



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

**Summary Document**  
relating to

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

**“Organisational Model”**

*Special Section H*  
*Crimes against the individual*

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## 1. CRIMES AGAINST THE INDIVIDUAL

### 1.1 Introduction

This Special Section is dedicated to the crimes indicated in art. 25 *quinquies* of Legislative Decree 231/2001, introduced into the body of the Decree by the art. 5, Law no. 228 dated 11 August 2003 ("*Measures against human trafficking*"), which gives rise to the new appearance of articles 600, 601 and 602, Criminal Code (dedicated, respectively, as of that time, to "*Forcing into or keeping in a state of slavery and subservience*", "*Human trafficking*", "*Purchase and sale of slaves*") and the introduction of the new types of crime among those for which criminal liability may be incurred by entities.

Following this, article 25 *quinquies* was subjected to further modification, made by art. 10, paragraph 1, letter a) of Law no. 38 dated 6 February 2006 ("*Provisions regarding the fight against sexual exploitation of children and child pornography including that carried out via the internet*"), which introduced, among other things, article 600 *quater*<sup>1</sup> of the Criminal Code.p ("*Virtual pornography*"), with consequences in terms of the criminal responsibility of entities, as will be seen more clearly in the continuation of this Special Section.

Finally, the introduction art. 609 *undecies*, Criminal Code, to the range of offences purported to be against individual responsibility is due to art. 3 of Legislative Decree no. 39 dated 4th March 2014 ("*Implementation of Directive 2011/93/EU relating to the fight against the sexual exploitation and abuse of children and child pornography, which replaces framework decision 2004/68/JHA*").

Law no. 199 of 2016 amended art. 25 *quinquies*, paragraph 1, letter a) of Legislative Decree 231/2001, introducing the new crime pursuant to art. 603 *bis* of the Criminal Code "*Illegal recruitment and employment*" (the so-called gangmaster system).

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

#### **a) Forcing into or keeping in a state of slavery or subservience (art. 600, Criminal Code)**

The offence in question is integrated by the conduct of those who exercise over a person powers corresponding to a right of ownership, or of forcing into or keeping a person in a state of continual subjection, forcing them to work or take part in sexual activities or to beg, or to provide services that involve exploitation, even to the point of removing organs (paragraph 1).

The provision specifies (paragraph 2) that the forcing into or keeping in a state of subjection takes place when the conduct is implemented using violence, threats, deceit, abuse of authority or by taking advantage of a state of vulnerability, physical or psychological inferiority or a state of need, or again by dation or promise of money or other advantages to those with authority over the person.

#### **b) Child prostitution (art. 600 *bis*, Criminal Code)**

The type of conduct punished by this provision consists in recruiting or inciting into prostitution persons under the age of consent, or in obtaining profit from them in other ways (paragraph 1, no. 1), or in aiding and abetting, exploiting, managing, organising and controlling prostitution of persons under the age of eighteen (paragraph 1, no. 2).

The law in question likewise punishes - although the penalty is lower - anybody taking part in sexual activities with a child aged between fourteen and eighteen, in exchange for money or other assets, even if these are only promised (paragraph 2).

#### **c) Child pornography (art. 600 *ter*, Criminal Code)**

The conducts punished by the law in question and liable to cause criminal responsibility on the part of the entity, if committed in its interest or to its advantage, consist in the creation - using persons under eighteen years of age - of pornographic exhibitions or displays, or in the production of pornographic material (paragraph 1, no.1), in the recruitment, or in the inducement of persons under eighteen years of age to take

part in exhibitions or displays of that nature, or in otherwise obtaining profit from the latter (paragraph 1, no.2), in the trade in the pornographic material described in paragraph one (paragraph 2), in the distribution, spread, distribution or advertisement - including by telematic means - of the pornographic material under paragraph one, or in the distribution or spread of news or information aimed at the sexual exploitation or solicitation of children (paragraph 3), or, finally, in the offer and transfer to others, even free of charge - outside the cases sanctioned under the preceding paragraphs - of the pornographic material described in paragraph one (paragraph 4).

**d) Possession of pornographic material (600quater, Criminal Code)**

The provision punishes those who, outside the situations envisaged by art. 600ter, Criminal Code, intentionally procures or holds pornographic material produced using children under eighteen years of age.

**e) Virtual pornography (art. 600quater1, Criminal Code)**

The law in question, referenced by art. 25quinquies in relation to the possible material subject of the conduct - relevant for the purpose of Company liability - pursuant to articles 600ter and 600quater, Criminal Code, specifies that the above provisions also apply if the pornographic material shows virtual images, created using images of children or parts of those images (paragraph 1), with "virtual images" being understood to refer to images created using graphic processing methods not completely or partially associated with actual situations, in which the quality of the illustration makes situations that are not real appear to be so.

**f) Tourist operations aimed at the exploitation of child prostitution (art. 600quinquies, Criminal Code)**

The provision in question punishes anybody who organises or advertises travel aimed at exploiting child prostitution activities, or in any case including said activities.

