



# ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

## General Part

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**ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL**  
**General Part**



PETRONAS

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## 1. DEFINITIONS

**PL Italy:** the terms "PL Italy" and "Company" are used throughout the text and both refer to Petronas Lubricants Italy S.p.A.

**Decree:** the term "Decree" refers to Legislative Decree no. 231 of 8 June 2001 as subsequently modified and supplemented, regarding the administrative responsibilities of legal persons, companies and associations, including those lacking legal personality, in compliance with article 11 of law no. 300 of 29 September 2000.

**Model:** the term "Model" refers to the organisational, management and control model adopted by the Company in compliance with articles 6 and 7 of the Decree.

**Addressees:** the term "Addressees" refers to subjects to which the CoC is applicable i.e. all those who carry out, on the basis of a formal or only de facto qualification, management, administration or control activities within the Company and all those who are subject to the management and supervision of the former, as employees, consultants, agents, brokers and, in general, all third parties that carry out on behalf of the Company activities that are potentially exposed to risk due to persons perpetrating those crimes set out in the Decree ("Third Party Addressees").

**BoD:** the term "BoD" refers to the Board of Directors of Petronas Lubricants Italy S.p.A.

**CC:** the term "CC" refers to the Compliance Committee established by Petronas Lubricants Italy S.p.A. in compliance with Legislative Decree 231/2001, which is tasked with supervising implementation of the Model and ensuring that it is constantly updated and respected by Addressees.

**Antitrust Code:** the term "Antitrust Code" refers to the code adopted by the Company to offer a description of the relevant antitrust regulations and the rules of conduct for directors, managers, employees and any other person who acts on behalf of the companies in the group of which the Company and its subsidiaries are members.

**NCLA:** the term "NCLA" refers to the applicable National Collective Labour Agreement.

**Crimes:** the term "Crimes" refers to crimes-relevant evidence in compliance with Legislative Decree no. 231 of 8 June 2001.

**MD:** the term "MD" refers to the Managing Director of Petronas Lubricants Italy S.p.A.

## 2. INTRODUCTION

The present document describes the organisational, management and control model, in compliance with the Decree adopted by the Company.

The corporate purpose of the Company is, principally, to carry out, directly and/or indirectly, all activities related to, connected with and/or in any way associated with the production and trading of lubricants and functional fluids for vehicles and lubricants for industrial use. Moreover, it should be noted that the current business structure of the Company is also the result of a concentration process involving the purchase of two specific going concerns secondary in importance to the business carried out at the original premises in Villastellone and Naples, which maintains its pre-eminence: namely, the "**Arexons**" Division and "**Rondine**". The first one, which carries out its production in Cernusco sul Naviglio (MI) plant, is specialised in the



development of product lines for car care, household and "do-it-yourself" products, as well as in the distribution of car accessories by employing the storehouse in Tortona (AL) as well. The second one has also been historically involved in the production and trading of lubricants, relating to special materials for the sector, and, principally, in the trading of basic oils and additives, including on behalf of third parties. This latter, initially constituted as a Division, is nowadays intended as a sale channel of PL ITALY and the relevant plant located in Pero (MI), where the production activity ceased, is undergoing reclamation and final transfer.

This Model, approved at once by resolution of the BoD on September 29, 2010, underwent an initial updating on December 13, 2011 with reference, in particular, to the following areas: (i) introduction of the environmental crimes within the implementation framework of the Legislative Decree 231/2001, by virtue of the approval of the Decree 121/2011 implementing the European directive 2008/99/CE; (ii) amendment to the Code of Conduct of the Company by means of the addition of generally acknowledged international principles on the matter of social accountability and (iii) amendment to the Model by means of the addition of the "**Antitrust Code**" and the relevant guidelines in case of inspections by the Italian Competition Authority and the European Commission, both adopted in December 2011.

On March 26, 2015, the BoD of the Company carried out a second updating of the present document in the light of new potential crimes introduced by Legislative Decree 109/2012 and Law 190/2012 relative to the most recent legal decisions of the courts regarding the Administrative Responsibility of legal persons ex Legislative Decree 231/2001.

### **3. PREMISE**

#### **3.1 Legislative Decree of June 8, 2001 no. 231**

The Decree has introduced a system of rules designed specifically to impose penalties on entities with legal personality, on companies and on associations without legal personality (excluding the State, territorial public entities, other non-profit public entities as well as entities performing constitutional functions) (article 1), where crimes specifically provided for by the law are committed in the interest or for the benefit of the concerned entity: (a) by persons holding a leading position (in the representation, administration or management of the entity or of its organisational unit that enjoys financial and operational independence as well as by persons who, also *de facto*, manage and control the same); or (b) by persons subject to the direction or supervision of one of such persons. On the contrary, the entity bears no liability if the above persons have acted exclusively in their own interest or in the interest of third parties (article 5). The entity remains liable even if the offender has not been identified or is not chargeable, or if the crime extinguished for reasons other than amnesty (article 8).

The system envisages, in particular, the establishment of an independent internal Compliance Committee, whose duty is to oversee the actual effectiveness of an organisational, management and control model suitable to prevent the commitment of the crimes indicated in the Decree. The Decree establishes, finally, that the associations representing entities may draw up codes of conduct, on the basis of which individual organisational models can be drafted, to be communicated to the Ministry of Justice which can make comments thereon within 30-day term. More specifically, pursuant to article 6, if the crime has been committed by persons exercising managerial functions, the entity is not liable if it proves that: (a) the management body has adopted and effectively implemented, prior to the commitment of the act, organisational and management models suitable to prevent crimes of the kind as that occurred; (b) the entity has entrusted an internal body, granted with independent initiative and control powers, to oversee the enforcement of, and compliance with, the models and to supervise their updating; (c) the crime was committed through the fraudulent evasion of the standards imposed by the organisational and management models; (d) the body referred to under letter (b) has duly performed its surveillance duties.



