DAIKIN APPLIED EUROPE S.p.A.

Summary Document
relating to

Model of Organisation and Management
Legislative Decree no. 231/2001

“Organisational Model”

Special Part A
Offences relating to health and safety at work
# INDEX

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1. OFFENCES RELATING TO HEALTH AND SAFETY AT WORK

1.1 Introduction

Art. 25 septies of Legislative Decree no. 231/01, introduced by art. 9 of Law no. 123/2007 on “Measures concerning the protection of health and safety at work and delegation to the Government for the reorganisation and reform of the law”, and subsequently amended by art. 300 of Legislative Decree no. 81/08 has included the category of offences of administrative liability, offences of manslaughter and grievous bodily harm, in violation of the rules on protection of health and safety at work.

Below is the full text article. 25 septies:

Manslaughter and negligent serious injury committed in violation of the rules on the protection of health and safety at work

In relation to the crime referred to in Article 589 of the Penal Code, committed in violation of Article 55, paragraph 2, of Legislative Decree implementing the enabling provisions of the Law of 3 August 2007, no. 123, in the field of health and safety at work, we apply a financial penalty in the amount of 1,000 shares. In the case of conviction for the offence referred to in the preceding period, the prohibitory sanctions referred to in Article 9, paragraph 2, apply for a period not exceeding one year.

2. Except as provided in paragraph 1, in connection with the crime referred to in Article 589 of the Penal Code, committed in violation of the rules on protection of health and safety at work, we apply a financial penalty for not less than 250 shares and not more than 500 shares. In the case of conviction for the offence referred to in the preceding period, the prohibitory sanctions referred to in Article 9, paragraph 2, apply for a period not exceeding one year.

3. In relation to the crime referred to in Article 590, third paragraph, of the Penal Code, committed in violation of the rules on protection of health and safety at work, a financial penalty is applied for an amount not exceeding 250 shares. In the case of conviction for the offence referred to in the preceding period, the prohibitory sanctions referred to in Article 9, paragraph 2, apply for a period not exceeding six months.

The predictive offences described below are those set out under Article 25 septies of Legislative Decree no. 231/01.

1.2 The types of offences

Culpable homicide (art. 589 Criminal Code) committed in violation of art. 55 paragraph 2 of Legislative Decree no. 81/08

“Whoever causes the death of a person shall be punished with imprisonment of between six months and five years. If the offence is committed in violation of the rules ... for the prevention of accidents at work, the penalty shall be imprisonment from two to five years. In the case of the death of several people, or the death of one or more persons and injuries to one or more persons, the penalty for the most serious violations increases up to three times, but the penalty cannot exceed twelve years.”

Sanctions for the employer and manager (art. 55, paragraph 2, Legislative Decree no. 81/08)

1. The employer is liable to imprisonment of three to six months or a fine of € 2,500.00 to € 6,400.00 for: a) the infringement of Article 29, paragraph 1; b) failure to appoint a person in charge of health and safety under Article 17, paragraph 1, letter b), or for the violation of Article 34, paragraph 2;
2. In the cases referred to in paragraph 1, letter a), a term of imprisonment of between four to eight months applies if the violation is committed:
   a) in the companies referred to in Article 31, paragraph 6, letters a), b), c), d), f) and g);
   b) in companies where activities which expose workers to biological hazards referred to in Article 268, paragraph 1, letters c) and d), from explosive atmospheres, mutagens, carcinogens, and maintenance activity, removal, disposal and remediation of asbestos;
   c) the activities governed by Section IV are characterised by the presence of several companies and for which the volume of work is not less than 200 man-days.

Culpable homicide (art. 589 Criminal Code) committed in violation of the rules on the protection of health and safety at work

“Whoever causes the death of a person shall be punished with imprisonment of between six months and five years. If the offence is committed in violation of the rules … for the prevention of accidents at work, the penalty shall be imprisonment from two to five years. In the case of the death of several people, or the death of one or more persons and injuries to one or more persons, the penalty for the most serious violations increases up to three times, but the penalty cannot exceed twelve years.”

Personal injury or grievous bodily harm (art. 590, paragraph 3 of the Criminal Code), committed in violation of the rules on the protection of health and safety at work

“… If the facts referred to in the second paragraph (if the personal injury is serious or very serious) are committed in violation of the rules … for the prevention of accidents at work, the penalty for serious injury shall be imprisonment from three months to a year or a fine of € 500.00 and € 2,000.00 and the punishment for the serious bodily injury shall be imprisonment of between one to three years. …”

1.3 Legislative Decree no. 81/2008

The provisions contained in this decree enact art. 1 of Law no. 123/2007 for the reorganisation and reform of existing rules in the field of health and safety of workers in the workplace, through its reorganisation and coordination in a legal text.

