) of Legislative Decree 231/2001 indicates, as one of the requirements of the model, identification of the processes and activities in relation to which the offences specifically cited in the decree can be committed. In other words, this concerns those activities and corporate processes that are commonly defined as “sensitive” (hereinafter, “sensitive activities” and “sensitive processes”).

Therefore, the Project has envisaged the execution of different operating phases:

PHASE I - Planning and launch of the project

- Preliminary analysis of the principal characteristics of effective (from the perspective of the Decree) existing mechanisms of organisation, management and control through preliminary examination of the existing documentation;
- Meeting with the Chief Executive Officer of the Company and with the Deputy;
- Identification of the organisational units and “Sensitive Activities”, i.e. those prone to the commission of offences and the instrumental activities;
- Identification of the “process owners” for the Sensitive Activities, i.e. the persons having operating responsibilities over them.

PHASE II - Detail Analysis and Gap Analysis of Sensitive Activities

- Interviews with the process owners of the risk-prone areas and the instrumental processes of the Company.
- Recording of interviews and identification of gaps and any improvements as necessary for protection against Legislative Decree 231 risks;
- Preparation of evaluation card and priorities for improvements to bring Customer compliance with provisions of Decree;

- Sharing results of analysis with the Sick Project process owner.

PHASE III - Design of the Organisation, Management and Control Model

- Drafting of descriptive document of the Model pursuant to Legislative Decree 231/2001;

Deliverables

- Matrix of Offences / Company areas and/or Processes (prone to risks and instrumental processes).
- Forms for interviews on existence of adequate internal controls in significant areas prone to risk of offences and in instrumental processes for potential commission of offences.
- Summary matrix of priority assessment to resolve any gaps in system of internal controls pursuant to Legislative Decree 231/01 that are found ("Tableau de Bord").
- "Descriptive Document of Organisation, Management and Control Model pursuant to Legislative Decree 231/2001" to be submitted after adoption by Board of Directors.

4 SUPERVISORY BOARD PURSUANT TO LEGISLATIVE DECREE 231/2001

4.1 Supervisory Board of SICK S.P.A.

In compliance with the provisions of Legislative Decree 231/2001 – Article 6(1), sub-paragraphs a) and b) – the entity may be exempted from the liability resulting from the commission of offences by the qualified persons pursuant to Article 5 of Legislative Decree 231/2001, if the management body has, inter alia:

- adopted and effectively implemented Organisation, Management and Control Models that can prevent the considered offences;
- assigned a company body vested with independent powers of initiative and control the task of supervising the functioning of and compliance with the model and updating it.

Delegation of these tasks to a Board having independent powers of initiative and control, together with their fair and effective performance consequently represent the essential premises for exemption from liability envisaged in Legislative Decree 231/2001.

The principal prerequisites that the Supervisory Board (also referred to as "SB") has to meet in accordance with the Confindustria can be outlined as follows:

- Autonomy and Independence;
- Professionalism;
- Continuous action.

Legislative Decree 231/2001 does not make any specific recommendations in regard to the composition of the Supervisory Board. In the absence of these suggestions, the Company has opted for a solution that, in light of the aims pursued by Law and the guidelines that can be obtained from published court decisions and the benchmark guidelines, can assure that the controls conducted by the Supervisory Board are effective in regard to the dimensions and organisational complexity of the Company.

In particular, SICK has decided to establish a Supervisory Board having at least one external member who guarantees compliance with the imposed requirements. To reinforce the continuity of its activities, the Supervisory Board is supported by a resource inside the Company.

When it establishes the Supervisory Board, the Board of Directors defines the number of its members and justifies its choice by indicating their professional expertise, inter alia.

4.2 General guidelines governing the establishment, appointment and substitution of the Supervisory Board

The Company Supervisory Board is established by resolution of the Board of Directors, has a term of three years, and can be re-elected. The term of the Supervisory Board ends upon expiry of its duration set when it was appointed, although it will continue performing its functions on an interim basis until a new Supervisory Board is appointed. The new Board must be appointed at the first Board of Directors meeting that can be held after expiry of the old Board.

Should a member of the Supervisory Board vacate his seat during his term, the Board of Directors shall replace him by resolution. Until the new member is appointed, the Supervisory Board operates with the other members left in office and, if there are none, with another interim member appointed by the Chairman of the Board of Directors.

Any compensation for members of the Supervisory Board shall be set for the entire duration of their term by the Board of Directors.

Appointment as a member of the Supervisory Board is conditioned on satisfaction of the subjective prerequisites of eligibility.

