Organizational, Management and Control Model
Organizational, Management and Control Model
pursuant to Legislative Decree No. 231 of 8 June 2001
of Ansaldo STS S.p.A.

Revision N. 4 of the Organizational, Management and Control Model pursuant to Legislative Decree No. 231/01 approved by the Board of Directors of Ansaldo STS on June 28th, 2012

Available on company’s intranet in section Manuals and on website: http://www.ansaldo-sts.com, section Governance/Internal Control System
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The following documents are integral part of the Organizational, Management and Control Model:

1) Code of Ethics (MNL 004);
2) Organisational Structure Legal Entity Italy (ORA 007), that describes the organizational structure of Ansaldo STS S.p.A., INTERNAL USE;
3) Delegation Matrix (ORA 008), that contains the powers of attorney and the limits of signatory powers assigned to senior managers in Ansaldo STS S.p.A., INTERNAL USE;
4) Delegation Matrix (ORA 012), which shows the delegation of the Employer and other relevant roles regarding safety at work and environment in Ansaldo STS S.p.A., INTERNAL USE;
5) Evidential Paper (TMP 048), that is the Evidential Paper used to report the relations with the Public Administration *;
6) Periodic Statement (TMP 049), that is the Periodic Statement about the compliance with the Model and the powers of attorney and the limits of signatory powers *
7) Significant Parties for the requirements of the Internal Dealing CONSOB Regulations (ORA 009), that states the significant parties as defined by Consob regulation n. 11971 of 1999 as subsequently amended and supplemented (Discipline of Issuers), INTERNAL USE

* Attached as Annex A and Annex B
GENERAL PART
1. **LEGISLATIVE DECREE No. 231/2001 AND RELEVANT REGULATIONS**

1.1. **The regime of administrative liability for legal entities**

Legislative Decree n. 231, dated 8 June 2001, which has introduced the “Regulation on the administrative liability of legal entities, of companies and of associations, including those with no legal personality”, (hereinafter referred to as the “Decree”) has brought the provisions of Italian law on the liability of legal entities into line with a number of international treaties, to which Italy had already signed up, and in particular with:

- the *Brussels Convention*, dated 26 July 1995 on the protection of the European Community’s financial interests;
- the *Brussels Treaty*, dated 26 May 1997 on the fight against corruption involving public officials of the European Communities or officials of the Member States of the European Union;
- the *OECD Convention*, dated 17 December 1997 on combating bribery of foreign public officials in international business transactions.

The Decree has introduced into the Italian legal system a regime of administrative liability (substantially comparable to criminal liability), for legal entities, companies and associations including those without legal personality (hereinafter referred to as the “Entities”) in whose interest, or advantage, the crimes have been committed by:

- individuals with functions of representation, management or direction within those Entities or in one of their organizational units with financial and functional autonomy, and individuals exercising, also de facto, the management and control of such Entities;
- individuals subject to the direction or supervision of the above mentioned management.

The administrative liability of legal entities is combined together with the liability of the individual who has physically committed the crime and both can be subjected to investigation in the course of the same proceedings before a criminal judge.

Moreover, the Entity’s liability persists also where the individual responsible for the crime has not been identified or is not punishable.

The Entity is liable only in connection with the following types of crimes:

- i) crimes committed to the detriment of the Public Administration;
- ii) IT crimes and illegal data handling;
- iii) Organised association crimes;
- iv) crimes regarding counterfeiting of money, instruments of public credit and tax stamps and identification instruments or distinctive signs;
- v) crimes against industry and trade;
- vi) corporate crimes;
- vii) terrorist crimes or crimes aimed at subverting democratic order;
- viii) crimes against physical integrity, with particular reference to sexual offences against women;
- ix) crimes against the individual in matters of child protection and enslavement;
- x) administrative offences and crimes in matter of market abuse;
- xi) offences and crimes committed in breach of the health and safety workplace regulations;
- xii) crimes of handling, laundering and use of money, goods or utilities of illegal origins;
- xiii) crimes regarding violations of copyright;
- xiv) crimes of obstruction of justice;
- xv) crimes in breach of environmental regulations.

Based on an analysis of the activities carried out by the Company, the activity performed by Ansaldo STS is believed to be exposed to the risk of commission of the offences listed under points i), ii), iii), vi), x), xi, xii, xiv and xv), which have been therefore subject to detailed analysis in the Special sections of the Model.

As far as regards the offences listed in points iv), v), to which Ansaldo STS’s activity is not significantly exposed, the Company has deemed its system of organizational, procedural and ethical – governance, intended to ensure the correct conduct of corporate affairs, also suitable for minimizing the risk of such offences being committed, with reference, in particular, to the principles expressed in the current Code of Ethics and the protocols specifically drawn up for the prevention of the offences specified in the Special sections of the Model.

Given Ansaldo STS’s business activity, risk profiles for the types of offences listed in vii), viii), ix), the commission of which would be entirely contrary to the Company’s guiding principles expressed in the Code of Ethics, are deemed not applicable.
Legislative Decree 231/01 initially included only offences specified in the provisions of Articles 24 and 25: as a result of subsequent legislative measures the types of offences have been considerably expanded. The following offences currently stated in the Legislative Decree 231/01, or in legislation referring to the Decree, give rise to the Entities’ administrative liability:

1. **Crimes against the Public Administration and against the property of the Public Administration** (Articles 24 and 25 Legislative Decree 231/2001):
   - improper obtainment of funds to the detriment of the State or of another public entity (Article 316 ter of the Italian Criminal Code);
   - misuse of public funds to the detriment of the State or of another public entity (316 bis of the Italian Criminal Code);
   - fraud to the detriment of the State or of a public entity (Article 640, second paragraph, No. 1 of the Italian Criminal Code);
   - aggravated fraud aimed at obtaining public funding (Article 640 bis of the Italian Criminal Code);
   - computer fraud to the detriment of the State or of another public entity (Article 640-ter of the Italian Criminal Code);
   - corruption (Articles 318, 319, 320, 321 and 322 bis of the Italian Criminal Code);
   - incitement to corruption (Article 322 of the Italian Criminal Code);
   - judicial corruption (Article 319 ter of the Italian Criminal Code);
   - “concussione”, i.e. extortion by individuals performing public service (Article 317 of the Italian Criminal Code);

2. **IT crimes and illegal data handling** (Article 24-bis) – introduced by Law no. 48/2008:
   - false statements in IT documents (Article 491-bis of the Italian Criminal Code);
   - unlawful access to an IT or telematic system (Article 615-ter of the Italian Criminal Code);
   - unlawful possession and dissemination of IT or telematic systems’ access codes (Article 615-quarter of the Italian Criminal Code);
   - dissemination of equipment, devices or IT programmes aimed at damaging or interrupting an IT or telematic system (Article 615-quinquies of the Italian Criminal Code);
   - interception, impediment or unlawful interruption of IT or telematic communications (Article 617-quarter of the Italian Criminal Code);
   - installation of equipment aimed at intercepting, impeding, or interrupting IT or telematic communications (Article 617-quinquies of the Italian Criminal Code);
   - damage to information, data and IT programmes (Article 635-bis of the Italian Criminal Code);
   - damage to information, data and IT programmes used by the State or other public bodies or of otherwise public utility (Article 635-ter of the Italian Criminal Code);
   - damage to IT or telematic systems (Article 635-quarter of the Italian Criminal Code);
   - damage to IT or telematic systems of public utility (Article 635-quinquies of the Italian Criminal Code);
   - computer fraud by the subject providing electronic signature certifying services (Article 640-quinquies of the Italian Criminal Code).

3. **Offences regarding organized crime** (Article 24 ter) – introduced by Law no. 94/2009:
   - organised crimes (Article 416, Italian Criminal Code);
   - criminal association for the purpose of reduction to or maintenance of slavery, trade of human beings, sale and purchase of slaves and offences relating to violations of the provisions on illegal immigration as stated in Article 12 of Legislative Decree no. 286/1998 (Article 416, sixth paragraph, Italian Criminal Code);
   - criminal association of a mafia type (Article 416-bis of the Italian Criminal Code);
   - political – mafia electoral clientelism (Article 416-ter);
• abduction of a person for the purpose of extortion (Article 630 of the Italian Criminal Code);
• offences committed by using the conditions stated in Article 416-bis in order to facilitate the activity of associations stated in the same article;
• criminal association for the purpose of illegally trafficking in drugs or psychotropic substances (Article 74 of the Unified Text of the Decree of the President of the Republic of 9 October 1990 no. 309);
• criminal association (Article 416 of the Italian Criminal Code, with the exception of paragraph 6);
• offences relating to the manufacture and trafficking of weapons of war, explosives and illegal weapons (as stated in Article 407, paragraph 2, letter a), number 5), of the Italian Code of Criminal Procedure).

4. Crimes regarding counterfeiting of money, instruments of public credit and stamps and identification instruments or distinctive signs (Article 25 bis) – amended by Law No. 99/2009:
• counterfeiting of money, spending and introduction into the State, of counterfeit money, acting in concert (Article 453 of the Italian Criminal Code);
• alteration of money (Article 454 of the Italian Criminal Code);
• counterfeiting of watermarked paper used for the production of legal tender or stamps (Article 460 of the Italian Criminal Code);
• production or possession of thread marks or instruments used to counterfeit money, official stamps or watermarked paper (Article 461 of the Italian Criminal Code);
• spending and introduction into the State of counterfeit money, not acting in concert (Article 455 of the Italian Criminal Code);
• spending of counterfeit money received in good faith (Article 457 of the Italian Criminal Code);
• use of counterfeit or altered stamps (Article 464, paragraphs 1 and 2 of the Italian Criminal Code);
• forgery of stamps, introduction into the State, purchase, possession or putting in circulation of forged stamps (Article 459 of the Italian Criminal Code);
• counterfeiting, alteration or use of distinctive signs of intellectual property or of industrial products (Article 473 of the Italian Criminal Code);
• introduction into the State and market products with false signs (Article 474 of the Italian Criminal Code).

5. Offences against industry and trade (Article 25 bis. 1) - introduced by Law no. 99/2009:
• obstructing industry and trade (Article 513 of the Italian Criminal Code);
• illegal competition with threats or violence (Article 513 bis Italian Criminal Code);
• fraud against the national industries (Art. 514 of the Italian Criminal Code);
• fraud in trade (Article 515 of the Italian Criminal Code);
• sale of not genuine as well as genuine food substances (Article 516 of the Italian Criminal Code);
• sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code);
• manufacture of and trade in goods made by usurping industrial property rights (Article 517 ter of the Italian Criminal Code);
• counterfeiting of geographical indications or designations of origin of farm produce (Article 517 quarter of the Italian Criminal Code).

6. Corporate crimes (Article 25 ter) – introduced by Legislative Decree 61/2002:
• false corporate communications (Article 2621 of the Italian Civil Code);
• false corporate communications to the detriment of the shareholders or of the creditors (Article 2622, paragraphs 1 and 3 of the Italian Civil Code);
• false statements in the reports or communications of the Independent Auditor (Article 2624, paragraphs 1 and 2 of the Italian Civil Code);
• obstruction of control activities (Article 2625, paragraph 2 of the Italian Civil Code);
• fictitious capital formation (Article 2632 of the Italian Civil Code);
• improper reimbursement of contributions (Article 2626 of the Italian Civil Code);
• illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code);
• unlawful transactions on the shares or on the quotas of the Company or of its holding company (Article 2628 of the Italian Civil Code);
• transactions in prejudice of creditors (Article 2629 of the Italian Civil Code);
• improper distribution of the corporate assets by the liquidators (Article 2633 of the Italian Civil Code);
• unlawful influence over the shareholders’ meeting (Article 2636 of the Italian Civil Code);
• market rigging (Article 2637 of the Italian Civil Code);
• failure to disclose a conflict of interest (Article 2629 bis of the Italian Civil Code);
• obstruction of public surveillance authorities in the performance of their duties (Article 2638, paragraphs 1 and 2 of the Italian Civil Code).

7. **Crimes committed for purposes of terrorism or aimed at subverting democratic order** (Article 25 quarter) – introduced by Law No. 7/2003;

8. **Crimes committed in carrying out female genital mutilation practices** (Article 25 quarter 1) – introduced with Law No. 7/2006;

9. **Crimes against the individual** (Article 25 quinquies) – introduced by Law No. 228/2003:
   • reduction to a state of slavery (Article 600 of the Italian Criminal Code);
   • trafficking and trade of slaves (Article 601 of the Italian Criminal Code);
   • sale and purchase of slaves (Article 602 of the Italian Criminal Code);
   • juvenile prostitution (Article 600 bis, paragraphs 1 and 2 of the Italian Criminal Code);
   • juvenile pornography (Article 600 ter of the Italian Criminal Code);
   • tourism aimed at the exploitation of juvenile prostitution (Article 600 quinquies of the Italian Criminal Code);
   • possession of pornographic material (Article 600 quarter of the Italian Criminal Code).

10. **Market abuse crimes** (Article 25 sexies) – introduced by Law No. 62/2005:
    • misuse of privileged information (Article 184 Consolidated Law on Finance, Legislative Decree 24.2.1998 no. 58);
    • market manipulation (Article 185 Consolidated Law on Finance, Legislative Decree 24.2.1998 no. 58);

11. **Crimes committed in breach of the health and safety workplace regulations** (Article 25 septies) – introduced by Law No. 123/2007:
    • manslaughter due to negligence (Article 589 of the Italian Criminal Code);
    • serious or very serious personal injury due to negligence (Article 590, paragraph 3 of the Italian Criminal Code);
12. **Crimes of handling, laundering and use of goods of illegal origins** (Article 25 octies) introduced by Law No. 231/2007:

- handling;
- laundering;
- use of money, goods or utilities of illegal origins.

13. **Crimes regarding breach of copyright** (Article 25 novies) – introduced by Law No. 99/2009:

- provided for in and punished by Articles 171 paragraph 1 letter a) bis and paragraph 3, Article 171 bis, 171 ter, 171 septies and 171 octies of Law 633 of 1941.


- instigation to not testify or to bear false testimony to the Judicial Authority:
  - personal aiding and abetting.

15. **Environmental crimes** (art. 25-undecies) introduced with Legislative Decree 121/2011.

The Legislator might, in the future, integrate further crime species into the text of the Decree, extending the Entities’ liability to cover new types of crime, whose potential impact for the purposes of Legislative Decree no. 231/01 will have to be assessed by the Company.

### 1.2. Sanctions

The sanctions established for administrative offences depending on a crime are as follows:

- monetary penalties;
- disqualification;
- confiscation;
- publication of the sentence.

In particular, disqualifications of no less than three months and no more than two years specifically concern the activity related to the offence committed by the Entity and are as follows:

- debarment from exercising business activity;
- ban on contracting for work with the Public Administration;
- suspension or revocation of those permits, licenses or concessions which were/are functional to the commission of the offence;
- exclusion from public aid, financing, grants and subsidies and/or revocation of those already granted;
- ban on advertising goods or services.

Disqualification is only applied in the cases specifically set out in the Decree if at least one of the following conditions apply:

1) the Entity has obtained a considerable profit as a consequence of the crime and the crime has been committed by:
   - top managers or
   - individuals under the direction or supervision of others if the crime has been determined or facilitated by serious weaknesses in the organization;

2) in the event of repetition of the unlawful behaviour.

Type and duration of the disqualification are established by the judge, who takes into account the seriousness of the
offence, the degree of liability of the Entity and the activity performed by the Entity in order to eliminate or dilute the consequences of the offence and prevent the performance of further offences. In lieu of the sanction, the judge may decide for the activity of the Entity to be carried on by a court-appointed administrator.

Disqualification may be applied to an Entity as a preventive measure when there are serious indications of an involvement of the Entity in committing the crime and specific grounds to fear that offences of the same nature as the one being prosecuted may occur (Article 45). Even in this case, in lieu of the preventive disqualification, the judge may appoint an administrator.

Non-observance of the disqualification is an independent crime and is regarded, for the purposes of the Decree, as a possible source of administrative liability for the Entity (Article 23).

Monetary sanctions, applicable to any offences, are determined based on a system of no less than one hundred and no more than one thousand “quota”, whose amount may vary from a minimum of Euro 516.44 to a maximum of Euro 3,098.74. The number of the quota is established by the court, who takes into account the seriousness of the offence, the degree of liability of the Entity and the activity performed by the Entity in order to eliminate or dilute the consequences of the offence and prevent the performance of further offences. The amount of the quota is established based on the assets and income of the Entity, in order to ensure the effectiveness of the sanction (Article 11 of the Decree).

In addition to the above sanctions, the Decree provides for the confiscation of the crime proceeds or profits, which may involve assets or other properties of equivalent value, and for the publication of the sentence when a disqualification is ordered.

### 1.3. Attempts to Commit Crime or Crime Committed Abroad

The Entity is liable also for any offences arising from attempts to commit crimes or from crimes committed abroad. In the cases of attempts to commit the crimes provided for in the Decree, monetary sanctions and disqualifications are reduced of between a third and a half, whereas sanctions are not applied when the Entity voluntarily prevents completion of the action or realization of the event. The exclusion of sanction is justified, in this case, by the severance of any relationship of identification between the Entity and the individuals who claim to act on its behalf and in its name.

Based on the provisions of Article 4 of the Decree, the Entity with registered office in Italy may be made accountable, in relation with the crimes provided therein and committed abroad, with a view not to leave unsanctioned a frequent criminal conduct, as well as to prevent any avoidance of this entire regulatory framework.

The liability of the Entity as regards crime committed abroad is grounded as follows:

- a) the crime must be committed abroad by an individual functionally connected to the Entity for the purposes of Article 5 (1) of the Decree;
- b) the Entity must have its main office in the territory of the Italian State;
- c) the Entity is accountable only in the cases and at the conditions provided for by Articles 7, 8, 9, 10 of the Italian Criminal Code.

Existing the cases and conditions provided for in the above-mentioned Criminal Code articles, the Entity is liable, unless it is prosecuted in the state where the crime has been committed.

### 1.4. Proceedings for the assessment of the offence and examination of suitability by the court

The Company’s liability for administrative offences arising from a crime is assessed by means of criminal proceedings.

Another rule of the Decree, prompted by reasons of effectiveness, uniformity and economy of the proceedings, provides for the mandatory unification of the proceedings: proceedings against the Entity must be unified as much as possible with the criminal proceedings against the individual committing the crime giving rise to the Entity’s liability.

The task of assessing the Entity’s liability rests with the criminal court, based on a specific legal trail:

- ascertaining that the offence for which the Company is held accountable has been committed;
- ascertaining that the Entity actually had an interest in or drew a benefit from the crime committed by an employee or top manager;
ascertaining that the organizational model adopted by the Company is suitable. The court examines the theoretical suitability of the organization model to prevent crime for the purposes of the Decree by means of the so-called “retroactive prognosis”. The examination of suitability is, therefore, formulated on an essentially retroactive basis, insofar as the court figures out the Company situation at the time of the occurrence of the unlawful event in order to test the adequacy of the adopted model.

### 1.5. Actions by which the exemption from administrative liability is obtained

Articles 6 and 7 of the Decree foresees specific types of exemption from administrative liability for the Entity in the interest or on its behalf of which the relevant crimes have been committed by top management and/or employees. In particular, when crimes are committed by top management, Article 6 provides that the Entity may be exempted if it proves that:

- a) the executive management body has adopted and effectively applied, before the crime was committed, an organizational and management model capable of preventing crimes of the same kind as those which have been committed (hereinafter referred to as the “Model”);
- b) the task of overseeing operation of and compliance with the Model and proposing any updates of the Model itself has been entrusted to a Surveillance Body of the Entity (hereinafter referred to as the “O.d.V.”), having autonomous powers of initiative and control;
- c) the individuals who have committed the crime have fraudulently eluded the above-mentioned Model;
- d) the O.d.V. did not fail to perform its surveillance duties or applied an insufficient level of surveillance.

With regard to employees, Article 7 provides for the Entity’s exemption from liability when the entity has adopted and effectively implemented, before the crime was committed, an organizational, management and control model, capable of preventing crimes of the same kind to those which have taken place.

The Decree provides that the Model must meet the following requirements:

- identification of the activities in the context of which there is a possibility that crimes may be committed;
- provision of specific protocols (included in the system of corporate procedures) focused upon the making and implementation of the Entity’s decisions in relation to the crimes to be prevented;
- identification of ways to manage financial resources capable of impeding the commission of crimes;
- providing for a duty to inform the O.d.V.;
- introduction of an internal disciplinary system capable of sanctioning any failure to comply with the measures indicated in the Model.

Subject to the above-mentioned requirements, the Decree provides that the Model may be adopted on the basis of codes of conduct drawn up by associations which represent the business sector, and notified to the Ministry of Justice which, together with the other competent Ministries, may, within 30 days, express an opinion on the suitability of the models to prevent crimes. In relation to administrative offences and crimes in matter of market abuse, such an evaluation of suitability is carried out by the Ministry of Justice, after consultation with Consob.

Finally, in small-sized entities, the surveillance activity may be performed directly by the executive management body.

### 2. CONFININDUSTRIA GUIDELINES

The drawing up of this Model is inspired by the Guidelines issued by Confindustria (the Confederation of Italian Industry) (hereinafter referred to as the “Guidelines”) on March 7, 2002, as integrated on October 3, 2002 by the “Integrative Appendix on corporate crimes”, as subsequently updated on March 31, 2008.

According to the Guidelines, the Model may be set up in accordance with the following key points:

- identification of the areas at risk, aimed at verifying in which areas/sectors of the corporate activity crimes may be committed;
- setting up of a control system, capable of reducing the risks through the adoption of specific protocols. This should be supported by a coordinated system of organizational structures, of operative rules and activities
to be applied – upon indication of the top management – by management and company personnel aimed at achieving, with reasonable likelihood, the goals of a good internal control system.

The most important components of the preventive control system proposed by Confindustria are:

- code of ethics;
- organizational framework;
- both manual and IT procedures;
- system of powers and delegated authorities;
- control and management system;
- information to and training of personnel.

The control system, furthermore, must follow the following principles:

- suitability to verification and to documentation, consistency and congruity of each transaction;
- segregation of duties (no individual should be able to autonomously manage all the stages of a process);
- documentation of controls;
- introduction of an adequate system of sanctions for any breach of the rules and procedures provided for by the model;
- identification of the O.d.V., the main requirements of which are:
  - autonomy and independence;
  - professionalism and continuous action;
- duty of the company’s functions, and in particular those identified as being most “at risk”, to supply the information to the O.d.V., both on a systematic basis and for the purpose of notifying anomalies or atypical features which one is aware of (in this latter case, the duty readily is extended to all employees without regard to hierarchical reporting lines);
- possibility to organize in a context of a group, the centralization within the O.d.V. of the holding company of those operative resources dedicated to the surveillance activities in the companies of the group itself, provided that:
  - an O.d.V. is instituted in each subsidiary;
  - the subsidiary’s O.d.V. may avail itself of the resources of the holding company’s O.d.V. on the basis of a pre-defined contractual relationship;
  - the employees of the Holding company’s O.d.V., in carrying out the controls on the other companies of the Group, take on the role of external professionals performing their activity in the interest of the subsidiary, report directly to the latter’s O.d.V. and complying with the confidentiality obligations required of an external consultant.

It is understood that the choice of not adopting the Guidelines for certain matters does not affect the validity of the Model. The latter, drawn up with reference to particular matters of a specific company, may differ from the Guidelines, which are, by their very nature, general.

3. **ADOPTION BY ANSALDO STS OF THE ORGANIZATIONAL AND MANAGEMENT MODEL**

3.1. **Corporate Objectives and Mission**

Ansaldo STS S.p.A., listed on the Milan stock exchange, the industrial holding company of the Ansaldo STS Group, is a leading technology company operating in the rail and mass transit transportation system.

The organization of Ansaldo STS provides central functions of protection of the business and common processes in research and development, in purchasing and in production, in the approach to markets and in the delivery of projects.
The companies of the group, grouped for geographical areas, take care of the local coordination of the commercial and delivery activities.

In particular, the business refers to two Business Units – Signalling and Transportation Solutions – and to one technical unit – Standard Product & Platform.

The Business Units (Signalling and Transportation Solutions) have the following tasks:
- to define and to implement at a worldwide level, and for each single Country, specific business strategies in order to ensure efficiency and efficacy;
- to manage the resources at a worldwide level and to monitor markets and competitors;
- to ensure the implementation of processes, procedures and instruments;
- to ensure the capitalization and the sharing of the knowledge at a worldwide level.

The Unit SPP has the following task
- to develop and to manage the portfolio of products / platforms / generic applications;
- to develop strategies and innovations able to ensure efficiency and real development;
- to verify and to ensure the safety of the products and platforms realized, through the activity of RAMS – Reliability, Availability, Maintainability and Safety;
- to supply the Business Units with all the components, systems and services in a view of optimization of times and costs of the provisioning and production process;
- to manage the technical resources;
- to ensure the implementation of common processes, procedures and instruments;
- to ensure the capitalization and the sharing of the knowledge.

The central staff structures ensure the coordination of the functions supporting the business.

Ansaldo STS S.p.A pursues its mission in strict observance of the objective of value creation for its shareholders, and with the aim of strengthening its competitive position in its business sectors.

### 3.2. Corporate Governance

The corporate governance adopted by Ansaldo STS has been drafted on the basis of the principles laid down in the Corporate Governance Code, adopted by the Italian stock exchange in March 2006, as well as on the basis of international best practise. It is based on the key role of the **Board of Directors**, which manages the Company and pursues its mission in strict observance of the primary objective, which is the creation of value for its shareholders, by actively operating in order to define industrial strategies and directly intervening in all decisions concerning the most important issues, such as management, reserved for their exclusive competence.

Ansaldo STS’s corporate governance is based on the traditional model and complies with the regulations regarding listed issuers and is set out as follows:

- **SHAREHOLDERS MEETING**, responsible for ordinary or extraordinary resolutions in the matters reserved to it by the Law or by the Articles of Association;
- **BOARD OF DIRECTORS**, vested with the broadest powers for the administration of the Company, with the authority to perform any appropriate action for the achievement of corporate objectives, with the exclusion of the acts which the Law and the Articles of Association reserve to the Board of Directors. With the exception of Chief Executive Officer, the Board consists of non executive directors and independent directors such as to guarantee, by number and authority, the relevance of respective evaluations leading to board’s resolutions, thus contributing to ensure their compliance to the Company’s interests;
- **BOARD OF STATUTORY AUDITORS**, in charge of monitoring: a) compliance with the law and the Articles of Association, and observance of the principles of correct administration; b) the adequacy of the Company’s organizational structure, of the internal control system and the accounting and administrative system, including how reliable this latter is in accurately reporting operating events; c) the appropriateness of instructions issued to subsidiaries in relation to statutory disclosures;
- **INDEPENDENT AUDITORS**, under current legislation, auditing is carried out by qualified Independent Auditors listed in the special CONSOB register, as appointed by the Shareholders’ Meeting.
The following committees have been set up within the Board of Directors:

a) Internal Control Committee;

b) Remuneration Committee.

a) the Internal Control Committee, in carrying out its surveillance duties, has advisory and proposal functions towards the Board of Directors. In its periodic assessment of the suitability and functionality of the organizational structure relating to the internal control system, the Internal Control Committee works together, by way of consultation and proposal, with the Board of Directors. The organizational structure of the internal control system is a set of processes aimed at monitoring the efficiency of corporate operations, the reliability of financial information, the compliance with laws and regulations and the safeguarding of the company's assets.

In the performance of its duties, the Internal Control Committee may rely on the support of both employees and external consultants, provided these are adequately bound to confidentiality.

b) the Remuneration Committee performs the following functions and duties established by the Board of Directors:

• by power of attorney from the Board of Directors, proposes the remuneration and contract terms of the Chief Executive Officer, by prior consultation with the Board of Statutory Auditors where required pursuant to Article 2389 of the Italian Civil Code, within the scope and the limits of the terms and conditions governing his/her work relationship with the Company, with reference to relative terms and conditions, salary adjustments, contract termination also in the form of a settlement, and definition of obligations upon termination of the relationship;

• evaluate the proposals put forward by the Chief Executive Officer in relation to the general criteria for remuneration and bonuses, for managerial development plans and systems, key resources of the Group and of the Directors in possession of powers granted by Group Companies;

• assist the Company’s Top Management in defining best policies for managing the Group’s managerial resources;

• evaluate the proposals put forward by Top Management, concerning the introduction and amendment of stock incentive plans or stock grant plans for Directors and Top managers of the Company or of Companies of the Group, to be submitted for approval to the Board of Directors;

• prepare, for the approval of the Board, the remuneration plans based on the allotment of stocks or options for the purchase of Company’s stocks to the benefit of Directors and Top management of the Company or of the Group’s companies.

For the purpose of performing the duties assigned to it, the Remuneration Committee may be supported by both employees and external consultants at the expense of the Company provided these are adequately bound to confidentiality.

Further, in terms of corporate governance, note that the Board of Directors, with the assistance of the Internal Control Committee, has identified the Chief Executive Officer as the executive director in charge of overseeing the functionality of the internal control system. The Chief Executive Officer:

a. sees to the identification of the main corporate risks, taking into account the characteristics of the activities performed by the Company and its subsidiaries, and periodically submits them to the examination of the Board of Directors;

b. enforces the guidelines defined by the Board of Directors, seeing to the planning, implementation and management of the internal control system, constantly assessing its overall adequacy, effectiveness and efficiency; moreover, he/she adjusts the system to the dynamics of the operating conditions and the legislative and regulatory framework;

c. proposes to the Board of Directors the appointment, revocation and remuneration of one or more person/s responsible for internal control.
Moreover, the Board of Directors has adopted specific principles of conduct in relation to Transactions with Related Parties; it has introduced internal procedures for the correct handling of Privileged Information and it has implemented a Code of Conduct in relation to Internal Dealing aimed at ensuring disclosure of information concerning transactions in financial instruments carried out by parties deemed as “significant” pursuant to the aforesaid Code.

### 3.3. Organizational structure – internal use

#### 3.4. Motivations of Ansaldo STS in adopting the Organizational, Management and Control Model Pursuant to Legislative Decree no. 231/01

Ansaldo STS, in order to ensure that anybody working for or on behalf of the Company strictly complies with all the principles of fairness and transparency in the conduct of business and corporate affairs, has deemed it appropriate to adopt an Organisational and Management Model in line with the provisions of Legislative Decree no. 231/2001 and based on the Guidelines issued by Confindustria, the Confederation of Italian Industry.

Together with the adoption of the Code of Ethics, this initiative was undertaken in the belief that – regardless of the provisions of the Decree, which in fact designated the Model as an optional and not a mandatory element – the adoption of the said Model will represent a valid instrument to promote the awareness of anyone who operates in the interest or to the benefit of Ansaldo STS.

In particular, we consider Recipients of this Model and, as such and within each recipient's sphere of competence, under an obligation to know it and comply with it:

- the members of the Board of Directors, when setting targets, deciding activities, implementing projects, proposing investments, and in any decision or action concerning the Company's business performance;
- the members of the Board of Statutory Auditors when controlling and reviewing the correctness, in both form and substance, of the Company's activities and the operation of the internal control system;
- the Executives, with regard to the management of the Company, as regards the management of internal and external activities;
- the employees and all the co-workers with any type of contract with the Company, including on an occasional and/or merely temporary basis;
- all those who have commercial and/or financial relationships of any nature with the Company.

#### 3.4.1 Purposes of the Model

The Model drawn up by Ansaldo STS is based on a structured and organic set of procedures and monitoring activities which:

- identify crime-sensitive areas/processes in the Company’s business, i.e. the activities where there is a higher chance that crimes are committed;
- define the internal regulatory system, aiming at the prevention of crime, and including the following documents:
  - the Code of Ethics, which sets out ethical commitments and responsibilities undertaken by employees, directors and co-workers, in various capacities, of the Company, in the conduction of business and corporate affairs;
  - the system of authorities, signing powers and authorizations to sign corporate documents, such as to ensure a clear and transparent representation of how decisions are formed and implemented;
  - formal procedures, aiming at regulating methods of operation in risk areas;
- are founded on the assumption that the organisation is in line with the corporate business, and intended to inspire and monitor proper behaviours, thus ensuring a clear and organic attribution of tasks, by implementing an appropriate segregation of functions, and seeing to the actual implementation of the desired governance structures, by means of:
Organizational, Management and Control Model

- a formally defined organizational chart, which is clear and appropriate to the activity to be carried out;
- a system of delegated authorities for internal functions and of proxies for the external representation of the Company, which ensures a clear and consistent segregation of functions;

• identify the processes for the management and control of financial resources in risk activities;
• assign to O.d.V. the task of monitoring the application of and compliance with the Model and put forward any proposals for amendment.

The Model, therefore, purports to:

• improve the Corporate Governance system;
• organize a structured and organic prevention and control system, aiming at the reduction of the crime risk in relation with the corporate activity, particularly concerning the reduction of any illegal behaviour;
• determine, in all those who operate in the name and on behalf of Ansaldo STS in “risk areas of activity”, the awareness that by breaching the provisions hereof they might incur in an offence implying criminal or administrative sanctions, to be levied not only towards them but also towards the Company;
• inform all those who work in any capacity, in the name, on behalf or anyway in the interest of Ansaldo STS, that the breach of this Model’s provisions shall imply the levy of appropriate sanctions;
• reassert that Ansaldo STS shall not tolerate any illegal behaviour, regardless of the purpose pursued in committing the crime, i.e. whether the offenders were acting on the wrong assumption to do so in the interest and to the advantage of the Company. Any illegal behaviour is condemned as it implies a violation of the ethical principles inspiring Ansaldo STS and is therefore opposed to the interest of the Company;
• actively censor any behaviour entailing a breach of the Model, by applying disciplinary and/or contract sanctions.

3.4.2 The Model’s Preparation Process

In consideration of the requirements of the mentioned Decree, Ansaldo STS launched an internal project for the constant update of this Model, with the active participation and proposals of the Surveillance Body. Therefore, the preparation of this Model is the result of a series of activities, divided into different phases, which focused on setting up a system for the prevention and management of risks, as described below.

1) Mapping of risk activities

Objective of this phase was the analysis of the corporate context, with a view to mapping all the Company’s areas of activity and, among those, pinpointing the processes and activities potentially sensitive to the crimes listed in the Decree.

Corporate activities and risk activities and processes were identified by prior reviewing corporate documentation (organisational charts, key/core processes, powers of attorney, organizational instructions etc.), and subsequently carrying out a series of interviews with the key persons of the corporate structure.

Such activity gave rise to a document containing a map of all the corporate activities, with an indication of crime sensitive ones.

Analysis of possible application of homicide and unintentional injuries in violation of the obligations to safeguard workplace health and safety also took into account the assessment of the risks connected to the job in accordance with the criteria provided for by Legislative Decree no. 81/08, also taking into account the British Standard OHSAS 18001:2007 and the Guidelines UNI-INAIL for a workplace health and safety management system.

2) Analysis of potential risks

The map of activities, based on the specific context in which Ansaldo STS operates and the relative outline of sensitive or risk processes/activities, led to the identification of the crimes and offences which could be potentially committed in the context of corporate activity, including any possible occasions, purposes and manners for such potential illegal conduct.
The result of this activity is outlined in a document known as: “Map of risk areas for the purposes of Legislative Decree 231/01” which sets out the analysis of potential risks, with regard to possible manners for committing the relevant crimes and offences in the specific corporate context.