Art. 30 of Legislative Decree no. 81/08, in particular, is the responsibility of the Entity, in order that with the Model in question it is possible to obtain exemption from administrative liability pursuant to Legislative Decree no. 31/01 (so-called extenuating circumstances), the burden of implementing a business system for the fulfilment of all legal obligations relating to:

- compliance with the technical and structural laws relating to equipment, facilities, workplaces and chemical, physical and biological agents;
- the activities of risk assessment and preparation of measures for prevention and protection;
- organisational activities such emergencies, first aid, management of tenders, periodic safety meetings, consultation with workers’ safety representatives;
- health surveillance activities;
- activities of training and informing workers;
- supervision activities with reference to compliance with the procedures and instructions on safety at work by workers;
- the acquisition of documentation and certificates required by law;
- the periodic checks on the application and effectiveness of the procedures adopted.
The Entity also, pursuant to what is stipulated under art. 30 of Legislative Decree 81/08, shall ensure that the Model provides:

- appropriate systems to register that the activity necessary to ensure compliance with the above legal obligations have been carried out;
- articulation of functions, as required by the nature and size of the organisation and the type of activity, which ensures the technical skills and powers necessary for the verification, evaluation, management and control of the risk;
- a disciplinary system to sanction non-compliance with the measures set out in the Model;
- provide a suitable system for monitoring the implementation of this model and the maintenance over time of the eligibility conditions of the measures taken;
- that the review and possible modification of the model itself are adopted when significant violations of the rules relating to accident prevention and hygiene at work are found, at the time of changes to the organisation and activity.

Lastly, paragraph 5, provides that “In the first application, the models of business organisation defined in accordance with the UNI-INAIL for a system of management of health and safety at work (OHSMS) dated 28 September 2001 or British Standard OHSAS 18001: 2007, are presumed to comply with the requirements referred to in this article for the corresponding parts.”

1.4 Sensitive activities

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1.5 Offences relating to health and safety at work

Daikin Applied Europe is committed to conducting its business in full compliance with mandatory legislation for the protection of health and safety in the workplace that are expressed and accomplished through a Health and Safety Policy that is based on the following fundamental principles:

- ensure a safe and healthy working environment at the production sites and offices in which work is carried out and prepare appropriate preventive measures to reduce the risks of accidents and injuries caused from work, by minimizing, so far as possible, the causes of the risks associated with the working environment;
- ongoing commitment to compliance with applicable legal requirements, the Model of Organisation and Management adopted by the Company pursuant to Legislative Decree no. 231/01 and other rules of the group in terms of health and safety, to ensure the safety and health of workers and to prevent the commission of the offences that would give rise, in relation to the Company, to the administrative liability pursuant to the Legislative Decree no. 231/01 art. 25-undecies;
- constant commitment to research opportunities for continuous improvement in performance related to aspects of health and safety in the workplace;
- creation of performance indicators to monitor the performance of planned objectives and targets;
- involvement and awareness by the entire management structure, all employees and those who work on behalf of the organisation in working towards a culture of accountability, participation and support for the environment;
- communication of the policy to stakeholders through the transmission to providers and the public in general, to involve them in corporate strategies in the field of health and safety;
• design of products and processes to ensure maximum customer satisfaction and prevent or minimize risks to health and safety during the construction, operation, maintenance and disposal of its products and systems, with the use of the best economically viable available technologies;

• commitment to inform, train, motivate and involve all employees to carry out their duties in accordance with the objectives by providing them with adequate training to respond effectively to emergencies and make sure that even those who work on behalf of the organisation bring their various activities in line with our policy and the Model of Organisation and Management adopted by the Company pursuant to Legislative Decree no. 231/01;

• search for suppliers, subcontractors and qualified partners with regard to the criteria we are given internally in relation to health and safety aspects;

• the provision of a disciplinary system to punish any failures to comply with the measures indicated in the Organisational Model in order to prevent the offences pursuant to art. 25 undecies of Legislative Decree no. 231/01;

• the provision of organisational flows on staff to the Company’s Supervisory Body in respect of incidents, near misses and with regard to any critical event capable of resulting in a possible legal breach.

Daikin Applied Europe is committed to ensuring compliance with the legislation on the protection of health and safety in the workplace operating in compliance with the provisions of Legislative Decree no. 81/08 et seq.