The Model must comply with the following basic standards as laid down by the legislator in the second paragraph of the above-mentioned article 6: (a) focus the activities where crimes may be committed; (b) provide for specific procedures aimed at regulating the formation and implementation of decisions by the entity in relation to the crimes to be prevented; (c) focus procedures for the management of financial resources suitable to prevent the commitment of crimes; (d) provide for information obligations towards the body appointed to supervise the compliance with, and the proper functioning of, the models; (e) introduce a disciplinary system suitable to sanction any breach of the measures set forth in the Model.

Where the crime has been committed by a subordinate, the entity is liable if the commitment of the crime was made possible by a failure to comply with the relevant management or surveillance duties. Such liability is excluded if the entity has adopted and effectively implemented the Model prior to the commitment of the crime.

The Model must, *"in connection with the nature and size of the entity and the type of its activity"* provide for *"measures suitable to ensure that the activity at issue is carried out in compliance with the law and that risk situations are discovered and promptly eliminated"*.

Moreover, according to the law provisions, the implementation of the Model may be deemed effective only if it provides for the periodic examination of, and the possibility of amending, the Model in the event that significant infringements of its provisions are discovered or that changes occur in the entity or in its activity.

The crimes for which the entity may be held liable under the Decree are described in the document "Crimes punishable pursuant to the Legislative Decree no. 231/2001 and subsequent modifications and integrations", which forms an integral part of the Model.

The penalties which may be imposed on the entity in the event that a crime provided for by the Decree is committed are (article 9): (a) pecuniary penalty; (b) disqualifying penalties; (c) confiscation; (d) publication of the judgement.

Confiscation of the value or of the profit gained as a result of the crime automatically follows its commitment (article 19).

The pecuniary penalty applies by way of *"quotas"*, the number of which varies from a minimum to a maximum for each offence, with the amount ranging from a minimum of Euro 258.00 to a maximum of Euro 1,549.00. In applying the pecuniary penalty, the judge determines the number of quotas by taking into account the seriousness of the act at issue, the degree of the entity's liability and the actions taken to eliminate or mitigate the consequences of the act and to prevent the commitment of further offences. The amount of the quota is determined on the basis of the operating, equity and financial conditions of the entity, in order to ensure the efficacy of the sanction (article 11).

Reduced penalties are provided for in the event that: a) the offender has committed the crime in his own, or third parties', prevailing interest and the entity has not gained any benefit, or has gained a smallest benefit, from it; b) the property damage is particularly small (article 12 paragraph 1); or if, prior to the opening of the first instance proceedings: a) the entity has compensated the damage in full and has cured the harmful or hazardous consequences of the crime, or has taken effective steps to this end; b) the Model has been adopted and rendered operational (article 12 paragraph 2). In any event, each pecuniary penalty cannot be lower than Euro 10,329.00 and it cannot exceed Euro 1,549,000.00.

The disqualifying penalties apply in respect of crimes for which they are expressly provided, when at least one of the following conditions applies: a) the entity has profited significantly from the crime and the crime has been committed by persons holding a leading position or by persons subject to the direction of other persons when, in such circumstance, the commitment of the crime has resulted from or has been facilitated by serious organisational failures; b) in case of repeated offences. The duration of such penalties is no less than three months and no more than two years. They do not apply in the cases provided for by article 12 paragraph 1.

In particular, the disqualifying penalties are: a) disqualification from carrying out the business; b) suspension or annulment of authorisations, licences or permits that were used for the commitment of the offence; c) the ban to negotiate with the public authorities, unless the



purpose is to obtain a public service; d) exclusion from allowances, financings, grants or subsidies and the annulment of those already granted; e) the ban to advertise goods or services (article 9).

The choice of the penalty is at the discretion of the judge, based on the criteria set forth in article 14; the penalties must target the specific activity carried out by the entity and take into account the suitability of the individual penalties to prevent future offences of the same kind as the committed one.

The disqualifying penalties may be applied on a cautionary basis (article 45). The precautionary measure may be suspended upon the request to adopt the Model or to adapt the Model (article 49).

### **3.2 Trade association guidelines**

Article 6, paragraph 3, of the Decree provides for that *"the organisational and management models may be adopted, ensuring that the requirements referred to in paragraph 2 are satisfied, on the basis of codes of conduct drawn up by the associations representing the entities, and communicated to the Ministry of Justice which, in agreement with the competent Ministries, may within thirty days make comments on the suitability of the models to prevent the crimes"*.

The Company, in adopting this Model, referred to the following documents:

- Guidelines for drawing up of organisational, management and control models (Confindustria, March 2014);
- Guidelines for preparation of organisational model for occupational health and safety (Assolombarda, April 2008);
- Contribution of the safety management system to the implementation of the organisational model (Certiquality, Assolombarda, EHS Gestione, Federchimica, Ambiente e lavoro Guidelines, Scuola S. Anna - Pisa) June 2008.

With specific reference to the introduction of the environmental crimes within the implementation framework of the Decree, it is hereby underlined that as of the most recent updating of the Model the trade associations' guidelines have not been amended yet to reflect the amendments to the Decree; the eventual adoption of guidelines as such may be taken into account for an eventual integration of the Model.