3) “As-is analysis”
Once potential risks were identified, we conducted an analysis of the preventive control system for risk processes/areas, with a view to producing the subsequent opinion on its suitability for the purposes of crime risk prevention.
In this phase, therefore, we proceeded to detect the existing internal control facilities (formal procedures and/or practices adopted, verification, documentation or traceability of operations and controls, separation and segregation of functions, etc.) through the information supplied by corporate structures and the analysis of the documents provided.
With regard to the risk of possible violations of the regulations in matters of health and security at work, our analysis must necessarily take into account current social security legislation and, in particular, Legislative Decree no. 81/08 and the British Standard OHSAS 18001:2007 and the Guidelines UNI-INAIL for a workplace health and safety management system.
The accident prevention regulations, besides outlining the potential relevant risks, also define the set of requirements the employer must comply with. For the purposes of this Model, the effective adoption and implementation of such system of governance was integrated in order to minimize the risk of a conduct of crime that might be considered that of manslaughter or unintentional injuries in violation of accident prevention regulations.

4) “Gap analysis”
Based on the results obtained in the previous phase and on comparison against a theoretical reference model (in line with the Decree, with Confindustria’s Guidelines and with national and international best practices), the Company identified a series of areas, in the control system, which ought to be integrated and/or improved, defining the appropriate measures to be undertaken in this respect.

5) Preparation of the Model
With the promulgation of Legislative Decree no. 231/01 Ansaldo STS adopted the Code of Ethics (12 December 2005) and the Organizational Model (27 June 2006), subsequently updating the contents following operational, organizational or legislative changes and in relation to specific identified needs.
The assessment, in order to ensure proper implementation of the Decree and to obtain a correct and exhaustive map of crime risk sensitive areas, provided for a reconnaissance of corporate activities with the aim of identifying the areas that might be subject to a risk of crime, i.e. any event or behaviour that might determine and/or facilitate any of the crimes, or attempted crimes, provided for in the Decree in the interest of the Company.
In addition to the areas which are directly involved because they include activities which might integrate criminal conducts, the definition of risk area also covers the areas which are indirectly involved in the perpetration of other crimes, in which they have an instrumental role.
In particular, instrumental activities shall mean those activities where it is possible that certain conditions will occur such as to facilitate the perpetration of crimes in the context of the areas which are directly dedicated to the mentioned activities in relation to the species of crime.
With reference to all the risk areas, including instrumental ones, the review covered any indirect relationships, such as those Ansaldo STS has, or might have, through third parties.

It should also be noted that the risk profiles also take into account the possibility that company representatives may collude with any parties external to the Company (the so-called complicity in crime), whether just occasionally and temporarily, in an organised manner and with a view to committing an indefinite series of offences (crimes of association). The analysis also covered the possibility that such offences may be perpetrated in a foreign country, that is to say in a transnational manner.
In this respect, an analysis of the organization, missions, and responsibilities of all the corporate structures was conducted, aiming to identify in advance potential risk areas.
With regard to the risk areas identified as above, interviews were then organised with the heads of the relevant structures, with the twofold purpose of assessing and defining in better detail the scope of risk activities and analysing the existing preventive control system in order to identify, as necessary, the appropriate measures to improve it.
Within Risk Assessment activities, the following parts of the preventive control system were analysed:

• organizational framework;
• operating procedures;
• authorization framework;
• management control system;
• documents monitoring and managing system;
• formalized ethical principles;
• disciplinary system;
• information to and training of personnel.

In particular, the analysis and valuation of the said components was organized as follows.

**Organizational framework**
The review of the adequacy of the organizational framework was performed based on the following criteria:

- formalization of the system;
- clear definition of the responsibilities attributed and the reporting lines;
- whether there is segregation and separation of functions;
- correspondence between the activities actually performed and those required by missions and responsibilities as described in the Company’s organizational regulations.

**Operating procedures**
In this context, the attention was focused on finding out whether there existed formalized procedures that regulate the activities carried out by the structures in risk areas, taking into account not only the negotiation phases, but also the phases of instructing and making of decisions.

**Authorization framework**
The analysis aimed at assessing whether delegated authorities and signing powers were consistent with the organizational and management responsibilities assigned and/or actually performed. The assessment was conducted on the basis of the examination of the powers of attorney issued and of the internal management delegated authorities, in the light of the corporate organisation chart.

**Management control system**
In this context, an analysis was made of the management control system in place in Ansaldo STS, the individuals or entities involved in the process and the capacity of the system to report promptly whether there existed or arose any general and/or specific critical situations.

**Monitoring and management of documents**
The analysis aimed at finding out whether there existed a suitable system for a constant monitoring of the processes for the review of results and of any situations of non-compliance, and also if there existed a suitable system for the management of documents such as to allow the traceability of operations.

**Formalized ethical principles**
In relation to each risk activity provided for in Legislative Decree 231/01 by the legislator, the content of the Code of Ethics, adopted by resolution of the Board of Directors on 12 December 2005, was reviewed and subsequently updated.

**Disciplinary system**
The analyses carried out were aimed at assessing the appropriateness of the disciplinary system currently in force, directed at sanctioning any violation of the principles and provisions intended to prevent crime committed either by employees of the Company - executives and other staff - or by Directors, Statutory Auditors and external co-workers.

**Information to and training of personnel**
The reviews were aimed at assessing whether there exist any forms of information and training of personnel. Consider-
ing the need for initiatives aimed at implementing the Decree, we implemented a specific program for the communica-
tion of the Code of Ethics and the Model and the consequent targeted training of personnel.

Activities carried out through service companies
The reviews on the control system concerned also the activities carried out by external companies. Such reviews were conducted based on the following criteria:

- formalization of the services supplied in specific service agreements;
- the planning of suitable control facilities on the activity actually performed by service companies on the basis
  of contractually defined services;
- existence of formalized procedures/corporate guidelines concerning the definition of service contracts and
  the implementation of control facilities, with reference also to the criteria for determining the considerations
  and the payment authorization procedures.

3.5. Document Outline
This document (Model) consists of a “General Part” and of “Special sections A, B, C, D, E, F and G” referring to the
diverse types of crimes provided for in Legislative Decree 231/2001 which might entail a risk for Ansaldo STS The
“General Part”, after a reference to the principles of the Decree, sets out the essential components of the Model, with
particular reference to the Surveillance Body, the training of personnel and the dissemination of the Model in the
corporate and extra-corporate context, the disciplinary system and measures to be adopted in the event of non
observance of the provisions of the Model itself.

Special section “A” is dedicated to the specific types of crimes for the purposes of Articles 24, 25 and 25-novie of
the Decree, that is to say for crimes to detriment of the Public Administration, reporting the relevant risk areas and the
general monitoring activities thereon.

Special section “B” is dedicated to the specific types of crimes for the purposes of:

- article 25-ter of Legislative Decree 231/2001, that is to say the so-called corporate crimes;
- article 25 sexies of Legislative Decree 231/2001 and 187 quinquies of the Consolidated Text on Finance, that is
to say the so-called administrative crimes and offences for misuse of privileged information and market
manipulation;

with indication of the relevant risk areas and the general monitoring structures providing a watch over them.

Special section “C” is dedicated the specific species set out in Article 25-septies of the Decree, that is to say crimes
related to workplace accident prevention and hygiene and health protection legislation, with indication of the relevant
risk areas and the general monitoring structures providing a watch over them.

Special section “D” is dedicated to an examination of crimes of handling, laundering and using illicitly derived money
as provided for in Article 25-octies of the Decree, with indication of the relevant areas of risk and the general monitoring
structures providing a watch over them.

Finally, Special section “E” is dedicated cyber crimes and offences related to illicit data processing and crimes regard-
ing copyright breaches, which have become relevant for the purposes of the Decree, pursuant to the provisions of
Article 24-bis and 25-novie, and indicates the relevant areas of risk and the general monitoring structures providing a
watch over them.

The Special Section “F” is dedicated to the examination of organized crime offices pursuant to the Decree, which are
set forth by art. 24–ter, with indication of the relevant risk areas and the general monitoring structures providing a
watch over them bodies.

The Special Section “G” is dedicated to the examination of significant environmental crimes pursuant to the Decree,
which are set forth by art. 25-undecies, with indication of the relevant risk areas and the the general monitoring struc-
tures providing a watch over them.

The Code of Ethics also represents an integral part of the Model, and it lays out the general principles and the values
that must inspire the activity of all those who work for or on behalf of Ansaldo STS, at any title whatsoever. Also the Code of Conduct of the parent company Finmeccanica shall be considered as a reference, which Ansaldo STS Code of Ethics is aligned with.

3.6. Adoption and Management of the Model in the Ansaldo STS Group

In the event that Ansaldo STS should become the holder of direct and indirect shareholdings in Italian companies and those same companies should be consolidated, said companies will adopt their own Organisational, Management and Control Model in line with the provisions of the Decree.

In so doing, these companies will proceed to set up their own Surveillance Body with the primary concern of exerting controls over the implementation of the Model in accordance with the procedures described therein and based on the guidelines contained in Articles 6 and 7 of the Decree.

The Surveillance Body of the Italian subsidiaries that the Parent Company Ansaldo STS may eventually have control of:

1. will coordinate with Ansaldo STS in order to ensure the adoption of an Organizational Management and Control Model in line with the provisions of Legislative Decree 231/2001, with the Confindustria Guidelines and with the principles of this Model;

2. will promotes the transmission to Ansaldo STS of the Organizational, Management and Control Model adopted and its subsequent updates.

Ansaldo STS’s direct and indirect non-Italian subsidiaries and those non-Italian companies which are being consolidated by Ansaldo STS (the Foreign Group Companies) shall adopt all the organizational and structural provisions which will enable them to promptly and correctly incorporate the provisions prescribed by their respective national regulations for the incorporation of International treaties as referred to in the paragraph 1.1 above.

In any case, all the Foreign Group Companies will harmonize, where possible, their conduct to the general principles set forth in this Model. Furthermore, the foreign companies apply the Code of Ethics of the parent company Ansaldo STS S.p.A. specifying the procedure for the local enforcement in a separate paragraph.

3.7. Elements of the Model

As pointed out before, the components of the preventive control system to be implemented at corporate level in order to ensure the effectiveness of the Model are:

- ethical principles aiming at the prevention of the crimes provided for in Legislative Decree 231/2001;
- formalized and clear organizational framework;
- operating procedures, handbooks or IT, aimed at regulating activities in corporate risk areas through appropriate control points;
- delegated authorities and signing powers updated and consistent with defined organisational and management responsibilities;
- management control system capable of delivering a prompt warning of an actual or possible critical situation;
- system for the communication to and training of personnel on all the Model’s elements, including the Code of Ethics;
- disciplinary system capable of sanctioning the violation of the provisions of the Code of Ethics and other Model’s guidelines.

Hereinafter, therefore, we describe the elements at the basis of Ansaldo STS’s Model which share similar features applicable to all the types of crime set out in the Decree, whereas the protocols which specifically concern each type of crime will be dealt with in the Specific Parts - subject, however, to the provisions of this paragraph.

The Code of Ethics, the Surveillance Body, the disciplinary system and the personnel training and communication system will be dealt with in subsequent, specifically dedicated chapters of the Model.
• **Organizational framework**

The Company’s organizational framework (organizational structures/positions, missions and responsibility areas) is defined in the Organizational Instructions (Organization Notices and Internal Communications/Service Notices) issued by the CEO. The drafting of these documents falls within the responsibilities of the Process, Quality and Systems Function which periodically updates the organizational chart of the Company with the assistance of the Human Resources Function.

All the organizational documents are available on certain specially designated intranet pages.

• **Authorization framework**

The Company’s Authorization Framework is based on the following principles:

- definition of the roles, responsibilities and controls in the process for conferral and revocation of proxies;
- monitoring and updating of existing powers of attorney;
- attribution and revocation of powers of attorney in line with the roles held in the organization;
- clear definition of the powers of the proxy and limits for exercising proxies in line with corporate objectives;
- necessary conferral of powers of attorney for any transactions with third parties, the Public Administration in particular.

In particular, the system provides for the attribution of the following powers:

- **permanent representation powers**, to be attributed by means of registered notarized powers of attorney, regarding the performance of activities connected to permanent responsibilities existing within the corporate organization. Those powers of attorney which confer permanent powers of representation may be conferred exclusively by the Chief Executive Officer;
- **powers limited to single and/or more matters**, conferred by means of notarized powers of attorney or by means of other forms of proxy in relation to their content; the conferral of these powers is governed by the Company’s practices and by the laws that define the forms of representation, in line with the type of deed to be executed.

In order to ensure the constant update and consistency between the system of authorizations for representation and signing powers and for defined organizational and management responsibilities, the responsible corporate Functions take steps so as to guarantee a constant updating of the system of powers, in the following occasions:

- review of the corporate macro-organizational structure (setting up/closure of first level organizational units, etc.);
- significant variations of responsibility and turnover of individuals in a key position in the structure;
- individuals vested with corporate powers leaving the organization or individuals joining the organization needing to be vested with corporate powers.

The procedure for the granting / revocation of proxies provides that the **Function Company Secretary & General Counsel**, on the basis of the current organizational structure and subsequent updating, makes to the Chief Executive Officer a proposal of granting / revocation of the proxies, after having consulted the function **Human Resources & Organization**. Therefore, the **Function Company Secretary & General Counsel** takes care of the notarial formalities for the granting of the proxy and communicate the granting of the same to the concerned persons, informing as well the function **Human Resources & Organization**. Similar communication is made in the case of revocation of the proxy.

• **Corporate procedures in risk areas**

Any internal procedures applicable to risk areas must include the following elements:

- separation, to the extent possible, within each process, between the decision-maker (decision-making
impulse), the person who authorizes, the person who carries out such decision an the one who is in charge of controlling the process (so-called segregation of functions);

- written tracking of each significant step of the process, including control (so-called “traceability”);
- suitable level of formalization.

The Company’s activity is regulated by organizational provisions and communications, roles & mandates, process descriptions, procedures, operating instructions as well as special forms.

• Management control and cash flows

The management control system adopted by Ansaldo STS is divided into the different phases of the preparation of the annual Budget, the analysis of interim closing statements and the re-formulation of the forecasts for the Company. The system ensures:

- that several persons are involved, in terms of correct segregation of functions for the processing and transmission of information;
- capacity for delivering a prompt warning of actual or possible critical situations through a suitable and prompt system of reporting and information flows;

The management of financial resources is defined on the basis of principles characterized by the segregation of functions, such as to ensure that any spending is required, paid and controlled by independent functions or persons as separated as possible, who are not assigned, furthermore, other responsibilities which may give rise to potential conflicts of interest.

Finally, the management of cash is inspired to the principle of the conservation of assets, and the related prohibition to carry out any crime risk financial transactions and, if applicable, the requirement of a joint signature for spending cash above the preset thresholds.

• Processing of the documents

All Ansaldo STS’ external and internal documentation is managed in such a way as to regulate the update, distribution, registration, filing and security management of documents and records, based on the following principles:

- definition of roles and responsibilities in the preparation and transmition of documents and information;
- definition of controls of the contents and form of incoming and outgoing documents and information;
- definition of traceability and filing criteria for incoming and outgoing documents.

3.8. Amendments and Integrations to the Model

Since this Model is “issued as an act of the management body” (in accordance with the provisions of Article 6 (1) (a) of the Decree), its adoption, as well as any subsequent amendments and integrations, are referred to the Board of Directors of Ansaldo STS.

The modifications to the Model which are not material are made directly by the Chief Executive Officer, provided that they are ratified by the Board of Directors in the first due meeting.

In particular, also following the proposals of the Surveillance Body, the Board of Directors of Ansaldo STS has the task of integrating this Model with further Special sections concerning other types of crimes which, further to the introduction of new regulations, might be included in the scope of the Decree or which show risk profiles for the Company. All the above mentioned amendments and integrations shall be promptly communicated to the various Italian subsidiaries for possible adjustment of the respective organizational and management models.
4. **SURVEILLANCE BODY**

4.1. **Identification of the Surveillance Body**

Pursuant to the Confindustria Guidelines, in order to perform the activities provided for in Articles 6 and 7 of the Decree, the O.d.V. must show the following features:

- autonomy and independence;
- professionalism;
- continuous action.

a) **Autonomy and independence**

The requirements of autonomy and independence are essential for the O.d.V. not to be directly involved in the management activities subject to its control.

These requirements will be satisfied by releasing the O.d.V. from any hierarchical reporting line within the Company and providing for it to report directly to the top management, that is the Board of Directors.

b) **Professionalism**

The O.d.V. must possess internally the technical and professional skills which are necessary to perform the functions it is required to perform. These features, in addition to its independence, ensure its impartiality of judgement.

c) **Continuous action**

The O.d.V. must:

- constantly operate in order to monitor the application of the Model, having the necessary powers of investigation,
- be an internal structure, so as to guarantee continuity to the monitoring activity,
- look after the implementation of the Model and ensure that it is constantly updated,
- not perform any operative tasks which could limit the overall perspective on corporate activities which it is required to have.

The Board of Directors of Ansaldo STS appoints the Surveillance Body. In its meeting held on 27/06/2006, the Board of Directors conferred the appointed as Surveillance Body for the purpose of Legislative Decree 231/2001 (b), a multi-member body consisting of an independent non-executive member of the Board of Directors, acting as Chairman, the *pro tempore* head of the Corporate Affairs Function and the *pro tempore* head of the Internal Audit Function of the Company.

In the performance of its duties, this body may cooperate with the Internal Audit Function of the Company by virtue of a special proxy and with other corporate Functions of Ansaldo STS, or with external professionals who, from time to time, will be deemed useful for the performance of the designated activities.

The duties, the duration of the appointment, the activities and workings of the O.d.V. are respectively regulated by special by-laws approved by the Board of Directors and by special Regulations approved by the O.d.V itself.

Pursuant to Article 6 of the Decree, the Surveillance Body of Ansaldo STS has “autonomous powers of initiative and control”. The O.d.V. is also granted the necessary autonomy, independence and continuity of action. The members of the O.d.V. have adequate professional characteristics.

In particular:

- the autonomy and independence the Body must necessarily possess are ensured by the presence of an Independent and non-executive Director acting as the Body’s Chairman, with no operating tasks and no interests which may conflict with the appointment, conditioning his/her autonomy of judgement and valuation. They are also ensured by the O.d.V.’s freedom from any hierarchical limitations in the context of the company’s corporate governance structure, as it is exclusively accountable to the Board of Directors and the Chief Executive Officer. Moreover, the activities put into place by the O.d.V. may not be challenged by any other corporate body or structure, with exception of the Board of Directors, who has a power – duty to monitor the appropriateness of the O.d.V.’s measures in order to ensure the update and application of the Model;
- professionalisms is ensured:
  - through the specific expertise in legal matters of the Head of the Corporate Affairs Function;
  - through the specific expertise of the Chairman of the Surveillance Body and the Head of the
Internal Audit Function in matters of procedure and internal control;
- by recognizing the right of the Body to employ, for the purposes of performing its duty and completely free from any budget considerations, the specific professional expertises both of the heads of the various corporate functions, with particular reference to the Internal Audit Function, and of external consultants;
- continuity of action is ensured by the fact that the Body operates permanently within the Company, meeting periodically for performing the duty assigned to him, and its members have an effective and deep knowledge of corporate processes, and are capable of having an immediate knowledge of any critical situations.

A programme of activities, minutes of meetings and regulation of information flows from corporate structures to the O.d.V., periodical inspections and regular communications to the top management are also planned.
The term of office, revocation and replacement of the members of the O.d.V. is regulated by the By-laws of the Surveillance Body. In particular, the Chairman of the O.d.V. remains in charge for a period of three years that can be renewed only once. The appointment of its members automatically terminates if any of them ceases to satisfy the requirements for holding the office, as detailed in the O.d.V.'s by-laws, which may be used as reference for further details.
The Surveillance Body directly reports to the Chief Executive Officer and to the Board of Directors of Ansaldo STS and informs the Board of Statutory Auditors of its activity.
The necessary conditions for appointment as members of the Surveillance Body, as already mentioned, are the existence of the requirements provided for in the O.d.V.'s by-laws and, further, the absence of any conflicts of interest with the position itself.
In this context, the following can be regarded as reasons for ineligibility and/or for termination of the appointment of the members of the Surveillance Body:

• have marriage, family or kinship relationships up to the fourth degree with executive directors of Ansaldo STS or its subsidiaries and with auditors;
• entertain, directly or indirectly, with the exception of the employment relationship for an indefinite period which is already existing on the part of the Heads of the Internal Audit and Corporate Affairs Functions, economic and/or contractual relationships for any or no consideration, with Ansaldo STS, its subsidiaries and/or the respective directors, such as to influence the autonomy of judgement;
• to hold, whether directly or indirectly, shareholdings in Ansaldo STS, its subsidiaries or associated companies such as to enable the exercise of control or a significant influence on the Company, and anyway such as to compromise its independence;
• holding delegated authorities, powers of attorney or, in general, powers or tasks which might undermine independence of judgement;
• being legally debarred, incapacitated, bankrupt or sentenced to interdiction from holding public offices, including temporarily, or prohibition to hold management positions;
• having been subjected to the preventive measures decided by the judicial authorities, subject to the effects of rehabilitation;
• undergoing legal proceedings, being convicted or sentenced also for the purposes of Articles 444 ff. of the Italian Code of Criminal Procedure, except for the effects of rehabilitation, in relation to one of the crimes set out in Legislative Decree 231/01 or similar crimes (particularly crimes against assets, against the Public Administration, against the public religion and law and order, tax crimes, bankruptcy crimes, financial crimes, etc.);
• being the recipient of an administrative penalty, for one of the administrative offences covered in Articles 185, 187-bis and 187-ter of the Consolidated Law on Finance;
• for the Chairman, causes for ineligibility pursuant to Articles 2399 (c) and 2409 septiesdecies of the Italian Civil Code.

In order to guarantee the necessary stability of the O.d.V. and to safeguard the legitimate performance of the functions and the positions covered from any unjustified withdrawal of the appointment, the appointment of one or more members of the O.d.V. may only be revoked for due cause, by specific resolution of the Board of Directors and upon consultation with the Board of Statutory Auditors and the other members of the Body.
To this effect, “due cause” for revocation, shall indicate, by way of example, the following:

- a serious default of the duties set out in the Model and in the By-laws;
- conviction of the Company for the purposes of the Decree or a final plea-bargained sentence showing “omitted or insufficient surveillance” on the part of the Surveillance Body, as provided for in Article 6 (1) (d) of the Decree;
- a conviction or bargained sentence on one of the members of the Surveillance Body for one of the crimes provided for in the Decree or similar crime;
- a conviction of the Company for one of the offences set out in the Decree, due to “failed or insufficient surveillance” by the Body, in application of Article 6 (1)(d) of the Decree;
- a conviction of one of the members of the Body or the Company for one of the offences covered in Articles 185, 187-bis and 187-ter of the Consolidated Law on Finance;
- breach of confidentiality, as detailed in the O.d.V.’s By-laws.

In the event all the members of the Surveillance Body were subjected to revocation, the Board of Directors of Ansaldo STS, upon consultation with the Board of Statutory Auditors, shall proceed to appoint a new Surveillance Body. If appropriate, where serious grounds exist, the Board of Directors, upon consultation with the Board of Statutory Auditors and with other, not involved, members of the Surveillance Body, will resolve to remove from the office one or all of the members of the Surveillance Body, promptly proceeding to appoint a new temporary member or an entire temporary Surveillance Body.

Reference should be made to the By-laws of the Surveillance Body for all those matters not expressly addressed herein.

4.2. Functions and Powers of the Surveillance Body

The mission of the Surveillance Body of Ansaldo STS generally consists of the assessment and monitoring of the Model and of proposing updates to the same; of the assessment of the information activity and education in relation to it, and the management of information flows. More specifically, the O.d.V. is responsible for:

- constantly reviewing corporate activities, following a specific schedule of interventions and propose the update or integration of the Model and the procedures, where necessary;
- to approve an annual Plan of activity of the verifications of adequacy and correct functioning of the Model; the Body can also start, at any time, on its own initiative, actions of verification, even if not specifically contained in the Plan;
- monitoring, based on the approved activities’ plan, the applicability of the Model to the corporate structure, and its actual capacity to prevent crime for the purposes of the above mentioned Decree, proposing – if deemed necessary – any updates to the Model, and particularly in respect of the evolution and changes in the corporate organizational structure or operations and/or in current laws;
- monitoring, based on the approved activities’ plan, the applicability of the Model and procedures over time, promoting, by prior consultation with the other corporate structures concerned, all the necessary actions in order to ensure its effectiveness. Such task implies the formulation of amendment proposals to be submitted to the relevant corporate structures and to the Top Management and a subsequent assessment of the implementation and functionality of the proposed solutions;
- evaluating, based on the approved activities’ plan, the maintenance over time of the soundness and functionality of the Model and the procedures;
- carrying out, based on the approved activities’ plan, periodical reviews of the corporate structures deemed to be at risk of crime, with a view to controlling whether the activity is carried out in line with the adopted Model, coordinating to this purpose the relevant corporate structures, as necessary;
- monitoring the implementation and actual functioning of the proposed solutions, through a follow-up activity;
• based on the approved activities’ plan, carrying out a review of the existing delegated authorities and signing powers, in order to assess whether they are consistent with the set organizational and management responsibilities and, if necessary, propose to update and/or amend them;

• by specially planning the interventions, carrying out an assessment of the actions undertaken by persons with powers of signature in order to verify whether they are aligned with the mission and delegated powers;

• based on the results obtained, proposing to the competent corporate structures the opportunity to develop, integrate and amend operating and control procedures capable of governing in a suitable manner the development of activities, in order to implement a suitable Model;

• developing and overseeing, in application of the Model, an information flow capable of ensuring the constant update of the Surveillance Body by the relevant corporate structures, with regard to the crime risk activities, and also establish reporting manners, with a view to acquiring knowledge of any violations of the Model;

• implementing, in line with the Model, an effective information flow to the relevant corporate bodies, which may enable the Surveillance Body to report to the corporate bodies on the effectiveness and application of the Model;

• promoting, in agreement with the Human Resources Function, at the relevant corporate structures, a suitable personnel training programme through suitable initiatives for the circulation of knowledge and understanding of the Model;

• fostering and coordinating, based on the approved activities’ plan, the initiatives aiming at promoting knowledge of the Model and related procedures on the part of anybody operating on behalf of the Company.

• to verify periodically, with the support of the other competent functions, the validity of the standard clauses aimed to ensure the observance of the Model pursuant Legislative Decree 231/01 and the Ethical Code.

For the performance of the above mentioned duties, the Surveillance Body has been assigned the following powers:

• access to any corporate document and/or information which might be useful for the performance of the functions attributed to the Body for the purposes of the Decree;

• appointment of external consultants of proven professional stance, when necessary in order to carry out the activities falling within one’s competence, in observance of the regulations concerning the attribution of advisory services;

• ensure that the heads of the corporate structures promptly supply information, data and/or news required from them;

• proceed, if necessary, to the direct interview of employees, directors and members of the Board of Statutory Auditors of the Company;

• request information from external consultants, business partners and auditors.

In order to improve and increase efficiency in the performance of the assigned tasks and functions, the Surveillance Body may be supported in the performance of its operating activities, by the Internal Audit Function and the various corporate structures, which, from time to time, may be useful for the performance of the said activities.

With regard, in particular, to the issues concerning the protection of health and safety at the workplace, the O.d.V. may employ all the resources activated for the management of the relevant aspects (RSPP – Head of the Prevention and Protection Service, ASPP – Operators of the Prevention and Protection Service, RLS – Workers’ Representative for Safety at Work, MC - Physician in charge, first aid staff, emergency operators in the case of fire).
Moreover, the Surveillance Body may decide to delegate one or more specific accomplishments to individual members of the Body itself, based on the respective expertise, subject to the obligation for the member to report to the Surveillance Body. In any event, the Surveillance Body shall have a joint responsibility as concerns any functions delegated by the Surveillance Body to the individual members or materially carried out by other corporate structures.

4.3. Reporting by the Surveillance Body to the Corporate Bodies

With regard to the reporting activity, the O.d.V. of Ansaldo STS shall provide on at least an annual basis a report to the Chief Executive Officer, the Board of Directors and the Board of Statutory Auditors. In particular, the annual reporting shall include:

1. the overall activity carried out during the period, and particularly the reviews;
2. the critical profiles emerged either in terms of conducts or events internal to the Company, or in terms of effectiveness of the Model;
3. a review of all the notifications submitted during the year and the actions undertaken by the O.d.V. and other persons concerned;
4. the activities that could not be pursued due to lack of time and/or resources;
5. the necessary and/or advisable corrective and improving actions on the Model and their state of implementation;
6. the state of implementation of the Model;
7. the definition of the activity Plan for the subsequent year.

The Surveillance Body shall promptly report to the Chief Executive Officer on the following:

- any violation of the Model which is regarded as having sufficient grounds and has come to its knowledge because reported by the employees or found out by the Surveillance Body itself;
- detected organizational and procedural shortcomings such as to give rise to a real danger that any crimes covered by the Decree may be committed;
- amendments to the law which are particularly significant for the purposes of the implementation and effectiveness of the Model;
- lack of cooperation between corporate structures;
- whether any criminal proceedings have been brought against persons operating on behalf of the Company, or against the Company, in relation to crimes and offences which are significant for the purposes of the Decree;
- result of the assessments carried out following investigations by the Judicial Authorities on any crimes under the Decree;
- any other information which is deemed to be useful for the approval of urgent resolutions by the Chairman and Chief Executive Officer.

The Surveillance Body shall also promptly report as follows:

- to the Board of Directors on any violations of the Model by the Chief Executive Officer, other Executives of the Company or other members of the Board of Statutory Auditors or of the independent auditors;
- to the Board of Statutory Auditors on any violations of the Model by the Independent Auditors, or by members of the Board of Directors, so that the measures set out in this respect by the law may be adopted.
4.4. Information flows to the Surveillance Body

4.4.1 Notifications from within the company or by third parties

Article 6 (2) (d) of Legislative Decree 231/2001 requires that the “Organizational Model” must provide for the obligation to disclose information to the Body in charge of the surveillance on the application and observance of the Model itself.

The obligation to provide a structured information flow is regarded as an instrument to ensure the surveillance activity on the effectiveness and application of the Model and to assess, in retrospect, the causes that made for the occurrence of the crimes provided by Legislative Decree 231/2001, and serves the purpose of affording stronger authority to the requests for documentation from the Surveillance Body during its investigations.

In addition to the documents provided for in the single Special sections of this Model in line with the procedures identified therein, any other information whatsoever, even from third parties and concerning the implementation of the Model in crime sensitive areas of activity within the Company, must be brought to the knowledge of the O.d.V.

As set out in the O.d.V.'s By-laws, this obligation to disclose regards any information concerning:

- the perpetration of crimes which are important for the application of the Model or the performance of acts intended to facilitate them;
- behaviour not in line with the rules of conduct provided in this Model;
- any shortcomings in the current procedures;
- any changes in the corporate or organizational structure or current procedures which are important for the application of the Model;
- particularly significant operations or operations with a risk profile such as to induce to see a reasonable risk that crime is committed.

The Surveillance Body may also request from the Independent Auditors information on any significant news concerning the implementation of the Model, which might have come to its knowledge during its activity.

The O.d.V. shall evaluate the warnings received and any consequent action/measure at its reasonable discretion and under its responsibility, possibly talking to the warning party and/or the person responsible for the alleged breach and motivating in writing any decisions not to proceed with an internal investigation.

The warnings, pursuant to the terms of the Code of Ethics, must be in writing and cannot be anonymous and shall concern any breach and suspected breach of the Model. The O.d.V. shall act in such a way as to safeguard the warning parties against any reprisal, discrimination or punishment, also ensuring the secrecy of the warning party's identity, notwithstanding any legal obligations and the safeguarding of the right of the Company and of any person wrongly and/or maliciously accused.

In order to facilitate the flow of notifications and information to the O.d.V., a “dedicated informative channel” has been set up (OdV@ansaldo-sts.com).

Notifications for the Surveillance Body may also be submitted by mail to the pro tempore Head of the Internal Audit Function at the following address:

Ansaldo STS
Via P. Mantovani 3-5
16151 Genova
Italy

Consultants, co-workers and commercial partners shall directly submit their notifications regarding the activity carried out with Ansaldo STS to the Company’s Surveillance Body.

4.4.2 Obligations relating to the Disclosure of Official Acts

In addition to the notifications mentioned in the previous chapter, all information concerning the following shall also be reported to the O.d.V. of Ansaldo STS:

- measures and/or notices coming from the Judicial Authorities, from which it may be inferred that investigations/assessments on known or unknown parties for any crimes or administrative offences set out in the Decree are being performed;
requests for legal assistance made by executives ("dirigenti") and/or by employees in relation to the start of judicial proceedings for any of the crimes provided for in the Decree;

reports and notifications drawn up by the heads of the corporate functions within their control activity and from which elements showing highly critical profiles with regard to compliance to the Decree’s provisions, may emerge;

news on the actual implementation, at all corporate levels, of the Organizational Model, with specific attention to any disciplinary proceedings and any sanctions inflicted, or any act of dismissal of such proceeding with the relative motivations;

any representations that no grounds of incompatibility exist between the independent auditors and Ansaldo STS;

the outline of Powers and the system of delegated authorities adopted by the Company and any amendments to it;

documents connected to the request, payment or management of public grants;

infra-group relationships for purchase or transfer of goods or services or for financial operations;

any financial and commercial transactions in black-list countries pursuant to Ministerial Decrees dated 21 November 2001 (CFC regulations) and 23 January 2002 and subsequent amendments and integrations;

any changes in the organizational structure and protocols of Ansaldo STS regarding the control facilities for the purposes of Legislative Decree 81/2008;

the Risk Assessment Document (DVR) for the purposes of Article 28 of Legislative Decree no. 81/2008, the Register of Injuries and any other document which might be relevant to workplace health and safety management;

internal reporting showing the responsibilities for the crime species listed under Legislative Decree no. 231/2001;

documents connected to the information and education activity carried out for the purposes of the Model and the staff’s participation to such activities;

the minutes of the periodical meetings on prevention and protection from risks (art. 35, Legislative Decree no. 81/2008) and on the data in relation to the possible serious accidents happened in the company sites, at least every six months, by the RSPP of Ansaldo STS S.p.A.;

the data in relation to the so-called “almost-accidents”, i.e. to all those events which, even if did not ended in personal injuries for the workers, can be considered indicative of possible weaknesses or gaps of the safety and health system, and the measures undertaken to adjust the protocols and the procedures; such information are given by the RSPP;

possible measures taken by the Judicial Authority or by other Authorities in relation to the subject matter of safety and health at work;

any breaches or faults detected within the prevention and protection system with regards to dangers and damages against the environment;

the Security Plan Document, the Data Management and Protection Guidelines and any other document which might be useful in terms of forecasting and maintaining over time adequate control facilities for the prevention of illegal behaviours in the use of IT systems and instruments and in data processing.

4.4.3 Collection of, Keeping and Access to the files of the O.d.V.

Any information, warning, report required by the Model are kept by the Surveillance Body, separately filed. Access to the files is allowed only at the terms and conditions provided for in the O.d.V. Regulations.
5. PERSONNEL TRAINING AND CIRCULATION OF THE MODEL IN THE CORPORATE ENVIRONMENT AND OUTSIDE THE COMPANY.