In particular, when the mandate is granted, the persons appointed to the Supervisory Board must issue a statement in which they certify that no reasons for ineligibility apply to them, such as:

- management and administrative functions – during the three financial years preceding their appointment as member of the Supervisory Board – of companies in bankruptcy proceedings, compulsory administrative liquidation or other insolvency procedures;
- a conviction, even if it has not become a final judgement, and also pursuant to Article 444 Italian Code of Criminal Procedure, inside or outside Italy, for the offences listed in Legislative Decree 231/2001 or offences affecting professional ethics;
- a conviction, even if it has not become a final judgement, or with an order finding him or her to be liable, with a penalty involving temporary or permanent debarment from public offices or temporary debarment from the management offices of legal entities and companies.

Should any of the causes of ineligibility ever apply to an appointed person, that person shall immediately forfeit his/her position.

Under its own direct supervision and responsibility, the Supervisory Board may receive the assistance of all functions and organisational units of the Company or outside consultants in performing the duties assigned to it, drawing on their individual know-how and professional expertise. This possibility allows the Supervisory Board to guarantee a high level of professionalism and the necessary continuity of action.

Accordingly, every year the Board of Directors allocates a spending budget to the Supervisory Board on request by the latter.

This budget allocation allows the Supervisory Board to operate independently and with the appropriate tools for effectively discharging the duties assigned to it by this Model, in accordance with the provisions of Legislative Decree 231/2001. The expenses incurred by the Supervisory Board shall be reported to the Board of Directors.

In order to guarantee the members of the Supervisory Board the stability that they need, their powers on the Supervisory Board may be revoked and then reassigned to another person only with cause as determined in a specific resolution by the Board of Directors.

In this regard, revocation “with cause” of the powers associated with membership on the Supervisory Board may mean, for example but not limited to:

- *gross negligence* in performing the duties associated with the position, such as (for example but not limited to): failure to prepare the half-yearly report on activities to the Board of Directors, as envisaged in section 4.4 hereunder; failure to report to the Chairman or Chief Executive Officer any ascertained violations of the Model, with the presumed commission of offences, as envisaged in section 4.4 hereunder;
- “*omitted or insufficient supervision*” by the Supervisory Board – as envisaged in Article 6(1)(d) of Legislative Decree 231/2001 – as confirmed by conviction, even if not in the form of a final judgement, of the Company pursuant to Legislative Decree 231/2001 or by a measure that otherwise ascertains its liability;
- the assignment of operating functions and responsibilities within the organisation that are incompatible with the specific duties of the Supervisory Board.

In especially serious cases, the Board of Directors may nonetheless order suspension of the powers of the Supervisory Board and appoint an interim Board.

4.3 Functions and powers of the Supervisory Board

The activities carried out by the Supervisory Board cannot be challenged by any other body or organisational unit of the Company. However, the management body must always supervise the adequacy of its activities, insofar as the management body has final responsibility for the functioning and effectiveness of the Model.

The Supervisory Board is granted the powers of initiative and control necessary to guarantee effective and efficient supervision of the functioning and compliance with the Model pursuant to Article 6 of Legislative Decree 231/2001.

Therefore, this Body is delegated the task of generally monitoring:

- the real (and not merely formal) effectiveness of the Model and its adequacy to prevent commission of the offences covered by Legislative Decree 231/01;
- compliance by the recipients with the obligations imposed by the Model;
- updates to the Model if it were found necessary to modify it according to changes in corporate or regulatory conditions.

In particular, the Supervisory Body is delegated the following duties and powers to carry out and exercise its own functions:

- conducting targeted audits of specific risk-prone activities, with free access to the associated data;
- promoting updates to mapping of the risks in the event of significant organisational changes or extension of the type of offences considered by Legislative Decree 231/2001;
- monitoring the information/training initiatives designed to disseminate familiarity with and comprehension of the Model in the company as promoted by the delegated department;
- collecting and managing the information necessary to provide constant updates on implementation of the Model;
- on the basis of the results of audit and control activities, issuing periodic assessments of the adequacy of the Model in terms of its compliance with the provisions of Legislative Decree 231/2001, the reference standards, statutory revisions and significant court decisions, as well as its operations;
- reporting any procedural violations or deficiencies uncovered during audits to the Chief Executive Officer so that he may take the necessary measures compliance measures, by engaging the Board of Directors if necessary;
- monitoring consistent application of the sanctions envisaged by internal rules if the Model is violated, without prejudice to the prerogative of the delegated body to apply sanctions;
- reporting any behavioural deviations that might be revealed by analysis of the information flows and reports that the heads of the various departments have to make.