The Company also adopts the following Management Systems of an international and voluntary character:

- BS OHSAS 18001:2007 "Occupational health and safety management system - Requirements" (British Standards Institution);
- ISO 14001:2004 (Environmental Management Systems" (International Standardization Organization).

It is important to note that the said systems are considered appropriate, including the OHSAS standard, from a legislative point of view, in tackling the risk areas relative to crimes committed in violation of the regulations protecting health and safety at work and environmental crimes.

## **4. THE MODEL**

### **4.1 Purpose of the Model**

By adopting this Model the Company intends to formalise principles and rules of conduct, applicable both within the Company and to persons whom/which it operates with, that are



characterised by transparency, honesty and legality, the separation of roles and functions and the clear attribution of tasks and responsibilities.

The Model therefore sets out the following purposes:

- to promote a business culture characterised by the principles of legality and respect for social utility and accountability, safety, liberty and human dignity;
- to promote knowledge of Legislative Decree 231/2001 and the legal provisions referred to therein, and to raise awareness amongst the addressees of the Model that sanctions, also against the Company, may derive from infringement of its provisions;
- to set up a structured and organic prevention and control system aimed at reducing the risk of commitment of crimes associated with the Company's activity, with particular regard to those to which Legislative Decree 231/2001 applies;
- to emphasise that the Company does not tolerate illegal behaviour of any kind, whatever its purpose or intent may be;
- to inform all those operating, on any basis whatsoever, in the name or on behalf or in the interest of the Company that the infringement of the provisions contained in the Model will trigger the appropriate sanctions or the termination of the contractual relationship.

#### **4.2 Structure and Adoption of the Model**

The following documents, besides this "General Part", form an integral part of the Model:

- **"Criminal offences pursuant to the Legislative Decree no. 231/2001 and subsequent modifications and integrations"** (231 VNA MO 02);
- **"Special Part"** (231 VNA MO 03), which contains the map of risk areas and individual sections focusing on risks classified as "specific" and "residual";
- **"Procedures Manual"** (231 VNA MO 08), which sets out the list of all the procedures:
  - either connected to the Model and created ad hoc as controls over the "sensitive activities" identified;
  - or those of the integrated quality, environment and safety system, referred to in the Model, where specific control instruments are provided that seek to prevent any conduct of a criminal nature as set out in Legislative Decree 231/2001.
- **"Code of Conduct"** (231 VNA MO 04);
- **"Disciplinary Code"** (231 VNA MO 05);
- **"Compliance Committee Statute"** (231 VNA MO 06);
- **"Antitrust Code"**(231 VNA MO 07).

In the light of the introduction of liability of entities for administrative offences deriving from crimes, and having determined the relevant sensitive activities, the measures required for the adoption of an organisational, management and control Model, in accordance with the requirements set forth in articles 6 and 7 of the Decree, have been determined. To this end, on one side, wide-ranging and detailed interviews have been held, which have allowed the actual management characteristics of each corporate activity (whether a business activity or otherwise) to be identified, evidencing a number of operational differences between the Arexons Division and the rest of the going concern. Moreover, it has been shown that almost complete sharing and intelligibility of data and information flows are ensured and this, thanks to consistently applied systems of cross-checking, allows to state that there are in abstract no recognisable discontinuities in the system that could cause control failures. On another side, the existing corporate procedures have been collated and the criteria have been determined on the basis of which to adjust, where necessary, these procedures and to introduce or refine and crystallise those not yet provided for which are considered necessary or useful for purposes of adoption of the Model. Based on these measures, the disciplinary and control systems that will enable the Model to be effectively implemented have been drawn up. To complement such systems, the



functions and initiative and control powers to be assigned to the Compliance Committee have, finally, been determined.

The adoption of the Model, moreover, is part of a broader scheme aimed at protecting the interests both of the shareholders and the other stakeholders, such as the community, employees, suppliers, customers, the public authorities and all other persons and entities – other than the shareholders – who have a vested interest in the soundness and trustworthiness of PL Italy. This reflects the general approach of the PL Italy group which, also at the global level, is characterised by the particular attention it pays to compliance plans, in order to provide maximum protection to all persons who come into contact with the Company and its employees on any basis whatsoever.

PL Italy intends, therefore, to adopt an organisational Model that is capable of preventing the crimes whose commitment would trigger the administrative liability provided for by Legislative Decree 231/2001, either by the persons holding leading position or by those subject to the direction of other persons.

To this regard, PL Italy adopts a single Model applicable to both categories of persons mentioned above, while extending – also to those subject to the direction of other persons – the application of specific procedures aimed at regulating the formation and implementation of the activities at issue, providing for procedures for the management of financial resources and providing for information obligations towards the Compliance Committee.

### **4.3 Addressees of the Model**

The present Model is applicable to all Company operational sites as well as any other location where the same carries out, including only occasionally, its activity, and is aimed at all Addressees.

The Model has been formally communicated to the employees by means of delivery of a full copy of this former, of posting on the notice board at PL Italy's premises and of publication on the Intranet network. An abstract of the Model has been made available to the third Addressees on the Company's website, with specific reference to their relevant aspects.

In particular, immediately after it was adopted, the Model in its original version has been fully explained to all employees who, organised in groups that are similar in composition and number or members, attended specific presentation and training seminars, which the Company BoD undertook to organise and hold within a deadline of six months of its adoption.

Each new employee of the Company shall have the Model explained in its entirety and shall be provided with a full copy of this latter.

With specific reference to the Antitrust Code adopted in December 2011, the Company will deliver a copy of it solely to all persons carrying out, also *de facto*, management, administration, direction or control functions within the Company, provided that such document shall remain strictly confidential and its content shall not be communicated to any other third Addressees. Therefore the employees will be trained as to the compliance with the provisions set forth in the Antitrust Code, as well as in the relevant guide lines, also by way of external advisors and with a particular focus on the business functions more affected by such behaviour rules.