5.1. Personnel Training
Ansaldo STS promotes the knowledge of the Model, the internal regulatory framework and their relative updates among all employees who are, therefore, required to know its contents, comply with and contribute to the implementation thereof.
The Human Resources Function, in cooperation with the Surveillance Body, deals with the training of personnel concerning the provisions of the Decree and the implementation of the Model through a specific plan.
In this context, communication was ensured as follows:

- upload of the Model and the Code of Ethics in the corporate intranet, in the specific section “azienda” and in the section Corporate Governance of the Company’s website, including the English version;
- availability of the Code of Ethics to all existing staff and distribution to newly recruited personnel when they join the firm, with signature acknowledging their successful reception and commitment to the knowledge of and compliance with the relevant provisions;
- permanent on-line course available in the company’s intranet, on the contents of the Decree, of the Organizational Model and of the Code of Ethics;
- e-mail updates on the changes to the Model or the Code of Ethics following any amendments to the law and/or the company’s organization which are relevant for the purposes of the Decree, including references to the on-line course in the corporate intranet.

Attendance to the training sessions and to the on-line course is compulsory and Ansaldo STS constantly monitors that the educational path is followed by all staff members.
The traceability of the attendance to the training sessions on the provisions of the Decree is ensured by requesting a signature of attendance in the form provided and, for e-learning activities, through a course attendance certificate.
In the event of significant amendments to the Model or the Code of Ethics, or the introduction of new laws impacting on the Company’s activity, should the Surveillance Body regard as insufficient the mere circulation of the amendment in the manners stated above, due to the complexity of the topic, updating classes shall be held, in addition to in-depth analyses of the topic for the newly recruited personnel in the process of being introduced into the Company.

5.2. Information to External Co-workers and Partners.
Ansaldo STS promotes the knowledge of and compliance with the Model and the Code of Ethics also among its commercial and financial partners, consultants, co-workers in several capacities, clients and suppliers of the Company.
A formal communication on the existence of the Model and the Code of Ethics will therefore be circulated to the above mentioned parties, who will be invited to consult it on the internet site of the Company.
Ansaldo STS shall proceed to insert, in the contracts with commercial and financial counterparties and with the consultants, specific clauses which provide for the termination of contractual obligations in the event of a breach of the ethical principles established.

6. DISCIPLINARY SYSTEM AND MEASURES IN THE EVENT OF NON-COMPLIANCE TO THE PROVISIONS OF THE MODEL

6.1. General principles
The development of an adequate sanctions system capable of addressing the violations to the provisions of the Model is essential in order to ensure the effectiveness of the Model itself.
In this respect, in fact, Article 6 (2) (e) of the Decree provides that organizational and management models must “introduce a disciplinary system capable of sanctioning any failure to comply with the measures indicated in the model”.
For the purposes of the Disciplinary System, and in compliance with the terms of collectively negotiated labour agreements, where applicable, any actions or conducts carried out in breach of the Model will be subject to a sanction.
Because the Model includes the entire corpus of regulations which is an integral part of it, there follows that “in breach of the Model” shall also mean in breach of one or more procedures. The application of disciplinary measures must be independent of the initiation and/or outcome of any criminal proceedings, insofar as Ansaldo STS has adopted the rules of conduct provided by the Model in full autonomy and regardless of the type of offence determined by the violations to the model itself. The identification and application of sanctions must take into account the principle of proportionality and adequacy compared to the charged violation. In this respect, the following elements are significant:

- type of the alleged offence;
- factual circumstances in which the offence has taken place;
- manners in which the conduct has taken place;
- seriousness of the violation, holding into account also the subjective attitude of the offender;
- whether more than one violation is generated by the same conduct;
- whether more than one person have committed the same violation;
- whether a re-offender is the author of the violation.

The disciplinary system is constantly monitored by the Surveillance Body and by the Human Resources Function.

6.2. Sanctions for Employees

6.2.1 Workers and Middle Management

Any behaviour of employees which is in breach of any rule of conduct drawn from this Model shall be defined as a disciplinary offence. Any sanctions applicable to the said employees shall fall within the provisions of the Company’s disciplinary rules and follow the procedures outlined in Article 7 of the Italian labour Statute and any specific applicable regulations. In relation to the above, the Model refers to the classes of acts subject to sanctions as provided by the existing sanctions system. These categories describe the sanctioned behaviours according to the emphasis assumed by the single cases in point and the sanctions actually levied when such acts are committed, depending on how serious they are. In particular, in accordance with the “Criteria for correlating workers’ offences and disciplinary measures” contained in the current National Collective Labour Agreement for private engineering industry workers and plant engineers, it is provided that:

- Measures consisting of VERBAL WARNING, WRITTEN REPRIMAND, FINE OR SUSPENSION FROM WORK AND PAY, depending on the seriousness of the violation, shall be applied to the workers who are in breach of the internal procedures established by this Model (for example who do not comply with the established procedures, omit to notify to the O.d.V. the required information, omit to carry out controls, etc.) or adopt a conduct which is not in line with the provisions of the Model itself whilst carrying out activities in risk areas, as such behaviour shall be construed as a violation of the contract which is prejudicial to the discipline and ethical principles of the Company;

- DISMISSAL WITH NOTICE shall be applied to the worker who, in carrying out activities in risk areas, adopts a behaviour which is not in line with the provisions of this Model and is unequivocally aimed at committing one of the crimes covered in the Decree, such behaviour shall be construed as an act of insubordination to the rules set by the Company;

- DISMISSAL WITHOUT NOTICE shall be applied to the worker who, in carrying out activities in risk areas, adopts a behaviour which openly violates the provisions of this Model and is such as to determine the concrete application, against the Company, of the measures set out in Legislative Decree 231/2001, as such behaviour shall be construed as causing the “Company a serious moral and/or material damage”, and be defined as a “crime pursuant to the law”.

The disciplinary system is constantly monitored by the Surveillance Body and by the Human Resources Function.
6.2.2 Executives (“Dirigenti”)

In the event of a violation on the part of executives, of the internal procedures established in this Model or the adoption, in carrying out activities in risk areas, of a conduct which is not in line with the provisions of the Model itself, suitable measures shall be applied to the said executives, in compliance with the provisions of the National Collective Labour Agreement for Executives in the industrial sector.

In particular:

- in the event of a non-serious violation of one or more procedural or behavioural rules set out in the Model, the executive shall receive a written warning to comply with the Model, which represents the necessary condition for a trust relationship with the Company;
- dismissal with notice shall be applied in the event of a serious violation of one or more provisions of the Model, such as to represent a significant default;
- where the violation of one or more provisions of the Model is as serious as to irreparably compromise the trusting relationship, thus preventing the possibility of any continuation, even temporary, of the employment, the worker shall incur in dismissal without notice.

6.3. Measures towards Directors and Statutory Auditors

In the event of any breaches of the Model on the part of one or more Directors and/or members of the Board of Statutory Auditors of Ansaldo STS, the O.d.V. inform the Board of Directors and the Board of Statutory Auditors which – based on their respective responsibilities - shall proceed to adopt the most appropriate and adequate measures in line with the seriousness of the breach and in accordance with the powers granted by the law and/or the Articles of Association (statements in the minutes of meetings, formal notice, curtailing of the emoluments or considerations, revocation of the appointment, call of or request to call a Shareholders Meetings to discuss appropriate measures towards the individuals responsible for the breach etc.).

Considering that the Directors of Ansaldo STS are appointed by the Shareholders’ Meeting of the Company, in the event of any violations of the Model which are such as to compromise the relationship of trust with the Company representative, or in the event of any serious reasons connected to the safeguard of the interest and/or the image of the Company (for instance, provisional measures or committal for trial of Directors in relation to crimes which might entail an administrative liability for the Company), the Shareholders’ Meeting shall be called to pass a resolution for revocation of the mandate.

6.4. Measures towards Co-workers, Consultants, Partners, Other Parties in Transactions and other external persons

Any behaviour adopted, within the scope of a contractual relationship, by Co-workers, Consultants, Partners, other parties in transactions or external persons which is in contrast with the lines of conduct indicated in this Model and in the Code of Ethics may determine, by application of appropriate clauses, the termination of the contractual relationship. In co-operation with the Surveillance Body, the Company Secretary & General Counsel Function deals with the drafting, update of and insertion in the engagement letters or business and partnership agreements, of such specific contractual clauses which provide for the termination of the contractual obligation in the event of non compliance with the established ethical principles.

6.5. Procedure for the application of sanctions

The process for the inflicting of sanctions after violations to the Model and procedures varies depending on the category of recipients, in relation to the following phases:

- notice of the violation to the individual concerned;
- determination and subsequent infliction of the sanction.

In any event, the process for the inflicting of sanctions is initiated after the corporate bodies from time to time re-
sponsible and listed below, receive a communication from the O.d.V. that there has been a breach of the Model. More precisely, when, in the course of the O.d.V’s surveillance and assessment activity, a notification is received or elements showing a possible breach of the Model are acquired, the O.d.V has the duty to act in order to carry out the assessments and controls pertaining to its activity. Once assessment and controls have been accomplished, the O.d.V. evaluates, based on the available elements, whether to initiate disciplinary proceedings, informing the Head of Human Resources, to establish whether the above conducts are also in breach of other applicable laws or regulations.

6.5.1 Disciplinary proceedings towards Board directors and members of the Statutory Auditors

In the event of a violation of the Model by a Board Director who is not an employee of the Company, the O.d.V. submits to the Board of Directors and the Board of Statutory Auditors, a report containing:

- the description of the charged conduct;
- the indication of the Model's provisions allegedly violated;
- the details of the director who is responsible of the violation;
- any documents proving the violation and/or any other justifying elements;
- a proposal for the sanction which is deemed to be appropriate in the specific case.

Within ten days from acquisition of the report from the O.d.V., the Board of Directors calls the member indicated by the O.d.V. to a meeting of the Board, which must be held by and no later than thirty days from reception of the report thereof. The notice of calling must:

- be in writing;
- specify the charged conduct and the Model’s provisions in breach of which it has been committed;
- inform the director concerned of the date of the meeting, specifying he has a right to produce any written or oral objections and/or reasonings. The notice must bear the signature of the Chairman or of at least two members of the Board of Directors.

The schedule of the Meeting of the Board of Directors, which is also open to O.d.V.’s members, will include the hearing of the charged director, the acquisition of any reasonings submitted by the latter and any further assessments deemed to be appropriate. The Board of Directors, on account of the elements acquired, determines which sanction should be inflicted, stating the reasons for any disagreement with the proposal put forward by the O.d.V.

The resolutions of the Board of Directors and/or the Shareholders’ Meeting, as applicable, must be communicated in writing by the Board of Directors to the board director concerned and to the O.d.V., for the appropriate controls. The above procedure is applied also when the Model is violated by a member of the Board of Statutory Auditors, to the extent allowed by the applicable laws. In all the events of a Model’s violation by a Director who is also an employee of the Company, the procedure set out below with reference to Executives/Employees will apply. When the above procedure results in a dismissal, the Board of Directors shall promptly call a Shareholders’ Meeting for the approval of the revocation of the Director from his/her office.

6.5.2 Disciplinary proceedings towards executives

The procedure for the assessment of offences committed by Executives, is carried out in compliance with the current provisions of the law as well as with any applicable collective labour agreements. In particular, the O.d.V. transmits to the Chief Executive Officer and the Head of the Human Resources Function a report containing:

- description of the charged conduct;
- indication of the Model’s provisions which have allegedly been violated;
• details of the person responsible of the violation;
• any documents proving the violation and/or other justifying elements.

Within five days from acquisition of the O.d.V.'s report, the Chief Executive Officer calls the charged Executive, by means of a notice containing:
• indication of the conduct established and object of the violation for the purposes of the Model;
• date of the interview and right of the concerned party to formulate, also on that occasion, any written or oral considerations on the events.

After that, the Chief Executive Officer, together with the Head of the Human Resources Function, will define the position of the concerned party and the implementation of the relevant disciplinary measures.

In the event the individual against whom the procedure has been initiated holds the position of Executive with delegated authorities granted by the Board of Directors, and in the event the enquiry proves his involvement for the purposes of Legislative Decree 231/01, it is provided as follows:
• the Board of Directors may decide whether to revoke the delegated authorities attributed on the basis of the nature of the office;
• the Chief Executive Officer may act in favour of a definition of the individual's position and implement the relevant disciplinary proceedings.

In general terms, communication of the levy of sanction is given in writing to the concerned party, within ten days from dispatching the notice of charges or any lower term provided for in the collective labour agreements applicable in the specific case, by the Head of the Human Resources Function.

Within the scope of the above detailed procedure, it is provided that the Board of Directors of Ansaldo STS must be informed, in both the above situations, of the outcome of internal assessments and the profile of sanction applied. The O.d.V., which receives a copy of the infliction of sanctions, will see to its application. Without prejudice to the right of appealing to the judicial authorities, anyone who has an interest in the proceedings may seek the formation of a conciliation and arbitration panel, in accordance with the provisions of collective labour agreements applicable in this specific case, in the twenty days after receipt of the disciplinary notice.

In the event of the appointment of such a Panel, the disciplinary action is suspended till the pronouncement of such body.

6.5.3 Disciplinary proceedings towards employees
The procedure for application of disciplinary action to Employees is carried out in compliance with the provisions of Article 7 of the Workers’ Statute of Rights.

In particular, the O.d.V. transmits to the Head of the Human Resources Function a report containing the following:
• details of the person who is responsible for the violation;
• description of the charged conduct;
• indication of the Model’s provisions which have been violated;
• any documents or elements supporting the charges.

The Company, through the Head of the Human Resources Function, within ten days from acquisition of the report, sends to the Employee a notice of charges in writing, containing:
• precise indication of the charged conduct;
• the Model’s provisions which have been violated;
• a communication of the right to submit written reasonings and/or justifications within eight days from reception of the notice and to request the assistance of a representative of the union the employee is a member of or has appointed to act on his behalf.

After any possible counter-deductions by the concerned employee, the Head of the Human Resources Function takes measures regarding the application of the sanction and establishes the extent thereof. The sanctions may not be applied before five days from reception of the charges and must be notified to the employee concerned by the Head of the Human Resources Function no more than six days from expiry of the term set for preparing the counter-deductions,
without prejudice for particularly complex species of crime. The above measures are also communicated to the O.d.V., which verifies the actual application of the sanctions inflicted.
Without prejudice to the possibility to appeal to a Judicial Authority, the Employee may request the formation of a conciliation and arbitration panel, in the twenty days following receipt of the disciplinary notice, with suspension of any action till the pronouncement of such body.
The above described procedure also provides that the Board of Directors of Ansaldo STS is informed about the outcome of internal checks and the profile of sanction applied to the employees.

6.5.4 Disciplinary proceedings towards third party recipients of the Model
In order to approve the initiatives provided for in the contractual clauses referred to in paragraph 6.4, the O.d.V. communicates to the manager in-charge of the Department/Function that manages the contractual relationship, with copy to the Chief Executive Officer, a report containing:

- details of the party responsible for the violation;
- description of the charged conduct;
- indication of the Model’s provisions which have been violated;
- any documents and elements supporting the charges.

In the event the contract had been approved by the Board of Directors of Ansaldo STS, the above report must also be sent to the Board of Directors and the Board of Statutory Auditors.
In agreement with the Company Secretary & General Counsel Function and based on the decision in the meantime approved by the Chief Executive Officer and by the Board of Directors and Board of Statutory Auditors, as applicable, the manager in-charge of the Department/Function that manages the contractual relationship delivers to the concerned party a written notice containing indication of the objected conduct, the Model’s provisions being violated and indication of the specific contractual clauses required to be applied.

7. REVIEW OF THE APPLICATION AND SUITABILITY OF THE MODEL
The O.d.V. proposes to the B.o.D. of Ansaldo STS an updating of the Model whenever necessary and/or advisable due to changes in current applicable laws, in the company’s organization and internal protocols, or to faults of the internal regulatory framework.
The modifications to the Model which are not material are directly made by the Chief Executive Officer, provided that they are ratified by the Board of Directors in the first due meeting.
SPECIAL SECTION “A”

CRIMES TO THE DETRIMENT OF THE PUBLIC ADMINISTRATION AND THE ADMINISTRATION OF JUSTICE
A.1. TYPES OF CRIMES IN THE RELATIONSHIPS WITH THE PUBLIC ADMINISTRATION

Below is a concise description of the crimes and offences covered by Articles 23, 24, 25 and 25-novies of the Decree and the Article 10 (9) Law n. 146 dated 16th March 2006

Aggravated fraud to the detriment of the State or of another Public Entity (Article 640 (2) (1) of the Italian Criminal Code)

The offence occurs when, by resorting to devices or deception and therefore by misleading someone, an unfair profit is achieved, to the detriment of the State, of other Public Entity or of the European Union. Such crime may occur, for instance, in preparing documents or data for tenders, when untrue information (for example supported by counterfeit documents) is supplied to the Public Administration with a view to winning the tender. This species also includes the transmission to the financial administration of documents containing false information, in order to obtain an undue tax refund; and, in general, the delivery to social security institutions, local administrations or their divisions, of communications containing false data with a view to securing advantages or facilitations for the Company.

Aggravated fraud aimed at obtaining public funding (Article 640 bis of the Italian Criminal Code)

This crime occurs whenever the fraud described above concerns public funding, whatever the funds’ denomination, issued by the State, other public authorities or the European Union. With regard to the material object of the crime, grants and subsidies are non-repayable money allocations which may be liquidated either periodically or in a lump sum, either in a set amount or in an amount established on the basis of variable parameters, and when it is certain that it is due and to what amount or on a merely discretionary basis; public funding is based on a contract and entails an obligation to use the sums or refund them or provides for further and diverse charges; subsidised mortgages consist of disbursements of moneys entailing an obligation to refund the same amount received, but with lower interest than the one available on the market.

In any event, the law takes into consideration any disbursement of funds which affords an advantage compared to market conditions.

This species includes crimes which imply resorting to devices or deception, for instance by communicating untrue or incomplete data or preparing false documentation, with a view to obtaining public funding intended to be used, for instance, in research or in support of employment, or in the implementation of projects which have a public impact.

Misuse of public funds to the detriment of the State (Article 316 of the Italian Criminal Code)

The crime is committed by anyone who, having obtained from the State or other Public Authority or the European Union, certain funds - however denominated - for the realization of works or public interest activities, does not allocate them to the intended purposes.

This species includes for instance the application for and obtainment of public funding in relation to the recruitment of personnel included in protected categories, or for the refurbishment of real estate damaged by natural disasters, which is not used for the intended purposes.

Improper obtainment of public grants (Article 316ter of the Italian Criminal Code)

The offence emerges when – by using or submitting false statements or documents, or by omitting due information – one obtains grants, funding, subsidised mortgages or other similar contributions granted or issued by the State or other Public Authorities or by the European Union, although not being entitled to them.

In this case, contrary to what already seen in the commentary to the previous crime species (Article 316-bis of the Italian Criminal Code), the allocation of the public funding granted is of no consequence, since the crime consists in illegally obtaining the funds.

It should also be stressed that, having such offence a residual nature, it only occurs when the criminal conduct does not fall within the definition of the more serious offence of aggravated fraud to the detriment of the State (Article 640-bis of the Italian Criminal Code).

By way of example and without limitations, this crime includes the illegal obtainment of public funding targeted to the support of entrepreneurial activities in specific sectors, by attaching false invoices referring to non-existent supplies of services, or by producing documents to certify that the requirements for obtaining the grant are satisfied.

Computer fraud to the detriment of the State or of another Public Entity (Article 640ter of the Italian Criminal Code)

This category includes crimes involving an unfair profit obtained to the detriment of the State or other Public Entity by distorting the operation of an information or computer system, tampering with or duplicating the data therein contained.

The interference may occur in various ways: during data collection and input, during processing and during output. In all these cases the material author of the crime interferes with the correct operation of the memory of the processor, with a view to deriving an undue profit to the detriment of the State or other Public Entity.
The crime includes for instance the modification of information concerning the accounting situation of a contractual relationship existing with a Public Entity, or the distortion of tax and/or social security data contained in a database referring to the Public Administration.

However, this crime was abrogated with the introduction of article 24-bis into Legislative Decree 231/01, provided for by Law 48/2008, regarding IT crimes and illegal data handling. Thus reference should be made to the said article and to the relative Special section "E".

**Notion of Public Official or person in charge of a public service (Articles 357 and 358, 322 bis of the Italian Criminal Code)**

Before proceeding to the analysis of the crimes of corruption and extortion by public official, it is necessary to define the very notions of public official and person in charge of a public service, given they are active parties in this crime. In particular, the definition of **public official or person in charge of a public service** includes:

1. whoever performs public functions in the legislative, judicial or administrative sector, such as for instance:
   - members of Parliament or of the Government;
   - members of regional or provincial councils;
   - members of the European Parliament or of the Council of Europe;
   - persons performing accessory functions (filing clerks in charge of parliamentary minutes and documents, shorthand typists and report writers, stewards and supply officers, technicians etc.);

2. whoever performs a judicial public function such as, for instance:
   - magistrates (in ordinary Courts, Courts of Appeal, Supreme Court of Cassation, Higher Water Court, TAR (Regional Administrative Court), Council of State, Constitutional Court, military court, jurymen of the Court of Assize, justices of the peace, deputy lower court judges (honorary and associates), members of boards of arbitrators pursuant to the Italian Code of Civil Procedure and parliamentary committees of inquiry, magistrates of the European Court of Justice and of various international courts etc.);
   - whoever performs functions connected thereto (officials and officers of the investigative police, financial police and Carabinieri, registrars, secretaries, receivers in bankruptcy, bailiffs, witnesses, court messengers, trustees in bankruptcy, operators in charge of issuing certificates in courts’ registrar’s offices, experts and advisors of the Public Prosecutor, liquidators in bankruptcy proceedings, liquidators in compositions, external administrators in extraordinary administration proceedings for large enterprises in a state of crisis etc.).

3. whoever performs an administrative public function such as, for instance:
   - civil servants, staff of international and foreign organizations and of local authorities (for instance officers and employees of the State, of the European Union, of supranational bodies, foreign States and local Authorities, including Regional, Provincial and Municipal Authorities and comunità montane (consortiums of municipalities in a mountainous area); persons performing accessory functions in relation to the State's institutional purposes, such as members of municipal town planning offices, members of building committees, head administrative officers of the amnesty offices, municipal messengers, operators in charge of the documents concerning occupancy of a public area, municipal clerks responsible for job centres, employees of State-owned companies and city-owned enterprises; persons in charge of the collection of tax, medical staff in public facilities, personnel of the Ministries, superintendence etc.);
   - staff of other public bodies, whether national or international (for instance officers and employees of the Chamber of Commerce, of the Bank of Italy, of supervisory authorities, of social security institutions, of ISTAT, the Italian statistical institute, of the UNO, of FAO etc.);
   - private individuals performing public functions or public services (for instance Notaries Public, private entities operating in a concessionary regime or whose activity is regulated by public law or, anyway, that carry out public interest activities or are controlled entirely or in part by the State, etc.).
Activities mainly consisting of the performance of simple, ordinary tasks or of the supply of merely material work of a prevailing practical or operational nature, requiring no autonomous or discretionary decisions are not considered as public service activities, even if regulated by public law or administrative acts.

Public officials and persons in charge of a public service are not defined based on their belonging to or employment with a Public Entity, but rather with reference to the nature of the activity concretely carried out by the individual that is to say, respectively, public function and public service.

Even a person external to the public administration can therefore be qualified as a public official or person in charge of a public service, if he/she engages in one of the activities which are defined as such in Articles 357 and 358 of the Italian Criminal Code (for instance, employees of banking institutions who have been assigned tasks defined as “public service” etc.).

Furthermore, Article 322 bis broadens the sphere of the punishable crimes of corruption and extortion by public official and other crimes against the Public Administration, to include those cases where the offence involves:

- a member of the European Commission, of the European Parliament, of the European Court of Justice and of the European Court of Auditors;
- an officer, agent working for the European Communities or person with a similar function;
- a person who, in one of the other European Union member States, performs functions or carries out activities equivalent to the ones performed or carried out by public officials and persons in charge of a public service;
- a person performing functions or carrying out activities equivalent to the ones performed or carried out by public officials and persons in charge of a public service in one of the foreign States not belonging to the European Union, or in an international public organization.

“Concussione”, i.e. extortion by individuals performing public service (Article 317 of the Italian Criminal Code)

This crime occurs when a public official or a person in charge of a public service, by taking advantage of his position or power, compels or leads anybody to give or promise illegally, to himself or a third party, money or other benefits. This type of crime entails a certain risk profile for the Company within the meaning of Legislative Decree 231/01. In that, the specific business activities of the Transportation Solutions Business Unit of the Company, which consist in the construction of transportation lines, either directly or through the establishment of Consortiums, operates, in some cases, on the basis of public authorisations (granted by public entities such as, for example, town councils) and as such the Company acts as an entity charged with providing a public service. Hence, this type of crime could occur, theoretically, when the entity charged with providing a public service improperly uses its powers to compel or lead anybody to illegally give or promise money or other benefits, in order to obtain an economic or personal advantage. Where the Company does not act as an entity charged with providing a public service, the Entity’s liability will, in any case, be involved when an Employee or an Agent of the Company, in the interest or on behalf of the Company itself, takes part in the criminal offence of the public official or of the person in charge of a public service who, taking advantage of their position, demand undue services; or when a representative of the Company concretely carries out a public office or a public service and, in such position, favours the Company by taking advantage of his office.

Corruption (Articles 318-319 of the Italian Criminal Code)

This crime occurs when a public official or a person in charge of a public service solicits money or other advantage, or the promise thereof, for performing, omitting or delaying acts which are part of his office or for performing acts in breach of his official duties. The crime also occurs when the undue offer or promise is made in respect of acts - whether part of or in breach of his official duties - already performed by the public agent. The crime, therefore, occurs both when the public official carries out, for a consideration, an act which is part of his/her office (for instance: speeding up paperwork which falls within the sphere of his/her competence), and when he/she carries out an act which is in breach of his/her duties (for instance, guaranteeing the illegitimate award of a tender).

Such crime species differs from “concussione”, i.e. extortion by public official, insofar as it involves an agreement between the bribed official and the briber, aimed at achieving a mutual benefit, whilst extortion by a public official involves a private party being victimized by the demands of a public official or person in charge of a public office.

For the purposes of Article 321 of the Italian Criminal Code, the penalties established for public officials or persons performing public service also apply to private individuals who give or promise to the latter moneys or other benefit.

Incitement to corruption (Article 322 of the Italian Criminal Code)

The penalty provided for this crime applies to whoever offers or promises moneys to a public official or a person in
charge of a public service, to induce him/her to perform acts in breach of, or being part of, his official duties, when
the promise or offer is not accepted. The conduct of the public agent who solicits a promise or an offer from a private
individual is similarly subject to sanctions.

**Corruption in judicial proceedings (Article 319-ter of the Italian Criminal Code)**

This crime occurs when one offers or promises money or other benefits to a public official or a person in charge of a
public service, in order to favour or damage a party in civil, criminal or administrative proceedings.
The liability shall therefore fall on the Company which, being involved in judicial proceedings, corrupts, even through
a third party (for instance, its counsel for the defence) a public official (not only a magistrate, but also a registrar or
other official, or a witness) in order to reach a successful settlement.

**“Peculato” (embezzlement by public official), “concussione” (extortion by public official), corruption and incite-
ment to the corruption of members of European Community institutions, officers of the European Community or
other foreign States (Article 322-bis of the Italian Criminal Code)**

“Peculato” refers to the appropriation of moneys or other goods by public officials to whom such money or goods are
made available in the performance of their work.

For the purposes of the Decree, the definitions of embezzlement by public official (Article 314), embezzlement by
exploitation of a third party’s error (Article 316), extortion by public official and corruption (Articles 317-320 and 322,
(3) and (4)) also apply to:
1) members of the European Commission, of the European Parliament, of the European Court of Justice and of the
European Court of Auditors;
2) officers and agents employed under contract pursuant to the terms of the statute of officers of the European Com-
munities or under the Conditions of Employment of other Servants of the European Communities;
3) persons seconded by the Member States or any other public or private entity, to work at the European Communities,
and whose functions are similar to those of the officers or civil servants of the European Communities;
4) members and operators of entities established pursuant to the Treaties for the formation of the European Com-
munities;
5) persons who, in one of the other European Union member States, perform functions or carry out activities which are
equivalent to the ones performed or carried out by public officials and persons in charge of a public service.

Provisions concerning active corruption (Articles 321 and 322) also apply when money or other benefits are given,
offered or promised:
1) to the above mentioned persons;
2) to persons performing functions or carrying out activities that are equivalent to those of public officials and people
in charge of a public service in any other foreign State or public, international organization, where the offence has
been committed in order to procure an undue benefit in international economic operations, for oneself or for any third
parties.

**Failure to comply with disqualification (Article 23 of the Decree).**

This crime covers whoever, in carrying out the activity of the Entity which has been subjected to a penalty or to a pro-
visional restrictive measure, infringes the duties or bans inherent to such penalties or measures.

This provision applies to all the activities carried out by the Entity which may in any way interfere with the execution of
a disqualification or of a provisional restrictive measure.

For this purpose, it should be recalled that the provisional measures and disqualifications provided for in Articles 9
and 45 of the Decree are as follows:

- debarment from trading or exercising business activity;
- suspension or revocation of those permits, licenses or concessions which were/are functional to the offence being committed;
- ban on contracting with the Public Administration, except as for requesting a public service;
- exclusion from public aid, financing, grants and subsidies and revocation of those already granted, and prohibition to advertise goods or services.

In particular, the crime can occur when a disqualification is applied, either as a preventive or final measure, in the
course of or at the issue of proceedings concerning administrative liability for the purposes of the Decree and involving
the Entity to which the offender belongs or any other Entity with which such offender has a relationship of any nature
on behalf of the Company.

By way of example, the foregoing applies in the event the Entity subject to the ban on contracting with the Public Ad-
administration, in breach of such disqualification, through an intermediary or in a secret fashion, entertains contractual relations with such Public Administration. It also applies in the event the Entity subject to the ban on advertising goods or services, continues to publicize its services through hidden forms of publicity. Incitement not to testify or to bear false testimony to the judicial authorities (Article 377 bis of the Italian Criminal Code)

The crime punishes those who, through violence or threats, offer or promise of money and other benefits, incite not to testify or to bear false testimony any person called to give any statements, before the Judicial Authorities, which might be used in criminal proceedings, when that same person is entitled the right to silence.

The crime could have a possible relevance for the application of the Decree, in the event anybody entitled to silence before the Judicial Authorities is incited to hold back information or to make false statements on behalf and in the interest of the Entity (for instance, in order not to reveal information which might prejudice the Entity during the legal proceedings), under threat (dismissal, career downgrading) or promise (of money or career advancements).

Aiding and abetting (Article 378 of the Italian Criminal Code)

This crime species applies to anybody who, after a crime has been committed without any allegations of complicity on their part, helps somebody else to avoid the investigations of the Judicial Authorities or to elude their searches.

If the crime is committed by a company member in the interest or to the advantage of the Entity, this may determine an administrative liability of the latter only when the crime has a transnational nature, i.e., pursuant to Article 3, of Law no. 146 dated 13 March 2006, has wholly or partially taken part in more than one State or has had substantial effects in a different State or involves the participation of a criminal organisation whose activity is conducted in more than one State.

A.2. AREAS AT RISK – INTERNAL USE

A.3. RECIPIENTS OF THE SPECIAL SECTION – GENERAL PRINCIPLES OF CONDUCT AND IMPLEMENTATION OF THE DECISION MAKING PROCESS IN RISK AREAS OF ACTIVITY

This Special section refers to the conducts adopted by directors, executives and employees operating in risk areas of activity, as well as external Co-workers and Partners, as already defined in the General Part (hereinafter, all of them defined as the “Recipients”).

This Special section provides for the explicit prohibition for the Recipients themselves to adopt the following conducts:

- conducts that may integrate the above described species of crime (Articles 24, 25 and 25-novies of the Decree);
- conducts that, however not representing in themselves species of crime falling into those considered above, can potentially become as such;
- conducts which do not comply with corporate procedures or, anyway, which are not in line with the principles set out in this Model and in the Code of Ethics;
- conducts which are such as to favour any conflict of interest vis-à-vis the Public Administration in relation to the above mentioned species of crime.

In the context of the above conducts, it is explicitly prohibited to:

- give any sums of money to public officials;
- distribute or receive gifts or presents, except as provided by the Code of Ethics and by internal regulations. In particular, any form of present to public officials, whether Italian or foreign (including countries where the giving of presents is common practice) or their relatives is prohibited if it might influence independence in a decision or induce to grant any advantage whatsoever to the Company. Gifts are allowed when of a modest value. Offered or received gifts - except those of a moderate value - must be properly documented for the purposes of the prescribed assessments;
- grant any other advantage whatsoever (promise of employment, use of corporate goods, etc.) in favour of public officials or persons in charge of a public service, when they may determine the same consequences provided for under the previous point;
• receive advantages of any nature whatsoever, exceeding the normal commercial or courtesy practices, or anyway intended to acquire unduly preferential treatment in conducting any corporate activity whatsoever;
• provide services in favour of Commercial Partners and/or consultants when they do not find sufficient justification in the context of the relationship of association existing with them;
• recognize compensation in favour of external Co-workers, when they do not find adequate justification in relation to tasks to be performed and the current local practices;
• exert undue pressure or soliciting on public agents with a view to bringing to completion activities pertaining to their office;
• file, in any form whatsoever, untruthful or incomplete statements to the Public Administration, whether domestic or foreign;
• allocate sums received from national or European public bodies by way of grants, contributions or funding, for other purposes than they had been intended for;
• bias, in any form and with any means whatsoever, the freedom and choices of any persons who are called to provide statements before the Judicial Authorities, at any title whatsoever.

With regard to relationships with the Public administration, for the management and coordination of the Group’s business activity (a.1), for research and negotiation of orders/sales contracts (a.2), for the stipulation, execution and management of contracts/orders (a.3) the Company follows the control principles below:

• compliance with the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework in the relationships with the Public Administration;
• compliance with the principles of fairness and transparency and guarantee of integrity and good reputation of the parties;
• compliance with the laws and regulations in force, with ethical principles and with the existing procedures;
• traceability of relationships with the Public Administration in the context of risk activities which are recorded in the Evidence Sheets by the managers internally responsible for potential risk areas;
• transparency and correctness in the supply of information and data of the Public Administration, in order to ensure their completeness and authenticity;
• selection of agents, consultants, suppliers of services supporting the trading activity through a due diligence process set forth by the corporate procedures;
• inclusion in the agreements with agents, consultants, suppliers of services supporting the trading activity of principles and requirements aimed at ensuring clarity and traceability of the relationships with these bodies. In particular, all those who manage relationships with agents, consultants, suppliers of services supporting the trading activity shall follow the corporate procedures regarding the entering into force and management of these relationships;
• standardization of the agreements with the Partners and/or other third parties, which are defined in writing and specify all the terms and conditions of the said agreements – in particular as concerns the economic conditions agreed – and are checked and approved based on the current procedures and in line with the powers conferred to persons of Ansaldo STS;
• traceability and documentation of the relationships held with public officials;
• underwriting of any communications addressed to the Public Administration, in compliance with the powers conferred to persons of Ansaldo STS;
• compliance with corporate responsibilities and the delegation system in force, with reference also to the limits of spending granted to the functions and the ways of managing financial resources;
• correct use of information procedures, holding into account the most advanced technologies acquired in such sector;
• determination of the kinds of payment (no payment in cash or in kind);
• evidence of the activities and the controls carried out;
• correct behaviour in the execution of contractual relationships, scrupulously performing all the obligations undertaken. Any critical or difficult situation of any kind in the execution of such relationships, including any infringements, are reported in writing and dealt with by the competent functions, in line with the contractual agreements and with the law and other regulations currently in force.
• analysis of the requirements connected to the performance of invoice payments, allocation of funding received from the State or European organizations. Furthermore, those performing the control and supervision function must immediately refer any irregular situation to the O.d.V.

