



**DAIKIN APPLIED EUROPE S.p.A.**

**Summary Document**  
relating to

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

**“Organisational Model”**

*Special Part B*  
*Environmental offences*

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## 1. ENVIRONMENTAL OFFENCES

### 1.1 Introduction

Art. 25<sup>undecies</sup> has included environmental offences within the law under Legislative Decree no. 231/01. This has been introduced under the Legislative Decree dated 7 July 2011 no. 121. (which came into force on 16 August 2011) in enactment of Directive 2008/99/EC of the European Parliament and the European Council dated 19 November 2008 on the criminal protection of the environment and Directive 2009/123/EC of the European Parliament and Council dated 21 October 2009 on pollution caused by ships. Subsequently, Law no. 68 dated 22 May 2015, “*Provisions relating to environmental crimes*”, extended the range of environmental crimes entailing criminal administrative liability on the part of the Entity, when committed in the interests or to the benefit of the latter. The new text of the law has, in fact, introduced a new “*Section VI bis*” to Book II of the Penal Code and, in art. 1, paragraph has modified art. 25 *undecies* of Legislative Decree 231/2001 and inserted some of the newly introduced cases among the so-called “*predicate offences*”.

Relevant conduct, that may give rise to the direct administrative liability of the Company in whose interest or benefit the offence was committed, focuses on the offences described in the next paragraph.

### 1.2 The types of offences

#### 1.2.1 Offences under the Criminal Code

##### **a** *Pollution of the environment (art. 452-bis of the Criminal Code).*

The law punishes anybody who compromises or causes a significant and measurable deterioration in the water or air, or in extensive and significant portions of the soil and subsoil (paragraph 1, no. 1) or of an ecosystem, of biodiversity, including agricultural biodiversity, of the flora or fauna (paragraph 1, no. 2).

The penalty is increased when the pollution has been produced in a protected natural area or in an area of outstanding natural beauty or of natural, historic, artistic, architectural or archaeological interest, or when damage is caused to protected species of plant or animal (paragraph 2).

##### **b** *Environmental disaster (452-quater of the Criminal Code).*

The law punishes anybody who unlawfully causes an environmental disaster, the latter being intended to refer to: irreversible alteration of an ecosystem (paragraph 2, no. 1); alteration of the balance within an ecosystem that is particularly difficult and burdensome to reverse and reversal of which is only possible by means of special provisions (paragraph 2, no. 2); injuries to public safety because of the significance of the event in terms of the extent of the damage or its harmful effects, or because of the number of persons exposed to danger (paragraph 2, no. 3).

The penalty is increased when the pollution has been produced in a protected natural area or in an area of outstanding natural beauty or of natural, historic, artistic, architectural or archaeological interest, or when damage is caused to protected species of plant or animal (paragraph 3).

##### **c** *Culpable crimes against the environment (452-quinquies).*

The law punishes – with attenuated penalties – culpable offences (i.e. those committed involuntarily and through negligence, imprudence, lack of care, failure to comply with laws, regulations, orders or specifications) committed under articles 452-*bis* and 452-*quater* of the Criminal Code (paragraph 1).

The penalty is further decreased in cases where the culpable conduct indicated in the first paragraph results (merely) in a danger of pollution or environmental disaster (paragraph 2).

##### **d** *Conspiracy crimes aggravated by the intention to commit certain crimes under Book II, Section VI bis, Criminal Code (452-octies of the Criminal Code).*

The law envisages aggravating circumstances for the crime of *criminal conspiracy* under art. 416 bis of the Criminal Code, when the conspiracy is exclusively or concurrently aimed at committing one of the crimes envisaged by Section VI *bis* of the Criminal Code (paragraph 1), and aggravating circumstances for the crime of *mafia conspiracy* under art. 416 *bis* of the Criminal Code, in the event that the mafia conspiracy has the aim: a) of committing certain of the crimes under Section VI *bis* of the Criminal Code; b) of acquiring the management or control of economic activities, concessions, authorizations, tender contracts or public services of an environmental nature (paragraph 2).

Penalties are further increased in the event that the criminal organization includes public officers, performing public services with environmental functions or carrying out environmental services (paragraph 3).

**e *Movement and abandonment of highly radioactive material (452-sexies of the Criminal Code).***

The law punishes those who illegally cede, purchase, receive, transport, import, export, procure for others, hold, transfer, abandon or illegally dispose of highly radioactive materials (paragraph 1).

An aggravating circumstance is foreseen if the fact causes a danger of compromise or deterioration: of the water, of the air, or of significant portions of the soil or subsoil (paragraph 2, no. 1); of an ecosystem, of biodiversity, including agricultural biodiversity, of the flora or fauna (paragraph 2, no. 2).

