



DAIKIN APPLIED EUROPE S.p.A.

Summary Document relating to

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

“Organisational Model”

Special Section F

Crimes aimed at terrorism or subversion of democratic order, transnational crimes, organised crime, crimes relating to receiving, laundering or use of money, goods or other assets of illicit origin, money-laundering by the same person who obtained the illicit assets

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1. CRIMES AIMED AT TERRORISM OR SUBVERSION OF DEMOCRATIC ORDER, TRANSNATIONAL CRIMES, ORGANISED CRIME, CRIMES RELATING TO RECEIVING, LAUNDERING OR USE OF MONEY, GOODS OR OTHER ASSETS OF ILLICIT ORIGIN, MONEY-LAUNDERING BY THE SAME PERSON WHO OBTAINED THE ILLICIT ASSETS

1.1 Introduction

The offences dealt with in this Special Part are referred to in articles 25*quater* of Legislative Decree no. 231/2001, 10 of Law 146/2006, 24*ter* and 25*octies*, of Legislative Decree no. 231/2001. In particular, art. 25*quater* was introduced to the body of the Decree by art. 3 of Law no. 7 dated 14th January 2003 ("*Ratification and implementation of the International Convention for the Suppression of the Financing of Terrorism, signed in New York on 9th December 1999, and regulations to adapt it to the internal legislative system*") and, under a reception of law, sanctions the perpetration of "*crimes with the purpose of terrorism or the subversion of democratic order foreseen by the criminal code and by special laws*".

Conversely, art. 24*ter* owes its insertion into the text of the Decree to art. 2, paragraph 29 of Law no. 94 dated 15th July 2009 ("*Provisions regarding public security*"), while art. 25*octies*, introduced by art. 63, paragraph 3, of Legislative Decree no. 231 dated 21st November 2007 ("*Implementation of Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and of Directive 2006/70/EC which lays down implementing measures and subsequent modifications and additions thereto*"), has been subject to a modification, in the rubric and in the text of the provision, as a result of art. 3, paragraph 5, letters a) and b) of Law no. 186 dated 15th December 2014 ("*Provisions relating to the emergence and return of capitals held abroad and to increase the fight against tax evasion. Provisions regarding money-laundering by the same person who obtained the illicit assets*"), which further extended the range of offences for which criminal liability may be incurred by Entities, introducing the new crime of money-laundering by the same person who originally obtained the illicit assets.

However, the true feature of the offences taken into consideration in this Special Section, lies in the figure of transnational offence, introduced by Law no. 146 dated 16th March 2006 ("*Ratification and implementation of the United Nations Convention and Protocols against transnational organised crime, adopted by the General Assembly on 15th November 2000 and on 31st May 2001*"), which, to date, is the only case of predicate offences foreseen outside the body of Decree 231.

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

1.2 The types of offence

1.2.1 Crimes of terrorism or subversion of the democratic order (art. 25-*quater*, Legislative Decree no. 231/2001).

Art. 25*quater*, unlike the other provisions under Decree 231, does not contemplate a list of predicate offences, but rather, in paragraph 1, provides a generic reference to crimes "*aimed at terrorism or subversion of the democratic order, foreseen by the criminal code and by special laws*". Consequently, the extent of the reference can only be seen by referring to the individual criminal provisions in that regard.

a) Associations aimed at terrorism, including international, or subversion of the democratic order (art. 270*bis*, Criminal Code)

The provision in question punishes anybody who promotes, sets up, organises, directs or funds associations that propose to carry out acts of violence aimed at terrorism or subversion of the democratic order (paragraph 1), or those participating (paragraph 2) in associations of this kind. The purpose of terrorism likewise subsists when the acts of violence are aimed against a State, an institution or an international organism.

b) Assistance to associates (art. 270ter, Criminal Code)

The law in question punishes the conduct of those who - outside the cases of aiding and abetting - give refuge to or provide food, hospitality, means of transport or means of communication to those taking part in the associations under the preceding article (paragraph 1), with the penalty being increased when the assistance is provided in a continuing manner (paragraph 2) and excluding punishment when the recipient of this conduct is a close relative of the person taking the action (paragraph 3).