The Company shall guarantee to all Addressees to have an opportunity of asking questions to clarify the Model and of receiving appropriate answers.

Each new version or significant update of the Model shall be accompanied by adequate information for the benefit of the Addressees.

Compliance with the Model is guaranteed by the provision of an appropriate disciplinary system – to be applied in accordance with the provisions of the chemical and engineering industry sector NCLA in force at PL Italy – and also through the adoption of contractual clauses that ensure the compliance with the Model's provisions by external persons operating on behalf of the Company (external collaborators, consultants, partners, customers or suppliers).



#### **4.4 Bodies assigned to approve and amend the Model**

In accordance with the provisions of the Decree, of the Italian Civil Code and of the Company's by-laws, the approval of this Model and of its components is submitted to the BoD. Therefore, the BoD is empowered to approve this document and all other documents which form an integral part of the Model, including on the recommendation of the MD or of the CC:

- "Crimes punishable pursuant to the Legislative Decree no. 231/2001 and subsequent modifications and integrations";
- "Special Part";
- "Procedures Manual"
- "Code of Conduct";
- "Disciplinary Code";
- "Compliance Committee Statute";
- "Antitrust Code".

The MD and the Employers are in charge, for the respective parts, with mapping of the high-risk areas pursuant to the current law provisions.

When approving the Model, the BoD shall examine, in accordance with and for the purposes of article 2381 of the Italian Civil Code, the adequacy of the risk assessment underlying it and contained in the document "Special Part (map of risk areas)". In any case any amendment to document "Special Part".

The MD – with the support of the functional managers – is in charge with the adopting, modifying and supplementing the Company's procedures envisaged by the Model, also availing himself of the advice of external legal counsels and technical experts, having consulted with the CC.

The MD is also responsible for carrying out non-substantial modifications of the Model (updating crimes list, information flows modifications, updating pursuant to procedures modifications), while the BoD remains responsible for the approval of substantial modifications (updating mapping, significant company organizational modifications etc.).

The Model and/or its sections are submitted to periodic revisions; it is understood that the Model should be updated if it is recommended by the CC - when amendments are necessary due to the entry into force of mandatory law provisions on the matter, to changes in the organisation or in the activity or to infringements of the provisions of the Model.

All persons belonging to the Company are required to give effect to the Model, each one in accordance with his/her respective competences. Therefore, the MD has the duty to implement the Model in all its parts and to provide PL Italy with the necessary operational procedures, also with the support of the CC.

All Addressees shall cooperate in the effective implementation of the Model, also by making notifications to the CC.

Any amendments and supplements to the Model shall be communicated to the CC.

If any circumstance occurs a) that is not specifically regulated; b) whose interpretation/application is uncertain; c) that requires derogations from the provisions of the Model, all persons within the organisational structure of the Company must report such circumstance to the CC which shall, in cooperation with the Company's functions, evaluate any suitable measures that may be taken in relation to such circumstance and shall report on it to the MD in order to modify or supplement the procedures, if appropriate.



## 5. PARTS OF THE MODEL

### 5.1 Mapping of risk areas and controls

Article 6, paragraph 2, letter a) of the Decree provides for that the Model should provide for a mechanism aimed at "*focusing the activities where crimes may be committed*".

With a view to identifying the areas and processes that were sensitive to the risk of commitment of any of the crimes provided for by the Decree, documentary evidence was analysed and interviews were carried out, taking into account the international standards of the CO.S.O. (Committee of Sponsoring Organisations) Report (Italian edition, 2006), the above-mentioned guidelines, known case law and high-quality scholars on the matter.

Risk areas were identified with reference to the operational areas of the Company, the activities performed therein, the adopted procedures and operational practices. The above business activities were viewed in relation to all offences provided for by Legislative Decree 231/2001, as of the last update of the Model. Thus, a list of activities that were considered to be potential opportunities for the commitment of crimes (sensitive activities) and of types of conduct that give rise to crimes (risks) was outlined, as illustrated in the document "Special Part".

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### 5.2 Governance Model

The Company adopts a traditional administration system. The BoD comprises three directors who are assigned powers of ordinary management and the power of individual signature and has assigned on an exclusive basis to a Managing Director all duties and powers falling to the Employer and Customer in compliance with Legislative Decree no. 81/2008, with the right to assign to a number of attorneys identified by the Board of Directors those powers of Employers delegated within the context of relevant production sites and in relation to environmental matters in compliance with Legislative Decree no. 152/2006.

The control body is the Board of Auditors, comprising three statutory auditors and two supplementary auditors. The causes and criteria relative to non-eligibility, expiry, incompatibility, as well as the appointment, cessation and replacement of auditors are governed by the relevant legal provisions.

The legal auditing of accounts is carried out by a leading Audit Company.

### 5.3 Petronas Lubricants Italy S.p.A. Organisational Structure

The Company's organizational structure is characterised by a multifunctional macrostructure, comprising a number of hierarchical levels, whose functions are constituted on the basis of homogeneity of competences, professional skills and resources required, carrying out typical groups of operations of the same economic-technical type (e.g. Finance, Information Technology, HSEQ, Human Resources, Sales, Marketing, Research & Technology, Operations etc).

PL Italy's organizational structure's functions match with central functions of the parent Dutch company, reporting, in some cases, to the Managing Director and Regional Head of Europe (Manager of Group's European companies), and in other cases, directly to the Dutch company's functions.