The penalty is still further increased in the event that the fact results in a danger to the life or to the safety of persons.

**f *Organized activities for the illicit movement of waste (art. 452-quaterdecies of the Criminal Code)***

The law contemplates the sale, receipt, transportation, export, import or abusive handling in any way of large quantities of waste, using a number of operations and by setting up ongoing, organized operations and means; all with the aim of making an unfair profit (paragraph 1). The offence is aggravated in the case of highly radioactive waste (paragraph 2).

**g *Killing, destruction, catching, taking, possession of specimens of protected wild animals or plant species (art. 727-bis of the Criminal Code).***

The law punishes anyone who, except in the circumstances permitted, kills, captures or possesses specimens belonging to a protected species of wild animal or destroys, removes or keep specimens belonging to a protected wild plant species.

**h *Destruction or degradation of habitat within a protected site (art. 733-bis of the Criminal Code).***

The law punishes anyone who destroys a habitat within a protected site or otherwise damages it thereby compromising its protected status.

**1.2.2 Offences provided for by the Code of the Environment referred to in the Legislative Decree of 3 April 2006, no. 152:**

**a *Water pollution (art. 137)***

The types of conduct envisaged by the law and for which the Company is to be considered liable are as follows:

- unauthorised discharge (or for which authorisation has been suspended or revoked) of industrial waste water containing dangerous substances (paragraph 2);
- discharge of industrial waste water containing dangerous substances in violation of the provisions imposed with the authorisation or by competent authorities (paragraph 3);
- discharge of industrial waste water containing dangerous substances in violation of table limits or more restrictive limits set by regions or autonomous provinces or by the competent authority (paragraph 5, first and second period);

- violation of the prohibitions on the discharging of soil, groundwater and sub-soil (paragraph 11); discharge into the sea by ships or aircraft of substances or materials, whose discharge is prohibited, except in very small quantities and subject to authorisation by the competent authority (paragraph 13).

**b Management of unauthorised waste (art. 256)**

The types of conduct envisaged by the law and for which the Company is to be considered liable are as follows:

- collection, transport, recovery, disposal, trade and brokerage of non-hazardous and hazardous waste, in the absence of the required authorisation, registration or communication (art. 256, paragraph 1, letter a and b);
- implementation or management of an unauthorised landfill (art. 256, paragraph 3, first sentence);
- construction or operation of unauthorised landfill destined, even in part, to the disposal of hazardous waste (art. 256, paragraph 3, second sentence);
- activities not permitted connected with mixing of waste, in violation of art. 187 of Legislative Decree 152/2006 (art. 256, paragraph 5);
- temporary storage at the place of production of hazardous medical waste (art. 256, paragraph 6).

**c Failure to decontaminate previously contaminated sites (art. 257)**

The types of conduct envisaged by the law and for which the Company is to be considered liable are as follows: failure to decontaminate, on the basis of a project approved by the competent authority, sites that have been involved in pollution of the soil, subsoil, surface water or groundwater by exceeding the risk threshold concentrations; failure to notify the competent authorities of the pollution event in compliance with art. 242 of Legislative Decree 252/2006 (paragraph 1)

The penalty is increased when the pollution that was not subject to decontamination was caused by dangerous substances (paragraph 2).

**d Falsification and use of false waste analysis certificates; transport of waste without a log form relating to the traceability of the waste (articles 258 and 260-bis)**

The types of conduct envisaged by the two articles and for which the Company is to be considered liable are as follows:

- preparation of a false waste analysis certificate (in respect of information relating to the nature, composition and chemical and physical features of the waste) and use of a false certificate during transport of waste (art. 258, paragraph 4, second sentence);
- preparation of a false waste analysis certificate, used as part of the waste traceability control system; insertion of a false certificate in the data to be provided for waste traceability (art. 260-bis, paragraph 6);
- transportation of hazardous waste without a hard copy of the log form relating to the traceability of the waste - Handling area or without an analytical waste certificate, and use of a certificate of analysis containing false information about the waste transported (art. 260-bis, paragraphs 6 and 7, second and third sentence);
- transport of waste with a hard copy of the log form relating to the traceability of the waste - Handling area fraudulently altered (art. 260-bis, paragraph 8, first sentence);

The conduct referred to in paragraph 8, second sentence, is worsened if it relates to hazardous waste (260-bis, paragraph 8, second sentence).

**e *Illegal trafficking of waste (article 259)***

The conduct envisaged by the law and for which the Company is to be considered liable consists of the shipment of waste constituting illegal waste (art. 259 paragraph 1).