c) Enrolment for the purpose of terrorism, including international (art, 270quater, Criminal Code)

The provision in question provides for criminal punishment of those who, outside the circumstances indicated in art. 270bis, Criminal Code, enrol one or more persons to carry out acts of violence or sabotage of essential public services, for the purpose of terrorism, even when the target is a foreign State, or an international institution or body (paragraph 1). Except in the cases indicated in art. 270bis and except in the case of training, punishment of the enrolled individual is also foreseen (paragraph 2).

d) Organisation of transfers for the purpose of terrorism (art. 270quater.1)

The law in question punishes anybody - outside the cases indicated in articles 270bis and 270quater, Criminal Code - who organises, funds or promotes travel to foreign countries with the aim of carrying out terrorism-related conduct under art. 270sexies, Criminal Code.

e) Training in terrorism-related activities, including international (art. 270quinques)

The law in question punishes in the same way: **i)** anybody who - outside the cases pursuant to art. 270bis of the Criminal Code - trains or in any way provides instruction on the preparation or use of explosives, firearms or other arms, dangerous or harmful chemical or bacteriological substances, and on any other technique or method for perpetrating acts of violence or sabotage of essential public services, for the purpose of terrorism, even when aimed at a foreign State or an international institution or body; **ii)** the person so trained, as well as the person who, also independently, having acquired the instructions for carrying out terrorist actions, puts into practice said conduct for the purposes of terrorism, pursuant to art. 270sexies, Criminal Code (paragraph 1). The law likewise envisages an increased penalty in the event that the training or instruction activity is carried out by means of information technology or telematic means (paragraph 2).

f) Terrorism-related conduct (art. 270sexies)

The provision in question represents a defining law and, more specifically, indicates what is to be understood by "terrorism-related conduct", this being intended to refer to conduct that, by its nature or context, may cause serious damage to a Country or to an international organisation and is carried out in order to intimidate the population or force the public powers or an international organisation to carry out or refrain from carrying out a given action, or to destabilise or destroy the fundamental political, constitutional, economic and social structures of a Country or international organisation, together with other forms of conduct defined as terrorism or committed for the purpose of terrorism in conventions or other international law regulations that are binding for Italy.

g) Instigation to commit one of the crimes foreseen by paragraphs one or two (art. 302, Criminal Code)

Art. 302 of the Criminal Code, which can be found within paragraph V of Section I, Book II of the Criminal Code, references the crimes under Paragraphs I and II of the same Section as the objects of punishable instigation, differentiating the penalty prescribed by law according to whether or not the instigation is accepted, or whether it is accepted but the crime is not committed, likewise prescribing an increased penalty if the crime is committed using information technology or telematic means. The crimes listed above are found in Paragraph II of said Section I.

N.B.: in paragraph 2, art. 25^{quater} envisages liability for the crime on the part of the entity with reference to the committing of additional crimes, other than those indicated in paragraph 1, but likewise carried out in violation of the contents of art. 2 of the Convention of New York for the Suppression of the Financing of Terrorism (whose ratification law, no .7/2003, has the merit, as previously stated in point 1.1, of having introduced art. 25^{quater} itself into the body of Decree 231). In particular, according to art. 2 of the above Convention, anybody commits a crime if they, by any means, either directly or indirectly, illegally and intentionally provide or collect funds with the intention of using them or knowing that they will be used, either fully or in part (even if the funds are not then actually used), in order to carry out: *i)* actions intended to cause the death or serious injury of civilians, when the action in question has the purpose of intimidating a population or coercing a government or international organisation; *ii)* actions that are considered to be crimes under the Conventions on: flight and navigational safety; protection of nuclear material; protection of diplomatic agents; repression of attacks using explosives.