In order to clearly define roles and responsibilities, within the context of the company decision-making process, PL Italy has created a summary chart setting out its organizational structure. The organizational chart, periodically updated, particularly specifies the following:

- Areas into which the Company activities are subdivided;
- Hierarchical and functional chains of command on a local, European and global level;



- Main Company functions managers.

As mentioned earlier, PL Italy's activity is subdivided into three operational sites. One of these, the Arexons Division, has its own internal organizational system, albeit coordinated with the site at Villastellone which, together with Naples, is entirely centralized.

The Company also has an authorization system, clearly set out in the "LOA Manual" (Limits of Authority Manual), which specifies those subjects who have decision-making power relative to specific activities.

To permit optimal management of PL Italy company processes, subjects are identified for each individual company site who have formal and specific powers that allow them to enter into commitments relative to third parties, in the name and on behalf of the company - subject to authorization on the part of any approvers as set out in the LOA Manual.

Special proxies have therefore been conferred to members of the Board of Directors and other individuals regarding the performance of organizational roles that require powers of attorney relative to third parties, taking into account the organization of the structure for which the attorney in question is responsible.

PL Italy periodically checks its system of mandates and proxies in force, introducing appropriate modifications where management functions and/or qualifications are no longer up to date or do not match the assigned powers of attorney.

With reference to the Arexons Division, with its head offices located at its site in Cernusco sul Naviglio - and which, as already mentioned in the introduction, manufactures and commercializes car care, car accessory and maintenance and DIY product lines - it is important to note that it is also provided with a multifunctional internal organization which, relative to some entities, reports functionally to the Villastellone site. The Company adopted also an authorization system for the Arexons Division, clearly set out in the "LOA Manual Arexons Division".

#### **5.4 Infragroup relations**

As already stated above, PL Italy is part of an international group, Petronas Lubricants International.

The complex company structure of which PL Italy is part has encouraged links among the various group companies, giving rise to interlocking directorates among the subsidiaries. On the one hand this guarantees maximum information flows between the various companies and, on the other, it prevents any operations giving rise to possible conflicts of interest.

#### **5.5 Control principles for activities subject to risk and relevant procedures**

The corporate procedures are structured in accordance with the following control principles:

- to ensure that the performed activities are lawful and are in accordance with the principles of conduct provided for by this Model, through the application of appropriate rules of conduct aimed at regulating every specific activity considered to be subject to risk;
- to formally define the duties and responsibilities of the persons involved in activities subject to risk;
- to attribute decision-making responsibilities in accordance with the position in the hierarchy and the powers;
- to properly define, grant and communicate delegations and powers of attorney, also in order to avoid granting unlimited discretionary power to a single person;
- to guarantee the principle of separation of roles in the management of processes;
- to ensure that every operation or transaction is verified, documented, coherent and appropriate. To this end, the traceability of the activity must be ensured, through the existence of proper documentation to which recourse can be made at any time for control purposes. Therefore, it is appropriate, in respect of each operation or transaction, that the



person who authorised that operation, carried it out, had it registered and who checked it can be readily identified;

- to ensure that the checks or controls are documented;
- to ensure that there are suitable channels of communication with the CC;
- to provide opportunities to control and monitor the proper performance of the activity carried out by each function within the relevant process.

## **5.6 The Code of Conduct**

The Company adopts a Code of Conduct – which the Antitrust Code forms an integral part of – that is binding on all those to whom it is addressed or otherwise applicable. Any infringement of the provisions of the Code of Conduct shall involve sanctions proportionate to the seriousness of the infringement at issue, in accordance with the Disciplinary Code provided for by the Model. The document “Code of Conduct” adopted by the Company in accordance with the Legislative Decree 231/2001 forms an integral part of this Model.

The Code of Conduct is addressed to the corporate bodies and employees. It applies, by virtue of specific contractual agreements, also to consultants, external collaborators, agents, authorised representatives, suppliers, commercial, scientific or technological partners and third parties in general who may act in the interest or for the benefit of the Company. The necessity of having recourse to such agreements, in connection with the potential exposure of the Company to risks associated with the commitment of the Crimes, where not provided for in procedures that have already been adopted, shall be assessed by the MD, who may avail himself of the advice of external legal counsels and of the support of the functional managers, having consulted with the CC. The CC may point out any such necessity.

## **5.7 The financial flows control system**

Article 6, paragraph 2, letter c) of the Decree provides for that the models should envisage “*procedures for the management of financial resources suitable to prevent the commitment of crimes*”. Also in conformity with the abovementioned guidelines, the administrative procedures and, in particular, those relating to the management of financial resources, are based on the separation of roles in the key phases of the procedure, on the formalisation of the activities, roles and functions, and on the proper traceability of the documents and the responsibilities connected to such operations or transactions.

In particular, the control elements are as follows:

- articulation of information and decision flows (procedures) in accordance with the system of delegations and powers;
- existence of various players operating in the different phases/activities involved in the procedure;
- verification, including prior verification, of contractual relations to ensure their legality and effectiveness as to each their part;
- payments are made on the basis of a well-founded and consistent obligation that is duly formalised, to ensure reasonable certainty as to the existence and amount of the debt and identity of the creditor;
- control of the making of the payment;
- traceability of the documents and of the individual phases of the procedure, with particular attention to be paid to the end of circulation of the documents that have already originated a payment;
- balancing of accounts in the financial statements.



## 5.8 The Disciplinary Code

The effectiveness of the Model is ensured by the adoption of a disciplinary system sanctioning any infringement of the Model, including all its parts, either by persons holding leading positions (article 5 letter a) Legislative Decree 231/2001) or by those subject to the supervision and direction of the same (article 5 letter b) Legislative Decree 231/2001).