The penalty is increased if the shipment regards dangerous waste (art. 259 paragraph 1, last part).

**g *Atmospheric pollution (art. 279)***

The types of conduct envisaged by the law for which the Company is to be considered liable consists of the violation, in the exercise of a facility, of the emission limit values set out in the authorisation or of the provisions, plans and programmes or legislation, or by the competent authority, which also determines whether the air quality targets under current regulations have been exceeded (paragraph 5).

**1.2.3 Offences under the Law of 7 February 1992, no. 150 in respect of the international trading of flora and fauna in danger of extinction and the keeping of dangerous animals**

The types of conduct envisaged by the special law and described under art. 25-*undecies* of Legislative Decree 231/2001 are as follows:

- import, export, re-exportation, transport, transit and use of illegal animal species (in the absence of a valid certificate or license, or in conflict with the requirements dictated by these measures); possession, use for commercial purposes, purchase, sale and exposure for sale or for a commercial purposes of specimens without the required documentation; illicit trade in artificially propagated plants (art. 1, par. 1 and 2 and art. 2 par. 1 and 2). The actions pursuant to articles 1, par. 2 and 2, par. 2 are exacerbated in the case of repeated offences and offences committed in the exercise of business activities.
- falsification or alteration of certificates and licenses; notifications, announcements or statements false or misleading in order to acquire a certificate or a license; use of false or altered certificates and licenses for the importation of animals (art. 3-bis, par. 1):
- the possession of live specimens of species of mammals and reptiles, wild or bred in captivity, which constitute a danger to health and public safety (art. 6, par. 4).

**1.2.4 Offences under the Law of 28 December 1993, no. 549, concerning the protection of stratospheric ozone and the environment**

The types of conduct envisaged by the special law and described under art. 25-*undecies* of Legislative Decree 231/2001 are as follows:

- Ozone pollution: violation of the provisions that provide for the termination and reduction of the employment (production, use, marketing, import and export) of substances harmful to the ozone layer (art. 3 par. 6).

**1.2.5 Offences envisaged by the Legislative Decree of 6 November 2007, no. 202, in respect of pollution of the marine environment caused by ships**

The types of conduct envisaged by the special law and described under art. 25-*undecies* of Legislative Decree 231/2001 are as follows:

- unintentional spillage into the sea of pollutants, or the causation of said spillage by vessels of whatever nature (art. 9, paragraph 1);
- intentional spillage into the sea of pollutants, or the causation of said spillage by vessels of whatever nature (art. 8, paragraph 1);

The actions pursuant to articles 8 and 9 are worsened where the breach causes permanent damage or particular harm to the quality of the water, or animal or vegetable species or part of this (respectively, art.

8, paragraph 2 and art. 9, paragraph 2). The above laws punish the commander, the crew, the proprietor and the ship-owner.

### 1.3 The environmental offences that are theoretically applicable to Daikin Applied Europe

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### 1.4 Sensitive activities

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### 1.5 The liabilities of the Company with regard to the protection and safeguarding of the Environment

Daikin Applied Europe is committed to conducting its business in full compliance with mandatory legislation for the protection and preservation of the environment which is expressed and accomplished through an Environmental Policy which aims to achieve:

- involvement and awareness by the entire management structure, all employees and those who work on behalf of the organisation towards a culture of accountability, participation and support for the environment;
- The adoption, promotion and maintenance of a management system for the environment in accordance with ISO 14001:2015 and in conformity with the provisions of the Organisation and Management Model adopted by the Company pursuant to Legislative Decree no. 231/01;
- The ongoing commitment to ensure that all activities are conducted in full compliance with applicable legal requirements, as well as all group rules relating to the protection and preservation of the environment in order to prevent the commission of the offences that could lead the company to incur administrative liability pursuant to Legislative Decree no. 231/01 art 25-undecies;
- The search for opportunities for continuous improvement in environmental services, processes and products offered, and an ongoing commitment to preventing pollution and the relative risk of the associated offence;
- The constant undertaking to prevent potential environmental offences pursuant to Legislative Decree 231/01 art. 25-undecies, including through the use of actions which enable the Company to comply in advance with the requirements of pending environmental legislation, in order to minimize the risks of committing offences;
- Product design minimising environmental impact during construction, operation, maintenance and decommissioning, with the use of the best available economically viable technology;
- The communication of the policy and objectives of the system of environmental management to stakeholders, in order to develop awareness of the company strategies, listening to opinions from people both inside and outside the company in order to constantly improve our efforts at environmental conservation and compliance with relevant legislation;
- Increasing awareness among staff involved in processes considered to be sensitive in respect of the potential risks of the offences set out in Legislative Decree no 231/01 art. 25-undecies;
- Constant monitoring of company processes in order to reduce environmental impact and the related risks of associated offences;
- Reduction of CO2 emissions using solutions that allow energy savings and by using energy that is produced 100% from renewable sources;
- Reduction of the overall amount of waste sent for disposal, through careful waste separation to allow re-cycling and by continually increasing the awareness of staff and making efficient use of resources;