1.2.2 Transnational offences (art. 10, Law 146/2006)

Art. 10 in question identifies a possible liability for the entity deriving from the perpetration - again in its interest or to its advantage - of certain offences that have in common the fact they are committed in a "transnational" manner. With regard to so-called "transnational offences", pursuant to art. 3, Law 146/2006 - to which art. 10 expressly refers - which refers this notion to the case of crimes "punishable by imprisonment for a maximum term of not less than four years, if an organised criminal group is involved, and: *a)* that are committed in more than one State; *b)* or that are committed in one State, but where a substantial part of the preparation, planning, management and control takes place in another State; *c)* or that are committed in one State, but implicates an organised criminal group involved in criminal activities in more than one State; *d)* or that are committed in one State but have substantial effects in another State".

The crimes listed in art. 10 and liable to cause criminal responsibility on the part of the entity, if committed in the manners illustrated above, in its interest or to its advantage (the latter requirement being deducible from the full reference made by art. 10, paragraph 10, to the provisions of Legislative Decree no. 231/2001), are listed below.

a) Involvement in a criminal association (art. 416, Criminal Code)

The crime contemplated by the provision in question consists of the association of three or more persons, with the intent to commit crimes. Both forming part of the association and promotion thereof are punishable (paragraphs 1 and 2), with an increased penalty applying in the case that the associates bear arms about the country or on the public highways (paragraph 4), or in the case of associations of ten or more persons (paragraph 5), or again in the case of associations with the direct intention to commit the crimes pursuant to articles 600, 601 and 602, Criminal Code (forcing into or keeping in a state of slavery or subservience, people-trafficking and purchase and sale of slaves), or the crime of aiding and abetting illegal immigration pursuant to art. 12, paragraph 3^{bis}, C.A. on Immigration (paragraph 6), or, finally, in the case of direct association to commit certain of the crimes pursuant to articles 600^{bis}, 600^{ter}, 600^{quater}, 600^{quater.1}, 600^{quinqies}, 609^{bis} to the damage of a minor, 609^{quater}, 609^{quinqies}, 609^{octies} to the damage of a minor, 609^{undecies}, Criminal Code (paragraph 7).

b) Involvement in a Mafia association (art. 416^{bis}, Criminal Code)

The provision in question envisages a form of association that combines the purpose pursued by the associates pursuant to art. 416, Criminal Code and the indication of "Mafia", which latter is integrated by the circumstance that those forming part of the criminal association make use of the intimidating force of the association itself and the state of subjection and conspiracy of silence that derives from it, in order to commit crimes, or obtain by direct or indirect means the management or in any case the control of economic activities, concessions, authorisations, tender contracts and public services, or again to obtain undue profit or advantage, for themselves or for others, or to prevent or obstruct the free exercise of voting rights or to procure votes for themselves or others when elections take place.

The circumstance of the association being armed - that is to say that the participants have at their disposal arms or explosives, even if these are hidden in a place of storage, to carry out the aims of the association - represents an aggravating circumstance (paragraphs 6 and 7).

c) *Involvement in a criminal organisation aimed at the smuggling of foreign tobacco products (art. 291ter, Presidential Decree no. 43 dated 23 January 1973)*

Without prejudice to the minimum numbers already indicated for the offence in general by art. 416, Criminal Code, the special provision in reference sanctions the conduct of associations aimed at committing several of the crimes foreseen by art. 291bis, Criminal Code - which, in turn, punishes those who introduce, sell, transport, purchase or are in possession within the State territory of a quantity of smuggled processed foreign tobacco products exceeding the conventional weight of ten kilos - with more severe penalties for those who promote, direct, organise or fund such an association.

d) *Association with the aim of trafficking narcotic drugs or psychotropic substances (art. 74, Presidential Decree no. 309 dated 09 October 1990)*

The law in question identifies a further form of special association with respect to criminal associations pursuant to art. 416bis, Criminal Code, in which the specialisation is provided by the aim of committing a number of crimes pursuant to art. 73 of said Presidential Decree, relating to narcotic drugs or psychotropic substances, with more severe penalties for those promoting, directing, organising or funding an association of that kind (paragraph 1).

e) *Offences concerning the trafficking of migrants (art. 12, paragraph 3, 3bis and 3ter and art. 5, Legislative Decree no. 286/1998)*