The Company Board of Directors is responsible for adequately informing the company organisational units about the duties of the Supervisory Board and its powers.

The Supervisory Board is required to maintain the confidentiality of all information that it acquires in the course of performing its duties.

This information may be disclosed only to the persons and in the ways envisaged in this Model.

4.4 Reporting obligations to the Supervisory Board – Information flows

The Supervisory Board must be promptly informed by means of a specific internal communication system about acts, conduct or events that might cause violation of the Model or that, more generally, are material pursuant to Legislative Decree 231/2001.

The obligations to report any acts contrary to the provisions of the Model fall within the scope of the employee's broader duty of diligence and mandatory fidelity pursuant to Articles 2104 and 2105 Italian Civil Code.

Proper satisfaction by the employee of his/her obligation to provide information cannot result in the imposition of disciplinary sanctions.

The following general requirements apply in this regard:

- any reports must be collected in regard to: *i*) the commission, or reasonable risk of commission of the offences envisaged in Legislative Decree 231/2001; *ii*) violation of the rules imposed to protect occupational health and safety or the environment; *iii*) "practices" not in compliance with the rules of conduct issued by the Company; *iv*) conduct that, in any event, may result in violation of the Model;
- an employee who wishes to report a violation (or presumed violation) of the Model may contact his/her direct hierarchical superior or, if the report does not have any outcome or the employee feels uncomfortable in contacting his/her direct superior to make the report, he/she may report directly to the Supervisory Board. In all cases, the report must be brought to the attention of the Supervisory Board;
- in view of effectively collecting the reports described hereinabove, the Supervisory Board shall inform all affected individuals of the ways and forms in which they are to be made;
- the Supervisory Board shall evaluate the reports it receives on a discretionary basis and the cases when action must be taken.

The whistleblowers who file reports in good faith are guaranteed against any form of reprisal, discrimination or penalisation, and in all cases concealment of the identity of the whistleblower is guaranteed, except as otherwise required by law and protection of the rights of the Company or the persons who are accused erroneously and/or in bad faith.

In addition to the reports indicated above, the following information absolutely has to be sent to the Supervisory Board:

- decisions on requests, disbursement and use of public financing;
- the measures and/or information from criminal investigation department bodies or any other authority from which it is inferred that investigations are under way against known or unknown perpetrators, for the offences envisaged in Legislative Decree 231/2001 or occupational health and safety laws and that might implicate the Company;
- the requests for legal assistance sent by directors or employees of legal proceedings are undertaken against them in regard to the offences envisaged in Legislative Decree 231/2001 or occupational health and safety laws;
- the investigative committees or internal reports that point to liability for the applicable statutory offences envisaged in Legislative Decree 231/2001;
- information about the effective implementation of the organisational model at all levels of the entity, highlighting the disciplinary proceedings undertaken and any sanctions that are levied, or orders dismissing this proceedings and the reasons therefor;

- the summary statements of the procurement contracts awarded following national and European calls for tender, or private negotiations;
- information about the contract work assigned by public entities or persons or entities providing public services;
- periodic reports on occupational health and safety;
- reports, announcements and notices concerning organisational and corporate changes.

The reports may be filed in writing, including in anonymous form, by using special and confidential channels of communication:

- *e-mail*: odv@sick.it;
- by letter mailed to: SICK S.p.A., Via Cadorna n. 66, 2009 Vimodrone (MI);

4.4.1 Collection and archiving of information

All information, whistleblowing reports and reports envisaged in the Model shall be kept by the Supervisory Board in a special, confidential archive.

Outgoing members of the Supervisory Board must take measures so that management of the archive is properly transferred to the new members.

4.5 Reporting by the Supervisory Board to the corporate bodies

The Supervisory Board reports on the effectiveness of and compliance with the Model, the discovery of any critical aspects and the need to effect changes. Accordingly, the Supervisory Board prepares:

- a half-yearly report on its activities to be submitted to the Board of Directors;
- immediately after confirmed violations of the Model take place, with the presumed commission of offences, a report to be submitted to the Chairman.

The following issues are addressed in the half-yearly reports:

- audits and inspections conducted by the Supervisory Board and their results;
- the progress on any projects for the implementation/revision of sensitive processes;
- any new laws or organisational changes requiring updates to the identification of risks or changes in the Model;
- any disciplinary sanctions levied by the delegated bodies following violations of the Model;
- other information deemed to be material; summary assessment of the adequacy of the Model according to the provisions of Legislative Decree 231/2001.