With regard to the selection and management of partners in Temporary Association of Companies and/or Consortia (a.4), the Company’s activity must conform to the following principles:

• standardization of the agreements with the Partners and/or other third parties, which are defined in writing and specify all the terms and conditions of the said agreements (in particular those concerning joint participation in any tenders) and of clauses to ensure compliance with Legislative Decree 231/2001 by the contracting parties, which are checked and approved based on the current procedures and in line with the powers conferred to persons of Ansaldo STS;
• verification of the integrity, honesty and reliability of the association Partner through a specific analysis of the background that takes into account ethicality and standing, technical expertise, equity and financial soundness;
• checking and assessment of the identity of counterparties and of the entities on whose behalf they possibly act;
• evidence/traceability of assessments carried out for the selection of Partners.

With regard to the management of authorizations, concessions and licenses (a.5), the Company’s activity must conform to the following principles:

• compliance with the tasks, roles and responsibilities defined in the corporate organizational chart and the authorization framework in the management of the process for the obtainment of authorizations, and the management of compliances in matters of environment and of hygiene, health and safety at the workplace;
• absence of any behaviour intended to exert any pressure or otherwise unduly influence the determination of the administration bodies in the management of the relationships with the Public Administration, in view of the application for authorizations, licences and concessions;
• compliance with the limits set in the concession, authorization or licence obtained. Any critical or difficult situations of any kind are reported in writing and dealt with by the functions in charge, in line with the law and other regulations currently in force, and with company procedures;
• treatment of the documents for obtaining authorizations, concessions and licenses from the Public Administration so as to ensure completeness, correctness and integrity.

With regard to the management of relationships with the Tax Authorities (a.5), the Company’s activity must conform to the following principles:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework in the management of relationships with the Tax Authorities;
• clear identification of the corporate subjects authorized to represent the company in the relationships with the Tax Authorities;
• segregation of functions and tasks for those in charge of preparing the documents to be provided to the Public Authorities and those in charge of controlling them before delivery;
monitoring of the evolution of applicable laws, with a view to ensuring compliance with new tax regulations;

controls on the completeness and accuracy of tax calculations and formal approval of the supporting documents;

compliance with the law, with a view to avoiding any delays and inaccuracies in the presentation of fiscal documents;

evidence of transactions with the Public Authorities, in particular during inspections.

With regard to the management of relationships with the Public Authorities in relation to any requirements concerning the administration of employees (a.5), the Company's activity must conform to the following principles:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework in the management of relationships with the Public Authorities, in connection with pension and social security requirements;

• clear identification of the corporate subjects authorized to represent the company in the relationships with pension and social security authorities;

• segregation of functions and tasks for those in charge of preparing the documents to be provided to the Public Authorities and those in charge of controlling them before delivery;

• continuous monitoring of the deadlines of any communications/claims/requirements to be lodged with the applicable Public Entities.

With regard to the management of relationships with Authorities/Surveillance Bodies (a.5), also with regard to requests for and management of funding/contributions paid out by public Entities (a.6), the Company's activity must conform to the following principles:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework in the management of any relationships with the Surveillance Bodies/Authorities;

• respect of the tasks, roles, responsibilities as well as corporate powers in the preparation and signing of documents to be sent to the Surveillance Bodies/Authorities;

• during inspections by the Surveillance Bodies/Authorities, the functions involved are bound to the respect of the tasks, roles and responsibilities defined in the corporate organizational chart, and must show transparency, correctness and spirit of cooperation in facilitating the bodies’ operations and supplying, in a complete and correct way, any information and data that might be required to ensure compliance with the tasks which have been assigned to the body by the law;

• with regard to the transmission of documents, data or information to the Surveillance Body/Authority, the functions concerned operate in compliance with the tasks, roles and responsibilities defined in the corporate organizational chart and ensure the completeness, truthfulness and transparency of the transmitted data.

With regard to the management of litigations (a.7), the Company's activity must conform to the following control principles:

• compliance with truthfulness, completeness and clarity principles in view of the information requests submitted by the Judicial Authority;

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework and current Protocols for the management of litigation proceedings;

• monitoring of the litigation by keeping record of and updating any disclosures, litigation schedules and schedules for assessing litigation risk;

• management of periodical information flows as provided for in the current procedures;

• selection of the legal counsels and advisors based on current procedures, in compliance with the principles of soundness and competence of the professional consultant and appointment of said consultants by contract/letter of appointment prepared on the basis of corporate formats;
• presentation of the Code of Ethics of the Company to the legal counsel or advisor, and acquisition of their formal commitment to comply with the provisions therein contained and inclusion in the consultancy agreements of a clause of compliance with the Code of Ethics, which will result in application of sanctions in the event of behaviours which are in conflict with corporate ethical principles;

• reporting and monitoring of the appointed lawyers’ fees and expenses. All services supplied by consultants and lawyers must be properly documented and the function which requested their services must certify that the services were actually supplied before paying the relevant fees;

• monitoring of the litigation’s progress or the appointment given;

• documentary evidence of the control on the services received and expenses charged before payment of the relevant fees, following the acquisition of a detailed list of any services carried out, for the purposes of assessing the consistency between fees and value of the services rendered.

With regard to finance and treasury management (a.8), the Company's activity must conform to the following principles:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework for the management of treasury, and opening and management of current accounts;

• definition and compliance with the criteria and guidelines aimed at the efficient management of cash flows;

• periodical budgeting by the companies, in order to uniform the single requirements with the Group’s overall needs;

• centralization of treasury managed by Ansaldo STS;

• reconciliation of bank accounts and periodical documented reviews;

• evidence of the activities and controls carried out.

With regard to the management of secondments and expense refunds to employees (a.9), the Company’s activity must conform to the following principles:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart, authorization framework and current procedures for the management of secondments and expense refunds;

• evidence of the prior approval of secondments;

• definitions of roles, responsibilities, controls and limitations for advance payments to employees;

• definition of the use and reservation of the various means of transportation on the part of the bodies concerned;

• definition of the type of expenses allowed and budget forecast for each type of expense;

• management of expense notes through the corporate computer system, structured on the basis of specific approval functions, in line with the authorization framework and applicable procedures;

• formal controls, by the relevant corporate bodies, on the relevance and documentation of any expenses requested to be refunded;

• evidence of the activities and controls carried out.

With regard to the management and approval of gifts (a.9), the Company’s activity must conform to the following control principles:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and authorization framework with regard to the management of gifts;

• respect of the authorization framework for the distribution of gifts;

• definition of budgets for gifts;

• prior identification of the items to be chosen as gifts to ensure they comply with the concept of modest value;

• formal controls on the approval of gifts.
With regard to the management and approval of sponsorships and advertising (a.9), the Company’s activity must conform to the following control principles:

- respect of the roles, tasks and responsibilities defined in the corporate organizational chart and authorization framework for the management of sponsorships and advertising;
- formal controls on the compliance with corporate regulations, on the basis of segregation of functions, during approval of sponsorships/initiative by the supervisor of the member of staff who proposed it;
- coordination and assessment of the type and nature of the various advertising initiatives and sponsorships;
- inclusion in the sponsorship/advertising agreements, of a specific clause of compliance to the Model and the Code of Ethics.

With regard to the selection and development of personnel (a.10), the Company’s activity must conform to the following principles:

- respect of the roles, tasks and responsibilities as defined in the corporate organizational chart, the authorization framework and any current procedures for the management and selection of personnel;
- predetermination of the Company’s requirements in terms of resources;
- formal definition of the profiles of the potential candidates for the different positions to be filled;
- collection and filing in the relevant databases of any documents relating to the applying candidates;
- analysis of applications from candidates and assessment of their suitability by prior acquisition of the Curriculum Vitae of each candidate and relevant ability tests; comparative appraisals based on criteria of professionalism, preparation and suitability in relation to the tasks required for the job;
- formal reporting of the outcomes of the appraisal process and candidate selection;
- presentation of the offer;
- clear definition of the targets assigned to corporate officials and relevant remuneration, on a basis of correctness and evenness;
- formalization, discussion and filing of the appraisals;
- definition of objective policies for determining staff incentives linked to the respect of ethical principles.

With regard to the management of consultancy and professional services agreements (a.11), the Company’s activity must conform to the following principles:

- respect of the roles, tasks and responsibilities defined in the corporate organizational chart, the authorization framework and the current procedures for the management and selection of personnel;
- formal record of the motivations of any consultancies and of the selection of the consultant;
- inclusion in the consultancy agreement of a specific clause of compliance to the Model and the Code of Ethics;
- respect of the principle of the segregation of functions when appointments are assigned;
- evidence that controls have been carried out on the services supplied before authorizing any payment, for the purpose of assessing the service’s compliance with the terms set out in the applicable contract.

In particular, with regard to the relationships with suppliers (a.11), the Company’s activity must conform to the following control principles:

- documented management of suppliers’ details and subsequent amendments, supported by appropriate documentation;
• registration of invoices only when matching a purchase order – properly authorised on the basis of approved spending limits – and objective evidence that the relevant good/service has been provided, as well as of the authorization flow for the payment of the supplied service/received good;

• traceability of payments through automated flows.

**A.4. RISK AREAS OF ACTIVITY: ESSENTIAL ELEMENTS OF THE DECISION-MAKING PROCESS**

**A.4.1 Single risk operations: determination of internal managers in charge and Evidence Sheets**

The operations carried out in risk areas, as set out in previous paragraph A.2., must be pointed out. To this purpose, the Chief Executive Officer and the Managers of those Departments/Functions who manage operations in risk areas, become “internal managers in charge” of each single risk operation, whether directly carried out by them or performed within the function headed by them. Such managers in charge:

• are the persons to report to in relation to the risk operation;

• are specifically responsible for the relationships with the Public Authorities, for the activities carried out with them.

Risk activities must be reported to the O.d.V. by the said managers in charge, by filling in the Evidence Sheet (hereinafter the “Sheet”), to be updated periodically (see Document TMP 048 – Evidential Paper) showing:

• which Public Administration are in charge of the initiatives/activities dealt with;

• the statement issued by the Internal Manager in Charge – on behalf of himself and of the sub-managers in charge delegated to perform activities which involve relationships with the Public Administration - showing that he/she is aware of the requirements to be met and the duties to be complied with in the execution of operations and is not in breach of the Model;

• details of the name, surname, position and appointment of the contact in the Public Administration, the relationship, meetings and/or activities – which are considered “risk operations” – in the period under examination.

Those in charge of the identified risk areas must cause the members of their teams to fill in these reports and retransmit them to the Surveillance Body, which will take care of filing them and proceed to sample test them. On these operations, the O.d.V. can order further controls, which will be recorded in writing.

**A.5. INSTRUCTIONS AND AUDITS OF THE O.D.V.**

The O.d.V. has the following tasks:

• check that the internal managers in charge of risk areas are instructed on the tasks and duties involved in supervising the area for the purpose of preventing possible crimes against the Public Administration;

• monitor compliance, implementation and suitability of the Model with regard to the need to prevent crimes against the Public Administration;

• keep a watch on the actual application of the Model and detect any irregular behaviour which emerges from an analysis of the information and notifications submitted;

• communicate any violations of the Model to the structures involved, so that they may proceed to take any disciplinary measures required;

• see to the issue and update of standard instructions for the managers in charge of risk areas on how to complete Evidence Sheets in a uniform and consistent manner. Such instructions must be written and kept in hard copy or electronic support;

• periodically check – with the support of the other competent functions – the system of delegations in force, recommending amendments in case the managing power and/or the qualification does not match the representation powers conferred to the internal manager or the sub-managers in charge;
• periodically assess, with the support of other competent functions, the validity of the standard clauses aiming at:
  ✓ compliance by external co-workers and partners with the contents of the Model and the Code of Ethics;
  ✓ possibility that Ansaldo STS may carry out efficient control actions towards the Recipients of the Model in order to assess compliance with the provisions thereof;
  ✓ implementation of sanction mechanisms (such as withdrawal from the contract with Partners or external Co-workers) if infringements of the provisions are ascertained.
SPECIAL SECTION “B”
CORPORATE CRIMES
B.1. TYPES OF CORPORATE CRIMES AND ADMINISTRATIVE OFFENCES (Article 25-ter and 25-sexies of the Decree, Article 187-quinquies of the TUF – Consolidated Law on Finance)

Below is a concise description of the main offences covered in Articles 25-ter and 25-sexies of Legislative Decree 231/2001 and 187-quinquies of the Consolidated Law on Finance which involve a benefit for the Company.

It is appropriate, in this respect, to point out that Article 25-sexies was integrated into the text of the Decree by Article 9 of Law no. 62 dated 18 April 2005 (EC Law for 2004), which implemented directive 2003/6/EC of the European Parliament and the European Council dated 28 January 2003, in matters of abuse of privileged information and market manipulation (so-called market abuse).

False corporate communications (Article 2621 and 2622 of the Italian Civil Code)

False corporate communications are defined as a crime by two different provisions – Article 2621 and 2622 of the Italian Civil Code – which identify two almost identical behaviours, diverging only as to whether a patrimonial damage may or may not be suffered by the shareholders or the creditors. The first type of crime (Article 2621 of the Italian Civil Code) is defined as a species of danger and is construed as a form of wilful infringement, whilst the second (Article 2622 of the Italian Civil Code) is construed as a criminal damage offence.

The two crimes occur when untrue material facts, capable of misleading the recipients as to the actual economic and financial position of the Company or of the group it belongs to, are disclosed in financial statements, reports or other company communications required by law and addressed to the shareholders or to the public, although subject to evaluation, with the intention of deceiving shareholders, creditors or the public; these types of crime also cover the omission, to the same purpose, of information on the Company's position required to be communicated by law.

It must be noted that:

• the notion of “corporate communication” includes all communications required by law and addressed to the shareholders and to the public, including draft financial statements, reports, documents to be published pursuant to Articles 2501 ter – 2504 novies of the Italian Civil Code, in the event of a merger or de-merger, or in the event of an advance on dividends, pursuant to Article 2433 bis of the Italian Civil Code.

• material distortion of accounting data is not the only way in which facts may be misrepresented or information required by law to be disclosed may be concealed. The same purposes can be achieved by contriving the estimates and evaluations of the goods or values recorded in such communications (for instance, valuations of tangible or financial assets which are part of the Company's assets, performed in non compliance with the criteria set out in the report or provided for by law or on the basis of unreasonable parameters);

• the criminal conduct is designed to achieve unfair reward for the offender or other persons;

• the false or omitted information must be significant or such as to significantly misrepresent the economic, asset and financial position of the Company or the group it belongs to;

• when the false or omitted representations determine a variation not exceeding 5% of the result for the year before taxation, or a variation in the shareholders’ funds which is not in excess of 1%, the offence is not liable to punishment; in any event the fact may not be punished if it is a consequence of estimates that, considered singularly, differ by no more than 10% from the correct one;

• in the last two cases mentioned – so-called ‘falsely below the threshold’ or irrelevant for criminal purposes – an administrative penalty of ten to one hundred quota and the ban from holding executive offices in the legal entities and the undertakings of between six months and three years, from the exercise of the office of director, statutory auditor, liquidator, chief operating officer and compliance officer in charge of the Company's accounting documents, in addition to any other office with power to represent the entity or the undertaking;

• the responsibility also covers information concerning goods owned or managed by the Company on behalf of any third parties;

• when the event combines with some other crime, which involves the aggravation of determining a damage to persons other than the shareholders or the creditors of the company, unless it is committed to the detriment of the State or other public entities or the European Communities, a legal action will be initiated;
• in the event of companies subject to the provisions of Part IV, title III, heading II, of the consolidated code pursuant to Legislative Decree no. 58 of 24 February 1998 and subsequent amendments, the offences set out in the first paragraph result in prison sentences of one to four years, and are indictable. Law no. 262 of 2005 (the so-called Savings Law) regarded as an aggravating circumstance the event that a false communication had damaged a considerable number of investors, induced to operate investment choices based on information recorded in corporate accounts.

Active parties in this crime are the directors, chief operating officers, executives in charge of drawing up corporate accounting documents, statutory auditors and liquidators (proper crime). The crime may be committed on behalf of the Company when, for instance, non cash secret funds are set up by undervaluing assets or overvaluing liabilities in order to promote self-financing of the Company or cover any losses occurred during the period.

Misrepresentation of financial statements (Article 173-bis of the Consolidated Law on Finance)
This species of crime punishes any conducts suitably aimed at providing false information or concealing data or information in any statements required for soliciting investments or for admission to listing in a stock exchange, or in any documents to be published on the occasion of public offers of acquisition or exchange, with the intention of misleading the recipients of the said documents, and a view to obtaining for himself or for others an unfair reward.

Article 34 of Law no. 262 of 2005 (so-called Savings Law) introduced the new crime of misrepresentation in financial statements, providing at the same time for the abrogation of Article 2623 of the Italian Civil Code. Given that Article 25-ter (c) and (d) expressly recalls Article 2623 of the Italian Civil Code as a precondition of the administrative offence, the abrogation of the Civil Code regulation ought to determine the non applicability of the administrative penalty pursuant to Legislative Decree 231 of 2001 to the new crime of misrepresentation in financial statements, unless integrated by Article 25-ter referring to the new offence provided for in Article 173-bis of the Consolidated law on finance.

Lack of legal precedents on this issue induce us to adopt a prudential attitude and take such offence into account for the purposes hereof.

The crime occurs when false information is reported in or data or news concealed from the information reports required for soliciting investments for an investment (see Article 1 (c) and (t) and Article 94 of the Consolidated Law on Finance) or for admission to listing in the stock exchange (Articles 113 and 114 of the Consolidated Law on Finance), in addition to the documents to be published on the occasion of public acquisitions and public exchange offers (Article 102 of the Consolidated Law on Finance).

The specific nature of the above mentioned documents helps defining the category of the potential active parties in a crime, even a common crime, identifying them as the persons in charge of drawing up and filing the reports (such as, for instance, the directors of the Company which intends to solicit the investment).

Both in more serious crimes (delitti) and in minor ones (contravvenzioni), the objective element of the crime can today be integrated with a conduct involving either the performance of an undue action (giving false information) or the omission of a due one (concealment of data or news, the nature of which is not however specified in the law), but in both cases capable of misleading the recipients of the reports.

False statements in the reports or communications of the Independent Auditors (Article 27 of Legislative Decree no. 39 of 2010)
The crime is committed by Independent Auditors who, in order to obtain an unfair profit for themselves or for others, in reports or in other communications, knowingly and with the intent to deceive the recipients of the communications, certify false or misleading information concerning the economic, asset or financial situation of the audited Company, entity or subject, such as to mislead the recipients of the communications on the aforementioned situation thereby causing them pecuniary damage.

The sanction is more serious if the crime is committed:
• by an Independent Auditor of a public interest entity;
• for money or other benefit given or promised, or in concurrence with the directors, general directors or statutory auditors of the audited company.

The active parties in the crime shall be the Independent Auditors (proper crime), but the members of the board of directors of Ansaldo STS and its employees may be regarded as concurring to the crime. Indeed, article 110 of the Italian Criminal Code provides for the potential concurrent liability of directors, statutory auditors or other persons belonging to the audited company, who determined or incited the illegal conduct of the independent auditor responsible.

Legislative Decree no. 39 of 2010 (Implementation of Directive 2006/43/EC, relating to statutory audits of annual
and consolidated accounts) introduced the new crime of False statements in the reports or communications of the Independent Auditors, simultaneously providing for the repeal of Article 2624 of the Italian Civil Code. Given that Article 25-ter expressly recalls Article 2624 of the Italian Civil Code as a precondition of the administrative offence, the repeal of the Civil Code rule, ought to determine the non-applicability of the administrative penalty pursuant to Legislative Decree 231 of 2001 to the new crime of False statements in the reports or communications of the Independent Auditors, unless integrated by Article 25-ter referring to the new offence provided for in Article 27 of Legislative Decree no. 39 of 2010.

Lack of legal precedents on this issue induces us to adopt a prudential attitude and take also such an offence into account.

**Obstruction of control activities (Article 2625 of the Italian Civil Code)**

The crime consists in obstructing or preventing the performance of control activities – legally attributed to shareholders or other corporate bodies – by concealing documents, or through other suitable devices. The crime, which can only be ascribed to directors, may entail the Entity’s liability only if the conduct has caused damage.

This crime occurs not only when, by concealing documents or by other suitable devices, the above mentioned activities are prevented, but also when they are only obstructed.

In the case of a statutory audit of public interest entities, the penalties have been increased.

For the purposes of this article, it is worth taking into consideration the activities performed by the members of the Board of Directors and the employees cooperating with them, which may influence the control initiatives or the activities pertaining to the shareholders or other corporate bodies.

More specifically, the article applies to the activities affecting:

- control initiatives by the shareholders for the purposes of the Italian Civil Code and other regulations, such as for instance Article 2422 of the Italian Civil Code, which provides for the right of the shareholders to inspect the Company’s books;
- control activities by the Board of Statutory Auditors for the purposes of the Civil Code and other regulations, such as for instance Articles 2403 and 2403-bis, which provide for the power of the members of the Board of Statutory Auditors to proceed to inspections and controls and request the directors to supply information on the performance of corporate transactions or specific business.

Also in this case, given that Article 25-ter expressly recalls Article 2625 of the Italian Civil Code as a precondition of the administrative crime, the change of the Civil Code rule determined by Legislative Decree no. 39 of 2010 (Article 37) should, as a consequence, determine the applicability of the administrative penalty pursuant to Legislative Decree 231 of 2001 to the crime of Obstruction of control activities in the new sense.

However, given that the abovementioned crime committed to the detriment of auditors remains excluded from this new formulation of Obstruction of control activities, although not explicitly specified by Legislative Decree 231/2001, the absence of legal precedents on this point induces us to adopt a prudential attitude and take into account Article 29 of Legislative Decree no.39 of 2010, which provides for the crime of Obstruction of control activities to the detriment of auditors, where members of the administrative body conceal documents or – with other suitable artifices – obstruct or hinder the conduct of statutory audit activities; the penalties are aggravated if the conduct causes damage to shareholders or third parties or in the case of statutory audits of public interest entities.

Lack of legal precedents on this issue induce us to adopt a prudential attitude and take such offence into account for the purposes hereof.

**Improper reimbursement of contributions (Article 2626 of the Italian Civil Code)**

This type of offence consists in returning, or pretending to return, shareholders’ contributions or release the shareholders from the obligation to proceed to such contributions, unless there is a legitimate reduction of share capital.

Only directors can be regarded as active parties in the crime, except for any concurrent liability, pursuant to Article 110 of the Italian Criminal Code, of shareholders who might have instigated or determined the illegal conduct of those directors.

**Illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code)**

This type of offence refers to the distribution of profits (or accounts on profits) which have not been actually made or which are appropriated to statutory reserves, or to the distribution of reserves (including those not consisting in profits) which may not be distributed, by law.
It should be noted that the refund of profits or the restoration of reserves, before the approval of the financial statements for the period, extinguishes the crime. Only directors can be regarded as the active parties in this crime, while any shareholders instigating or causing the illegal conduct of the directors may be liable for the purposes of Article 110 of the Italian Criminal Code.

**Unlawful transactions on the shares or on the quotas of the holding company (Article 2628 of the Italian Civil Code)**

This category of offence concerns directors who, except for the cases allowed by the law, purchase or subscribe to shares or quota of the company, which determine a breach of the integrity of the share capital or of non distributable reserves or, except as otherwise allowed by the law, purchase or subscribe to shares or quota issued by the holding company, thus determining a damage to the share capital or non distributable reserves. The law provides for exclusion from punishment in the event the share capital or the reserves are restored before the date set for the approval of the financial statements for the period when the illegal conduct has occurred. The rule aims at safeguarding the integrity and effect of the share capital and of non distributable reserves, against possible diluting effects which would jeopardise the interests of creditors: particularly liable of punishment is considered the conduct of directors who purchase or subscribe to shares or quota of their own company or its holding company (ex. Article 2359 of the Italian Civil Code), except as otherwise allowed by law (see, for instance, Articles 2357, 2359-bis, (1), 2360, 2474 and 2529 of the Italian Civil Code), which result in damage to the share capital. This species expressly refer exclusively to the purchase and subscription of own shares or quota, thus inducing to believe that, presently, the conducts set out in Article 2358 of the Italian Civil Code, in matters of granting of loans and securities by the company for the purchase of own shares no longer has any criminal relevance.

Only directors may be regarded as the active parties in this crime: a selling shareholder or director of the subsidiary can only be liable of concurrent liability when they have caused or instigated the directors to carry out the criminal offence. The crime in point may be punished as a generic intentional offence, consisting in the will to purchase or subscribe to shares or corporate quota, jointly with the awareness that the operation is not legal and the will – or at least the acceptance of the risk – to cause an event that damages the share capital. Transactions in own shares are part of the organic management of the company and can assume several functions from an economic-and corporate point of view. Several of these functions can be pursued in the interest or at the advantage of the entity and, therefore, involve a concurrent liability of the entity, for the purposes of 2628 of the Italian Civil Code. For instance, investments in corporate funds carried out for financial speculation, or the buying up of shares to oppose hostile take-overs through public offers of acquisition; or, again, banks listed on the stock exchange carrying out transactions aiming at regulating share performance by avoiding any fluctuations arising from any drops in demand for the company's shares. It is more difficult to configure the entity's concurrent responsibilities in the event of a buy back operation that is more specifically targeted to internal corporate objectives, which are not directly connected to an overall interest of the entity. This would be the case in the event shares were purchased in order to consolidate the majority shareholders' position compared to minorities, or modify the existing power structure. A final consideration concerns financial operations such as leveraged buy outs, which are targeted to the acquisition of the assets of a company or of shareholdings in companies (whether shares or quota) and financed with considerable indebtedness and limited or nonexistent equity, made possible by the use that will be made of the assets being acquired and by the future cash flow that will be generated from the investment. Although this was regarded as a controversial point in the past, it is now expressly excluded that such operations might represent indictable crimes: as a matter of fact, the report states that “leveraged buy out operations... are expressly regarded as a category of their own by the delegated law which automatically legitimates them (Article 7 (di))”. Article 2501-bis of the Italian Civil Code – anticipated in the company law reform (Legislative Decree no. 6/2003) which came into force on 1st January 2004 – expressly provides for the possibility to proceed to a “merger between companies, one of which has borrowed funds in order to take over the control of the other one, when, following a merger, the assets of the latter become a generic security or the source of amounts employed to refund the above mentioned loans”.

**Transactions in prejudice of creditors (Article 2629 of the Italian Civil Code)**

The law punishes the directors who carry out reduction of capital, merger and de-merger operations in such a way as to cause a loss to creditors. This crime species covers any conduct which gives rise to damage to the creditors. With reference to capital reduction operations, the following criminal conducts may be mentioned: execution of the resolution to reduce capital notwithstanding the opposition of the creditors of the Company and without the Court's authorisation.
Merger and de-merger operations falling within the terms provided for in Article 2503 (1) c.c. must be mentioned, failing application of the exceptions herein provided, or should the operations be opposed or the authorization withdrawn from the Court.

Particular risk profiles are found in the activities relating to:

- capital reduction operations (see, for instance, reduction of share capital in excess, Article 2445 of the Italian Civil Code)
- merger or de-merger operations by the Company (see, for instance, Articles 2503 and 2506-ter of the Italian Civil Code).

**Failure to disclose a conflict of interest (Article 2629-bis of the Italian Civil Code)**

This crime occurs when a member of the board of directors or of the board of management of a company, by using securities listed on regulated markets, whether Italian or of another Member State of the European Community, or widely spread securities (pursuant to Article 116 of the Consolidated Law), and in violation of the Civil Code’s provisions in matters of Directors’ interest, causes damage to the company or to third parties.

By attaching a criminal relevance to the conduct of the director, this rule aims at intensifying the civil penalty (challenging of the Board of Directors’ resolution) provided in Article 2391 of the Italian Civil Code in the event a director in a listed company or a company with widespread securities or under surveillance for the purposes of the Consolidated Banking Code and the laws in matter of insurances and pension, has not disclosed the existence of an interest on his/her part, other than the company's interest, in a specific transaction.

In particular, Article 2391 of the Italian Civil Code provides for the members of the board of directors to inform (other directors or the statutory auditors) of any interest that they might have, on their own behalf or on behalf of third parties, in a particular operation of the company, specifying the nature, terms, origin and scope of the same.

Considering that the company is regarded as the damaged party in most operations transacted by directors who have a conflict of interest with the company, as emphasized in the law, it is necessary to establish when the communication disclosing the conflict of interest has been omitted in the interest or in the advantage of the entity.

Based on these considerations, it is of considerable importance to clarify whether the director’s omitted disclosures caused damage not to the company he is a director of, but to any third parties dealing with and holding any legal relationships of any kind whatsoever with the said company.

The crime of omitted disclosure of a conflict of interest is, in actual fact, a criminal damage offence, insofar as it implies an actual damage of a legal interest which is safeguarded by criminal regulations. Therefore, damage is an essential element of the species being considered, and the penalty provided by the legislator for the offence against a safeguarded interest does not apply to the omission itself, but only to the omission which specifically caused a damage to the company or any third party.

The above applies, among others, to third party creditors of the company (suppliers, providers of securities, etc.) who, after conclusion of a business transaction by a director who has a personal interest in the operation, have seen their claims jeopardised, or any third parties who, in good faith, have relied on the operations transacted with the company.

The above situations might emerge not only in relation to conducts within the single companies, but also in a group perspective, where certain operations which are potentially unfavourable, even if carried out in a perspective of compensation of benefits within the group, and which are, therefore, appraised in consideration of the interest of the whole corporate structure, might imply disadvantages for any third parties external to the Group.

**Fictitious capital formation (Article 2632 of the Italian Civil Code)**

The species in point includes the following: a) fictitious formation or increase of share capital by assignment of corporate shares or quota at a lower amount than their nominal value; b) reciprocal subscription of shares or quota; c) considerable overvaluation of contributions in kind, receivables or assets of the company in the event of a transformation.

Directors and contributing shareholders may be regarded as the active parties in this crime.

**Improper distribution of corporate assets by the liquidators (Article 2633 of the Italian Civil Code)**

This criminal species consists in the distribution of assets of the company to the shareholders before settlement of the company’s creditors, or allocation of the amounts necessary to such settlement, thus causing damage to the creditors.

It should be noted that a refund, before the court ruling, of the damages suffered by creditors, extinguishes the crime. Only the liquidators may be regarded as the active parties in this criminal offence.
Unlawful influence over the Shareholders’ meeting (Article 2636 of the Italian Civil Code)
The crime occurs when the majority in a meeting is obtained by simulation or fraud, with a view to achieving an unfair profit for the offender or for others.
The crime may be committed by anybody (“ordinary crime”), including, therefore, any individuals external to the Company.
The article is designed to avoid an illegitimate influence on the formation of a meeting’s majority through fraudulent conducts (such as for instance the fictitious assignment of quota to a trusted person with a view to obtaining his/her vote at a meeting, or the fictitious underwriting of a loan secured by a pledge on the quota, so as to assign to the secured creditor the exercise of the right of vote in the meeting).
The provision applies to any conduct directed to the call of meeting, the admission to take part in a meeting and the computation of the quorum for approving resolutions, in addition to the relevant support activities.
It should be reminded that the entity is only liable when the conduct provided for in the article in point is enacted in the interest of the Entity. This species therefore very rarely applies, given that usually the crime is committed in the interests of the offending party rather than the “entity”.

Market rigging (Article 2637 of the Italian Civil Code) and market manipulation (Articles 185 and 187-ter of the Consolidated Law on Finance)
Market abuse brought about by distorting the dynamics concerning the correct price formation of financial instruments is currently punished, as a crime, by Articles 2637 of the Italian Civil Code (market rigging) and 185 of the Consolidated law on Finance (market manipulation) and, as an administrative offence, by Article 187-ter of the Consolidated Law on Finance.
The two crime species differ as to the nature of the financial instruments the price of which might be influenced by the conducts liable of punishment. The crime of market rigging applies to non listed financial instruments for which an application to be admitted to negotiations in a stock exchange has been filed; in the case of the crime and administrative offence of market manipulation, the financial instruments are listed and an application for the admission to the negotiations on the stock exchange has been filed.
The conduct leading to the crimes of market rigging and market manipulation involves:

- dissemination of false information (information based manipulation): specifically, the information is to be regarded as false “when, creating a false presentation of reality, it is such as to mislead operators, thus giving rise to an irregular increase or decrease in prices”;
- performance of simulated operations or other devices in order to bring about a significant distortion of the price of listed or non listed financial instruments (action based manipulation): devices means “any deceitful conduct which is such as to upset the normal course of the prices”. The crime will be deemed to have taken place when there exists a situation of danger, regardless of the effective artificial modification of the prices.
Further, the crime of market rigging also covers any conduct designed to affect in a significant way the confidence of the public on the soundness of the assets of banks or banking groups.
The administrative offence of market manipulation (Article 187-ter) occurs in the following cases:

- dissemination, through the media, including INTERNET or any other media, of information, rumours or false or misleading information which provide or are open to providing false or misleading indications on certain financial instruments;
- execution of sale and purchase transactions or orders providing or open to providing false or misleading indications on the offer, the demand or the price of financial instruments;
- execution of sale and purchase transactions or orders helping to set the market price for one or more financial instruments at an abnormal or artificial level, through the joint action of one or more persons;
- implementation of other devices capable of supplying false or misleading indications on the offer, the demand or the price of financial instruments.
The administrative offence has a much wider sphere of application compared to the crime, from which it diverges as follows:

- it is punishable even insofar as mere negligence, therefore when the above conducts have been determined by imprudence, carelessness or incompetence;
Based on the above considerations, a single species/notice of offence might, at the same time, be subject to criminal proceedings before an ordinary court and to administrative proceedings before the Consob authorities, and the company's liability be assessed for the same species both in criminal and administrative courts.

CONSOB identified certain standard conducts as relevant for the purposes of the rules in point (see CONSOB Communication no. DME/5078692 of 29 November 2005, in turn referring to the "Market Abuse Directive. Level 3 – First set of CESR guidance and information on the common operation of the directive" issued by the Committee of European Securities Regulators (CESR).

The most frequent manipulation strategies, which might determine, for the purposes of the Decree, the administrative liability of an issuer or a company about to be listed in a stock exchange or any entity controlling them (and, more generally, companies holding a control relationship with listed or about to be listed companies) or holding a significant share in their capital (so-called large investors), or an investor who is very active on the markets, are comprised in the following species:

a. "creation of a floor in the price pattern";
b. "concealing ownership";
c. "abusive squeeze".

With regard to active investors, the most typical manipulation operations are:

"trading on one market to improperly position the price of a financial instrument on a related market";
"pump and dump";
"trash and cash".

Further types of manipulation can result from arrangements between the above mentioned persons and other market operators (e.g. Qualified intermediaries, insurances etc.).