**g) People-trafficking (art. 601, Criminal Code)**

The law in question punishes anybody who, in the manners indicated in art. 600, Criminal Code, recruits, brings into the confines of the State, transfers outside those confines, transports, transfers personal authority over, plays host to one or more persons who are in the conditions pursuant to art. 600, Criminal Code, or whoever behaves in these ways to one or more persons through deceit, violence, threats, abuse of authority or by taking advantage of a state of vulnerability, physical or psychological inferiority or a state of need, or again by dation or promise of money or other advantages to the person with authority over them, in order to induce or force the injured parties to work, take part in sexual activities, beg, or in any case to carry out illegal activities that involve exploitation, even to the point of removing organs (paragraph 1).

Where the person subjected to the conduct described above is a minor, the trafficking is punishable even if it is carried out in a manner other than those described in paragraph one (paragraph 2).

**h) Buying and selling slaves (art. 602, Criminal Code)**

This provision - which is subsidiary to that in art. 601, application of which is not prejudiced thereby - punishes anybody who, outside the situations envisaged by art. 601, Criminal Code, purchases, sells or transfers a person held in a state of slavery under art. 600, Criminal Code.

**i) Illegal recruitment and employment (art. 603bis, Criminal Code)**

This crime, better known as gangmastering, envisaged and punished by art. art. 603bis of the Criminal Code, is constituted by the conduct of individuals who 1) recruit manpower in order to assign it to work with third parties under exploitative conditions, taking advantage of the workers' state of need; 2) use, hire or use manpower, also through the recruitment referred to in number 1), subjecting the workers to exploitative conditions and taking advantage of their need. Pursuant to art. 603bis, par. 3 of the Italian Criminal Code, the existence of one or more of the following conditions is an indication of exploitation: 1) the repeated payment of salaries in a manner that is clearly different from the national or territorial collective agreements stipulated by the major representative trade union organisations at national level, or in any case

disproportionate with respect to the quantity and quality of the work performed; 2) the repeated violation of the legislation concerning working hours, rest periods, weekly rest, mandatory leave, holidays; 3) the existence of violations of the rules on safety and hygiene in the workplace; 4) the subjection of the worker to degrading working conditions, surveillance methods or housing situations.

### 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 itself;
- 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. 231/2001.

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;
- 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.

In carrying out activities considered at risk, in order to prevent the commission of the crimes listed 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 *quinquies* of the Decree;
- refrain from engaging in conduct that, although not covered within the meaning of Art. 25 *quinquies* of the Decree, 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.
- act to ensure that criteria of merit, competence and, in any case, strict professionalism are adopted and applied for any decision relating to the employment relationship with its employees and external collaborators, with particular reference to recruitment, hiring and internal promotions. Discriminatory practices in the recruitment, hiring, training, management, development and remuneration of personnel, as well as any form of nepotism, favoritism or cronyism, are expressly prohibited;
- act to ensure that the hiring of the personnel for the company is carried out through an adequate and transparent procedure for selecting candidates, from which the correspondence of the profiles of merit, skills and abilities of the candidates to what is expected and relating to the company's needs emerges, resulting from a specific request for employment, as well as the evaluation of the relative reputational profile;
- act to ensure that within the framework of the preventive assessment of resources, the recruitment process is taken care of by the internal departments in charge of this, in full compliance with the applicable legislation and practice with particular reference to the rules on remuneration, time, hours and methods of work, by means of a precise management of the obligations and the obligations related to the management of the personnel that envisages the acquisition of the necessary documentation for the proper registering of the employee and the opening/verification of

the social security contributor status with INPS or other similar social security structure. To this end, the Human Resources manager will ensure that: (i) the worker (including any worker that may be engaged through external agency services) is not paid a salary and a social security contribution packet that is clearly different from that provided for by the applicable national collective bargaining agreement or in any case disproportionate remuneration with respect to the quantity and quality of the work provided; (ii) the worker (including any worker that may be engaged through external agency services) is not subject to a work discipline (e.g. working hours, work organization, rest periods, holidays, conditions of work, methods of surveillance) in violation of the applicable legislation, including that concerning occupational safety;

- carry out purchase 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, and after first obtaining at least three quotes;
- 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);
- verify in advance the commercial and professional reliability, integrity and good faith, as regards the subject of relations with the Company, of suppliers, customers 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, 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 suppliers of the Company.

All the Recipients of this Model (identified pursuant to point 3.5 of the General Section), are subject to the following prohibitions, as general rules of behaviour:

- hiring and/or using workers who fail to comply with labour laws, social security and welfare regulations, as well as with the provisions of the collective bargaining agreements in force and applicable or the hiring or use of workers, also by means of recruitment, under exploitative conditions, taking advantage of the workers state of need;
- engaging in behaviours that could generate a state of subjection to other employees due to the use of violence, threats, deceit, abuse of authority or profiting from a situation of physical or mental inferiority or a situation of necessity;
- 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.

## 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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