Art. 12, Legislative Decree no. 286 dated 25 July 1998 ("C.A. on Immigration") envisages various criminal offences relating to illegal immigration. Among these, the following are harbingers of liability for the entity, if committed in the interest or to the advantage thereof:

- the conduct of anybody who, in violation of the provisions of the Consolidation Act, promotes, directs, organises, funds or carries out the transport of foreigners in the territory of the State, or acts in such a way as to obtain their illegal access to that territory, or commits said actions in order to procure their illegal access to another State, when: **a)** the fact relates to the illegal entrance or permanence within the territory of five or more persons; **b)** the person being transported has been exposed to dangers to their life or safety in order to procure their illegal entrance or permanence; **c)** the person being transported has been exposed to inhuman or degrading treatment in order to procure their illegal entrance or permanence; **d)** the fact has been committed by three or more persons working together, or using international transport services, or again using forged or altered documents or documents that have been illegally obtained; **e)** the authors of the fact have access to arms or explosives (paragraph 3);
- committing the facts under paragraph 3 when at the same time two or more of the cases envisaged by letters **a** to **e** also recur (with a consequent increase in the penalty; likewise paragraph 3bis);
- committing the facts under paragraphs 1 (conduct aimed, even in the absence of the circumstances indicated in paragraph 3, at procuring the illegal access of foreigners to the territory of the Italian State or of another State) or 3 of said art. 12: **a)** in order to recruit persons to be employed in prostitution, or exploitation for sexual purposes or for work, or with respect to minors to be used for illegal activities to encourage exploitation thereof; **b)** in order to profit thereby, even indirectly (with the consequent increase in penalty; likewise paragraph 3ter);
- aiding and abetting the illegal permanence of the foreigner within the State, in order to obtain an illicit profit from the illegal status of the latter, or as part of the activities punished pursuant to art. 12 itself, with aggravation of the penalty if the fact is committed by two or more persons working together (paragraph 5).

f) Incitement not to issue statements or to issue false statements to the Court Authorities (art. 377bis Criminal Code)

The law in question punishes anybody who, using violence, threats, offers or promises of money or other assets, induces those called upon to make statements to the Court Authorities for use in criminal proceedings - having the right not to respond - not to provide said statements or to lie.

g) Aiding and abetting (art. 378, Criminal Code)

The provision in question sanctions those who, following a crime punishable with imprisonment and outside the cases of conspiracy to that crime, help anybody to evade the investigations of the Authorities, including those carried out by members of the International Criminal Court, or to evade searches carried out by said authorities (paragraph 1), with increased penalties when the crime in question is one foreseen by art. 416bis of the Criminal Code (paragraph 3) and with a fine alone when the predicate offence is punishable by a fine or consists of a misdemeanour (paragraph 3). The law has expressly foreseen punishment for the offence in question even in the case of non-imputability or innocence of the author with respect to the predicate offence (paragraph 4). This is a danger offence which, in order to be considered committed, requires the conduct to be at least potentially harmful to the investigations of the authorities.

1.2.3 Offences of organised crime (art. 24ter)

a) Involvement in a criminal association (art. 416, Criminal Code)

The crime contemplated by the provision in question consists of the association of three or more persons, with the intent to commit crimes. Both forming part of the association and promotion thereof are punishable (paragraphs 1 and 2), with an increased penalty applying in the case that the associates bear arms about the country or on the public highways (paragraph 4), or in the case of associations of ten or more persons (paragraph 5), or again in the case of associations with the direct intention to commit the crimes pursuant to articles 600, 601 and 602, Criminal Code (forcing into or keeping in a state of slavery or subservience, people-trafficking and purchase and sale of slaves), or the crime of aiding and abetting illegal immigration pursuant to art. 12, paragraph 3bis, C.A. on Immigration (paragraph 6), or, finally, in the case of direct association to commit certain of the crimes pursuant to articles 600bis, 600ter, 600quater, 600quater.1, 600quinquies, 609bis to the damage of a minor, 609quater, 609quinquies, 609octies to the damage of a minor, 609undecies, Criminal Code (paragraph 7).