In this respect, for the purposes of Article 114 of the Consolidated Law on Finance, the listed issuers and entities holding control over them, are obliged to communicate, promptly, to the public, any privileged information referring to the said issuers or companies under their control.

Obstruction of Public Supervisory Authorities in the performance of their duties (Article 2638 of the Italian Civil Code)
This crime can take place in two different ways, both implying a design to obstruct the public supervisory authorities in the performance of their duties:

- by communicating to the supervisory authorities, facts on the economic, asset and financial situation which do not correspond to the truth, or by concealing, in whole or in part, facts that should have been communicated;
- merely by deliberately hindering, in any manner, the exercise of the surveillance functions.

This new category of crime was introduced to coordinate and uniform several species of crime covering the numerous possible combinations, as existing in the previous legal provisions, of false communication to the surveillance authorities, obstruction to the performance of functions, omitted disclosure to the said authorities. The legislator thus regards as completed the issue of the criminal protection of corporate disclosures, in this case by referring it to specific surveillance authorities (CONSOB, Bank of Italy, Isvap).

Misuse of privileged information (Article 184 and 187-quater of the Consolidated Law on Finance)
These articles punish the abuse of privileged information acquired as a consequence of the activity carried out by dealing with the financial instruments such information refers to, or through the communication – whether direct or indirect – of such information.

The crime and administrative offence – better known as insider trading – can take place in several manners:
• first of all the so-called trading, i.e. the purchase, sale or completion of other operations, whether directly or indirectly, on one’s own behalf or on behalf of third parties, on financial instruments, by exploiting privileged information. In this respect, it should be noted that the prohibition refers to any operation on financial instruments: not only, therefore, sale and purchase, but also repo transactions, swaps etc.

• tipping is the term that applies, instead, to the illegal communication of privileged information to third parties; More specifically, this applies when the primary insider communicates privileged information “outside the normal performance of his/her job, profession, function or office” In this respect, the communication is legitimate when it is grounded on regulations which allow it or require it, or in the context of consolidated practices or habits. More specifically, in the context of a group of corporations, a communication is regarded as falling within the normal exercise of an office when it conveys data which is necessary to the formation of the consolidated financial statements (Article 43 of Legislative Decree 127 of 1991 and Article 25 (4) of Legislative Decree 356 of 1990), and communications exchanged in the context of the direction and coordination activity currently pertaining to the holding company for the purposes of Article 2497 of the Italian Civil Code, or disseminated for the purposes or Article 114 of the Consolidated Law on Finance which lays a duty upon the listed issuers and persons controlling them, “subject to the disclosure obligations provided for in specific provisions of the law”, to communicate to the public, promptly and in the manners indicated by Consob, privileged information which directly concerns the issuers and their subsidiary companies;

• finally, it is worth considering the so-called tuyautage, i.e. recommending or inducing others to carry out any of the operations described in relation to privileged information. In this specific case, the insider does not communicate to third parties any privileged information, but – on the basis of such information – advices or induces third parties to carry out a specific operation which, thanks to information known to the insider, is capable of significantly influencing the prices of financial instruments.

Article 180 of the Consolidated Law on Finance specifies that the notion of financial instrument is set out in the provisions of Article 1 (2) of the Consolidated Law on Finance, i.e. identifies those instruments “admitted to negotiation or for which an application for admission to negotiations has been filed in an Italian or other European Union stock exchange, in addition to any other instrument admitted or for which an application for admission to the negotiations has been filed in a European Union stock exchange.”

Privileged information, for the purposes of Article 181 (1) of the Consolidated Law on Finance, is information “of a specific type, which has not been made publicly known and concerns, whether directly or indirectly, one or more issuers of financial instruments or one or more financial instruments and which, if made public, might significantly influence the price of such financial instruments”. Article 180 (4) also specifies the notion of price sensitive information, defining it as “information that a reasonable investor would presumably use as grounds for its investment decisions”.

Furthermore, information is said to have a specific character when: “a) refers to an existing set of circumstances or to an event which can reasonably be expected to occur or which has occurred, or which can reasonably be expected to occur in the future; b) it is sufficiently specific to lead to conclusions on the possible effect of the set of circumstances or the event described under letter a) on the price of financial instruments”. Such definition does not cover researches or valuations, including those carried out by rating companies, concerning financial instruments, “elaborated on the grounds of publicly available data” (see 13th consideration of Directive no. 592/89/EEC), given they cannot be qualified as information.

In any event, as now specified in Article 114 of the Consolidated Law on Finance, “persons producing or disseminating researches or valuations, including rating companies, concerning financial instruments, in addition to persons producing or disseminating other information, recommend or propose investment strategies intended for the media or the public, must present the information in a correct manner and communicate their interest or conflict of interest, if any, with regard to the financial instruments the information refers to”. Article 181 (5) of the Consolidated Law on Finance also sets out that “with regard to persons in charge of the execution of orders relating to financial instruments, privileged information shall also mean information transmitted by a client and concerning orders of the client pending execution, which have a specific nature and concern, whether directly or indirectly, one or more issuers of financial instruments or one or more financial instruments which, if made public, might significantly influence the prices of such financial instruments”.

On a subjective plan, whilst the crime is punishable only when fraudulent, and therefore when there is an awareness and intent to unduly exploit the privileged information possessed, the administrative offence can also be punished insofar as mere negligence, when carelessness is applied in using or communicating to third parties any privileged information.
B.2. AREAS AT RISK – INTERNAL USE

B.3. RECIPIENTS OF THE SPECIAL SECTION – GENERAL PRINCIPLES OF CONDUCT IN RISK AREAS OF ACTIVITY

Recipients of this Special section “B” are the Directors, Statutory Auditors, Chief Executive Officer, Executives and their employees working in risk areas of activity (hereinafter the “Recipients”).

Recipients are expressly required to:

• keep a conduct which is in compliance with the principles of integrity, fairness and transparency in the activity of formation of the financial statements, of the reports and other company communications provided by law, so as to provide shareholders and the public true and correct information on the economic, equity and financial position of Ansaldo STS and the group it belongs to, in compliance with the provisions of the applicable laws, regulations and accounting standards. It is therefore prohibited to indicate or submit for further processing or insertion in the said communications, any false, distorted, incomplete or otherwise untrue data on the economic, asset and financial position of the Company. It is also prohibited to initiate activities and/or transactions for the purpose of creating unrecorded funds available ‘outside the book’ (for instance by means of invoices for non-existent operations or over invoicing), or of creating “secret funds” or “parallel accounting”, including for any values lower than the thresholds established by Articles 2621 and 2622 of the Italian Civil Code. A particular attention is to be devoted to the estimate of accounting items: anybody taking part in the estimate process must comply with the principle of reasonableness and clearly set out the parameters for valuation, providing any additional information which might be necessary to ensure the truthfulness of the document. Financial statements, furthermore, must be exhaustive from the point of view of the information on the Company and must contain all the elements required by the law and the Supervisory Authorities’ instructions. A similar correctness is required from the directors, the statutory auditors and any liquidators drawing up any other communication required or provided for by the law and addressed to the shareholders or the public, so that they may contain clear, precise, true and complete information. In particular with regard to the consolidated financial statements, the Company guarantees compliance with the accounting policies for drawing up standard financial statements and applies, on consolidation, the principles of fairness and reasonableness in determining the policies, refusing to proceed to the consolidation where such policies are doubtfully or not perfectly applied by the subsidiaries;

• keeping a conduct which follows the ethical principles of integrity, fairness and transparency in the activity that leads to the drawing up of the statements required for investment solicitation or admission to listing in stock exchanges, or documents to be published as part of take-over bids or offers of exchange, so as to allow the recipients of these statements to form an informed and objective opinion of the economic, asset and financial position of the Company or the financial instruments issued by the latter, and the relevant rights. For this purpose, any statements and/or notes of comment must be exhaustive from the point of view of the information on the Company and must contain any elements required by the law and the Supervisory Authorities’ instructions; keeping a conduct designed to grant the regular operation of Ansaldo STS and the correct interaction among its corporate bodies, ensuring and facilitating any form of control on the corporate management, in the manners provided for by the law, as well as the free and regular formation of the meeting’s decisions. In this perspective, it is prohibited to: a) prevent or obstruct in any way, even concealing documents or using other suitable devices, the performance of institutional control and audit activities pertaining to the Board of Statutory Auditors and/or independent auditors; b) illegally cause or influence the approval of decisions by the meeting, by carrying out simulated or fraudulent actions intended to modify artificially the ordinary and proper formation of the meeting’s decisions; guarantee the accurate compliance with all the provisions of the law which safeguard the integrity and effectiveness of the share capital, with a view to avoiding damages to the guarantees of creditors and, more in general, of any third parties. In this perspective, it is prohibited to: a) return, or pretend to return, contributions to the shareholders or free them from the obligation to perform them, except, as obvious, in the case of a legitimate reduction of the share capital; b) distribute profit or advances on profits which have not actually been made, or to be appropriated to reserves by law, or distribute reserves, whether or not from profit, which cannot be distributed by law; c) purchase or underwrite
shares of the Company or of the parent company except as allowed by the law, thus causing a damage to the integrity of the share capital or of reserves non distributable by law; d) carry out share capital reductions or mergers with other companies or de-mergers in violation of legal provisions, thus causing a damage to the creditors; e) fictitiously form or increase share capital by attributing shares in a lower amount than their nominal value, reciprocal underwriting of shares or quota, considerable overvaluation of contributions of goods in kind or of credits, or of the Company’s assets in case of transformation;

- in carrying out transactions of any nature on financial instruments or in the dissemination of information concerning the same, comply with the principles of fairness, transparency, completeness of information, safeguarding of the market and compliance with the dynamics of the free determination of the price of securities. In this perspective, it is absolutely prohibited to disseminate, contribute to disseminate, in any way whatsoever, false information, news or data or carry out fraudulent or otherwise misleading transactions which could, even potentially, provoke a distortion of the prices of financial instruments. Ansaldo STS undertakes to: a) behave with diligence, fairness and transparency, in the interest of the public of investors and of the market; b) organize itself in such a way as to exclude the occurrence of conflicts of interest and, if any, otherwise guarantee a balanced protection of the conflicting interests; c) adopt measures capable of avoiding an undue circulation/dissemination, within the Company and the Group, of sensitive information;

- establish with the Surveillance Authorities relationships based on integrity, fairness, transparency and cooperation, avoiding behaviour which might in any way be regarded as an obstacle to the activities that such Authorities have a duty to carry out for the protection of the market. In this perspective, Company Representatives must: a) send to the Surveillance Authorities the prospectuses required by law and by regulations (including the Surveillance Instructions) or otherwise requested by the Company, promptly, accurately and exhaustively, transmitting all the data and the documents required or requested; b) state, in such reports, true, complete and correct data, including any relevant facts on the economic, asset or financial position of the Company; c) avoid any behaviour which might be of hindrance to the Surveillance Authorities in the exercise of their duties (for instance, refusing to cooperate, behaving in an obstructive way, holding back information or supplying incomplete information, delaying operations on purpose);

- ensure that the management and coordination activity carried out by Ansaldo STS towards direct and indirect subsidiaries complies with the law and, more generally, the principles of management autonomy, fairness and transparency. Such activity must be carried out in manners that may be traceable and therefore based on formalized instruments, such as directives, group guidelines etc. issued by the persons specifically authorised to such purpose.

B.4. CRITERIA FOR THE IMPLEMENTATION OF THE ABOVE DESCRIBED BEHAVIOURS

The activities carried out by Ansaldo STS in crime sensitive areas are regulated by internal procedures which meet the criteria set out in the Decree. Moreover, the Company has put itself in line with the Self Regulation Code for companies listed in the stock exchange and operates in compliance with the provisions of Law no. 262/2005 – the Savings Law. Hereinafter are set out the methods for implementing the above mentioned criteria in relation to the various risk areas.

B.4.1 Financial statements and other corporate communications

In order to guarantee the accuracy of financial statements and, in general, any disclosures by the Company, the related activities will have to be based on the basis of the following principles:

- compliance with account keeping standards pursuant to Article 2423 (2) of the Italian Civil Code, which provides that “financial statements must be drawn up with clarity and give a true and fair view of the Company’s assets and liabilities, and of the economic results for the period”;

- when estimating accounting items, it is essential to comply with the principle of reasonableness and clearly set out the parameters applied for the valuation, providing any additional information which might be necessary to ensure that the document gives a true view (see Articles 2423 (3) and 2423-bis of the Italian Civil Code);

- ensure that financial statements provide a complete information on the Company, indicating in
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particular all the elements required by law, such as for example those provided for in Article 2424 for the balance sheet, 2425 for the Profit and loss account and 2427 for the notes to the accounts;

• similarly correct must be any other communication required or provided for by law and addressed to the shareholders and the public in such a way that they may contain clear, precise, true and complete information;

• periodical communication to the O.d.V. of any assignment given to the external auditors, in addition or alternative to the certified audit of the accounts.

Specifically, the protocols of Ansaldo STS require:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework during the formation, processing and control of financial statement disclosures;

• definition of the time charts for the transmission of information between the various corporate functions;

• definition of the information flows between the structure in charge of drafting financial statements and the corporate functions in charge of supplying the information to be included therein;

• a list of the data and information that each Entity/corporate function must supply, which other entities/functions they need to be communicated to, the criteria for processing them, the delivery times;

• transmission of data and information to the function responsible (CFO - Administration) for the preparation of the balance sheet in written or data processing form so that the various passages remain traced and the persons who transmit the data and information or insert the data in the system are identified;

• a description of the criteria and processing and transmission manners of the data of the consolidated financial statements by the Group companies included in the consolidation, specifying responsibilities in the various phases of the process and the manners for the reconciliation of intragroup balances;

• the prompt transmission to all the members of the Board of Directors and the Board of Statutory Auditors of the draft financial statements and the report of the independent auditors, and appropriate recording of such transmission;

• meetings at least every six months, or for the preparation of the Six-month Report and the financial statements, between Independent Auditors, the Board of Statutory Auditors and the O.d.V.;

• the communication to the O.d.V. of the valuations leading to the choice of the Independent Auditors;

• the systematic and prompt communication to the O.d.V. of any other task, conferred or intended to be conferred, in compliance with current applicable regulations, to the Independent Auditors in addition to the auditing of the financial statements;

• the acquisition of corporate communications capable of impacting considerably on the performance of the Company’s listed financial instruments;

• the justification, in duly documented circumstances, which could be objectively proved and reconstructed in retrospect, of any variation of the valuation policies adopted in drawing up the above mentioned accounting documents and the relative methods of application. Such situations, in any event, must be promptly reported to the Surveillance Body;

• the attribution to the Board of Directors of the prior approval of company transactions that might imply a significant impact under the economic, asset and financial profiles (for instance, transactions on capital, mergers, de-mergers, transformations, purchases of own shares, return of contributions, purchases or sales of branches of activity etc.). When company transactions involve companies of the Group, an arms’ length opinion on the operation may be obtained from external consultants;

• the accurate assessment of the consistency and reality of the services invoiced to the Company, involving the functions which made use of the service in order to obtain the certification that the service has been actually supplied and satisfies the object of the contract. Particular attention must
be devoted to intragroup transactions involving the purchase or sale of goods and services and, in
general, payment of compensation in relation to activities carried out within the Group: in particular,
intragroup and/or related company’s transactions must always be carried out in accordance with the
criteria of material correctness and must be previously regulated on the basis of contracts executed
in written form, which must be kept and filed with the records of each of the companies which are
a party to the agreement. Such conditions must be regulated at market conditions, on the basis of
valuations of the reciprocal cost-efficiency, and having regard to the common objective of creating
value for the entire Group. In any event, the obligation remains to comply with the provisions of
Articles 2391 of the Italian Civil Code concerning the directors’ duties to inform the Board of Directors
of any conflict of interest and the consequent approval of the relevant decisions by means of an
appropriately motivated resolution, and of Article 2428 of the Italian Civil Code, concerning the duty
to disclose the major intragroup transactions in the management report;

- traceability of transactions involving the transfer and/or referral of credit positions, by surrogation,
  credit assignment, taking over of debts, recourse to the delegation of payment, transactions and/or
  waiver of credits and relative motivations;

- the traceability of the process concerning communications to the Surveillance Authorities to be made in
  compliance with the provisions of the law and of the regulations, in view of the objectives of transparency
  and correct information. Any meetings with the Surveillance Authorities (even during inspections) must
  be attended by the expressly delegated representatives of the Company; every meeting must be duly
  documented and must take place in the presence of at least two Company representatives. In case of
  inspection by the Surveillance Authorities, the Company ensures the coordination of all the corporate
  functions involved, so as to ensure the widest and promptest cooperation of the said Authorities,
  providing the requested documents and data promptly and completely;

- the existence of controls designed to guarantee that privileged information is circulated within the
  Company in compliance with the principle of the objective necessity of communication in relation to
  the activity carried out (so-called “need to know”);

- the prior identification of the conditions for any communication to third parties of privileged information;

- the prior approval of the communication to third parties of any privileged information by the Chief
  Executive Officer, upon the proposal of the Company Secretary & General Counsel Function, after
  consultation with the Investor Relations Function and having received a statement of conformity from
  the Appointed Executive responsible for those communications containing accounting and financial
  figures. The Company Secretary & General Counsel Function shall be in charge of managing the
  conditions put in place by the Company for the communication and identification of persons authorised
  to acquire and use such information;

- that appropriate care is taken in order to guarantee the protection and custody of the documentation
  containing confidential information so as to block any undue access;

- the obligation to forward a prompt communication to the Surveillance Authorities in the event of
  errors, omissions or inaccuracies in matters of communications or transactions regarding financial
  instruments or any facts capable of influencing the market;

- the identification of the persons authorised to carry out transactions regarding financial instruments,
  in compliance with the law and the internal regulations;

- the obligation to carry out investment operations on the basis of the strategies previously formally
  defined by the competent corporate Bodies and/or Functions.

With specific regard to the drafting of information memoranda, the Company must keep to the following principles:

- the correctness of the data and the information must be checked whenever possible;

- if the data and/or information used in the memorandum are provided by sources external to the
  Company, such sources must be quoted;

- a person responsible for each stage of the drafting – or participation in the drafting – of information
  memoranda must be identified;
• a prompt information to the O.d.V., by the individual in charge of the relevant transaction, of any initiative which leads to the preparation or participation in the drafting of information memoranda as well as the publication thereof.

B.4.2 Related party transactions
With reference to related party transactions, including the processing of intra-group transactions, the Company’s activity complies with the following principles:

• intra-group transactions must be correct and transparent, in compliance with the principle of autonomy of the group Companies and the principles of proper management, accounting transparency, separation of assets, so as to guarantee the protection of the stakeholders of all group companies;

• respect of the tasks, roles and responsibilities defined by the corporate organization chart, the authorization framework and the “Guidelines and criteria for the identification of significant and related party transactions and the Principles of Conduct for Related Party Transactions” in the management of infragroup operations;

• the management/purchase of shares must take place based on a specific authorization procedure, which defines roles, tasks and responsibilities, and schedules the appropriate controls on the operating process required to be evidenced;

• guarantees on behalf of subsidiaries must be granted and managed on the basis of a specific authorization procedure, which defines roles, tasks and responsibilities, and schedules the appropriate controls on the operating process required to be evidenced.

B.4.3 Exercise of powers of control over the corporate management
Any activities implying the exercise of control on corporate management must be carried out in compliance with the Corporate rules providing for:

• the prompt transmission to the Board of Statutory Auditors of all the documents relating to the items on the agenda of the Meetings of Shareholders and of the Board of Directors or on which the Board of Statutory Auditors must express an opinion;

• the obligation to make available to the Board of Statutory Auditors and the Independent Auditors the documents on the management of the Company for the purposes of auditing;

• periodical meetings between the Board of Statutory Auditors, the Independent Auditors and the O.d.V. in order to verify the compliance with the corporate rules and procedures regarding company law;

• respect of roles and responsibilities for access by the shareholders to the contents of accounting books, for the purposes of Article 2421 of the Italian Civil Code;

• respect of the rules provided in current applicable procedures in matter of access to company’s books, which imply a written application from the shareholders; the prior assessment of the legitimacy of the applicant; access by the shareholders to the company’s books in such a way as to preserve the integrity and authenticity of the same and of the documents certifying the activity carried out.

B.4.4 Safeguard of the share capital
All the transactions on the share capital of the Company, of allocation of profits and reserves, of purchase and sale of shareholdings and branches of activity, merger, de-merger and spin-off, in addition to all operations, even within the group, which may potentially jeopardize the integrity of the share capital, must be inspired by the following principles:

• respect of the tasks, roles and responsibilities defined by the law, the corporate organizational chart and the authorization framework in the development of operations which might in any way impact on the integrity of the share capital;

• disclosure by the corporate Management and discussion of the said transactions between the Board of Statutory Auditors, the Independent Auditors and the O.d.V.;
• express approval by the Board of Directors of Ansaldo STS of operations that have the capacity to impact on the integrity of the share capital;

• obligation to provide adequate and prompt information by the corporate Representatives on any conflict of interest, with reference to the position held by them in the subsidiaries;

• identification of the corporate Representative who have a role in or carry out activities potentially capable of creating conflicts of interest, with reference also to the positions held in the subsidiaries, also by providing for an obligation to sign statements certifying that such situations do not exist.

B.4.5 Activities subject to surveillance

The activities subject to surveillance by the public authorities must be performed based on the following principles:

• respect of the roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework in the management of relationships with the Authorities/Surveillance Bodies;

• respect of tasks, roles and responsibilities in the preparation of documents to be sent to the Authorities/Surveillance Bodies;

• during inspections by the Authorities/Surveillance Bodies, the functions involved are bound to the respect of the tasks, roles and responsibilities defined in the corporate organizational chart, with transparency, correctness and spirit of cooperation, facilitating the bodies' operations and supplying, in a complete and correct way, any information and data that might be required in order to comply with the tasks which have been assigned to the body by the law;

• with regard to the transmission of documents, data or information to the Surveillance Body/Authority, the functions concerned operate in compliance with the tasks, roles and responsibilities defined in the corporate organizational chart and ensuring the completeness, truthfulness and transparency of the transmitted data;

• adequate evidence must be given to the activities and controls carried out and the periodical submissions to the authorities provided in the law and in regulations.

All communication and disclosures transmitted to the surveillance authorities must also be made available to the O.d.V.

B.4.6 Activities capable of having an influence on the market

The Company’s activity must be shaped to the compliance with the following principles:

• personal transactions: it is prohibited to execute personal transactions, on one’s behalf or on behalf of third parties even through intermediaries, carried out by using privileged information acquired by reason of one’s functions, and to recommend or induce others to perform operations using such privileged information;

• relations with the press and external communications: relations with the press and other mass media are reserved to a specific corporate function and are carried out in accordance with specific procedures, with particular reference to the planning of control points in order to ensure the correctness of the news;

• relations with other external persons: relations with the public administration, political and trade-union organisations and other external persons must be based on fairness, integrity, impartiality and independence, with no undue influence on the decisions of the other party and requesting no preferential treatment. In any event, it is prohibited to promise, provide or receive favours, sums and benefits of any nature whatsoever;

• controls: specific forms of control (so-called watch list) on the operations carried out by intermediaries in the performance of investment services. In particular cases such forms of control may consist of restrictions (so-called restricted list) on the activity performed.

The activities involving dealing with information capable of impacting on the market and the execution of operations on financial instruments must be carried out based on specific protocols regarding:
• the determination of roles, tasks and responsibilities defined in the corporate organizational chart and the authorization framework in the management of information regarding the Company;

• the management, dissemination, treatment and protection methods against undue access to privileged information relating to the Company, to subsidiaries or third parties, including through the traceability of any access to the same;

• the determination of criteria for the identification of privileged information;

• the identification of the persons with an access to privileged information, with the institution of the relative Register and the person responsible of its keeping and continuous monitoring, and management of the relationships with such persons;

• with regard to the persons who have access to privileged information, the knowledge of the legal obligations arising from such access to privileged information and the possible sanctions in case of abuse or non-authorised dissemination of the information they have access to;

• the behaviour of all the corporate exponents who have access to privileged information, and particularly disclosure obligations and obligation to hold a certain conduct regarding any operations on financial instruments carried out by the so-called key persons and persons strictly connected thereto (so-called Code of Conduct for Internal Dealing);

• identification of a body in charge of the review, authorisation and supervision of the process for the dissemination of privileged information;

• the operations on the shares of the Company or of the subsidiaries, providing for an express prohibition to operate outside authorised programs;

• the methods for the formation and dissemination of the information concerning the Company, by pinpointing the persons in charge of controlling the correctness and advisability to divulge the information, and pinpointing as well the persons – other than the former – expressly authorised – by their function or in relation to specific cases – to hold relationships of an institutional nature with journalists, trade unions, analysts and rating agencies and, more generally, the external dissemination – including through press releases or the web site – of such information;

• methods for the formation, control and dissemination of corporate communications, studies, researches, strategic and financial plans and other key information on the Company;

• the communication of key information and facts occurred within the Group;

• the relationships with Consob and the Company managing the market in relation to the processing of the information and facts capable of affecting the price of financial instruments;

• the inclusion of specific contractual protections, designed to regulate the treatment and access of privileged information by consultants/commercial partners by including specific confidentiality clauses and clauses of compliance with the Model;

• the behaviours and responsibilities for the management of emergency situations requiring the reinstatement of certain conditions of informative balance following rumours or the unauthorised divulgence of privileged information made available to the public;

• the identification, by way of prevention, of privileged information which can be released with a delay so as not to jeopardize the legitimate interests of the Company, and of the relative processes and the persons in charge.

B.5. INSTRUCTIONS AND AUDITS OF THE O.d.V.
The O.d.V. has the following tasks:

• check that the internal managers in charge of risk areas are instructed on the tasks and duties involved in watching the area with a view to preventing possible corporate crimes;

• monitor compliance, implementation and suitability of the Model and of corporate governance rules with regard to the need to prevent corporate crimes;
• keep a watch on the actual application of the Model and detect any irregular behaviour emerging from the review of any information and notifications submitted;

• communicate any violations of the Model to the bodies involved, so that they may proceed to take any disciplinary measures required;

• periodically check – with the support of the other competent functions – the system of delegated authorities in force, recommending amendments in case the managing power and/or the qualification does not match the representation powers conferred to the internal manager or the sub-managers in charge;

• periodically check that the appointed external auditors maintain their requisite of independence;

• indicate to the Board of Directors any integrations to the financial and accounting management systems adopted by the Company, in order to highlight any suitable measures to detect any atypical and discrentional cash flows;

• periodically assess, with the support of other responsible functions, the validity of the standard clauses aiming at:
  - compliance by external co-workers and partners with the contents of the Model and the Code of Ethics;

  - possibility that Ansaldo STS may carry out efficient control actions towards the Recipients of the Model in order to assess compliance with the provisions thereof;

  - implementation of sanction mechanisms (such as withdrawal from the contract with Partners or external Co-workers) when infringements of the provisions are ascertained.
SPECIAL SECTION “C”

OFFENCES AGAINST THE INDUSTRIAL INJURY AND WORKPLACE HEALTH AND SAFETY REGULATIONS (ART. 25-SEPTIES OF THE DECREE)
C.1. PREAMBLE

This Model forms integral part and, at the same time, synthesis tool of the workplace health and safety management system adopted by Ansaldo STS SpA in order to assure the achievement of the purposes of workers protection.

In fact, the Company is constantly engaged in the protection of the workers’ health and safety, privileging the preventive actions and pursuing the goal of constant improvement.

Under such a point of view, the Company undertakes:

- to observe the regulations and agreements applicable to the workplace safety matters;
- to involve the entire company’s organization in the active safety management;
- to constantly improve the workplace health and safety management system and the prevention;
- to supply the necessary human and instrumental resources;
- to enforce the workers’ sensitization and education in carrying out their tasks in safety and in taking their liabilities in relation to workplace safety and health;
- to involve and consult the workers, also through their Safety Officers;
- to re-examine periodically the policy and the management system implemented;
- to define and enforce the circulation inside the company of the goals of workplace safety and health and relevant implementation plans;
- to constantly monitor the workplace safety, through the verification of the goals achievement and the system functionality.

C.2. THE TYPES OF OFFENCES AGAINST THE INDUSTRIAL INJURY AND WORKPLACE HEALTH AND SAFETY REGULATIONS

The Law dated August 3, 2007, no. 123, has introduced into the Legislative Decree dated June 8, 2001, no. 231 (hereinafter, also called “Decree”) art. 25 septies, thereafter replaced by art. 300 of the Legislative Decree dated April 9, 2008, no. 81, which lays down the legal entities’ liability for manslaughter and serious and most serious unintentional injuries offences, committed through the infringement of the workplace health and safety regulations.

Hereunder is exposed a brief description of the offences contemplated by art. 25 septies of the Decree.

a) Manslaughter (art. 589 penal code)

What matters for the Decree is the behaviour of any person who, through the infringement of the industrial injury regulations, causes with negligence the death of a person.

b) Unintentional injuries (art. 590 penal code)

The criminal type that matters for the Decree is the one that punishes any person who, through the infringement of the industrial injury regulations, causes to a person, with negligence, a serious or most serious personal injury.

As far as the definition of injury criminally punished is concerned, come into particularly consideration those suitable to cause any disease consisting in an alteration – anatomic or functional – of the organism.

To this regard, we notice that, for the purposes of the Decree, the offence of injuries matters with exclusive regard to the cases of serious and most serious injuries. Serious injuries are defined as those which have put human life in danger, or have caused a disease or incapacity to look after one’s occupations for over 40 days or the permanent weakening of a sense or organ; on the contrary, are most serious injuries those which have caused the loss of a limb, or a mutilation which renders the limb useless, or the loss of the use of an organ or of the inability to procreate, or a permanent and serious difficulty of the speech, or finally, the permanent facial deformation or disfigurement.

In both cases, the liability of the managers responsible, within the company, for the adoption and implementation of
the preventive measures subsists only if is ascertained the causation between the omitted adoption or omitted ob-
servance of the regulations and the detrimental event.

In accordance with the general obligation set out by art. 2087 Civil Code as well as with the Consolidated Act pursuant
to the Legislative Decree 81/08, the employer, in the exercise of the enterprise, must adopt those measures which,
depending on the nature of the work, experience and technique, are necessary to protect the workers’ physical wellbe-
ing and moral personality, with specific regard to those aimed to limit detrimental events which – on the basis of the
general criteria of predictability – are reasonably expected to occur in relation to the particular circumstances of the
practical case. Therefore, the employer has the obligation to adopt all the accident prevention measures prescribed
by the better technology available, independently from the relevant costs. Should be impossible to assure the safety,
the employer must interrupt the exercise of the activity or the use of the equipment susceptible to cause the situation
doing. Moreover, the employer has a precise duty to inform the workers on the situations of danger existing in the
workplaces and on the cautions necessary to prevent them.

**C.3. RISK FACTORS EXISTING IN ANSALDO STS S.P.A. – INTERNAL USE**

**C.4. GENERAL PRINCIPLE OF CONDUCT**

Ansaldo STS S.p.A. – as entity obliged to observe the general obligation of protection of the working environments
pursuant to art. 2087 Civil Code – has fulfilled in time the provisions of the Legislative Decree 626/1994, as well
as, more in general, the complex of the workplace safety and health regulations, until the recent introduction of the
Legislative Decree no. 81/08.

Ansaldo STS acknowledges that the observance of the laws and regulations in force, both general and special, is a
principle which can not be disregarded.

Notice is given that the general principles of behaviour mentioned in this chapter:

- are not to be considered exhaustive, but are representative of the general principle of “correctness and lawful-
  ness in work and in business”;
- refer to the areas of activity in which it has been identified a possibility of occurrence of the offences mentioned
  so far by the decree and can be considered reference principles for the extension of the decree to new families
  of offences.

The prevention of workplace accidents and the protection of safety represent an exigency of fundamental importance
for Ansaldo STS aimed to the protection of its own human resources and of third parties.

All the persons that, for position and role covered, are responsible for specific fulfilments or are involved in processes
concerning the protection of workplace health and safety, are obliged to observe the current regulations, in particular
to implement the fulfilments laid down by Legislative Decree no. 81/08, as well as to observe the company’s prescrip-
tions and procedures on these matters.

The company procedures are published on the intranet, at the section “how-we-work/processes and management
areas/Health, Safety and Environment”.

The company undertakes to assure a workplace compliant with the current health and safety regulations, by promoting
responsible behaviours and by preserving, through the monitoring, the management and the prevention of the risks
connected to the performance of the professional activity, the health and safety of all the employees and collabora-
tors.
In this respect, the Company adopts the measures more appropriate to avoid the risks connected to the performance of its business activity and, should this be not possible, to adequately evaluate the existing risks, with the aim to contrast them directly at the source and to assure their elimination or, should this be not possible, their handling.

All the employees and collaborators, as well as all the persons that, even if external to the Company, work directly or indirectly for ASTS, are obliged to carefully observe the regulations and the obligations provided for by the regulations on the health, safety and environment matter, as well as all the measures required by the internal procedures and prescriptions.

The employees / collaborators, within their duties, participate to the process of risks prevention and health and safety protection towards themselves, the colleagues and third parties.

Within its own activity, the company undertakes to adequate the work to man, also as far as the workplace conception and the choice of the work equipment and the work and production methods are concerned, in particular in order to minimize the monotonous job and the repetitive job, as well as to reduce the effects of such jobs on health.

In relation to workplace health and safety, the company undertakes as well to act:

a) by taking into account the degree of evolution of the technique;
b) by replacing what is dangerous with what is not dangerous or is less dangerous;
c) by adequately planning the prevention aiming to a consistent complex which takes into account and integrates in the same the technique, the work organization, the working conditions, the social relationships and the working environmental factors influence;
d) by recognizing priority to the collective protection measures in comparison with the individual protection measures;
e) by giving adequate instructions to the Personnel.

Such principles are used in order to identify and adopt the measures necessary for the protection of the workers’ safety and health.

As far as the Safety System management process is concerned, all the addressees of this document must:

- set out adequate procedures for the archiving of all the documentation produced during the process activity and all the material information on the activity, so that it would be possible to reconstruct with clarity and transparency all the actions which have led to the conclusion of a Company’s Safety System implementation and maintenance process;
- prepare all the documentation, including annexes, in compliance with the fulfilments provided for by the Workplace Health and Safety regulations (for example, to keep all minutes of meeting, concerning the training, the documents of appointment of the persons prescribed by the regulations, etc.).

All the concerned persons must observe the said principles, in particular when decisions are to be taken or choices are to be made and, thereafter, when the same are to be implemented.

Ansaldi STS undertakes as well to prevent and to repress behaviours and practices which may mortify the employee in his professional capacities and expectations, or which may emarginated or discredit or damage the employee’s reputation in the working environment.

In particular it is forbidden:

- to expose the workers to risks for their safety and health;
- to employ unfit workers, even temporarily, in unfit jobs which, therefore, expose them to a major risk, in order to obtain an economical advantage for the Company;
- to ask a worker without or with insufficient training on workplace health and safety to perform activities which expose him to risk, in order to obtain an economical advantage for the Company;
- not to supply the workers with collective or individual prevention devices which are deemed necessary on the basis of the risks evaluation, in order to obtain an economical advantage for the Company;
- not to grant to the persons acting in the field of prevention and safety (RSPP, competent Doctor, ASPP, RLS) the
time necessary to fully perform their offices or to omit to formalize their appointments, for the purpose of entirely engage the time of such persons for activities aimed to the company business, instead of consenting that part of such time is dedicated to the Workplace Safety and Health System implementation and management.