- Reduction of the consumption of water in manufacturing processes, through investments aimed at infrastructure;
- Optimum management of waste water in order to contribute to the improvement of surface water quality in the area;
- Providing for adequate financial resources to allow pursuit of the aims to improve environmental performance and, in particular, to ensure regulatory compliance on questions of environmental protection and safeguarding;
- The creation of suitable training operations for corporate staff regarding the potential risk of offences under Legislative Decree 231/01 art. 25-*undecies*;
- The implementation of a suitable monitoring system on compliance with the applicable legal/authorization requirements;
- 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 – both those that took place and those avoided - and with regard to any critical event capable of resulting in a possible legal breach.

With regard to the management of the environmental aspects, Daikin Applied Europe has therefore defined a suitable organisational structure and has voluntarily implemented, for all the sites, a certified Environmental Management System, in the belief that it is a tool of fundamental importance to enable continued compliance with environmental legislation and continuous improvement of its environmental performance. For the Settala and Ariccia sites, the system is certified in accordance with ISO 14001:2015,

Daikin Applied Europe, through its own Environmental Management System ensures:

- a clear definition of the roles and responsibilities in the environmental field. **OMISSIS**
- the continuing updating of their own environmental analysis;
- the definition and updating of the environmental policy;
- the definition of objectives and targets for improvement;
- the existence of appropriate procedures for operational control;
- the existence of a monitoring plan;
- appropriate supervision and control activities over significant environmental aspects; **OMISSIS**
- the conducting of periodic auditing activities over the Environmental Management System. **OMISSIS**
- the training and development of its own staff responsible for performing operations which may have significant impacts on the environment. **OMISSIS**
- evidence (records) about the implementation and functioning of the Environmental Management System and adequate management of the relevant documentation. **OMISSIS**
- continuous evaluation by Senior Management of the effectiveness and efficiency of the Environmental Management System (reassessment);
- adoption of a specific procedure to manage emergencies that may have a potential effect on the environment. **OMISSIS**

- periodic monitoring of those aspects of company activities that are of environmental significance, comparison of the results with those from the previous monitoring operations and verification of the congruence of existing protocols with the results of the monitoring operations;
- insertion, among the items on the balance sheet, of resources specifically destined to prevent environmental risk and environmental offences.

In carrying out the activities considered to be at risk, in order to prevent the commission of the crimes considered in this Special Section, the Company must also ensure:

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## 1.6 Principles and rules of behaviour for Recipients

Recipients, identified in the light of the indications provided in the General Section (point 3.5) **must**:

- refrain from engaging in conduct liable to commit the offences pursuant to Art. 25-*undecies* of the Decree;
- refrain from engaging in conduct that, although not covered within the meaning of Art. 25-*undecies* of the Decree, have the potential to be considered as such;
- 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 offences considered in this Special Section from being committed, Recipients are expressly required to follow the rules of conduct listed below, and also to respect the standards of conduct contained in the organisational documents mentioned below:

- comply with the corporate Environmental 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 14001:2015;
- 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 regarding the environment, 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 the environment;
- immediately report any situation of perceived danger, both potential and real, in terms of environmental protection;
- participate in training programmes.

In particular, the parties indicated are likewise expressly **prohibited** from:

- abandoning or depositing waste in an uncontrolled manner and introducing it, either in solid or liquid form, into surface water or into the groundwater;
- assigning waste management activities to individuals who have not been duly authorized to carry out waste disposal and recovery;
- mixing different categories of dangerous waste (or mixing dangerous waste with non-dangerous waste);
- preventing access to site by the person responsible for carrying out controls;
- violating the obligations relating to communication and to keeping the compulsory records and waste management forms;
- falsifying or altering the waste analysis certificate, also when used as part of the Log relating to the traceability of the waste – Handling Area.

### 1.7 Specific procedures

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### 1.8 Checks and information flow to the Supervisory Board

The Supervisory Body carries out periodic checks on the risk assets, indicated above, in order to verify consistency with the requirements contained in the Organisational Model and, in particular, with the procedures that the Company has established to govern the carrying out of sensitive activities.

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

The Supervisory Body with particular regard to environmental offences is the recipient of the following information flow, including by means of the *whistleblowing* procedure:

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