b) Involvement in a Mafia association (art. 416bis, Criminal Code)

The provision in question envisages a form of association that combines the purpose pursued by the associates pursuant to art. 416, Criminal Code and the indication of "*Mafia*", which latter is integrated by the circumstance that those forming part of it make use of the intimidating force of the association itself and the state of subjection and conspiracy of silence that derives from it, in order to commit crimes, obtain by direct or indirect means the management or in any case the control of economic activities, concessions, authorisations, tender contracts and public services and to obtain undue profit or advantage, for themselves or for others, or to prevent or obstruct the free exercise of voting rights or to procure votes for themselves or others when elections take place. The circumstance of the association being armed - that is to say that the participants have at their disposal arms or explosives, even if these are hidden in a place of storage, to carry out the aims of the association - represents an aggravating circumstance (paragraphs 6 and 7).

N.B.: art. 24ter, Legislative Decree no. 231/01, also considers to be a predicate offence any crime, not expressly mentioned in the context of the law, that is committed making use of the conditions pursuant to art. 416bis, or in order to facilitate the activities of the associations described in that article.

c) Political - Mafia clientelism (art. 416ter, Criminal Code)

The law in question punishes the parties in an agreement whose objective, on the one side, is a promise to procure votes by making use of the conditions pursuant to art. 416bis, paragraph 3, Criminal Code, and, on the other side, the delivery or promise to deliver money or other assets.

d) Kidnapping for the purpose of extortion (art. 630, Criminal Code)

The provision in question punishes anybody who kidnaps a person for the purpose of obtaining, for themselves or for others, an illegal profit as the price for freeing that person (paragraph 1), with an aggravation of the penalty when the kidnapping results in the death of the person kidnapped (as an unintentional consequence, pursuant to paragraph 2, or as an intentional consequence, pursuant to paragraph 3). A reduction in sanctions is foreseen in the event of a partner in the crime who, after disassociating himself from the others, works to ensure that the person regains their liberty, or to prevent the criminal activity from being taken to further lengths, or who provides concrete assistance to the police or court authorities in collecting decisive evidence for the capture of his partners in crime (paragraphs 4 and 5).

e) Association with the aim of trafficking narcotic drugs or psychotropic substances (art. 74, Presidential Decree 309/1990)

The law in question identifies a further form of special association with respect to criminal associations pursuant to art. 416bis, Criminal Code, with the specialisation being provided by the aim of committing a number of crimes pursuant to art. 73 of said Presidential Decree, relating to narcotic drugs or psychotropic substances, with more severe penalties for those promoting, directing, organising or funding an association of that kind (paragraph 1).

f) Offences under art. 407, paragraph 2, letter a), no. 5, Code of Criminal Procedure

The provision in question, referenced by art. 24ter of the Decree, refers to the crimes of illegal manufacture, introduction within the confines of the State, offer for sale, transfer, possession and carrying in a public place or a place open to the public of weapons of war or of a warlike nature or parts thereof, of explosives, illegal arms, and of common firearms, excluding those indicated by art. 2, paragraph 3 of Law no. 110 dated 18th April 1975.

1.2.4 Receiving, laundering and use of money, goods or assets of illicit origin as well as money-laundering by the same person who obtained the illicit assets (article 25octies)

a) Handling stolen goods (art. 648, Criminal Code)

The law in question punishes anybody who, outside the cases of conspiracy in the crime, in order to procure a profit for themselves or for others, purchases, receives or hides money or other assets obtained through criminal activities, or intervenes in any way to arrange for their purchase, receipt or hiding (paragraph 1), with an increased penalty in the case the fact relates to money or other items obtained by means of robbery aggravated by one of the special circumstances foreseen by art. 628, paragraph 3, Criminal Code, or aggravated extortion pursuant to art. 629, paragraph 2, Criminal Code (which in turn references art. 628, paragraph 3), or again, aggravated burglary pursuant to art. 625, paragraph 1, no 7bis, Criminal Code (committed on metal components or material subtracted from infrastructures destined to supply power, from transport services, from telecommunications or other public services and managed by public or private individuals under public concession). The particularly minor nature of the offence is considered by the law as an attenuating circumstance (paragraph 2). Likewise, the law specifies that liability for handling stolen goods may arise even when the author of the offence from which the goods or money that is handled derive cannot be charged or punished, and likewise when the condition to entertain the court application is absent (paragraph 3).