C.4.1 The organizational system

Ansaldo STS S.p.A. has set out, first of all, an organizational structure with powers, tasks and liabilities on the workplace health and safety matter (safety and health management System for the purposes of article 30 of the Legislative Decree no. 81/08) formally defined consistently with the company's organizational and functional scheme, involving and sensitizing the top management and all the employees.

The preventive system under examination is aimed to define the organizational and operational tasks and the liabilities of the top management, officers in charge and workers with specific regard to the safety activities of their respective competence. The details of the Workplace Safety Management System are contained in paragraph C.7.

In the context of the said organization, appears to be fundamental, first of all, the figure of the Employer, defined pursuant to art. 2, par. 1, letter b of the Legislative Decree no. 81/08 as the “holder of the work relationship with the worker or, however, the person who, depending on the type and structure of the organization within which the worker performs its activity, has the responsibility for the organization or the production units since he exercises the powers of decision and expenditure”. Such person is the first and the main addressee of the obligations of assuring, observing and controlling the accident prevention measures and defences and takes the responsibilities connected to the observance of the workplace safety and health of the employees.

In observance to the provisions of art. 17 of the Legislative Decree no. 81/08, the Employer (DL) identified by the Board of Directors of Ansaldo STS S.p.A., on 27/05/2010, has proceeded to:

- make the evaluation of all the risks, with consequent preparation of the Risks Evaluation Document drawn up in compliance with the regulations in force;
- appoint the Risks Prevention and Protection Service Manager (RSPP) and the employees assigned to the service (ASPP), and
- appoint the competent doctor (MC).

Moreover, the Employer, in observance of the formal and substantial conditions currently set out by art. 16 of the Legislative Decree no. 81/2008, has proceeded – from a point of view of an effective and incisive implementation of the prevention policies – to

- define an articulation of offices which assure the technical expertises and the powers necessary to verify, evacuate, manage and control the risk, as well as a disciplinary system appropriate to sanction the non-observance of the measures indicated in the model;
- assign tasks and responsibilities to the managers and officers in charge for the purposes of safety, by choosing the persons in order to have a widespread diffusion on the territory and an adequate operational garrison. The Managers and the delegated Officers in Charge have wide qualifications in expertise and experience in relation to the duties assigned and can exercise, by virtue of the delegation, all the powers of organization, management and control required by the specific nature of the delegated duties, in addition to an autonomous power of expenditure.

The tasks of the Employer are specified in paragraph C.7 (SGSL for the purposes of article 30 of the Legislative Decree no. 81/08).

Among the tasks of the Employer are remembered, in particular, the following tasks:

a. to define the organization of the Risks Prevention and Protection Service (SPP);
b. to appoint the RSPP and the ASPP;
c. to appoint the competent doctor for the performance of the health surveillance;

d. to define the hierarchical structure responsible for assuring an effective defence against the aspects linked to prevention and safety;

e. to delegate the manages and officers in charge for the purposes of safety;

f. to supervise on the correct implementation of the safety policies.

Within the Organization and in compliance with the provisions of Legislative Decree no. 81/08, the Managers appointed for the implementation of the safety policies are entrusted with the tasks specified in paragraph C.7; in particular they must issue the directives necessary for an effective management of all the Prevention and protection problems.

The implementation of the directives issued is entrusted to the Officers in Charge, pursuant to the scheme contained in paragraph C.7.

The Prevention and Protection Service Manager (RSPP), pursuant to articles 17, 32 and following, of the Legislative Decree no. 81/08, has been appointed with a letter signed by the Employer. The said Manager is trained in accordance with the methods prescribed by the current regulations in the subject matter (i.e. through the participation to specific training courses on risks prevention and protection, also of ergonomic and psycho-social nature, as well as to the periodical refresh courses prescribed by the law).

The RSPP works on the Employer’s staff and manages the Prevention and Protection Service (SPP), whose main tasks are those of supporting the Employer in the Risks Evaluation, in the Planning of the actions aimed to the improvement of the safety conditions, in the support to the regional venues on the territory (local units and yards), in the coordination of the different venues and in the surveillance activity.

In particular, the RSPP and the structure in charge of risks prevention and protection (SPP), in accordance with the SGSL (see paragraph C.7), proceeds to:

a. define the methodology for the risks identification and the risks quantification;

b. identify the risks, evaluate the risks and identify the measures for the safety and health of the working environments, in co-operation with the local units;

c. prepare and update the Risks Evaluation Document (DVR);

d. support the local units and the yards in preparing all the documents necessary for an effective prevention and safety management;

e. support the Employer and the Supervisory Body in the surveillance activity, through periodical Audits;

f. call and participate to periodical meetings on workplace safety and health and to the periodical meeting prescribed by art. 35 of the Legislative Decree no. 81/08;

g. monitor constantly and enforce the circulation of the evolution of the regulatory framework on workplace safety and health.

The Employee assigned to the Prevention and Protection Service (ASPP), has been appointed with a letter signed by the Employer. Such employee is trained in accordance with the methods prescribed by the current regulations on the subject matter as set out in articles 31 and 32 of the Legislative Decree no. 81/08 (i.e. through the participation to specific training courses on risks prevention and protection, as well as to periodical refresh courses prescribed by the law).

The ASPP is assigned to the central structure under the authority of the RSPP and operates in the local structures with support, coordination and reporting tasks, pursuant to the scheme contained in paragraph C.7.

The Competent Doctors, pursuant to art. 38 of the Legislative Decree no. 81/08, specialized in Occupational Medicine, have been appointed with a special letter signed by the Employer. Every competent doctor carries out, in particular, the following activities within his venue:

a. participates to the risks evaluation and to the preparation of the relevant document (DVR);

b. performs preventive examinations intended to verify the absence of contraindications to the job to which the workers are assigned, in order to evaluate their fitness to the specific duties;
c. performs periodical examinations in order to verify the workers’ health conditions and expresses the fitness assessment to the specific job;
d. keeps the medical records and all the documentation prescribed by the law;
e. co-operates in preparing the measures for the workers’ safety and psycho-physical integrity;
f. together with the Protection and Prevention Service Manager, visits periodically the working environments;
g. participates to the periodical meeting on workplace safety and health and to the periodical meeting prescribed by art. 35 of the Legislative Decree no. 81/08.

The effective management of the workplace safety and health system requires the support and commitment of the employees also in order to make use of their knowledge and expertise.

In relation to the operational structure of the company, articulated in several venues and countless yards, in order to uniform the risks evaluation and the relevant medical protocols, the employer appoints one of the locally competent doctors as medical coordinator.

The **Workers Safety Officer**, pursuant to art. 2 of the Legislative Decree no. 81/08, has been elected within the Trade-Unions. Being RLS, he has precise prerogatives and rights of participation / consultation in the context of the most important decision-making processes on the workplace safety and health matter and he carries out functions of control on the initiatives decided by the Company in this context. To this aim, the Workers Safety Officer:

a. is entitled to obtain a particular training on the health and safety matter concerning the specific risks existing in the workplaces where he exercises its representation, such as to give him an adequate expertise on the risks control and prevention main techniques;
b. is consulted, in advance, on the risks evaluation, as well as on the identification, planning, implementation and control of the prevention within the Company;
c. is consulted on the appointment of the Manager and the employees assigned to the Prevention and Protection Service, on the fire prevention activity, on the emergency rescue, on the workers evacuation;
d. participates to the meetings called to discuss the problems concerning the risks prevention and protection.

Moreover, within the Company, are identified the workers entrusted with the tasks of:

a. **employee assigned to emergency**
b. **employee assigned to first aid**

The employees assigned to particular tasks are appointed with a special letter of appointment – after consultations with the RLS –, have followed specific courses in relation to typology and level of the risks existing in the environment in which they work and are subjected to a medical examination for fitness.

**C.4.2 The education, information and training**

The education and training of the personnel with specific emphasis on workplace safety and health represent an essential element for the effectiveness and fitness of the relevant preventive system.

The accomplishment of duties which, in any way, can affect the workplace health and safety implies an adequate education of the personnel, to be verified and improve through the supply of education and training aimed to assure that all the personnel, at any level, is aware of the importance of the consistency of its actions to the organizational model and of the possible consequences due to behaviours different from the rules set out by the model.

To this aim, the Company assures that each company worker / operator receives an education sufficient and adequate as to his own workplace and his own duties. The education is supplied in case of hiring, transfer or change of duties or in case of introduction of new work equipment or new technologies, possible new dangerous substances or compounds, in relation to actual exigencies periodically ascertained.
The Company, at the time of the implementation of the annual educational plan, defines the typologies of the courses supplied and the periodicity of the supply, taking into account the exigency to identify specific educational courses differentiated on the basis of the typology of the persons involved and assuring the evidence of the educational activities performed.

The Company assures as well the circulation of the information within the company in order to favour the involvement of all the concerned persons and to consent adequate awareness and commitment at all levels, through:

a. the prior consultation on the risks identification and evaluation and on the definition of the preventive measures;

b. periodical meetings.

The circulation of the information within the company is an essential element to assure adequate levels of awareness and commitment with regard to the policy adopted on workplace safety and health and is based on the cooperation of all the persons involved, internal and/or external to the company. The information process is essential to enforce the participation of the personnel and its involvement in the workplace health and safety management system and in the achievement of the goals set to implement the company’s policy on the subject matter.

C.5. THE INSPIRING PRINCIPLES OF THE WORKPLACE SAFETY AND HEALTH PROCEDURAL PROTOCOLS

The workplace safety and health risks control system within Ansaldo STS S.p.A. is integrated with the company’s processes and activities management. In particular, the Company has implemented specific procedural protocols on the workplace health and safety matter, prepared in compliance with the industrial injury regulations in force.

In order to prepare such protocols, the Company has driven the attention to the exigency to assure the observance of the following principles:

- identification and traceability, through service orders and delegations released by the competent persons, of the responsibilities for workplace safety and health matter, with particular reference to the Employer, the RSPP, the employees assigned to emergency assistance, emergencies and first aid and to the RLS. Such responsibilities are timely disclosed to the concerned third parties in the cases provided for [by the law] (for example, ASL, Department of Labour, etc.);

- express appointment of the Competent Doctors, that must formally accept the entrustment; structuring and adjustment of the flows of information towards the Competent Doctor in relation to the processes and the risks connected to the company activities;

- identification by the Employer (also through the Prevention and Protection Service – SPP), of the dangers and evaluation of the risks for the Workers’ safety and health, by keeping into due account the company’s structure, the nature of the activity, the location of the premises and areas of work, the personnel organization, the specific substances, the machinery, the equipment and the installations used in the activities and relevant protection cycles. The risks evaluation is documented through the preparation, in compliance with the industrial injury regulations in force, of a Risks Evaluation Document;

- adoption of an adequate system for fires prevention and for the Workers evacuation, which foresees:
  a. the performance and relevant documentation of periodical evacuation tests;
  b. the preparation and updating of the DVRs on workplace fires, made at the care of the Employer (also through the SPP).

- performance of periodical analytical environmental investigations, of chemical, physical and biological nature, in order to:
  a. fulfil the regulations concerning the Workers protection against the risks deriving from the exposure, during work, to chemical, physical and biological agents;
b. ascertain the environmental situation and the professional exposure to polluting substances of chemical nature related to the existing productions;
c. examine the situation of the installations under the aspect of the preventive measures adopted;

- preparation of a company's Medical Plan intended to assure the implementation of the measures necessary to guarantee the protection of the Workers' health;

- definition, implementation and monitoring of an educational, information and involvement program on workplace health and safety, which ensures a precise information of the Workers, through the definition of the roles and the responsibilities; the definition of the typology of the courses supplied and the periodicity of the supply; the definition of specific educational courses differentiated on the basis of the typology of the persons involved; the identification of the form of the relevant documentation; the definition of an annual educational plan;

- the implementation of a system of flows of information which consents the circulation of the information within the company in order to favour the involvement and awareness of the Addressees and to assure the prompt evidence of possible lacks or infringements of the Model;

- the RLS must be put in the degree to verify, through the access to the relevant company's information and documentation, the observance of the application of the safety and protection measures;

- the periodical monitoring of the effectiveness of the current prevention and protection measures, in order to find possible points of improvement;

- with reference to the first aid and accident management, clear identification of the tasks and duties of all the employees should accidents and/or injuries occur or should structural and organizational lacks susceptible to have an impact on safety be found;

- forecast of a chronological recording system of the injuries and/or accidents occurred;

- formalization and publicizing of the prohibition to smoke in all the working environments, with implementation of appropriate control and surveillance activities;

- formalization and publicizing of the prohibition to accede to areas which expose to serious and specific risks for those Workers that have not received adequate instructions or authorizations in this regard;

- formalization and publicizing of the prohibition to ask to the Workers to start again their activity in working situations in which serious and immediate risks persist, save exceptions duly motivated;

- in the internal and external transfers, both with one's own or with company's means, all the precautions on workplace health and safety (for example, control of the regular maintenance of the motor vehicles, observance of the traffic signs, control of the regular insurance coverage, use of individual and collective protection devices, etc,) must be observed;

- guarantee of the ordinary and extraordinary maintenance of the company's safety devices. The environments, the installations, the machinery and the generic and specific equipment must be subjected to planned ordinary maintenances, with particular attention to the safety devices, in compliance with the manufacturers' instructions and documentary evidence of the interventions performed must be given;

- in the activity of suppliers selection (in particular of the subcontractors and work contractors), the workplace safety costs must be asked and evaluated. Such expenditure item must be specifically indicated in the contracts and must not be subjected to mark-down;

- the award, verification and management of the subcontracts, even if without yard, must be performed and monitored on the basis and in the observance of specific formalized internal rules. In the activities of a sub-
contract award, the internal procedures must provide that, if deemed opportune by the SPP on the basis of the risks deriving from the subcontract, before the performance of the order, it is previously verified that the documentation and the activities foreseen in drawing up the annex on contract safety, presented in the safety chapter, are compliant with the regulations in force and the company’s safety internal procedures;

- the workplace health and safety management system complies with the requirements set out by the highest quality standards recognized at national and international level, with particular reference to the standards indicated by the British Standard Rule OHSAS 18001: 2007;

- a control system able to assure the constant recording, even through the preparation of specific minutes (if any), of the verifications carried out by the Company on workplace health and safety matter, must be defined and implemented and the implementation of the corrective actions must be assured;

- a phase of verification of the goals achievement and a phase of verification of the system functionality must be foreseen, through two monitoring levels, to be performed, respectively, during planning, having care of the modalities and responsibilities for the goals achievement and, ex post, in order to verify the compliance of the system with what has been planned, the implementation and maintenance effective modalities.

The control system shall assure, in compliance with the prescriptions of the Guidelines issued by Confindustria, the observance of the principles summarised in the following scheme:

The Company reserves the right to integrate and update the principles described in the present paragraph and the procedural protocols, should it deems opportune in order to guarantee the workplace health and safety protection.

C.5.1 Procedural Protocols

In defence of its business activities, Ansaldo STS has available a set of procedural protocols able to assure an adequate preventive action.

The most important documents on workplace safety and health prepared by Ansaldo STS S.p.A. are the following:

a. Risks evaluation documents

Risks evaluation document (DVR)

The DL has prepared the risks evaluation document in compliance with the provisions of articles 17, 28 and 29 of the Consolidated Act 81/08. The risks evaluation has been conducted taking into account the choice of the work equipment, the chemicals substances and compounds used, as well as the workplaces layouts and concerns all the workers’ health and safety risks. Such document specifies the drafting criteria and the prevention and protection measures adopted and to be adopted and the procedures for the implementation of the measures to be implemented as well as the organization offices that must take care of the relevant enforcements.
Exclusive document on interferential risks evaluation (DUVRI) for subcontracted works

In such document the attention is driven to the works subcontracted and to be performed in venues under the juridical possession of Ansaldo STS. In fact, in such cases, the assignor must verify the technical and professional qualification of the subcontractors or the self-employed workers in relation to the works to be subcontracted or awarded through work contracts, as well as to supply the same parties with detailed information on the specific risks existing in the relevant working environment and on the prevention and emergency measures adopted in relation to its own activity. Moreover the Employer co-operates in implementing the workplace risks prevention and protection measures and co-ordinates the interventions of protection and prevention against the risks to which the workers are exposed, also in order to eliminate the risks due to the interferences between the works of the different firms involved in the performance of the entire work.

Safety plans for temporary or movable yards

In case of temporary or movable yards as ruled by art. 88 and following of the Consolidated Act no. 81/08, when Ansaldo STS is the assignor, is foreseen that the relevant aspects are ruled by the documentation and safety and coordination plans specifically provided for by title IV of the Decree, prepared from time to time by the competent persons indicated by the law; among these, the person responsible for the works who has all the decision-making and expenditure powers concerning the yard management.

b. Emergency management plan

The Plan concerns the prescriptions on the participation of personnel and means in case of accidents occurrence (for example, fire, terrorist act, explosion, leakage of gas, etc.) and acts of God occurrence (for example, flood, earthquake, etc.). It sets out the procedures which absolutely have to be complied with and, therefore, formalizes the behaviours to be put in place (from the signalling of the emergency to its solution), depending from the different typology of the occurred event.

c. Minutes of the periodical risks prevention and protection Meeting.

C.6. PREVENTION AND MONITORING ACTIVITY OF THE SUPERVISORY BOARD

With reference to art. 6, par. 2, letter d) of the Decree which imposes the insertion in the “Model of Organization” of obligations of information to the Body deputed to supervise the functioning and observance of the Model itself, also the aspects linked to art. 25 septies are inserted, dealing with the cases of manslaughter and serious and most serious unintentional injuries in relation to the offences provided for by articles 589 and 590, par. 3, penal code, committed through the infringement of the industrial injury and workplace health and safety regulations.

Therefore, to face the occurrence of such offences charged to the Body, the obligation of an information flow is conceived as instrument to assure the supervisory activity on the effectiveness and efficacy of the Model and to ascertain, if possible, the causes which have rendered possible the occurrence of the said offences provided for by the Decree (see also paragraphs 4.4.1 and 2 of the Model of Organization).

Therefore, within the company, the RSPP shall have to bring to the knowledge of the Supervisory Body the information about any amendment and/or updating of the documentation concerning the workplace safety management system, and in particular:

- the Risks Evaluation Document;
- the Emergency Plan;
- the procedures in defence to offices connected to the workplace health and safety.

Moreover, at least every six months, the RSPP has to send to the Supervisory Body the minutes of the periodical risks prevention and protection meetings (art. 35 of the Legislative Decree no. 81/08), of the Environmental analysis and of
the inspections carried out on the working environments and the data on the accidents occurred within the company (if any). Moreover, the RSPP supplies the Supervisory Body with the data in relation to the so called “almost-accidents”, i.e. to all those events which, even if they have not caused detrimental events for the workers, can be considered significant of possible weaknesses or gaps of the safety and health system and takes the measures necessary to comply with the protocols and procedures.

Under the operational point of view, the Human Resources and Organization Office shall supply the Supervisory Body with any updating linked to changes in the responsibilities currently conferred in compliance with the Legislative Decree no. 81/08, including those concerning the other persons performing an active role within the safety and health activities in Ansaldo STS S.p.A.

In addition to the above mentioned information flows, at least once a year, the Supervisory Body calls the Employer and the RSPP of Ansaldo STS S.p.A. to listen to them in relation to the activities of their respective competence and to the aspects linked, in general, to the industrial injury and workplace health and safety planning, having consideration also for the safety internal monitoring plan.

Moreover, the Supervisory Body has to be immediately informed on workplace accidents, if any, or on measures taken by the Judicial Authority or other Authorities regarding workplace safety and health matter.

An addition, the Supervisory Body performs the following activities:

- supervision on the observance and adequacy of the Model, including the Ethical Code and the company’s procedures on workplace health and safety;
- examination of the notifications concerning supposed infringements of the Model, including the notifications not timely notified by the competent persons, concerning possible lacks and inadequacy of the venues, work equipment and protection devices, or concerning a situation of ranger connected to the workplace health and safety;
- monitoring of the functionality of the workplace health and safety prevention system as a whole adopted by the Company, as organism able to assure the objectivity, impartiality and independence from the work sector subjected to the verification;
- notification to the Board of Directors or to the competent company’s offices, of the updating of the Model, the preventive system adopted by the Company or the current procedures which would be necessary or appropriate on the basis of the lacks discovered or of the significant changes occurred in the organizational structure of the Company.

The Supervisory Body must disclose the results of its supervision and control activity to the Board of Directors and to the Auditors’ Board, in accordance with the terms provided for by the Model.

C.7. SAFETY MANAGEMENT SYSTEM OF ANSALDO STS IN RELATION TO THE APPLICATION OF ART. 30 LEGISLATIVE DECREE NO. 81/2008 - INTERNAL USE
SPECIAL SECTION “D”

RECEIVING STOLEN GOODS, MONEY LAUNDERING AND USE OF MONEY, GOODS OR UTILITY OF ILLICIT ORIGIN
D.1. THE TYPES OF OFFENCES OF RECEIVING STOLEN GOODS, MONEY LAUNDERING AND USE OF MONEY, GOODS OR UTILITY OF ILLICIT ORIGIN (art. 25-octies of the Decree)

D.1.1 Preamble

The Legislative Decree no. 231/2007, in implementing the Directive 2005/60/CE of the European Parliament and the European Council concerning the prevention of the use of the financial system for money laundering purposes, has made an overall reorganization of the money laundering regulations of our legal system.

For the purposes herein, we notice that, in introducing in the Decree art. 25-octies which lays down the legal entities’ liability for money laundering, receiving stolen goods and use of money, goods or utility of illicit origin, the legislator has abrogated the paragraphs 5 and 6 of art. 10 of the Law no. 146/2006 on the fight against cross-borders organized crime. Such rule lays down the legal entities’ liability and sanctions pursuant to the Decree for the same offences only in the case that the peculiar conditions set out by art. 3 of the same law occur with regard to the definition of cross-borders offence. Therefore, pursuant to art. 25-octies, the legal entity is punishable for the offences of receiving stolen goods, money laundering and use of illicit funds committed in its interest or advantage, even if committed within the “national territory”.

Therefore, the regulatory amendment has rendered opportune a Model updating taking into account the nature of the activities carried out by Ansaldo STS S.p.A. within the national territory.

D.1.2 The types of offences of receiving stolen goods, money laundering and use of money, goods or utility of illicit origin (art. 25-octies of the Decree)

The common purpose of the regulatory rules laid down by articles 648, 648-bis and 648-ter is that to prevent and to repress the introduction into the economical circuit of money, goods or utility deriving from the commission of offences, with the aim to:

- avoid the market “contamination” with funds acquired with illicit modes and, so, “net of” the costs which the operators acting lawfully find themselves to face;
- facilitate the identification of the persons that “manage” such goods so as to render possible the investigation of the offences committed;
- discourage the carrying out of criminal behaviours having purposes of profit.

In the light of such preamble, we understand the reason why the offences under examination are considered by the criminal doctrine and jurisprudence as multiple-offences, being potentially detrimental not only to the property of the person directly offended by the criminal predicate offence, who obviously sees the chances of recovery of the stolen good diminished, but also to the justice administration, due to the dispersion of the goods of illicit origin, able to obstruct the Authority’s work aimed to ascertain the predicate offences as well as, in more general terms, to the economical system, because of the clear damage caused to the free competition and to the principle of economical rules observance by the injection of laundered money into the legal economical and financial circuits.

We make hereunder a brief description of the offences provided for by art. 25-octies of the Decree:

Receiving stolen goods (art. 648 penal code)

The rule punishes the fact of the person that, in cases different from cases of complicity in an offence, purchases, receives or conceals money or goods of criminal origin or, anyhow, intervenes in their purchase, receiving or concealment: such conducts must be kept consciously, i.e. with the representation of the criminal origin of the goods. The offence of receiving stolen goods is based on the assumption that another offence has been committed (the so-called prerogative offence). It is better to point out that it is not required that the offence is comprised among the offences against property or, anyhow, detrimental to the property, being punished the conduct of receiving goods deriving from any offence. The purchase must be understood in a broad sense, comprehensive of any legal transaction, whether for free or upon consideration, suitable to transfer the good in the property sphere of the purchaser.

The act of receiving makes reference to any form of obtaining the possession of the good of criminal origin (therefore,
also to forms different from the sale and purchase transactions), which is realized even only temporarily or for mere
courtesy. The concealment indicates the physical hiding of the good of criminal origin received.
The offence of receiving stolen goods can be committed even through the intervention in the purchase, receipt or con-
cealment of the good. Such conduct reveals through any intermediation activity, able to get others to receive a good
of criminal origin.
The liability to punishment of the offence of receiving stolen goods is not excluded for the simple fact that the person
who has committed the offence from which the money or goods derive, is not chargeable or lacks of a condition for
prosecution referred to such offence (art. 648, last paragraph).

Such kind of offence is punished with the imprisonment from two up to eight years and with the pecuniary sanction
from Euro 516 up to Euro 10,329. The penalty is reduced when the fact amounts to a particularly minor offence.

Money laundering (art. 648-bis penal code)

Such kind of offence occurs when a person replaces of transfers money, goods and other utility deriving from an
offence other than an unintentional offence, or performs other operations in relation to them, so that to hinder the
identification of their criminal origin.
Such kind of offence is punished with the imprisonment from four up to twelve years and with the pecuniary sanction
from Euro 1,032 up to Euro 15,493. The penalty is increased when the criminal fact is committed in the exercise of a
professional activity.

Use of money, goods or utility of illicit origin (art. 648-ter penal code)

Such kind of offence occurs in case of use, in economical or financial activities, of money, goods or other utility of
criminal origin. In such a case is foreseen the imprisonment from four up to twelve years and the pecuniary sanction
from Euro 1,032 up to Euro 15,493. The penalty is increased when the criminal fact is committed in the exercise of a
professional activity.
In the above mentioned cases, on the Company is imposed a pecuniary sanction from two-hundreds up to eight-
hundreds shares and the administrative sanction of disqualification up to two years. Therefore, the pecuniary sanction
can reach the amount of approximately Euro 1,25 millions (in cases particularly serious the sanction can be tripled).

As for the type of the predicate offence of the offences of receiving stolen goods, money laundering and use of goods
of illicit origin, the legislator uses very vague terms (“any offence” in art. 648 penal code, “non intentional offence” in
Therefore, without prejudice to the exclusion of the fines, i.e. the minor offences punished with the pecuniary penalty
or the arrest, all the offences able to generate illicit flows of money can be prerogative offence of the offences under
examination: reference is made, in particular, to robbery, kidnapping, extortion, trafficking of arms or drugs, corruption,
tax offences, usury, financial offences, corporate offences, community frauds, not being even excluded, as said before,
the possibility of an offence of receiving stolen goods deriving, at their turn, from an offence of receiving stolen goods.
Nevertheless, it is not required the occurred investigation in court of the subsistence of the prerogative offence, nor the identification of the offender, as the offences under examination can occur also if the offenders of the prerogative offence remain unknown.

The difference among the three criminal types is due, first of all, to the objective element.

The offence of receiving stolen goods requires the performance of behaviours of purchasing, receiving or concealing: the first case subsists with reference to any transaction activity, whether for free or upon consideration, which transfers the good to the purchaser; the second case comprehends any act which implies the transfer of the availability, even temporary, of the goods; finally, the third case implies the intentional concealment, even if temporary, of the good, after having had the good itself in one’s availability.

Pursuant to art. 648, also the behaviour of the person who intervenes in the purchase, receiving or concealment of the goods, i.e. the intermediation aimed to the transfer of the good, grants criminal relief, without nevertheless being necessary that the transfer of the good is effectively carried out.

The offence of money laundering consists in the replacement, transfer of goods of illicit origin or, anyhow, in the performance of any operation in relation to such goods able to hinder the identification of the goods origin: therefore, on the basis of this last reference, it is a free form offence, which sanctions any activity consisting in hindering or rendering more difficult the investigation of the person who has committed the prerogative offence.

Art. 2 of the Legislative Decree 231/2007 lays down an articulated list of behaviours which can be qualified as money laundering, mentioning in particular «the conversion or transfer of goods… the concealment or layering of the real nature, origin, location, disposal, movement, property of the goods or rights on the same... the purchase, the detention or the use of the goods».

Moreover, GAFI (Financial Action Group), at the outcome of the studies performed, has noticed how the money laundering process can be considered articulated into three phases characterizing: placement, layering and integration. The first phase implies the introduction of the dirty money, usually in fractional form, in the legal financial circuits through financial institutions traditional (banks and insurance companies) and not traditional (exchange offices, sellers of precious metals, commodities merchants, casinos), or other means (for example, smuggling). The second phase realizes usually through subsequent transfers, aimed to be losing dirty money documentary evidence trace, through, by way of example, the use of false credit documents or currency exchange in foreign countries. Finally, the last phase is aimed to grant an apparent legitimacy to the goods of criminal origin, by re-inserting them into the legal financial circuit through, by way of example, the issuance of invoices concerning inexisten operations.

Finally, the kind of offence provided for by 648-ter, concerns the use of money, goods or other utility of criminal origin in economical or financial activities. The meaning to be given to the term use is, indeed, uncertain, as the same can be interpreted, both strictly, as investment in the view of the obtaining an utility and broadly, as any form of use of illicit funds in economical and financial activities, independently from the agent’s purposes. Nevertheless, we deem that the said economical activities must be of licit nature, being the offence aimed to the protection of the legal market connected to the goods production and the goods and services circulation.

Coming to the mental element of the three types of offences, we point out what follows.

The intent of the offence of receiving stolen goods consists in the will of the fact of purchasing, receiving, concealing or acting as intermediate in the good transfer, in the consciousness of the criminal origin of the good, not being required the precise awareness of the circumstances of time, way and place concerning the prerogative offence. Such awareness can be inferred from objective circumstances of the operation, such as, in particular, the qualities and characteristics of the transferred good and the relevant price, the condition or identity of the vendor. On the contrary, the specific intent is not required for what concerns the intent of the offence of money laundering, for which is sufficient the generic intent of the awareness of the criminal origin of the good and the performance of the typical and atypical indicted behaviours.

Finally, similar remarks can be made for the offence provided for by art. 648-ter, whose intent characterizes for consisting in the consciousness and will to allocate to an economically useful use the illicit funds whose criminal origin is – also in this case in generic terms – known.
D.2. AREAS AT RISK – INTERNAL USE

D.3 GENERAL PRINCIPLES OF CONDUCT AND DECISION-MAKING PROCESS IMPLEMENTATION IN THE AREAS AT RISK

The Company acts in such a way as to favour the prevention of the occurrences of the offences of money laundering, receiving stolen goods and use of goods of illicit origin.

In particular, the company’s procedures aimed to the prevention of the money laundering occurrences are aimed to:
- define roles and liabilities in the verification process on purchases;
- identify the providers’ trustworthiness in order to verify their reliability also under the point of view of the correctness and traceability of the relevant economical transactions, avoiding to start or continue relationships with providers that do not have or maintain adequate transparency and correctness requirements;
- verify, through the available information, the commercial counterparties in order to ascertain their respectability and reliability before starting business relationships with them;
- monitor in time on the providers’ preservation of the reliability, correctness, professionalism and respectability requirements;
- determine the lowest requirements of the bidding counterparties and fix the evaluation criteria of the standard bids and contracts;
- identify the body / unit liable for the performance of the contract, with indication of tasks, roles and responsibilities;
- verify the regularity in payments, with reference to the full correspondence between the payments addressees / order makers and counterparties actually involved in the transactions;
- make formal and substantial checks on the company financial flows, with reference to the payments to third parties and infra-group payments / operations, taking into particular account the counterparty’s registered office, the banking companies used and company screens and trusts used for extraordinary transactions or operations;
- rule the recording and preservation of the data concerning the transactions, including those concerning the infra-group relationships;
- assure the preparation and updating of the providers registry;
- set out contractual standards for the issuance of purchasing orders / contracts;
- assure the correct management of the tax policy, also with regard to Ministerial Decree November 21, 2001 and January 23, 2002 and subsequent amendments and integrations;
- assure the notification of those operations which present aspects of suspicion as to the lawfulness of the origin of the sums object of the transaction or the counterparty’s reliability and transparency;
- carry out the money laundering fulfilments placed upon the Company pursuant to Legislative Decree 231/2007 (Notification of the infringements of the transfer of cash or bearer bonds over Euro 12,500 prohibition / Adequate verification of the client and recording of the professional services in the Archives / Notification of suspicious operations to UIF / Training of employees and collaborators), being careful, within its own duties, to avoid to put in place behaviours which can, in any way, implement the typical behaviours of the kind of offence of money laundering (art 68-bis penal code) or the use of money, goods or utility of illicit origin provided for by art. 648 –ter penal code;
- identify and implement specific internal control programs also with regard to the subject matter here-in, with particular regard to the payments and treasure management, to agreements / joint ventures with other firms, to the inter-company relationships, taking into particular account the economical adequacy of possible investments;
- implement the constant education and information of the company representatives on the matters concerning the prevention of money laundering occurrences;
- give evidence of the activities and controls carried out.
Moreover, the Addressees, in the performance of their company roles and tasks, must observe the rules concerning the cash and bearer bonds limitation of use laid down by Legislative Decree 231/2007, in relation to both the management of the financial flows of the company’s competence and the management of the financial flows on the account of the outsourcers.

On this subject, not pretending to be exhaustive, is expressly forbidden to:

a) transfer, at any title, between different parties, unless through e-money banks and credit institutions or Poste Italiane S.p.A., cash or bearer bankbook or bankbook post or bearer bonds in Euro or in foreign currency, when the value of the operation, even if fractionated, is altogether equal to or higher than Euro 12,500;

b) issue cheques or giro cheques for amounts equal to or higher than 12,500 without the indication of the payee’s name or corporate’s name and of the non-transferability clause;

c) endorse to collection cheques or giro cheques issued to the order of the drawer by a person other than banks or Poste Italiane S.p.A.

The Addressees must notify to the Supervisory Body suspicious operations (if any) or infringements (if any) of the above mentioned behavioural rules with which they have become acquainted during the performance of their professional activity.

**D.4. INSTRUCTIONS AND AUDITS OF THE SUPERVISORY BODY**

In the context of the provisions of the Legislative Decree no. 231/2007, the Articles of Association and the Model, the Supervisory Body watches over the adequacy and effective implementation of the measures adopted for the purpose of preventing the money laundering occurrences.

In particular, the Supervisory Body of Ansaldo STS:

- controls that the company’s officers responsible of the areas at risk are informed about the tasks and duties connected to the garrison of the area aimed to prevent the commission of the offences of money laundering, receiving stolen goods and use of goods of illicit origin;

- watches over the existence, suitability and effective implementation of the procedures set up on money laundering prevention matter, by carrying out inspections and controls in the measure and with the extension deemed necessary to validly assess the compliance with the law;

- verifies periodically – with the support of the other competent offices – the current delegation system, recommending changes should the management power and/or status be not consistent with the representative powers granted to the company’s manager responsible or to the company’s managers sub-responsible;

- watches over the effective implementation of the Model and points out the behavioural deviations which could emerge from the analysis of the information flows and the notifications received;

- notifies promptly to the Board of Directors the infringements (if any) of the – legal and procedural – provisions which are material for the prevention of the money laundering occurrences;

- notifies, in accordance with the procedure provided for by the present Model, infringements (if any) of the rules and procedures aimed to the prevention of the money laundering occurrences, in order to make possible the application of the relevant disciplinary measures;

- supervises the supply of adequate educational and information programs to that personnel that is considered exposed to the money laundering risk;

- in the performance of its tasks, avails itself, if necessary, of specific professional experts in the subject matter in order to analyse and review in detail the matters of interest.
SPECIAL SECTION “E”
IT CRIMES AND ILLICIT TREATMENT OF DATA.
COPYRIGHT BREACH CRIMES
E.1. THE DATA PROCESSING CRIMES AND THE ILLICIT TREATMENT OF DATA (art. 24 bis of the Decree)

The Law dated March 18, no. 48 – Ratification and execution of the Convention of the European Council on data processing criminality, held in Budapest on November 23, 2001 and relevant rules of adaptation to the internal juridical system – has modified various rules on data processing crimes contained in the penal code and has introduced in the Legislative Decree dated June 8, no. 231, art. 24-bis containing the provision of new cases of offences deriving from the commission of data processing crimes and illicit treatment of data.