Therefore, the Disciplinary Code applies to (amongst others and without limitation) directors, statutory auditors, employees, external collaborators, consultants, commercial, scientific or technological partners, enterprises associated by association agreements and third parties in general who act on behalf of the Company in the context of activities subject to risk.

Since the Disciplinary Code is based on close links with the Company, the notification of infringements and the application of the consequent penalties does not depend on the criminal import of the conduct at issue or on the institution of criminal proceedings or their outcome. The document "Disciplinary Code" forms an integral part of the Model and integrates and takes into account the relevant corporate, commercial and labour law regulations, the Italian Civil Code, the provisions of Law no. 300/1970 and of the applicable National Collective Labour Agreements. In the performance of the activities of PL Italy, the Disciplinary Code shall be observed both by the directors and by the employees. Such compliance is provided by the contractual obligation vis-à-vis the Company, under the powers granted to the directors and the employment relationship in the case of employees. For the latter, in particular, the Model constitutes provisions for the performance and regulation of work under article 2104 of the Italian Civil Code. Therefore, any non-compliance with the Model represents a breach of obligations and is sanctioned according to the provisions of the Disciplinary Code.

The disciplinary system, in substance, is aimed at ensuring the sanctioning of infringements of the Model - whether Crimes or otherwise - by directors, employees, external collaborators and contractual partners of PL Italy. The procedure for the application of sanctions must be promptly activated whenever an infringement of the Model occurs. Such procedure is activated, conducted and concluded completely independently from the institution of any legal proceedings (and from their outcome) against PL Italy for administrative offence based on a crime.

The CC is granted with the power of initiative and notification in relation to application of the disciplinary procedure envisaged for infringements of the Model that are discovered by the CC in the exercise of its control powers or that come to its knowledge in any other manner. This does not prejudice the analogous powers granted within the corporate organisation to other persons, in particular, to the "Personnel and Organisation" department. The disciplinary sanctions are applied in accordance with the procedures envisaged by article 7 of the employees' statute of rights and by the applicable NCLA. To this end also, the Disciplinary Code is posted on the notice boards of the production units of PL Italy.

### 5.8.1 Infringements of the Model

Any failure to comply with any and all of the obligations provided for by any part of the Model constitutes an infringement thereof. The following is a non-exhaustive list, in order of seriousness, of infringements of the Model:

- a) commitment of Crimes;
- b) infringement of the principles of the Disciplinary Code and of the Code of Conduct;
- c) infringement of the rules contained in the procedures which are an integral part of the Model, as well as impeding the control activities of the CC and the failure to carry out the required activities towards the same;
- d) failure to duly circulate the Model.

The penalties are proportional to the seriousness of the infringement.

### 5.8.2 Penalties for employees



**omissis**

5.8.3 Penalties for directors

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5.8.4 Penalties for the CC and members of the Board of Auditors

**omissis**

5.8.5 Penalties for external collaborators and contractual parties

In the event that infringement of the Model by external collaborators or contractual parties of PL Italy is discovered, they shall be cancelled from the list of customers or suppliers of the Company. In particular, those Company's departments that are aware of such infringements shall promptly notify them to the CC, which in turn shall pass the information on to other Company's departments.

The functional managers, special attorneys and legal representatives of PL Italy shall refrain from entering into new commercial agreements with those external collaborators or contractual parties that have committed the infringement, without prejudice to the possibility of seeking contractual remedies most appropriate to the seriousness of the infringement and of claiming for damages.

## **5.9 The Compliance Committee**

In accordance with the provisions of article 6 of Legislative Decree 231/2001 and with the directions contained in the aforementioned guidelines, the Company appoints a Compliance Committee whose task is – using independent initiative and control powers – to oversee:

- the functioning of the Model, as to its effectiveness and adequacy in relation to the corporate structure and its actual suitability to prevent the commitment of the Crimes provided for by the Decree;
- the compliance by the Addressees with the provisions contained in the Model;
- the updating of the Model where it is deemed to require adjustment and/or supplementation in relation to changed corporate and/or regulatory conditions, as well as further to any discovered infringements.

Therefore, the CC shall enjoy free access to the corporate books and to any information – also by holding interviews with functional managers, as it may deem useful – document or data relating to the Company and to the operation of its bodies.

The document "Compliance Committee Statute" forms an integral part of the Model.

In accordance with the provisions of Legislative Decree 231/2001 and the indications set out in the report accompanying the said Decree, the features of the CC, ensuring effective and efficacious implementation of the Model, are as follows:

- autonomy and independence. The CC shall not be directly involved in the management activities which is subject to its control, and shall enjoy hierarchical independence. The CC reports directly to the BoD and it must be granted with a budget sufficient to ensure it the financial independence necessary for carrying out its functions. If the CC needs to commission and obtain specific advice from third party consultants, necessary to allow it to carry out its functions properly, and the estimate cost, based on a prudent forecast, could require greater



economic resources than those provided for in the budget, it shall make a formal and reasoned request for this purpose to the MD, who shall decide upon approval (or otherwise) of such cost, assuming the relevant responsibilities;

- professionalism, required for the performance of its functions under the law and the Model;
- continuous operation and, therefore, it shall:
  - verify on a continuous basis the compliance with the Model, with the necessary investigation powers;
  - verify that the Model is effectively implemented;
  - request the updating of the Model whenever it deems it appropriate;
  - have proper channels of communication with the MD and with the Addressees of the Model.