b) Money-laundering (art. 648bis, Criminal Code)

The provision in question punishes anybody who replaces or transfers money, goods or other assets deriving from offences committed with criminal intent - outside the cases of complicity therein - or carries out other operations in relation thereto that are liable to obstruct identification of the criminal origin (paragraph 1), with an aggravation of the penalty when the offence is committed while carrying out professional activities (paragraph 2).

The fact that the crime from which the money or other assets derive is punished by imprisonment for a maximum period of less than five years, gives rise to lighter sanctions (paragraph 3).

Here again, the criminal liability may arise even when the author of the crime from which the goods or money that is handled derive cannot be charged or punished, and likewise when the condition to entertain the court application is absent (likewise paragraph 4, which references the final paragraph of art. 648, Criminal Code).

c) Use of money, goods or other assets of illegal provenance (648ter, Criminal Code)

The law in question sanctions anybody who, outside the cases of complicity in the crime and the cases foreseen by articles 648 and 648bis, Criminal Code, uses money, goods or other assets deriving from criminal activities for economic or financial purposes (paragraph 1), with an increase in the penalty when the offence is committed while carrying out professional activities (paragraph 2).

The particularly minor nature of the offence is considered by the law as an attenuating circumstance (likewise paragraph 3, which references paragraph 2 of art. 648).

Here again, the criminal liability may arise even when the author of the crime from which the goods or money that is handled derive cannot be charged or punished, and likewise when the condition to entertain the court application is absent (likewise paragraph 4, which references the final paragraph of art. 648, Criminal Code).

d) Money-laundering by the same person who obtained the illicit assets (648ter.1, Criminal Code)

The provision in question punishes those who, having previously committed or taken part in an offence committed with criminal intent, uses, replaces, transfers to economic, financial, business or speculative activities, the money, goods or other assets deriving therefrom, so as to create a concrete obstruction to identification of the criminal provenance (paragraph 1).

The fact that the crime from which the money or other assets derive is punished by imprisonment for a maximum period of less than five years, gives rise to lighter sanctions (paragraph 2), unless the money, goods or other assets subject of the sanctioned conduct derive from a crime committed under the conditions or for the purposes indicated in art. 7, Decree Law 152/1991, or making use of the conditions foreseen by article 416bis, Criminal Code, or in order to facilitate the activities of the associations foreseen by said article, in which case the penalty foreseen for the case described in the first paragraph shall apply (paragraph 3).

The eventuality that the items, goods or other assets be destined for personal use constitutes grounds for exemption (likewise paragraph 4), without prejudice for the independent liability for the predicate offence, from which the assets enjoyed derive.

Also in relation to the crime in question the circumstance that the offence was committed while performing a professional activity represents an aggravating circumstance (paragraph 5).

Furthermore, a decrease in penalty is granted to those who effectively worked to ensure that the criminal activity was not taken to further lengths, or to obtain evidence of the crime and ensure identification of the goods, money and other assets deriving from the crime (paragraph 6).

Here again, the criminal liability may arise even when the author of the crime from which the goods or money that is handled derive cannot be charged or punished, and likewise when the condition to entertain the court application is absent (likewise paragraph 7, which references the final paragraph of art. 648, Criminal Code).

1.3 The 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 questions under analysis

Daikin Applied Europe is committed to managing its operations based on criteria of maximum transparency and good faith, in compliance with applicable regulations and all other pertinent requirements. To that end, the Company has taken on the following commitments:

- Involvement and awareness by the entire management structure, all employees and those who work on behalf of the organisation towards a culture of accountability and attention to questions regarding transparency and legality;
- Ensuring that all activities are carried out in full compliance with the applicable legal requirements, and with all company rules aimed at preventing any risk of committing the offences indicated in Legislative Decree no. 231/01, with awareness among staff involved in processes considered to be sensitive of the potential risks of the offences set out in Legislative Decree no. 231/01;
- The creation of suitable training operations for corporate staff regarding the potential risk of offences under Legislative Decree no. 231/01;
- 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 Legislative Decree no. 231/01;
- The provision of suitable flows of information from employees to the Company Supervisory Body regarding all critical situations capable of resulting in a risk of committing offences under Legislative Decree no. 231/01.