The cases are finalized to the prevention and the fight of the crimes committed against a third party’s data processing or telematic system or against the relevant data, information and programs.

Pursuant to art. 1 of the Convention, the definition of “data processing system” includes “any equipment or group of equipment interconnected or linked, of which one or more, on the basis of a program, perform the automatic data processing”. Moreover, under “data processing data” is comprised “any presentation of facts, information or concepts in a form susceptible to be used in a computerized system, included a program able to consent to a computerized system to perform a function”.

In particular, it has been set forth the administrative liability of the entity for the following data processing crimes committed in the interest or to the advantage of the entity itself:

**Forgery in a data processing document being public or having probation effect (art. 491-bis penal code)**

The above provision extends to the data processing documents the liability to punishment provided for by the crimes under Section III crimes against the public faith and, in particular, crimes of forgery in deeds (artt. 476 - 493-bis penal code).

For “data processing document” is meant the public or private document which has juridical relevance and probation effect, suitable to guarantee the truthfulness and the genuineness of the intersubjective economical and juridical relationships.

In the case that, from the commission of the crime, derives an interest or an advantage to the company, are applicable:

- the pecuniary sanction up to 400 shares;
- the disqualification sanctions regarding the prohibition to contract with the Public Administration, save for obtaining the services of a public service; the exclusion from grants, loans, contributions or subsidies and the possible revocation of those already granted; the prohibition to promote goods and services.

**Illicit access to a data processing or telematic system (art. 615 ter penal code)**

The interest protected by the provision is the interest to keep the confidentiality of information disclosed through the data processing and the telematic means.

The behaviour consists:

- in the illicit access (physical or remote) in a protected system;
- in the maintenance / permanency in a protected system – after an authorized access - against the will, express or implied, of the subject having a right of exclusion.

It is a general crime – in the sense that it can be committed by anybody – and it is a crime of simple behaviour – which is committed with the simple performance of the illicit action.

The mental element consists in the intent, in the sense of consciousness and will of the typical fact provided.

From the point of view of the concurrence of crimes, it is possible a concurrent charge also for the crime of data processing fraud (art. 640-ter penal code) which, nevertheless, implies necessarily the manipulation of the system, element which is not necessary for the commission of the crime of illicit access.
In the case that, from the commission of the crime, derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction from 100 to 500 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime, the prohibition to promote good or services and the disqualification from exercising the activity.

Illicit possession and diffusion of access codes to data processing or telematic systems (art. 615-quater penal code)

The interest which is protected by the provision is similar to the interest protected by the previous provision.

The object of the behaviour is represented by codes, key words or any other instrument suitable to consent to the agent to enter into data processing or telematic systems protected by security measures.

The behaviour consists in the following:

- the illicit acquisition of codes;
- the reproduction of codes, through the creation of an exact copy of the original;
- the diffusion – to unspecified people – of the codes through the public information means;
- the disclosure – to specified people – through the transfer of the codes;
- the delivery through the material handover of the codes;
- the communication of material information or instructions suitable to consent the illicit access.

The crime is general as it can be committed by anybody and is consummated only if the action takes place with the modalities indicated by the legislator.

The mental element is represented by the specific intent, in the sense of expectation and will of the action together with the aim to procure a profit to oneself or to others or to cause a damage to others.

In the case that, from the commission of the crime, derives an interest or advantage for the company, are applicable:

- the pecuniary sanction up to 300 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime and the prohibition to promote good or services.

Diffusion of equipment, devices or data processing programs intended to cause damage or to interrupt a data processing or telematic system (art. 615-quinquies penal code)

The provision sanctions not only the behaviours relating to “data processing programs”, but also the “equipment” and the “devices”.

Therefore, the provision includes not only the software, but also the hardware and all those equipment or devices the functioning of which is suitable to damage a data processing system or to alter its functioning.

The crime provided for by art. 615-quinquies penal code comprehends not only the acquisition of viruses and malware in general, but also the production and importation of dongle, smart card, skimmer etc., provided obviously that they are suitable for an illicit use such as that to damage or to alter a data processing system or the relevant data and programs contained therein.

After the reform following the occurred adherence to the Budapest Convention which states, under art. 6, the punishment in the cases of “supplying for use”, presently are sanctionable also the behaviours of simple detention of malware.

The mental element consists in the specific intent, i.e. the fact is punished when is committed “to the aim to illicitly damage a data processing or telematic system, the relevant information, the data or the programs contained in it or pertinent to it or to favour the interruption, in total or in part, or the alteration of its functioning”.

In the case that from the commission of the crime derives an interest or an advantage to the company, are applicable:

- the pecuniary sanction up to 300 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime and the prohibition to promote goods or services.

**Illicit interception, impediment or interruption of data processing or telematic communications (art. 617-quater penal code)**

The interest protected by the provision is the interest to keep the confidentiality and the inviolability of the communications.

Therefore the object of the behaviour is the contents of the confidentiality communications exchanged between two or more persons through data processing systems.

The behaviour consists in the illicit interception, impediment or interruption of such communications and the crime is consummated in the moment when the knowledge of the content of a message in course of transmission is acquired.

An aggravating circumstance is provided in the case that the described behaviours are realized without the knowledge of the persons which participate to the communication.

The mental element consists in the intent, being sufficient the consciousness and the will of the typical fact provided by the provision.

In the case that from the commission of the crime derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction from 100 to 500 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime, the prohibition to promote goods or services and the disqualification from exercising the activity.

**Installation of equipment suitable to intercept, impede or interrupt data processing or telematic communications (art. 617-quinquies penal code)**

Like art. 617-quater penal code, such a provision extends the punishment to the behaviours finalized to the installation of technical instruments suitable to consent the interception of data processing or telematic communications or to determine their impediment or interruption.

The crime is a crime of danger as it is consummated in the moment when is ascertained the simple suitability of the equipment to intercept, impede or interrupt data processing or telematic communications and independently from the effective damage of the protected good.

The mental element consists in the intent, i.e. in the will to install equipment knowing its suitability to intercept, impede or interrupt communications which come from or are directed to a data processing system or which intervene between several data processing or telematic systems.

In the case that from the commission the crime derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction from 100 to 500 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime, the prohibition to promote goods or services and the disqualification from exercising the activity.
Damaging of information, data and data processing programs (art. 635-bis penal code)

After the reform following the occurred adherence to the Budapest Convention, the legislator has amended the provision, by specifying the modalities of the significant behaviours and adding to the behaviours of destruction and deterioration, the further behaviours of cancellation, alteration or suppression of information, data and programs.

Moreover, the present version of the provision provides that the crime is prosecutable upon action of the offended person in the hypothesis of simple crime. Therefore, the crime is prosecutable as indictable offence only in the hypothesis of aggravated crime.

The crime qualifies as general crime and crime of mere behaviour with free modalities of behaviour. Nevertheless, it is a subsidiary crime which subsists when does not exist a more serious crime.

The mental element consists in the intent, i.e. the expectation and the will of the typical fact provided by the criminal provision.

In the case that from the commission of the crime derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction from 100 to 500 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime, the prohibition to promote good or services and the disqualification from exercising the activity.

Damaging of information, data and data processing programs used by the State or by other Public Body or, anyway, of public interest (art. 635-ter penal code)

This provision punishes the behaviours described in the preceding article (destruction, deterioration, cancellation, alteration or suppression) of information data and programs used by the State or by other Public Body or, anyway, of public interest.

The material object of the criminal action is represented by:

- data, information and programs used by Public Bodies;
- data, information and program of public interest (therefore, both public and private, provided that they are intended to satisfy an interest of public nature).

Nevertheless, it is a crime which is aggravated by the criminal event; therefore, the crime subsists even in the absence of any actual damage.

In the case that from the commission of the crime derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction from 100 to 500 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime, the prohibition to promote good or services and the disqualification from exercising the activity.

Damaging of data processing or telematic systems (art. 635-quater penal code)

Differently from the crime described previously, the crime provided for by art. 635-quater penal code provides, as material object on which the action of damage is realized, the entire data processing or telematic system.

Nevertheless, the crime is a crime which implies the existence of a criminal event as, to realize its commission, it is necessary to ascertain the actual realization of the damage or the occurred obstacle to the functioning.

The behaviour consists either in actions intended to damage the system or in the damage caused indirectly through the destruction, deterioration, cancellation, alteration or suppression of information, data or programs, or through the introduction or the transmission of data, information or programs.

Therefore, the distinction between the damaging of data (punished pursuant art. 635-bis penal code) and the damaging of the system is linked to the consequences of the behaviour: where the suppression or the alteration of data,
information and programs renders useless or, at least, obstructs seriously the functioning of the system, the more serious crime of damaging of data processing or telematic systems provided for by art. 635-quater penal code will occur.

In the case that from the commission of the crime derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction from 100 to 500 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime, the prohibition to promote good or services and the disqualification from exercising the activity

**Damaging of data processing or telematic systems of public interest (art. 635-quinquies penal code)**

The art. 635-quinquies penal code coincides, also under the aspect of the sanctions, to the “old” crime provided for by the abrogated art. 420, paragraphs 2 and 3 penal code, of attempt on data processing or telematic system of public interest.

In comparison with the said crime, for analogy with the crime provided for by the preceding article, the range of the behaviours punished is increased by providing that the fact can be directed not only to damage or to destroy the system, but also to render it useless or to obstruct seriously its functioning.

It is a crime with anticipated commission, which does not require the realization of the event of damage.

The actual damage of the system, its destruction or the fact that it is rendered, in whole or in part, useless is considered a further aggravating circumstance which increases the penalty in an important manner.

Differently from the provision of the abrogated art. 420 paragraph 3 penal code, the serious obstacle to the functioning of the system or the interruption, even partial, of the system itself are no more aggravating circumstances.

At last, while for art. 635-ter penal code the material object of the behaviour of damaging regards data or data processing programs used by Public Bodies or pertinent to them, or anyway of public interest, the crime provided for by art. 635-quinquies penal code occurs only where the behaviours is directed to damage, destroy, etc. data processing or telematic systems of public interest.

Therefore, for the existence of the crime, is not sufficient that the systems are used by the Public Bodies, but it is necessary that they are of public interest.

In the case that from the commission of the crime derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction from 100 to 500 shares;
- the disqualification sanctions regarding the suspension or revocation of the authorisations, licenses or permits functional to the commission of the crime, the prohibition to promote good or services and the disqualification from exercising the activity.

**Data processing fraud of the certificator of the electronic signature (art. 640-quinquies penal code)**

The behaviour punished by the said provision consists in the violation of the obligations imposed by the law for the issuance of a qualified certificate regarding the electronic signature.

It is not a general crime as it can be committed only by the person who renders services of certification of qualified electronic signature.

The mental element is represented by the specific intent as the behaviour is punished when is committed by the qualified certificator in order to procure to himself or to others an unfair profit or to cause a damage to others.

In the case that from the commission of the crime derives an interest or an advantage for the company, are applicable:

- the pecuniary sanction up to 400 shares;
- the disqualification sanctions regarding the prohibition to contract with the Public Administration, save for obtaining the services of a public service, the exclusion from grants, loans, contributions or subsidies and the possible revocation of those already granted and the prohibition to promote goods and services.
Law no.99 dated 23.07.2009, introducing Article 25-novies in the Decree, provides for the administrative liability of the entities in relation to copyright infringement and other rights connected to the enforcement of copyright. More specifically, certain crime species for the safeguard of copyright and the exclusive right on intellectual property, specifically punishing:

- disclosure to the public by transmission via a computerized network system, whatever the connections, of protected intellectual properties or parts thereof, including parts which are not intended for publication, i.e. encroachment of the authorship of a work, deformation, mutilation or other amendments to the work, when they represent an offence to the honour and reputation of the author (Article 171 (1) (a-bis) and (3));
- the unauthorised copy, to earn profits, of computer software or the import, distribution, sale or custody for commercial, trading or rental purposes, again with a view to earning profits, of programs contained in supports which do not bear the SIAE stamp, or of equipment of any type whatsoever exclusively intended to allow or facilitate the arbitrary removal or deactivation of any devices for the protection of a computer program (article 171-bis (1));
- the reproduction, transfer on a different support, distribution, communication, presentation or demonstration to the public, for the purposes of profit, on supports not bearing the SIAE stamp, of a database, in violation of the provisions of the law for the safeguard of copyrights (Article 64 quinquies and 64-sexies), or the extraction or reutilization of the database in violation of the legal provisions for the safeguard of the database owner (Article 102-bis and 102 -ter) or the distribution, sale or rental of a database (Article 171-bis);
- if for profit purposes rather personal use, the unauthorised copy, reproduction, transmission, circulation to the public in any other manner, whether in whole or in part, or the introduction into the territory of the State, holding for sale, distribution, commerce, rental or alienation, projection to the public, broadcasting by television, radio, circulation to the public of intellectual property intended for the television, cinema, sale or rental circuits of disks, tapes or similar supports or any other support containing pictures or video grams of musical, cinema, audio video, musical, multimedia works or sequences from movies, literary, drama, science or educational works, and any support containing intellectual properties which would require a SIAE stamp, or special decoding elements or devices allowing access to an encrypted private service without payment of the fee due (Article 171-ter (a,b,c,d and f));
- retransmission or dissemination, without the prior agreement with the legitimate distributor, by any means whatsoever, of an encrypted service received, by means of any devices or part of devices for the decoding of conditioned access transmissions (Article 171-ter (e));
- the manufacturing, import, distribution, sale, rental, transfer at any title, publicizing for sale or rental, holding for commercial purposes of any instruments or services suitable to elude the technological measures for the protection of works and materials or the removal of electronic copyright information (Article 171-ter (f bis) and (h));
- failure to communicate, within 30 days from the date of first commercialization on the domestic territory, the necessary data for the unequivocal identification of the supports which do not have to display the SIAE mark, or the false declaration of compliance with the requirements concerning the SIAE mark (Article 181-bis (2) (Article 171-septies);
- the production, offer for sale, import, promotion, installation, tampering, personal or public use of devices or part of devices for the decoding of conditioned access audiovisual broadcasts via air, satellite, cable, whether analogical or digital (Article 171-octies).

E.2. AREAS AT RISK – INTERNAL USE
E.3. RECIPIENTS OF THE SPECIAL SECTION - GENERAL PRINCIPLES OF BEHAVIOUR IN THE AREAS AT RISK

The following rules of behaviour of general nature apply to the “Addressees” of the present Model that, at any title, are:

- appointed or entrusted with the development and installation of the applications of signalling of systems, vital and not vital;
- appointed or entrusted with the assistance and maintenance of the applications of signalling and of the technological infrastructure, vital and not vital;
- appointed or entrusted with the installation of the technological infrastructure of signalling at the client;
- appointed or entrusted with the management of the data in the accounting systems;
- appointed or entrusted with the management of intellectual property.

In relation to the use and the management of systems, instruments, documents or data processing data, or works of whichever nature which are covered by copyright, all the Addressees must:

- ensure the integrity and not alterability of data, information and data processing programs which constitute the instrument of performance of the working activity as well as of the entire data processing and telematic assets of the company;
- contribute to the promotion of an adequate level of safeguard of the data processing and telematic assets of third parties, both private and public, in compliance with the modalities of prior and subsequent control activated by the company;
- apply the procedures aimed at preventing and/or stopping the commission of unlawful actions with reference to works of whichever nature which are covered by copyright.

The said Addressees are expressly prohibited to:

- perform, cooperate in the performance or cause the realization of behaviours which, considered individually or collectively, amount directly or indirectly to the crimes provided in the present Special Section (art. 24-bis of the Legislative Decree 231/01);
- alter or forge data processing documents of any nature;
- damage or even only alter the functioning of a data processing or telematic system of third parties, as well as the relevant data, information and programs;
- accede without having the right to do so to data, information or programs contained in data processing or telematic systems of third parties, in order to procure to the company an unfair profit;
- illegally use, take advantage of, spread or reproduce, on whichever basis and in any way, for profit or personal purposes, creative works of whichever nature, which are covered by copyright.

In particular, for each sensible areas, shall apply the following protocols of control suitable to mitigate the risk of commission of the crimes provided for by art. 24-bis and 25-novies of the Decree:

With reference to the development of the applications of signalling:

- the development of the applications vital and not vital is ruled by a specific methodology which ensures the full traceability and the control of the life cycle of the software;
- the development of the applications vital and not vital is restricted to specific company roles identified in the jobs’ holders;
• the logical accesses to the systems intended to the development of the applications vital and not vital are ruled by adequate segregation systems (user name and password for the logical segregation of the accesses to the data processing systems).

• the integrity of the vital application is kept by a process of multiple verifications and validations (V&V), in compliance with the standard rules provided by the European regulations CENELEC for the railway traffic;

• the integrity of the applications not vital is kept by the positive result of the “factory and acceptance test” at the end of which a test report is issued.

With reference to the assistance and maintenance of the applications of signalling and of the technological infrastructure:

• the integrity of the juridical recorder is kept by a process of multiple verifications and validations (V&V), in compliance with the standard rules provided by the European regulations CENELEC for the railway traffic;

• the juridical recorder is placed on the carriages and in the infrastructure of the client with such characteristics as to render impossible the interaction and, then, the access to the system itself through remote connections;

• the physical accesses to the assistance environments are ruled by adequate segregation systems (badge with an electronic chip for the access to the offices of the Customer Service and identification of pre-defined locations through systems of controlled addressing);

• the access to the system of the client is permitted only to authorized personnel of the competent company offices;

• the access to the application / infrastructure for corrective purposes is implemented only upon request of intervention of the client on the basis of a ticket. Upon prior consultation with the competent offices, a communication is sent to the client in which is indicated the technical problem found, the type of intervention to be performed and the times forecasted for the solution. The authorization of the client follows said communication;

• the logical accesses to the applications / infrastructures not vital are ruled by adequate segregation systems;

• the remote access to the application of signalling not vital through movable medium (for example portable computers) is validated by the authentication system of Ansaldo STS;

• all accesses are traced in a system’s log report which ensures the tracing of the user and the connection’s duration;

• there are instruments and processes, which in case of necessity or upon request, enable the examination of the activities carried out by authorised staff by accessing the customer’s SI;

• the restricted access to the vital system is guaranteed by the impossibility of interaction of the system itself through remote connections, being a closed system, protected by a metallic structure (cabinet) equipped with mechanical system;

• the integrity of the vital application is kept by a process of multiple verifications and validations (V&V), in compliance with the standard rules provided by the European regulations CENELEC for the railway traffic;

• the correct functioning of the system is ensured through links aimed to the constant diagnosis of the infrastructure and the application of the client;
• in the cases of links aimed to the constant diagnosis of the system for the precautionary maintenance of the infrastructure and application of the client, the access is permitted only to authorized users, without functionality of modification / writing and whose privileges are limited to the collection / outlook of the data useful for the diagnosis;

• the services of technical assistance from remote are generally comprised in the supply contracts for the entire duration of the warranty, from the moment of the installation of the application / infrastructure at the client;

• the technical assistance from remote is managed, after the expiry of the warranty, through a maintenance contract which typically provides the payment by the client of a fixed monthly fee, independently from the number of intervention requested / performed; therefore, the increase in the number of interventions does not procure increase of profit;

• possible damages caused to the Information Technology System or to the application of the client during the performance of the services of assistance, can be object of reimbursement to the client, being Ansaldo STS subject to the compensation;

• the situations of structural obsolescence of the equipment, aimed to the issuance of a technical proposal for adequate replacement, are handled, under the technical, contractual and commercial aspect, by different company’s functions, in compliance with an adequate system of segregation of roles and liabilities;

• the proposal of sale of new products, after the ascertained state of obsolescence of the equipment, is performed with an adequate advance period and through the definition of a technical project with relevant estimate of costs;

• annually, the function’s managers analyze the historical series and the statistics of the maintenance interventions with reference to contracts for which is warrantee period is expiring, in order to detect any faults. The results of the verification are reported in a roundup report.

With reference to the installation of the technological infrastructure of signalling at the client:

• the access to the infrastructure of the client is permitted only to authorised personnel of the competent company’s functions;

• the services of technical assistance are generally comprised in the supply contracts for the entire duration of the warranty, from the moment of the installation of the infrastructure at the client;

• the contract contains clauses of payment of a penalty at the charge of Ansaldo STS in cases of damages caused to the Information Technology System of the client;

• the correct functioning of the system is guaranteed through links aimed to the constant diagnosis of the infrastructure of the client.

With reference to the management of the data in the accounting systems:

• the functions and the tasks entrusted to the system’s administrators are comprised in the job descriptions of the company;

• the accounting and administrative systems of the company are protected by a mechanism of profiling which guarantees the prohibitions of the transactions in relation to the tasks and functions of each user;

• the accounting and administrative systems of the company are provided with log report tracing the activities performed, the user and the data of the operation. The log report are periodically reviewed by the office’s managers and by the Information Technology office;
• the accounting and administrative systems are provided with back up procedures capable to restore the integrity of the data and documents;

• the accesses of the system administrators are logged in specific reports.

With reference to the management of intellectual property:

• the company defined procedures and organisational rules for the protection of its own and third parties’ intellectual property rights, such as patents, trademark, know-how, copyright and other rights;

• the corporate technological instruments are appropriate for preventing and/or stopping the ownership or installation of a software which is not envisaged by corporate procedure;

• the company applied procedures aimed at ensuring the appropriateness of the information available for the public through the internet, the programmes and other creative works covered by copyright;

• specific measures were applied to guarantee the proper use of materials covered by intellectual property rights, also through control procedures of the installation of software on operating systems;

• specific controls for the protection of documents based on their classification are implemented and defined through: registration of accessed on a reading/writing basis according to the agreed distribution lists; the correct file storage; the application of a change management project which must be structured for the management of all changes to the documents.

E.4. INSTRUCTIONS AND AUDITS OF THE GOVERNANCE BODY

In relation to the duties of the Addressees, as identified before, the tasks of the Governance Body are the following:

• to verify that the directives and the procedures which rule the activities in each area of risk are adequate, effective and correctly applied by all the persons involved;

• to verify periodically any anomalies resulting from the system log report tracing the accesses to the Information Technology System of the client;

• to verify, yearly, the reports summarising the results of the analysis performed on the historical series and the statistics of the maintenance interventions of the contracts for which the warrantee period is expiring or being renewed;

• to check any faults resulting from the abovementioned analysis of time series and statistics of maintenance operations of contracts for which the guarantee period is expiring or being renewed.
SPECIAL PART “F”

ORGANISED CRIME OFFENCES
F.1 TYPE OF CRIMES

It must be premised that through Law. no. 146 dated 16th March 2006 some organised crime offences were introduced as offences implying sanctions to legal persons in accordance with ex Legislative Decree no. 231/2001, provided that they are committed with the methods set forth by the art. 3 of the aforesaid Law for the definition of transnational crimes.

The relevant crimes are the following:

- the criminal conspiracy (art. 416 Criminal Code);
- the mafia-type organisation, also with foreign connections (art. 416 bis Criminal Code);
- criminal conspiracy aimed at tobacco smuggling (art. 291 quater D.PR. 23.1.1973 no. 43);
- conspiracy aimed at the unlawful traffic of drugs (art. 74 D.PR. 9.10.1990 no. 309);
- immigrants' traffic (art. 12 paragraphs 3, 3 bis. 3 ter Legislative Decree no. 286 dated 25.7.1998).

The definition of transnational crime is included in art. 3 of Law. no. 146 dated 16th March 2006: “1. For the purposes of this law, a transnational crime is the offence punished with the imprisonment of no less than 4 years, in case that an organised criminal group is involved, or when such crime:

a) is committed in more than one State;

b) is committed in one State, but a significant part of its preparation, planning, management or control takes place in another State;

c) is committed in one State, but with the participation of an organised criminal group which is committed in criminal activities in more than one State;

d) is committed in one State, but with substantial effects in another State.”.

The law dated 15th July 2009 no. 94, art. 2 paragraph 29 introduced art. 24-ter in the Decree, and it identified as offences implying the sanctions for bodies the organised crimes set forth in the following articles:

- 416 Criminal Code – Criminal conspiracy.

“This offence is committed when three or more persons conspire in order to commit various offences (39, 270, 270 bis, 305, 3061, 309, 416 bis). The individuals who promote, constitute, or organise the conspiracy are punished, for said offence only, with imprisonment from 3 to 7 years (32-quater). The mere fact of participating in the organisation entails imprisonment from 1 to 5 years.

Bosses are subject to the same penalty as organisers (32-quater).

If the associates overrun the countryside or the public roadways, or if they are armed (5852,3) the punishment is imprisonment from 5 to 15 years.

The penalty is increased if the number of associates is 10 or more (417).

If the association has the purpose of committing any of the crimes set forth by art. 600, 601 and 602, and art. 12, paragraph 3-bis, of the Law containing provisions regarding immigration and regulations on the foreigners' conditions, as set forth by the Legislative Decree no. 286 dated 25th July 1998, the imprisonment from 5 to 15 years apply in the cases set forth by the first paragraph, and from 4 to 9 years in the cases set forth by the second paragraph”.

- 416 bis Criminal Code – Mafia-type association, also with foreign connections

“This offence envisages that anyone who belongs to a Mafia-type organisation, comprised of three or more persons, be punished by imprisonment from 7 to 12 years (32-quater, 3052, 3062, 4162;; Criminal Procedure Code 513 bis) Those who that encourage, or create or organise the association are punished with imprisonment from 9 to 14 years. (3052, 3062, 4163; Criminal Procedure Code 2753).

The organisation is of a Mafia-type when its members use the power of intimidation associated with membership in the organisation and the condition of subjugation and conspiracy of silence deriving from it in order to commit offences, to acquire control, directly or indirectly, of economic activities, concessions, authorisations, contracts and public services or to realise wrongful gains or benefits for himself/herself or others, or in order to prevent or obstruct the free exercise of the voting or procure votes (416 ter) for themselves or third parties during election consultation. …..”.
416 ter Criminal Code – Political and mafia voting exchange

“The punishment set forth by paragraph 1 of art. 416 bis applies also against whoever obtains the promise of voting as set forth by paragraph 3 of art. 416 bis in exchange of monetary allocations”.

630 Criminal Code – Kidnapping with the purpose of extortion.

“Whoever kidnaps a person (289 bis, 605) in order to gain, for himself or other people, an unjust profit with the price of the liberation, is punished with imprisonment from 25 to 30 years (Criminal Procedure Code 513 bis) ……”.

art. 74 D.P.R. no. 309 dated 9th October 1990 – Unlawful traffic of drugs or psychotropic substances (Law no. 162 dated 26th June 1990, art. 14, paragraph 1 and 38, paragraph 2).

1. This offence is committed when three or more persons conspire to commit more offences amongst those that are set forth by art. 70, paragraphs 4, 6 and 10, excluding the operations regarding the substances set forth in category III of attachment I to the UE regulation no. 273/2004 and the attachment to the EU regulation no. 111/2005, and 73. The persons who promote, constitute, direct, organise or finance the conspiracy are punished by no less than 20 years of imprisonment.
2. The participants are punished by not less than ten years of imprisonment.
3. The punishment is increased if the number of associates is 10 or more, of if the participants include people using drugs or psychotropic substances.
4. If the association uses weapons, in the cases set forth by paragraphs 1 and 3, the punishment cannot be lower than 24 years of imprisonment, whereas in the case set forth in paragraph 2, it cannot be lower than 12 years. It is considered that the association uses weapons when the participants have weapons or exploding materials, even if the latter are hidden or stored in warehouses.”.

- Crimes set forth by art. 407 paragraph 2 item a) no. 5 of the Criminal Procedure Code– illegal manufacturing, introduction in the State, putting on sale, transfer, ownership or public use of war or war-type weapons

“5) illegal manufacturing, introduction in the State, putting on sale, transfer, ownership or public use of war, war-type weapons or parts thereof, explosives, clandestine weapons or fire weapons, excluding those set forth in art. 2, paragraph 3, of law no. 110 dated 18th April 1975”.

With the introduction, through law no 94 dated 15th July 2009 of art. 24-ter of the Decree, organised crime offences are a predicate offence, even if they are committed with transnational methods.

Therefore, with the introduction of art. 24-ter of the Decree, the importance of the category of transnational crimes is pushed into the background. Therefore, for the purposes of the Model, the attention shall be focused on art. 24-ter and the common denominators of organised crimes, which are valid regardless of their qualification as transnational crimes. To this end, the law regarding criminal conspiracy is large and consolidated.

Association crimes are characterised by the presence of a steady association boundary, which can continue also after the commission of the planned crime. Accordingly, as the association boundary is the essence of these crimes, the criminal programme may have rooms for indefiniteness, and there is no failure of its prerequisites if the agreement concerns only one type of crimes, as it is shown by associations aimed at trafficking of drugs, clandestine immigration or tobacco smuggling, as the indefiniteness of the number of crimes, the time schedules and methods are sufficient. Furthermore, the association is characterised by the presence of an organisational structure, which even being minimal, may purport to the realisation of the scheduled objectives.

Association crime offences are independent crime cases compared with target crimes. They are considered as potentially dangerous crimes which occur with the cooperation of three or more people, and are independent from the commission of the crimes, and therefore they are considered as committed even if none of the supposed crimes takes place. The cooperation can occur in several ways and no specification is required.

Furthermore, it must be noted that the law has introduced the concept of external cooperation in a criminal association,
which refer to the crimes of anyone who may not be involved in the organisational structure, but commits an occasional and non-institutionalised action, provided that the latter is causally aimed at the achievement of the criminal association.

The last paragraph of art. 24-ter of the Decree deserves special attention:

“If a body or one of its organisational units is constantly used for the unique or main purpose of enabling or promoting the commission of the crime set forth in paragraphs 1 and 2, the definitive prohibition from the exercise of the activity applies...”.

The paragraph remarks the provisions of art. 16 paragraph 3 of the Decree, but within this framework it can imply the assignment of special importance to the action. This results in actions against organisational units who carry out unlawful activities although they belong to lawful organisations. To this end, this could include subsidiary companies or shell companies, which sometimes cooperate as parallel organisations to the main organisation.

With reference to ‘mafia-type organisations, also with foreign connections’, the definition is given by paragraph 3, art. 416 bis of the Criminal Code whose text is shown above. It explains how the aforementioned purposes, such as the management and control of economic activities, remark the case of a company which - using a jargon from the Court of Cassation - acts lawfully, but occasionally commits a crime. Such type of company is opposed to a criminal organisation, whose economic activity is focused on crime.

F.2 AREAS AT RISK – INTERNAL USE

F.3 RECEPIENTS OF THE SPECIAL SECTION – GENERAL PRINCIPLES OF CONDUCT

The addresses of this special section are the components of the Board of Directors and the Board of Statutory Auditors, the executives, employees and third parties working in the aforementioned risky areas, as well as those who have trading or financial relationships with the Company.

The aggravated circumstance of a crime set forth by the last paragraph of 24-ter of the Decree is worthy of mention (the circumstance of the body or its organisational unit which are constantly used for the purpose of ensuring or favouring the committing of organised crimes), which sets forth an independent crime case, for those who occupy top positions inside the Company.

It must be highlighted and mentioned that all of the areas considered at risk are already monitored by corporate procedures and regulations, which are aimed at prohibiting, stopping and preventing the risk of committing crimes in the interest or for the advantage of the company, and therefore that the prevention system used to prevent the committing of crimes is effective and appropriate for preventing the committing of organised crimes, as set forth by the law. Therefore, in general terms, the Code of Ethics and the behaviour principles and the procedure protocols set forth by the other special parts of this Model apply.

F.4 INSTRUCTIONS AND AUDITS OF THE O.d.V

With reference to the above, the Supervision body shall:

- check that the people in charge of the areas affected by the risk of committing crimes are informed regarding the tasks and duties connected with the monitoring of the area, for the purposes of the prevention of the committing of organised crimes;
- check the compliance, execution and appropriateness of the Model, and the behaviour principles and the procedural protocols, with reference to the need of preventing the committing of organised crimes, in particular within the areas at risk;
• supervise the proper enforcement of the Model and check any behavioural deviations, which may arise from the information flow analysis and the received reports;

• inform the competent Corporate Bodies regarding any breaches of the Model, in order that the latter can take any measures in disciplinary proceedings;

• periodically check – with the support of the other competent bodies– the current system of delegations, suggesting changes in case that the management power and/or the qualification does not correspond to the duties actually rendered;

• assign the Board of Directors any additions to the corporate financial and accounting management, in order to highlight appropriate measures for detecting the existence of any atypical financial flows, which may be subject to rooms for discretion;

• periodically check, with the support of the other competent offices, the validity of the relevant contractual provisions aimed at the compliance by contractors and partners with the statutory regulations regarding organised crimes.
SPECIAL PART “G”

CRIMES IN BREACH
OF ENVIRONMENTAL REGULATIONS
G.1 INTRODUCTION

This Special Part of the Model shall form an integral part of the environmental management in forced at Ansaldo STS S.p.A., which is aimed at the continuous improvement of the environmental issues in the offices and construction sites.

Ansaldo STS followed an Environmental Policy and carried out the relevant Management System, defining organisation, accountability, operating methods and the necessary investments.

Therefore, Ansaldo STS commits itself to achieve the following objectives:

• improvement of its activities, also in order to reduce its total impact in terms of climate-altering gases released in the atmosphere.
• acting in compliance with the statutory provisions which apply to its processes, through the formalisation of procedures helping the acknowledgment of the relevant regulatory framework;
• prevention of the environmental pollution;
• identification of the direct and indirect environmental issues regarding offices and construction sites, in order to check and monitor the impacts over environment;
• involvement and sensitisation of staff, vendors and contractors toward environmental issues;
• improvement of the environmental performance by achieving increasingly challenging targets and objectives, with a cost-effective application of the best environmental technologies available on the market;
• definition of indicators for an easy control of the performance;
• starting of an open dialogue with the Public Authorities, the communities and the public to make understand the actual environmental impacts and cooperate to the updating of the environmental regulations.

All of the company functions shall strictly comply with the principles of the Environmental Management System, and they proactively cooperate to their processing and updating.

G.2 TYPE OF CRIMES COMMITTED IN BREACH OF ENVIRONMENTAL REGULATIONS

The Legislative Decree no. 121/2011 introduced in the Legislative Decree no. 231 dated 8th June 2001 (hereinafter also the “Decree”) art. 25-undecies, which sets forth the bodies’ responsibility for association crimes.

A short description of the crimes set forth by art. 25-undecies of the Decree is shown hereafter.