The meetings with the corporate bodies to which the Supervisory Board reports must be documented. The Supervisory Board archives the related documents as envisaged in the preceding section.

5 DISCIPLINARY SYSTEM AND SANCTIONS

5.1 *Function of the disciplinary system*

Article 6(2)(e) and Article 7(4)(b) of Legislative Decree 231/2001 indicate the implementation of an effective system for sanctioning compliance with the measures indicated in the model itself as a condition for effective implementation of the organisation, management and control model.

Therefore, the definition of an adequate disciplinary system and sanctions constitutes the necessary premise for an effective organisation, management and control model pursuant to Legislative Decree 231/2001.

The envisaged sanctions will be applied to every violation of the provisions of the Model, regardless of the proceedings and outcome of any criminal action that might be prosecuted by the judicial authorities, if the act to be punished meets the criteria for an applicable statutory offence under Legislative Decree 231/2001.

In any event, the sanction applies regardless of whether a criminal offence was committed, attesting to the Company's own reaction to violation of the procedures or rules of conduct set out in the Model.

5.2 *Measures against employees*

Compliance with the provisions and rules of conduct set out in the Model constitutes satisfaction by Sick employees with the obligations imposed by Article 2104(2) Italian Civil Code. The contents of the Model are the essential complement to that statutory provision.

Violation of the individual provisions and rules of conduct set out in the Model by employees constitutes a disciplinary infraction.

For example, the following conduct constitutes a disciplinary infraction:

- a) negligent violation, infraction, imperfect or partial application of the provisions of the Model or the internal procedures envisaged in the Model;
- b) negligent violation, infraction, imperfect or partial application of the provisions of the Model or the internal procedures envisaged in the Model (e.g. breach of reporting obligations to the Supervisory Board; failure to participate in training courses sponsored by the Company);
- c) voluntary violation, infraction, avoidance, imperfect or partial application of the provisions of the Model or the internal procedures envisaged in the Model;
- d) voluntary violation, infraction, avoidance, imperfect or partial application of the provisions of the Model or the internal procedures envisaged in the Model with the intent to evade the controls imposed by the Company or, in any event, to commit an offence.

The disciplinary measures and sanctions may be imposed on Company employees in compliance with the provisions of Article 7 of Law 300 of 20 May 1970, (the "Workers' Statute") and any special laws as applicable.

For non-management employees, these measures are those envisaged by the disciplinary rules envisaged in the national collective bargaining agreement ("CCNL") for employees of companies providing janitorial and cleaning services and integrated services/multi-services. More specifically,

any infraction of the Model may be punished according to the seriousness of the infractions and/or repeat violations with:

- 1) an oral reprimand for minor infractions, such as those indicated at sub-indent a);
- 2) written warning in the event of repeat commission of the infractions indicated at sub-indent a);
- 3) fine not exceeding three hours of hourly pay, as calculated on the minimum schedule of applicable amounts for the infractions indicated at sub-indent b) or more than three repeated violations during the calendar year of the infractions listed at sub-indent a);
- 4) suspension from work and pay for up to a maximum of three days, for example in the cases envisaged at sub-indent c) or repeat commission of the infractions indicated at sub-indent b);
- 5) termination, for example in the case where the worker commits the infractions indicated at sub-indent d) or the cases of repeat commission of the infractions indicated at sub-indent c).

Whenever news is received of violation of the Model, a disciplinary proceeding shall be launched to verify whether the violation itself was committed. In particular, during the verification phase, the employee will receive preliminary notification that he/she has been accused of the infraction and will be guaranteed a fair amount of time to reply in his/her own defence. Once it has been ascertained that the violation was committed, the perpetrator shall receive a disciplinary sanction in proportion to the seriousness of the committed violation and any repeat commission thereof.

It is agreed that the procedures, provisions and guarantees envisaged in Article 7 of the Workers' Statute and the contractual rules governing disciplinary measures will be implemented.

All acts connected with the disciplinary proceeding must be reported to the Supervisory Board for the assessments and monitoring delegated to it.

5.3 Measures against senior managers

When senior managers violate the provisions and rules of conduct indicated in the Model, the measure deemed to be most appropriate will be imposed on the perpetrators – including termination of employment – in accordance with the provisions of the Italian Civil Code, the Workers' Statute and the contractual rules set out in the collective bargaining agreements.

As a specific sanction, the Supervisory Board may also propose suspension of any powers of attorney that may have been granted to the senior manager himself.

The Supervisory Board always has to be informed about all procedures to levy sanctions for violation of the Model.