On the basis of the Company's size and structure, the Company chooses a collegial composition for the CC with not less than 3 members.

#### 5.9.1 Information flows to and from the Compliance Committee

The subject will be further discussed in the last section of the Special Part of the Model. However, it can immediately be stated here that all personnel working in the Company are required to fulfil their information obligations relative to the Compliance Committee.

#### **Notifications to the Compliance Committee**

All Addressees of the Model and all those whom the Model applies to are required to collaborate with the Company for its implementation in accordance with the provisions hereof.

Addressees of the Model are obliged to notify the CC of any conduct even only aimed at the commitment of any of the Crimes to which Legislative Decree 231/2001 applies.

Employees, external collaborators and members of the Company's bodies are, moreover, obliged to notify the CC of any conduct that constitute or could constitute infringements of the Model. They shall also inform the CC and their superiors of any circumstance that might prejudice the effectiveness of the Model.

Managers of the concerned areas are required to transmit to the CC any information useful for putting into place controls over the proper implementation of the Model.

Where no person is expressly indicated, all persons involved in the "sensitive" activity are obliged to make the required notification. Where several persons are expressly indicated, each of them severally is obliged to make such notification. In both cases, however, as soon as the notification is made by one of the persons obliged to make it, the other persons may abstain from notification if they consider that it is not necessary to provide information additional or contrary to that already provided.

Any person obliged to make or intending to make a notification is under no obligation to obtain the authorisation or consent of any other person, or to inform persons or bodies other than the CC.

Infringement of the aforementioned obligations is sanctioned in accordance with the provisions of the Disciplinary Code.

The CC's duty is to evaluate the received notifications in order to propose the measures to be taken.

As a rule, circumstances to be notified are actions or facts that represent a particularly "sensitive" process or event in the performance of the activity.

The CC shall operate in a manner that ensures that persons making the notification does not suffer any retaliation, discrimination or penalty, also ensuring that the identity of such person remains confidential, without prejudice to legal obligations and the protection of the Company's or of the involved persons' rights, as well as to the reputation of the person(s) so reported.



The Company shall adopt suitable measures to ensure that the identity of the person transmitting information or notifications to the CC remains confidential. Any form of retaliation, discrimination or penalty against persons making notifications to the CC is forbidden.

In order to facilitate notification and information flows to the CC, the names and internal Company contact details of the CC's members shall be made known to the Addressees in the manner provided for by the Model.

A special e-mail address has been created for purposes of communication with the CC:

[organismodivigilanza@pli-petronas.com](mailto:organismodivigilanza@pli-petronas.com)

Any notifications, anonymous or otherwise, may, alternatively, be sent in writing to the following address:

***Organismo di Vigilanza, PETRONAS LUBRICANTS ITALY S.P.A., Via Santena, 1 - 10029 Villastellone (TO).***

Notifications arriving at the CC shall be gathered and kept in a special archive which may be accessed only by its members.

The CC is obliged not to disclose any information obtained in the course of its duties, ensuring its confidentiality and refraining from seeking and using such information for purposes other than those indicated in article 6 of Legislative Decree 231/2001. In any case, any information in the possession of the CC is handled in accordance with the applicable law provisions and, in particular, in accordance with the Data Protection Code under the Legislative Decree no. 196/2003.

### **General reports to the Compliance Committee**

The CC shall be immediately informed by the Addressees of the Model:

- of any infringement of the Company's procedures;
- of inspections carried out on the Company and of their outcomes, in particular where such outcomes show even potential liability for the Crimes provided for by the Decree;
- of infringements of the Company's Code of Conduct;
- of any disciplinary procedures relating to infringements of the Model, of any penalties applied or measures taken to dismiss such procedures, including the relevant reasons;
- of communications that show that the Company or Addressees of the Model are being investigated for Crimes to which Legislative Decree 231/2001 applies, and of the outcomes of the relevant proceedings, when these are known;
- of requests for legal assistance made by employees who were brought to court for Crimes provided for by the Decree;
- of any organisational changes and changes in Company's activities.
- any significant enactment, change and/or addition to the organisational structure of the Company, such as changes and variations in the delegations and powers of attorney or in the appointed persons, or changes in situations that are (also potentially) subject to risk, as soon as they have been resolved upon.

For the description of all information flows, general and specific, relative to the Compliance Committee, as well as the identification of the relative scheduling and the subjects assigned to transmit the above-mentioned flows, see what is set out in Section 13 of the Special Part of the Organisational Model.



In any case, the CC shall record - in its minutes and in the report to the BoD - the investigations made following the aforementioned notifications and communications, also indicating any further prevention-related notifications it deems necessary to be recorded.

The CC may carry out periodic or occasional sample checks, within its competence, to ensure that the occupational health and safety and accidents prevention rules are being complied with, recording such checks in its minutes and in the periodic report to the BoD.

The CC shall promptly notify any failure it may discover to the PPSM, to the Employers and to the "Personnel and Organisation" department so that the necessary corrective measures and sanctions may be applied.

### **Compliance Committee's annual report**

Without prejudice to the other information obligations of the CC provided for by its Statute, regulations or by any other part of the Model, the CC shall draw up, for each fiscal year, a report on the operation of and compliance with the Model as well as on its own activities. In such report, the CC shall give account:

- a) of the performed activities;
- b) of any discovered infringements of the Model;
- c) of any sanctions applied by the Company;
- d) of any updates of the Special Part of the Model, on the initiative either of the CC or of the BoD;
- e) of its overall assessment of the operation of and compliance with the Model;
- f) of its proposals, if any, for the updating of the Model and of the procedures set forth therein;
- g) of any other event that comes to its knowledge and that is material from the standpoint of application of the Model, of compliance with the Decree and, in general, of possible liability of the Company under the Decree, under criminal law provisions that fall outside the application of the Decree and under regulations relating to class actions;
- h) of methods of expenditure of the fund allocated for activities of the CC, including an assessment of its suitability or otherwise, and a proposal for the allocation of the fund for the following year.