Daikin Applied Europe also assures:

- that standardised corporate provisions and/or procedures have been set up to provide principles of behaviour, operating methods for carrying out sensitive activities, and suitable methods for storage of significant documentation;
- that all operations relating to sensitive activities are traceable, with particular reference to: *i)* registration of every operation, with reference to the date of compilation, the date of acknowledgement of the document and the recognisable signature of the compiler and supervisor; *ii)* *ex post* verification, if necessary using suitable documentary means, of the decision-making process, with reference to the reasoning behind each operational decision, to guarantee maximum transparency; *iii)* detailed regulation of the ability to delete or destroy the records taken;
- adequate segregation of tasks, insofar as possible, with separation of the activities of persons giving authorisation, persons performing tasks and persons controlling and with identification, wherever possible, of an Officer in charge of each sensitive activity;
- periodic performance, by the Officer in charge of each sensitive activity, of monitoring activities, together with the preparation, when required, of relevant reports and transmission thereof to the Supervisory Body;

- a formalised system of proxies and duties, where necessary, that fulfil the following requirements: *i)* that the qualifications and professional skills of the proxy be in line with the organisational and management responsibilities assigned, providing, when required, for an indication of the levels of expenditure that can be approved; *ii)* express acceptance by the proxy and consequent taking on of the relevant obligations; *iii)* clear definition thereof, and of the respective contents and areas of operation; *iv)* knowledge within the Company and advertisement to external partners; *v)* definition of corporate roles with powers of expenditure, specifying the limits and nature of said expenditure;
- a filing system for documentation relating to sensitive areas, that guarantees the impossibility of modifying the data contained therein (without said modifications being highlighted), and in which the filed documents can only be accessed by persons who have been authorised to do so under internal regulations, their delegates, the Board of Auditors or another internal control body and the Supervisory Body;
- the adoption of information technology systems that guarantee the correct and true assignment of each operation of a segment thereof to the party responsible for it and to the parties taking part in it, together with the inability to modify (without trace) any of the records;
- the adoption of a policy relating to information technology security, drawn up in advance, formally approved, updated periodically and communicated to all company staff.

In carrying out activities considered 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 Legislative Decree no. 231/01;
- refrain from engaging in conduct that, although not representing the possible crimes listed in Legislative Decree no. 231/01, have the potential to be considered as such;
- act in respect of the powers of representation and signature, within the scope of the duties and proxies conferred;
- behave in an ethical, traceable and transparent manner in all activities, in accordance with the law and internal company procedures.
- carry out purchase or sale operations only when authorised by the administration or the persons specifically delegated for that purpose as foreseen by internal procedures, within the limits of the powers of signature and expenditure defined;
- purchasing and selling goods and/or services, wherever possible, based on prices that are in line with pre-set price lists and/or with any current commercial/promotional operations or in any case based on market conditions. The price lists in question may be subject, even outside said general commercial/promotional operations, to certain discounts or special terms and conditions of payment that do not correspond to normal or market terms and conditions in the presence of specific needs, regarding which the Supervisory Body is entitled to request any clarification necessary;
- making payments, for preference, by means of a bank draft or non-transferable check or in any case in a manner that ensures the traceability of the operations (except in the case of purchases with a small value);