It, therefore, has adopted an organisational structure consistent with that required by the accident regulations in force, in order to eliminate or, where that is not possible, then reduce and manage the risks to workers.

Daikin Applied Europe, in the development of its service of prevention and protection, has:

• arranged appropriate delegation of functions in terms of health and safety at work;

• to perform the assessment of the risks for health and safety at work;

• to set up the prevention and protection unit;

• to appoint of the person in charge of prevention and protection;

• to designate the workers in charge of fire prevention, emergency management and first aid;

• to designate the workers’ safety representative;

• to set up of the health surveillance unit;

• to define an emergency plan;

• the definition, formalisation and implementation of a set of procedures for health and safety in the workplace;

• the organisation of training / information activity on health and safety at work.

Daikin Applied Europe, in addition, in order to comply with the provisions of art. 30 of Legislative Decree no. 81/08, has voluntarily established and implemented a Business Management System for the Health and Safety of Workers in accordance with standard BS OHSAS 18001: 2007, ensuring the fulfilment of the specific legal obligations required by the legislature in this article.
1.6 Principles and rules of behaviour for Recipients

All Recipients of this Special Section must:
- refrain from engaging in conduct liable to commit the offences pursuant to Art. 25 undecies of the Special Section;
- refrain from engaging in conduct which, although not included in the offences provided for in the Special Section of this chapter, have the potential to be committed;
- act in respect of the powers of representation, signature, within the scope of the duties and proxies conferred;
- behave in an ethical and transparent manner in all activities, in accordance with the law and internal company procedures.

In carrying out activities considered at risk in order to prevent the commission of the offences considered in this Special Part, recipients are expressly obliged to follow the rules of conduct listed below, and also to respect the standards of conduct contained in the organisational documents mentioned below:
- complying with the corporate health and safety policy;
- operate in full compliance with applicable laws relating to the environment;
- observe the standards of conduct set out in this special section in the Code of Ethics and in the quality and environmental management section defined in accordance with ISO 18001: 2007;
- observe the rules, procedures and operating instructions that are intended to prevent the possible commission of environmental offences under art. 25 septies of Legislative Decree no. 231/01, the violation of which can result in the possible imposing of disciplinary sanctions in accordance with the provisions of the disciplinary system adopted by the Company pursuant to Legislative Decree no. 231/2001;
- know the company organisational chart and the organisational diagrams;
- comply with the provisions and instructions given by the responsible functions;
- prepare and preserve the documentation relating to compliance with the requirements relating to the health and safety at work, in this way allowing control over the behaviour and activities carried out;
- refrain from carrying out operations or manoeuvres that are not part of their job or, at least, that are liable to cause damage to present risks for the health and safety of workers;
- immediately report any situation of perceived danger, both potential and real, in terms of environmental protection;
- participate in training programmes.

Daikin Applied Europe also deems to be binding:
- The main “Obligations of workers” in art. 20 of Legislative Decree no. 81/08 and listed below for the employees of the two facilities:

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For Third Party suppliers:
- ensure their technical and professional competence in relation to the work to be performed in work or supply contracts;
- own the information provided by the employer about the specific risks to the environment in which they will work and preventive measures and emergency measures taken by the employer;
c. cooperate with the employer in the implementation of measures to prevent and protect against hazards in the workplace relating to the work covered by the contract or of work or of administration;

d. coordinate with the employer interventions to prevent and protect against the risks to which workers are exposed;

e. enforce the ban on manufacturing selling, leasing and granting use of work equipment, personal protective equipment and installations which do not comply with the laws and regulations regarding health and safety at work;

f. comply with the general principles of prevention in the field of health and safety at work at the time of the design and technical choices, choosing equipment, components and protective devices complying with the laws and regulations in force.

1.7 Specific procedures and operating instructions

In relation to the types of offences described in this Special Part, Daikin Applied Europe has adopted the following procedures:

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1.8 Checks and information flow to the Supervisory Board

The Supervisory Board carries out periodic inspections, as defined by second-level management tasks carried out by the Company in the field of health and safety in the workplace. It also checks the adequacy of and compliance with the Model, Code of Ethics and corporate procedures that the Company has established in the field of health and safety in the workplace.

All business functions, senior management and/or those subject to management and the members of the corporate bodies, have an obligation to promptly inform the Supervisory Board of any requests formulated or of the occurrence of events or circumstances such as to suggest the committing of a possible offence under Article 25-undecies Legislative Decree no. 231/01.

The SB, with particular regard to the offences in respect of health and safety in the work place, is the recipient of the following flow:

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