The CC shall submit its report to the BoD and to the Board of Statutory Auditors at least thirty days prior to the scheduled date of the meeting convened to discuss the financial statements relating to the same fiscal year. A copy of the report shall be lodged at the registered office of the Company during fifteen days preceding the shareholders' meeting convened to approve the financial statements, so that the shareholders may examine it and take copy thereof.

In any case, the BoD may include information on the compliance with and the operation of the Model in the Directors' report, and the Board of Statutory Auditors can make remarks on the matter.

### **5.10 Training and Communication Plan**

The effective implementation of the Model depends also on the extent to which its objectives are shared and its principles of conduct and control have been learnt.

Therefore, the Company's management shall ensure the information, training and upskilling of the employees, in consultation with the CC, in particular, with regard to occupational health and safety obligations, in accordance with law.

Training, information and (if necessary) upskilling are performed according to the following principles:

- adequacy in respect of the position held and the activity carried out within the Company's organisation;



- periodicity, in accordance with the changes in the environment within and outside the Company and in accordance with the learning abilities of employees;
- selection of teachers, who offer a reasonable level of quality of knowledge;
- obligatoriness and monitoring of attendance to training activities;
- verification of learning.

Information, training and (if necessary) upskilling are addressed to all levels of the Company's organisation, to facilitate the knowledge:

- of the provisions of occupational health and safety law regulations;
- of the rules contained in Legislative Decree 231/2001 concerning to the administrative liability of entities and the Crimes and sanctions provided for therein;
- of the principles of conduct provided for by the Code of Conduct;
- of the Disciplinary Code;
- of the guidelines and control principles contained in the internal operating procedures and of the standards of conduct;
- of the powers and duties of the CC;
- of the information flows from and towards the CC.

In addition, more specific training is carried out for all those who, by reason of the activities they perform, need to have specific skills so that they are able to manage particular risk situations, in order to:

- be aware of the potential risks that may be associated with their activity and of the specific control mechanisms that need to be implemented in order to monitor the activity;
- be aware of their responsibilities and their role within the internal control system, and of the sanctions that apply in case of infringement of their duties;
- learn how to discover anomalies and to report them in accordance with the relevant procedures and time-frames to facilitate the implementation of possible corrective actions.

In case of material amendments to and/or updates of the Model, refresher modules shall be provided aimed at explaining the variations at issue.

Finally, specific modules are envisaged for new employees designated to work in the areas that are subject to risk.

The Company shall ensure that the Model is broadly communicated, so that its Addressees are familiar with all its parts. The communication shall be prompt, up-to-date and easy to access.

The knowledge of the Model shall be promoted also among third parties required to comply with its provisions. Specific briefs shall be addressed to them, concerning the principles, policies and procedures adopted in compliance with this Model.

### ***5.11 Criminal offences pursuant to Legislative Decree no. 231/2001 and subsequent modifications and integrations***

The document "Criminal offences pursuant to the Legislative Decree no. 231/2001 and subsequent modifications and integrations" forms an integral part of the Model and describes the actions punishable in accordance with the system of sanctions provided for by the Decree.

### ***5.12 Procedures***

Within the context of its organization system, the Company has created a complex of procedures implementing the Model and set forth, in the document "Special Part", aimed at laying down the rules to be observed in relation to carrying out the sensitive activities, both when the Model is



first adopted and for its subsequent updates. Each procedure aims at regulating one specific sensitive activity.

Some of the aforementioned procedures embody the additions/changes made to the PL Italy's procedures already in force prior to the adoption of the Model, in order to respond to the need for prevention of the crimes provided for by the Decree.

To this end it is important to note that the Company has for many years adopted an integrated management system for quality, environment and safety in compliance with the following certification standards:

- ISO 9001
- ISO/TS 16949 (Villastellone and Naples sites)
- ISO 14001
- BS OHSAS 18001

whose documentation is managed in compliance with the requirements of the said certifications.

Other procedures which were not formally crystallised beforehand in writing or contemplated by the corporate system, have been introduced for purposes of constructing the Model.

Each procedure is structured according to coherent organisational and management criteria such as those required by the Decree and envisaged by the guidelines, without prejudice to the possibility of adopting specific provisions, within each procedure, to take into account particular requirements associated with specific sensitive activities.

The procedures of the integrated system for quality, environment and safety are linked to the Model, where they involve specific control structures tasked with preventing criminal conduct as set out in Legislative Decree 231/2001.

More specifically, with regard to the informatics procedures, it can be said, in a very succinct manner, that the main management systems for the administrative area are supported by high quality informatics applications, recognised on both a national and international level. They constitute the "guide" for the implementation modalities of specific processes and ensure a high level of standardization and compliance, given that the same are managed by the said applications, validated upstream of any software issue.

The accounts area (clients, suppliers, general accounts, assets, credit management), production, distribution of products, purchasing process for indirect assets and services, purchasing process for direct production assets are managed via the SAP R/3 informatics management system with significant control functions relative to the management of approval flows on the basis of specific hierarchical approval functions.

A number of specific procedures have been drawn up in relation to the Arexons Division, to take into account the particular organisational and management characteristics of the said Division which, to date, has a management informatics system that is different from that used in the Villastellone and Naples sites.