- receiving payments, insofar as possible, in such a way as to conserve specific documentary evidence thereof;
- verify in advance the commercial and professional reliability, integrity and good faith, as regards the subject of relations with the Company, of suppliers, customers, consultants and commercial/financial partners, in order to check any anomalies, critical situations or irregularities in them or in the activities they carry out;
- keep, as foreseen by the corporate procedures and by applicable regulations, the Full Details of suppliers of goods and services and customers, with the aim of highlighting the main administrative, commercial and operational information that can be used for proper classification of the individuals who are or who propose themselves as counter parties of the Company;
- verify the correctness of financial flows, ensuring that the recipients/ordering parties and the counter parties actually involved in the commercial or financial transactions and operations carried out by the Company actually coincide. In any event it is prohibited to make payments or to pay in or make deposits on current accounts other than those indicated in the contract and referred to the other parties in the negotiation;
- apply market conditions in all relations, both of commercial and financial nature, with companies and other entities belonging to the group or with related parties. These relations must, wherever possible, always be regulated in a written agreement highlighting the relevant reasons and must be subject to prior authorisation by the Managing Director and/or the competent corporate functions, who will likewise certify and verify that the services have been mutually rendered, that the relevant fees are congruent and that the relevant payments and financial flows are correct. Every connected operation and/or payment must always be traced and documented and subjected to control and verification by the Administration, Finance & IT area manager;
- make sure that all activities relating to special operations, investments or loans, including those that are infra-group, and in general the movement of capital and/or the management of corporate current accounts, including those held abroad, always have written documentary evidence and are always justified and traced, as well as being authorised, subject to verification of the proper and legal source of the assets and capitals used or moved for the purposes of the operations carried out, and controlled by the Managing Director and/or by the competent corporate functions;
- ensure that the fiscal area manager, also through other corporate functions and external consultants, after verifying and confirming the accounting data following the controls carried out by the internal functions charged with the job of doing so, and before fulfilling the tax obligations on behalf of the Company (statements, etc.), provide for calculating the tax payable by the Company itself, making the necessary additions and subtractions from the financial statement accounting figures and therefore determining the value of the tax to be set aside for the working year; ensure that the legal auditors then in turn control and verify the correctness and completeness of the tax estimate for the working year, to be set aside on the financial statement as determined above;
- manage relations with the counter parties according to principles of transparency, good faith and truthfulness, communicating any critical events that may arise to the Officers responsible;
- assign tasks to external associates and consultants, for single activities and single duties, formalising and documenting, wherever possible and above all in the case of more significant contracts, the reasons for selecting that associate and/or consultant (also bearing in mind the type of activity assigned and the place in which it is to be carried out) and considerations on the price applied and its coherence and congruence;
- control the progress the activity carried out, on behalf of the Company, by external associates and consultants, as well as on management and storage activities for the relevant documentation.

All the Recipients of this Model are likewise subject to the following prohibitions, as general rules of behaviour:

- prohibition, as far as possible, from reserving and granting a single individual exclusive power to manage/execute administrative/commercial/financial activities (purchases, sales, transactions, loans) in the name or on behalf of the Company, as well as preparation, conservation and control of the relevant documentation (in particular the identification documents for contractual counter parties and the relevant contracts);
- prohibition from dealing with individuals operating in areas where there is an instrumental or direct risk of committing the offences in question, except by the persons delegated to do so under the Daikin organisation chart and/or function chart and according to the system of proxies and powers of attorney adopted by the company;
- prohibition from dealing with individuals who have been condemned for offences under Legislative Decree no. 231/2001, except in the case of special needs which must be adequately justified and shared with the top management and with the Supervisory Body;
- prohibition from opening coded or anonymous current accounts;
- prohibition from making payments to, and/or receiving payments from individuals with current accounts registered in countries on the so-called "Black List", unless they are resident in that Country or it is the Country in which the service was rendered, and from paying in or depositing capitals in foreign funds that are not transparent or are not made out to the Company, and in general prohibition from carrying out special or infra-group operations that may be considered concealing or obstructing reconstruction of the operation itself or of underlying operations;
- prohibition from paying fees or benefits to consultants, associates, commercial partners of the Company that are not justified by the services actually rendered.

1.7 Specific procedures

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1.8 Checks and information flow to the Supervisory Body

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 Legislative Decree no. 231/2001.

The Supervisory Board, with particular regard to crimes listed in the Legislative decree 231/2001, is the recipient, also through the whistleblowing procedure, of the following information flow:

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