With the coming into force on 16th August 2011 of the Legislative Decree no. 121 dated 7th July 2011 “implementation of the directive 2008/99/CE on the statutory protection of environment”, and the directive2009/123/CE which amends the directive2005/35/CE regarding the pollution caused by boats and the introduction of sanctions regarding breaches, the administrative liability of legal persons was extended to the crimes set forth by art. 25-undecies included in the Legislative Decree no. 231/2001 which sets forth a fine for companies, amounting up to 800 quota, in addition to:

• the disqualification until 6 months in case of breaches of art. 137, 256 and 260 of the Legislative Decree no. 152/2006 and in case of breaches of art. 8, paragraphs 1 and 2, and art. 9 paragraph 2 of the Legislative Decree no. 202/2007;
the definitive disqualification from the exercise of the activities, in case that the body or one of its organisational units are constantly used with the only or main purpose of enabling or promoting the committing of the crimes set forth in art. 260 of the Legislative Decree no. 152/2006 and art. 8 of the Legislative Decree no. 202/2007.

The extension to environmental crimes of the administrative liability of the company, as set forth by the Legislative Decree no. 231/2001, introduced by Legislative Decree no. 121/2011, will significantly affect the companies who carry out a business which may, directly and indirectly and without fault, damage or prejudice the environment.

For these crimes the law punishes both no-faulty and faulty behaviours.

The specific environmental crimes are set forth in the following regulatory texts:

- Criminal Code: art. 727 and art. 733;
- Legislative Decree no. 152/2006: Environmental Law integrated with the Legislative Decree no. 128/2010 and Legislative Decree no. 205/2010;
- L. 150/1992: international trade of flora and fauna species being threatened with extinction;

The definition of the crime case set forth by art. 25-undecies is set forth hereafter:

1) with reference to the commission of the crimes set forth in the Criminal Code, a body will be applied the following monetary sanctions:

   a) for the breach of art. 727-bis (“killing, destruction, seizure, taking, possession of protected wild fauna and flora species”), the monetary sanction up to 250 quota;

   b) for the breach of art. 733-bis (“destruction or deterioration of a habitat within a protected site”), the monetary sanction from 150 to 250 quota.

Art. 727-bis Criminal Code: “killing, destruction, seizure, taking or possession of protected species of wild animals or plants”

“Without prejudice to the action being a more serious crime, whoever, outside the allowed cases, kills, seizes, takes and/or holds protected wild fauna specie is punished with the imprisonment from 1 to 6 months, or the fine up to 4,000 Euros, except in the case when the action concerns a negligible amount of specimens, and have a negligible environmental impact on the preservation state of the species.

Whoever, outside the allowed cases, destroys, takes and holds specimens belonging to a protected wild flora specie is punished with a fine up to 4,000 Euros, except in the case when the action concerns a negligible amount of these specimens and has a negligible impact on the preservation state of the species”.

For the purposes of the enforcement of art. 727-bis of the Criminal Code, protected wild fauna or flora species are considered those set forth in attachment IV of the Directive 92/43/CE and attachment I of the Directive 2009/147/CE.
Art. 733-bis of the Criminal Code “destruction or deterioration of a habitat within a protected site”.

“Whoever, outside the allowed cases, destroys or deteriorates a habitat within a protected site by compromising its preservation state, is punished with the imprisonment up to 18 months and a fine not lower than 3,000 Euros”.

For the purposes of the enforcement of art. 733-bis of the Criminal Code, a “habitat within a protected site” is considered any habitat of species for which an area is classified as a special protection area, pursuant to art. 4, paragraphs 1 or 2 of the Directive 2009/147/CE, or any natural habitat or a species habitat for which a site is classified as a special preservation area, pursuant to art. 4 of the Directive 92/43/CE.

2) with reference to the commission of the crimes set forth by the Legislative Decree no. 152 dated 3th April 2006 “environmental regulations”, a body will be applied the following monetary sanctions:

a) for the crimes set forth in art. 137 (“criminal sanctions”):

- for the breach of paragraphs 3, 5, first paragraph, and 13, the monetary sanction from 150 to 250 quota;

- for the breach of paragraphs 2, 5, second paragraph, and 11, the monetary sanction from 200 to 300 quota.

Art. 137 (criminal sanction)

“1. Whoever opens or builds new drains of industrial waste waters, without authorisation, or continues with these drains, after that the authorisation is suspended or cancelled, shall be punished with imprisonment from 2 months to 2 years, or a monetary fine from 1,500 Euros to 10,000 Euros.

2. When the behaviours set forth in paragraph 1 concern drains of industrial waste waters containing the dangerous substances included within the families and groups of substances provided for in tables 5 and 3/A of attachment 5 to the third section of this Decree, the penalty is imprisonment from 3 months to 3 years.

3. Whoever, outside the cases set forth in paragraph 5, realises a drain of industrial waste waters containing the dangerous substances included within the families and groups of substances provided for in tables 5 and 3/A of attachment 5 to the third section of this Decree, without complying with the directions of the authorisation, or any other directions of the competent authority pursuant to art. 107, paragraph 1, and 108, paragraph 4, shall be punished with the imprisonment up to 2 years.

5. Whoever, in relation to the substances set forth in paragraph 5 of Attachment 5 to the third section of Decree, in the realisation of a drain of industrial waste waters, exceeds the limit values set forth in table 3 or in case of drain on the soil, in table 4 of Attachment 5 to the third section of this Decree, or the more restricting limits set forth by the regions, the independent provinces or the competent authority pursuant to art. 107, paragraph 1, is punished with the imprisonment up to 2 years and a fine from 3,000 to 30,000 Euros. If also the limit values set forth for the substances included in table 3/A of Attachment 5, the punishment shall be the imprisonment from 6 months to 3 years and a fine from 6,000 to 120,000 Euros.

11. Whoever does not comply with the draining prohibitions set forth by art. 103 and 104 is punished with imprisonment up to 3 years.

13. The imprisonment from 2 months to 2 years apply if the draining in the sea waters by boats or aircrafts contains substances or materials for which there is the absolute prohibition of dumping pursuant to the dispositions set forth in the international agreements in force, which are ratified by Italy, except if the amounts are so small that they can be promptly made harmless by the physical, chemical and biological processes, which naturally occur in the sea, and by virtue of a prior authorisation of the competent authority”.
b) **for the crimes set forth by art. 256** (“unauthorised waste management”):

- for the breach of paragraphs 1, item a), and 6, first paragraph, the monetary sanction up to 250 quota.
- for the breach of paragraphs 1, item b), and 3, first paragraph, and 5, the monetary sanction up to 250 quota.
- for the breach of paragraph 3, second paragraph, the monetary sanction from 200 to 300 quota.

The sanctions set forth by paragraph 2, item b), are halved in case of commission of the crime set forth by art. 256, paragraph 4, of the Legislative Decree no. 152 dated 3th April 2006.

**Art. 256 (unauthorised waste management)**

“1. Whoever carries out collection, transportation, recovery, disposal, trading and intermediation of wastes, without the prior authorisation, registration and communication set forth by art. 208, 209, 210, 211, 212, 214, 215 and 216 is punished as follows:

a) imprisonment from 3 months to 1 year, or a fine from 2,600 to 26,000 Euros in case of non-dangerous wastes;

b) imprisonment from 6 months to 2 years, and a fine from 2,600 to 26,000 Euros in case of non-dangerous wastes.

3. Whoever builds or manages an unauthorised dumping site is punished with imprisonment from 6 months to 2 years, and a fine from 2,600 to 26,000 Euros. The imprisonment from 1 to 3 years and the fine from 5,200 to 52,000 Euros shall apply if the dumping site is assigned, also in part, to the disposal of dangerous wastes. The punishment as set forth by art. 444 of the Italian Penal Procedure Code results in the seizure of the area where the illegal dumping site is built, if the latter is owned by the person who committed or participated in the crime, without prejudice to any obligations relating to land reclamation or reinstatement of the places.

5. Whoever, in breach of the prohibition set forth in art. 187, carries out unlawful activities relating to waste mixing, is punished with the penalty set forth in paragraph 1, item b).

6. Whoever prepares a temporary storage area in the place where dangerous health wastes are produced, in breach of the provisions of art. 227, paragraph 1, item b), is punished with the imprisonment from 3 months to 1 year or a fine from 2,600 to 26,000 Euros. The monetary administrative fine from 2,600 to 15,000 Euros applies for amounts which do not exceed 200 litres or similar amounts”.

c) **for crimes set forth in art. 257** (“Sites reclamation”):

- for the breach of paragraph 1, the monetary sanction up to 250 quota.
- for the breach of paragraph 2, the monetary sanction up from 150 to 250 quota.

**Art. 257 (site reclamation)**

“1. Whoever causes the pollution of soil, sub-soil, surface water or underground water with the overcoming of risk threshold concentration is punished with imprisonment from 6 months to 1 year, or a fine from 2,600 to 26,000 Euros, if he/she does not carry out the site reclamation in accordance with the project approved by the competent authority, within the framework of the procedure set forth in art.242 and following. In case of failed communication as provided for in art.242, the offender is punished with imprisonment from 3 months to 1 year, or the fine from 1,000 to 26,000 Euros.

2. The imprisonment from 1 to 2 years and a fine of from 5,200 to 52,000 Euros if the pollution is caused by dangerous substances”.
d) for the breach art. 258, paragraph 4, second part (“breach of the communication obligations, keeping of obligatory records and forms”), the monetary sanction from 150 to 250 quota.

Art. 258 (breach of the communication obligations, keeping of obligatory records and forms)

“4. Whoever carries out the waste transportation without the form set forth by art. 193 or completes the form with insufficient or wrong data, is punished with a monetary sanction from 1,600 to 9,300 Euros. The sanction set forth in art. 483 of the Criminal Code in case of transportation of dangerous wastes applies. This last sanction applies also against whoever, in the preparation of a waste analysis certificate, provides false declarations on the nature, composition and chemical & physical characteristics of the wastes, and uses a false certificate during the transportation”.

e) for the breach of art. 259, paragraph 1 (“illegal waste trading”), the monetary sanction from 150 to 250 quota.

Art. 259 (illegal waste trading)

“1. Whoever ships wastes as unlawful traffic pursuant to art. 26 of the UE regulation no. 259 dated 1st February 1993, or carries out a shipment of wastes listed in Attachment II of the aforementioned regulation, in breach of art. 1, paragraph 3, item a), b), c) and d), is punished with a fine from 1,550 to 26,000 and the imprisonment up to 2 years. The sanction is increased in case of shipment of dangerous wastes”.

f) for the crime set forth in art. 260 (“organised activities for the illegal trading of wastes”), the monetary sanction from 300 to 500 quota, in the case set forth by paragraph 1, and from 400 to 800 quota in the case set forth in paragraph 2.

If the body or one of its organisational units are constantly used for the only or main purpose of enabling or promoting the committing of crimes set forth in art. 260, the definitive prohibition from the exercise of the business applies pursuant to art. 16, paragraph 3, of the Legislative Decree 231/2001.

Art. 260 (organised activities for the illegal trading of wastes)

“1. Whoever, in order to gain an unlawful profit, with more operations or through the preparation of continuous organised activities, transfers, receives, transports, export, imports or illegally manages considerable amounts of wastes is punished with the imprisonment from 1 to 6 years.

2. In case of high-radioactivity wastes, the sanction from 3 to 8 years apply”.

g) for the breach of 260-bis, the monetary sanction from 150 to 250 quota in case of paragraphs 6, 7, second and third section, and 8, first section, and the monetary sanction from 200 to 300 quota in the case set forth by paragraph 8, second section.

Art. 260 bis (Waste traceability IT control system)

“6. The sanction set forth in art. 483 of the Criminal Code applies to whoever, in the preparation of a waste analysis certificate, used within the framework of the waste traceability IT control system, provides false information regarding the nature, composition and chemical & physical characteristics of the wastes, and whoever includes a false certificate within the data to be provided for the purposes of waste traceability.
7. The transporter who does not accompany the waste transportation with the paper copy of the SISTRI - AREA MOVIMENTAZIONE sheet, and where necessary based on the current regulation, with the copy of the analytical certification identifying the waste characteristic is punished with the administrative fine from 1,600 euro to 9,300 Euros. The sanction set forth in art. 483 of the Criminal Code applies in case of transportation of dangerous wastes. This last sanction applies also to whoever, during the transportation, uses a waste analysis certificate containing false declarations regarding the nature, composition and chemical & physical characteristics of the transported wastes.

8. The transporter who accompanies the waste transportation with a paper-copy of the SISTRI - AREA MOVIMENTAZIONE sheet, which is fraudulently forged, is punished with the sanction set forth by art. 477 and 482 of the Criminal Code. The sanction is increased up to one third in case of dangerous wastes.

h) for the breach of art. 279, paragraph 5, the monetary sanction up to 250 quota.

Art. 279 (Sanctions)

“2. Whoever, in the management of a plant or an activity, infringes the limit emission values or the directions set forth by the authorisation, Attachment I to section V of this Decree, the plans, programmes or the regulations set forth by art. 271, or the directions by the competent authority pursuant to this article, is punished with imprisonment up to 1 year or a fine up to 1,032 Euros.

5. In the cases set forth by paragraph 2, the imprisonment up to 1 year applies if the overcoming of the limit emission values establishes also the overcoming of the limit air quality values set forth by the current regulation”.

3) with reference to the commission of the crimes provided for by the law no. 150 dated 7th February 1992 “Discipline of crimes regarding the enforcement in Italy of the agreement on the international trading of flora and fauna specimens being threatened with extinction”, the following monetary sanctions apply:

a) for the breach of art. 1, paragraphs 1, 2, paragraphs 1 and 2, and 6, paragraph 4, the monetary sanction up to 250 quota applies.

   Art. 1

“Whoever, in breach of the provisions of the Decree of the Ministry of Foreign Trade, dated 31st December 1983, published in the ordinary supplement of the Official Gazette no. 64 dated 5th March 1984, imports, exports or re-exports, under any customs system, sells, exposes to sale, holds for sale, offers for sale, transports, also on behalf of third parties, or owns specimens belonging to the species set forth in attachment A, appendix 1 and attachment C, section 1 of the EU regulation no. 3626/82 of the Council dated 3th December 1982, and following amendments and additions, is punished with the following sanctions:

   (a) imprisonment from 3 months to 1 year, or a fine from 15 million to 200 million liras;

   (b) in case of a second offence, imprisonment from 3 months to 2 years, or a fine from 15 million liras to 6 times the value of the flora or fauna, or their derived parts or products, which are subject matter of the breach. In case of a trading company, the condemnation will be followed by the suspension of the license from a minimum of 6 months to a maximum of 18 months”.

   Art. 2

“Whoever, in breach of the provisions of the Decree of the Ministry of Foreign Trade dated 31st December 1983, published in the ordinary supplement of the Official Gazette no. 64 dated 5th March 1984, imports, exports or re-exports, under any customs system, sells, exposes to sale, holds for sale, offers for sale, transports, also on behalf of third parties, or owns specimens belonging to the species set forth in attachment A, appendices II and III - excluding those contained in Attachment C, sections 1 - and in Attachment C, section 2, of the EU regulation no. 3626/82 of the Council dated 3th December 1982, and following amendments, is punished with the following sanctions:

   (a) fine from 20 to 200 million liras;
(b) in case of second offence, imprisonment from 3 months to 1 year or fine from 20 million to 4 times the value of the flora or fauna, or their derived parts or products, which are subject matter of the breach. In case of a trading company, the condemnation will be followed by the suspension of the license from a minimum of 4 to a maximum of 12 months.

2. The importing of objects for personal or home use regarding the species included in paragraph 1, which is carried out without the submittal of the CITES document, where applicable, is punished with the administrative sanction from 2 to 12 million liras”.

Art. 6

“1. Without prejudice to the provisions of the law no. 157 dated 11th February 1992, none is allowed to own living specimens of wild mammals and reptiles and mammals and reptiles coming from reproductions in captivity, which may endanger the public health and safety.

4. Whoever breaches the provisions set forth in paragraph 1 is punished with the imprisonment up to 3 months or a fine from 15 to 200 million liras”.

b) for the breach of art. 1, paragraph 2, the monetary sanction from 150 to 250 quota.

Art. 1

“The importing of objects for personal or home use regarding the specimens set forth in paragraph 1, carried out without the submittal of the CITES documents issued by the Foreign State where the object was purchased, is punished with the administrative fine from 3 to 18 million liras. The objects which are illegally imported are seized by the Corps of Forest Rangers”.

c) for the crimes of the Criminal Code set forth by art. 3-bis, paragraph 1 of law no. 150 dated 1992, as follows:

- the monetary sanction up to 250 quota, in case of commission of crimes for which a sanction up to 1 year imprisonment is set forth;
- the monetary sanction from 150 to 250 quota, in case of commission of crimes for which a sanction up to 2 year imprisonment is set forth;
- the monetary sanction from 200 to 300 quota, in case of commission of crimes for which a sanction up to 3 year imprisonment is set forth;
- the monetary sanction from 300 to 500 quota, in case of commission of crimes for which a sanction up to 3 year imprisonment is set forth;

Art. 3 bis

“In case of breach of the provisions of the Presidential Decree no. 43 dated 23th January 1973, art. 1, 2 of this article shall apply in addition to the Presidential Decree no. 43 provision”.

4) with reference to the commission of the crimes set forth in art. 3, paragraph 6 of the law no. 549 dated 28th December 1993 “measures protecting stratospheric ozone and environment”, the body shall be applied the monetary sanction from 150 to 250 quota.

Art. 3 (suspension and reduction of harmful substances)

“Whoever infringes the provisions set forth in this article is punished with imprisonment up to 2 years and a fine up to 3 times the value of the substances used for production purposes, both imported and marketed. In the most serious cases, the condemnation is followed by the cancellation of the authorisation or the license, based on which the activity implying an illegal activity is carried out”.
5) with reference to the crimes set forth by the Legislative Decree no. 202 dated 6th November 2007 “Execution of the directive 2005/35/CE regarding the pollution caused by boats, and subsequent sanctions”, the body will be applied the following monetary sanctions:

a) for the crimes set forth by art. 9, paragraph 1, the monetary sanction up to 250 quota.

- Art. 9 (culpable pollution)

"Without prejudice to the action being a more serious crime, the Captain of a boat sailing any flag, and the members of the crew, the boat owner and shipping company, in case that the breach was committed with their cooperation and they violate by fault the provisions of art. 4, are punished with a fine from 10,000 to 30,000 Euros”.

b) for the crimes set forth in art. 8, paragraph 1, and 9, paragraph 2, the monetary sanction from 150 to 250 quota.

If the body or one of its organisational units are constantly employed for the unique or main purpose of enabling or promoting the commission of the crimes set forth in art. 8, the definitive prohibition from the exercise of the activity applies pursuant to art. 16, paragraph 3 of the Legislative Decree no. 231/2001.

- Art. 8 (fraudulent pollution)

"Without prejudice to the action being a more serious crime, the Captain of a boat sailing any flag, and the members of the crew, the boat owner and shipping company, in case that the breach was committed with their cooperation and they violate the provisions of art. 4 are punished with imprisonment from 6 months to 2 years and a fine from 10,000 to 50,000 Euros”.

- Art. 9 (culpable pollution)

“If the infringement set forth in paragraph 1 results in permanent or very serious damages to the quality of waters, or fauna, flora or part of them, the imprisonment from 6 months to 2 years and a fine from 10,000 to 30,000 Euros shall apply”.

c) for the crime set forth by art. 8, paragraph 2, the monetary sanction from 200 to 300 quota.

- Art. 8 (fraudulent pollution)

“If the breach set forth in paragraph 1 results in permanent or very serious damages to the quality of waters, or fauna, flora or part of them, the imprisonment from 1 to 3 years and a fine from 10,000 to 80,000 Euros shall apply”.

With reference to Ansaldo STS, the possible crimes are:

- Destruction or deterioration of a habitat inside a protected site, Art. 733 bis of Criminal Code;
- Dumping and wastes, Art. 137 Legislative Decree no. 152;
- Unauthorised waste management, Art. 256 Legislative Decree no. 152;
- Sites reclamation, Art. 257 Legislative Decree no. 152;
- Illegal waste traffic, Art. 259 Legislative Decree no. 152;
- Crimes regarding waste traceability IT control system, Art. 260 bis Legislative Decree no. 152;
- Lack of authorisations for industrial activities, Art. 279 Legislative Decree no. 152;
- Suspension and reduction of the use of harmful substances, Art. 3 paragraph 6, Law no. 549/93.
G.3 ENVIRONMENTAL MANAGEMENT SYSTEM

The management instrument which, based on the consolidated experience, better ensures the compliance with the aforementioned needs is the environmental management system pursuant to the standard UNI EN ISO 14001:2004 which, being properly designed and implemented, ensures:

- the knowledge of the environmental regulation which actually applies to the corporate activities;
- the analysis of the significant environmental issues of the organisation in its whole, and with reference to the specific temporary and/or mobile site;
- the planning of the operating control activities which are necessary for ensuring the compliance with the binding environmental regulations (statutory and/or contractual) and any other internal directions which may be set forth, according to the environmental sensitiveness of the company and its relevant framework, in order to carry out an environmental policy and reach the environmental objectives and target of the company;
- staff awareness and training, with specific reference to staff having coordination and control responsibilities;
- the definition of an organisation, management and control Model aimed at environment issues, which is appropriate for meeting the requirements of the Legislative Decree no. 231/2001 with reference to environmental crimes;
- the possibility of measuring the environmental performance of the organisation;
- the preparation and conservation of the registrations, which may inform the Corporate Management and third parties regarding the compliance with any applicable environmental directions.

Within the framework of the management system, Ansaldo STS S.p.A. adopted a series of rules and procedures both on a global (valid for all companies belonging to the Group, also abroad) and local level, which apply to a specific Company.

The global and specific (instructions) procedures which apply in Ansaldo STS can be viewed in the corporate intranet (section “how-we-work/processes and management areas/Health, Safety and Environment).

In particular, the applicable global procedures are:

- management of environmental issues and impact, including those regarding environment crimes: the procedure explains tasks and methods for the identification of environmental issues, the assessment of environmental impacts under normal, abnormal and emergency conditions. Please see local and specific (offices and site) instructions for the assessment of the relevance and the reference criteria;
- emergency management: the procedure explains tasks and methods for emergency management. Please see the instructions issued by Ansaldo STS S.p.A. for the operating management of emergencies, pursuant to the relevant regulations;
- accident and environmental pollution management: the procedure explains tasks and methods for the formalisation and management of accidents and environment pollutions. Please see the instructions issued by Ansaldo STS S.p.A. for the operating management of the accident and the management of any pollution, pursuant to the current legislation;
- operating control management: the procedure explains tasks and methods for the management of the significant environmental issues. Please see the instruction issued by Ansaldo STS S.p.A. for the operating management of the significant environmental issues, pursuant to the current legislation;
- management of the legislative compliance and environmental monitoring. The procedure explains tasks and methods for the legislative environmental updating, for the checking of the compliance, and the supervision and monitoring of environmental issues.
The following procedures (instructions) were implemented for Ansaldo STS:

- management of environmental issues and impacts: the instruction describes tasks, role and responsibilities for the definition of identification and assessment criteria of environmental issues under standard, abnormal and emergency conditions, Initial Environmental Analysis (AAI), Environmental Declaration (DA) and the Environmental Management Plan (for construction sites);
- emergency management: the instruction describes tasks, roles and responsibilities for the management of emergencies which affected the environment, based on the current legislation;
- accident and environmental pollution management: the instruction describes tasks, roles and responsibilities for the management of accident and environmental pollution, based on the current legislation;
- operating control management: the instruction describes tasks and methods for the management of significant environmental issues, with specific attention to:
  - waste management;
  - management of dangerous substances;
  - management of environmental issues within the sites (noise, emissions, dusts, etc.).

Furthermore, Ansaldo STS holds the UNI EN ISO 14001 certificate, as well as the EMAS registration for the Tito site.

The advantages resulting from the SGA registration are the following:

- the inspections of the Certification Body are periodical (three-year certification, with yearly maintenance inspection), and are aimed at examining the prevention capabilities of any environmental breaches of the management system. They are not directed at establishing responsibilities for any violations;
- the choice of voluntarily submitting its SGA to the inspection of a third party body shows its organisational efforts to implement an effective Environmental Management System.

The Employer, with the support of HSE, organises the environmental training for all people who are considered in charge of the relevant obligations.

6.4 RISK FACTORS EXISTING IN ANSALDO STS S.P.A – INTERNAL USE

6.5 GENERAL PRINCIPLES OF CONDUCT

Those who operate for or on behalf of Ansaldo STS, and in particular those that on whichever basis supervise or monitor Ansaldo STS activities, for and on behalf of Ansaldo STS, shall follow the general behavioural principles set forth hereafter.

In general the behaviour must respect the statutory regulations and the internal procedures, and it is not allowed to carry out, cooperate in or cause behaviours that, jointly or severally, may directly or indirectly result in the crime case set forth by art. 25-undecies of the Legislative Decree no. 231/2001.

In particular, in compliance with the respect of deontological principles which always governed Ansaldo STS behaviours, the main obligations which must be complied with by the Recipient of this Model are listed below:
• strictly abide by environmental regulations, standards and procedures which govern the execution of the working activities at Ansaldo STS offices and construction sites;
• obtain, before the commencement of the works, the necessary environmental authorisations, and comply with their conditions and provisions;
• make sure that vendors and other third parties comply with environmental regulations, based on the nature of the services rendered;
• comply, within the framework of the relevant operations and competences, with the current provisions regarding the methods for the separate waste collection;
• dispose of the produced wastes, assigning authorised third parties the collection, pursuant to the authorisation procedures;
• comply with the standards and procedures for the drafting of the load-unload registry and other waste traceability control systems;
• inform the competent offices regarding any environmental emergency;
• inform the competent offices regarding any inefficiencies or divergences in the environmental management;
• request the authorisation for the connection of home drains and industrial facilities;
• comply, within the framework of its operations and competences, with the current provisions regarding water discharges;
• comply with the standards for the compliance with limit values for waste water;
• obtain proofs of the sampling and analysis, in accordance with environment regulations and the provisions of the competent bodies;
• verify the need of authorisations to emissions in atmosphere and obtain them, where applicable;
• properly manage harmful substances for ozone.

G.6 THE ORGANIZATIONAL SYSTEM

The company Ansaldo STS S.p.A. is organised in the various sites which are operationally independent (offices and sites) through a system of proxies.

This system of proxies explains its function both for projects directly acquired by the company, and the participations in a consortium agreement with other members pursuant to the agreements defined within the specific grouping.

The system of proxies defines powers, duties and responsibilities regarding the environment, as follows:

**Employer**

The employer ensures the compliance with the environmental procedures set forth by the Integrated Management System (IMS), as follows:

• assigning its subordinates (first of all, the Site Manager and Office Manager) specific powers and duties in order to ensure the compliance with the environmental statutory and regulatory provisions which apply to the relevant sites, verifying the professionalism and competence requirements and assigning them proxies and powers;
• supervise the application of the delegated duties.
Site Manager and Office Manager

The Site Manager and Office Manager shall comply with all obligations assigned by the Employer, supervising the compliance with the environmental provisions within the site/office by the hierarchical line subordinated to them.

Construction Foreman

The Construction Foreman, being in charge of the activities connected with the construction, including the compliance with the environmental legislation, shall:

- comply with the prevention measures of the environmental impacts resulting from the Initial Environmental Analysis (AAI);
- report any lacks regarding the prevention of environmental impacts;
- act in emergency situations, by implementing the measures set forth by the AAI;
- supervise the compliance with the prevention regulations on environmental impacts;
- supervise the effectiveness of equipment, devices and machineries.

The powers, duties and responsibilities of the Employer, the Site Manager or Office Manager regarding authorisations, environmental impact analysis, waste management and environment operating control are regulated as follows.

Authorisations

Employer

With the support of HSE, the Employer, in case of opening of new businesses, shall:

- check the completeness of the necessary environmental documents prepared by the Project Manager with the support of the Site Manager and/or the Office Manager;
- makes sure that the works do not start before the issuance of the authorisations.

Site Manager and Office Manager

In case of ongoing activities, the Site Manager or Office Manager shall:

- update the relevant authorisations;
- check the need of new authorisations or an addition/amendment of the current ones;
- take active steps to obtain these authorisations;
- inform the Employer regarding these new necessary authorisations, also then they are obtained.

Environmental impact analysis

Employer

The Employer prepares the document assessing the relevant environmental impacts (Initial Environmental Analysis - AAI), in cooperation with the HSE Responsible, the Executives and the Site Manager:
• the activities which are carried out in the various offices (Genoa, Napoli, Tito, Piossasco);
• the activities carried out within the temporary or mobile sites;
• the post-sale support activities;

and identifies any subsequent prevention measures of negative environmental impacts, including the programme of
the measures which are considered as appropriate to ensure the long-standing improvement of the environmental
compatibility of the performed activities and the emergency management.

Site Manager and Office Manager

With the support of HSE, the Site Manager or the Office Manager shall:

• analyse the specific environmental impacts resulting from the scheduled manufacturing operations
  and the site organisation;
• identify the programme of the measures which are considered as appropriate for ensuring pollution
  prevention and the reduction of the main environmental impacts.

Waste management

Employer

In order to ensure a proper waste management, the Employer issued a procedure, in which:

• the main categories of wastes and the proper conditions for their temporary storage are defined, with
  specific reference to special dangerous and non-dangerous wastes;
• the conditions for the assignation of wastes to collection and disposal companies are defined, includ-
  ing the verification criteria of the presence of the necessary relevant authorisations;
• the periodical deadlines set forth by the current regulations are summarised (Legislative Decree no.
  152/2006 and subsequent amendments and additions).

The Employer checks the proper application of the procedure, and he/she receives the relevant reports.

Site Manager and Office Manager

The Site Managers and the Officer Managers are responsible for the correct application of the classification, storage
and disposal procedure of the waste which are produced within the relevant site, in particular:

• they must identify the responsibility for the management of the wastes within the site;
• they shall verify the correct classification, storage and disposal of the wastes produced by Ansaldo
  STS, including their registration;
• they shall give instructions in order to carry out a strict supervision of the compliance with the con-
  tractual obligations for the management of the wastes produced by third parties within the site, and
  obtain documentary evidences.

Operating control of the environment

Employer

The Employer, with the cooperation of HSE, organises the environmental supervision and the audits, in particular to
make sure that:
- the scheduled procedures are properly applied in all sites;
- all of the workers receive a proper communication/training on environmental issues and pollution prevention, including those concerning environmental crimes;
- the environmental authorisations which Ansaldo STS needs for the carrying out of its activities are appropriate and maintained in a correct validity and effectiveness status;
- the procedures to be applied in case of environmental emergency are suitable and periodically subjected to inspections;
- a registry is hold, in which any environmental accidents causing significant environmental damages shall be reported.

Furthermore, the Employer periodically reviews the Environmental Management System.

**Site Manager and Office Manager**

The Site Manager or the Office Manager, with the support of the supervisors, shall:

- supervise the compliance with the environmental legislation and other current environmental protection measures;
- ensure that the Environmental Management System, applied through the preparation of the Initial Environmental Analysis, is effective;
- enforce the procedure to be used in case of environmental emergency;
- manage the site, taking into consideration any other activities carried out inside or close to the site;
- prepare and manage a registry, in which any accidents implying negative environmental impacts are reported.

**Legislative updating**

In order to ensure the legal compliance of the contracts, the legal department, with the cooperation of HSE, defines the clauses to be included in the contracts with third parties, mainly with reference to issues relating to environmental protection.

In order to ensure the continuous regulatory updating of the Management System and the procedures regarding environmental issues, HSE identifies the applicable environmental regulations and the amendments to be made to the Model, and informs the Employer, the Site Managers and the Office Managers thereof.

**G.7 INSTRUCTIONS AND AUDITS OF THE O.D.V.**

The Supervision body shall:

- check that the internal responsible of the areas exposed to the risk of commission of crimes are informed regarding the tasks and duties connected with the monitoring of the area, for the purposes of the prevention of environmental crimes;
• check the compliance, implementation and appropriateness of the Model and the management regulations with reference to the need of preventing the commission of association crimes;

• check the actual enforcement of the Model and detect any behaviour divergences, which may arise out the analysis of the information flows and the received reports;

• inform the relevant corporate bodies regarding any breaches of the Model, in order that they can apply any disciplinary measures;

• periodically check – with the support of the other competent department – the current system of proxies, recommending any changes in case that the management power and/or the qualification do not correspond to the tasks which were actually carried out;

• periodically check, with the support of the other competent departments, the validity of proper standard provisions, aimed at the compliance by the contractors and partners with the statutory environmental protection regulations.
ANNEX A

EVIDENCE SHEET (paragraph A.4.1 Special Part of the Model)

Period:……………………………………………………………………………………………………

Declarant:………………………………………………………………………………………………
(name and office/position)

Person Internally Responsible:…………………………………………………………………………

To the Person Internally Responsible (if it concerns the Evidence Sub Sheet)
To the Surveillance Body of Ansaldo STS (if it concerns the Evidence Sheet)

Whereas

• Ansaldo STS has prepared its Organizational, Management and Control Model (hereinafter the “Model”) pursuant to Legislative Decree 231/01;
• the Model was approved by the Board of Directors on June 27, 2006 and subsequently updated;
• point A.4.1 of Special Part “A” (“Crimes to the detriment of the Public Administration”) requires that each Person Internally Responsible provides an Evidence Sheet for activities undertaken with the Public Administration.

the undersigned declares that in the period under examination he/she has dealt with the following Public Administrations regarding the following main initiatives/activities:

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<tr>
<th>Public Administration</th>
<th>Name and Surname</th>
<th>Position/Appointment</th>
<th>Main initiatives/activities</th>
<th>Notes</th>
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The relevant documentation is available from the Company’s in-charge offices.

The undersigned declares that he/she is aware of the content of the Organizational, Management and Control Model of Ansaldo STS and does not report, with regard to his/her relations with the Public Administrations stated above – and to relations between the above stated Public Administrations and his/her staff delegated for this purpose, whose activities have been appropriately controlled and monitored - any abnormality or breach of the Model itself and, in particular, any fact or conduct which could involve the application of Legislative Decree 231/01, the content of which he/she declares to know and of which he/she has informed his/her staff.

The undersigned further declares that:

a) he/she has complied with the guidelines and contents of the Organizational, Management and Control Model of Ansaldo STS;
b) he/she has complied with the powers of attorney and the limits of signatory powers.

Date …… /…… /…… .................................................................

(signature)
ANNEX B

PERIODIC STATEMENT (paragraph 7 General Part of the Model)

Period:.......................................................... ................................................

Declarant: ........................................................... ...........................................

(Name and office/position)

To:.......................................................... ..................................................

(Person Internally Responsible or Surveillance Body of Ansaldo STS as indicated in the List of Persons Responsible)

Whereas

• Ansaldo STS has prepared its Organizational, Management and Control Model (hereinafter the “Model”) pursuant to Legislative Decree 231/01;
• the Model was approved by the Board of Directors on 27/06/2006 and subsequently updated;
• paragraph 7 of the General Part of the Model provides that the recipients of the Model issue periodic statements regarding their compliance therewith;

the undersigned confirms that during the period under examination he/she has not put in place actions which are not in line with the Model and in particular:

a) has complied with the guidelines and contents of the Model;
b) has complied with the powers of attorney and the limits of signatory powers.

Date ...... / ...... / ...... ..........................................................

..................................................

(signature)

Attachments (tick which applies)

1. Other information: yes no