5.4 Measures against directors

Once the Supervisory Board has received information that the provisions and rules of conduct set out in the Model have been violated by members of the Board of Directors, it must promptly notify the event to the Board of Statutory Auditors and the entire Board of Directors. After reviewing the grounds for the report and conducting any investigation as necessary, the recipients of the Supervisory Board report may take the appropriate measures including, if appropriate, convening the shareholders' meeting, in order to take the most appropriate measures provided by law.

For example, the following acts constitute violation of the directors' duties:

- the commission or attempt to commit a criminal offence envisaged in Legislative Decree 231/01 in the performance of their own functions;
- failure to comply with the rules prescribed by the Model;
- failure to supervise the compliance of workers, agents or partners of the Company with the Model and the rules set out therein;
- tolerance of irregularities committed by workers, agents or partners of the Company.

All acts connected with the disciplinary proceeding must be reported to the Supervisory Board for the assessments and monitoring delegated to it.

5.5 Measures against the statutory auditors

Once the Supervisory Board has received information that the provisions and rules of conduct set out in the Model have been violated by one or more Statutory Auditors, it must promptly notify the event to the entire Board of Statutory Auditors and the Board of Directors. After reviewing the grounds for the report and conducting any investigation as necessary, the recipients of the Supervisory Board report may take the appropriate measures as envisaged in the Articles of Association and the law including, if appropriate, convening the shareholders' meeting, in order to take the most appropriate measures provided by law.

5.6 Measures against commercial partners, consultants and independent contractors

The commission of acts in violation of the standards set out in the Model and the Code of Ethics by commercial partners, consultants and independent contractors, regardless of what they are called, or other persons having contractual relationships with the Company will be sanctioned in accordance with the provisions of the specific contractual clauses that will be included in the applicable agreements.

Pursuant to those clauses, the third party undertakes to adopt and effectively implement corporate procedures and/or engage in conduct that can prevent the commission of or attempt to commit the offences envisaged in Legislative Decree 231/2001. Full or even partial breach of this obligation is sanctioned, and the Company is entitled to suspend performance of the agreement and/or rescind it unilaterally, even if it is being performed. It might impose penalties or terminate the agreement, albeit without prejudice in any case to the right of the Company to compensatory damages for any damage that it might suffer.

6 TRAINING AND COMMUNICATION PLAN

6.1 Introduction

In view of effectively implementing the Model, Sick guarantees that the contents and standards set out in the Model itself and in the Code of Ethics will be properly disseminated inside and outside of its own organisation.

In particular, the Company aims to extend communication of the standards of the Model and the Code of Ethics not only to its own employees, but also to the persons who operate – albeit only occasionally – to accomplish the objectives of the Company pursuant to the contractual relationships.

The communication and training activity is differentiated according to the targeted recipients, but it must always be based on the standards of thoroughness, clarity, accessibility and continuity so that the various recipients may be fully aware of those corporate provisions with which they must comply and the ethical standards that must guide their conduct.

6.2 Employees and Agents

Every employee and agent who works on behalf of the Company must: *i)* familiarise himself/herself with the contents of the Model provided to him/her; *ii)* familiarise himself/herself with the operating procedures according to which he/she must perform his/her own activity.

Employees must be guaranteed the possibility of accessing and consulting the documents constituting the Model, the control procedures and the corporate procedures related to it. Moreover, in order to facilitate comprehension of the Model, the employees shall participate in the specific training activities to be offered by the Company, but in different ways according to their degree of involvement in activities classified as sensitive activities pursuant to Legislative Decree 231/2001.

A paper copy of the Model will be available to the members of the corporate bodies.

Appropriate tools of communication will be adopted to update the employees on any changes made to the Model, and all material changes in procedures, laws, regulations or the organisation.

Participation in the training programs is mandatory for all recipients of the training and must be documented.

7 ADOPTION OF THE MODEL – CRITERIA FOR UPDATING AND MODIFYING THE MODEL

7.1 Updates and modifications

The Board of Directors resolves on updates to the Model and modifications to it in connection with the amendments that might be necessary in consequence of:

- Changes in the internal structure of the Company and/or the procedures for operating the business activities;
- Changes in the business areas;
- Statutory changes;
- Results of inspections and audits;
- Material violations of the provisions of the Model.

In all cases, the Model shall be revised at least once every three years, unless there are legislative amendments that entail prompt modifications.

The Board of Directors may delegate the tasks described hereinabove to a director/the Chief Executive Officer, and subsequently ratify what they have done.