

## DOCUMENT DESCRIBING THE ORGANIZATIONAL MODEL

**MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL AS PER LEGISLATIVE DECREE 231/01**  
**ERICSSON TELECOMUNICAZIONI S.P.A.**



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of Directors of Ericsson  
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## Contents


### Foreword

• Glossary .....	4
• Abbreviations .....	8

<b>1 Description of the legal framework .....</b>	<b>9</b>
1.1 Foreword .....	9
1.2 Types of criminal offenses .....	10
1.3 Punishments .....	12
1.4 Model of organization, management and control .....	13
1.5 The Confindustria Guidelines .....	14
<b>2 Ericsson Telecomunicazioni S.p.A.'s model of organization, management and control .....</b>	<b>16</b>
2.1 Ericsson Telecomunicazioni S.p.A. ....	16
2.2 Constituent elements of the Ericsson Telecomunicazioni S.p.A Model ...	17
<b>3 The Supervisory Board required by Legislative Decree 231/01 .....</b>	<b>20</b>
3.1 The Supervisory Board (OsB) .....	20
3.2 Identification of Ericsson Telecomunicazioni S.p.A's Supervisory Board	21
3.3 Functions and powers of the Supervisory Board .....	22
3.4 Obligations to inform the Supervisory Board; Information flows .....	24
3.4.1 Reporting, collecting and storing information .....	25
3.4.2 Reporting by the Supervisory Board to the company officers .....	26
<b>4 Disciplinary System .....</b>	<b>27</b>
4.1 Function of the Disciplinary System .....	27
4.2 Measures against employees .....	27
4.3 Violations of the Model and sanctions related thereto .....	28
4.4 Measures against the Company's directors .....	30
4.5 Measures against the Statutory Auditors .....	30
4.6 Measures against trading partners, agents, consultants and collaborators .....	30
<b>5 Training and communication plan .....</b>	<b>31</b>
5.1 Background .....	31
5.2 Company employees and officers .....	31
5.3 Other addressees .....	31
5.4 Training activities .....	32
<b>6 Adoption of the Model – criteria of updating and improving the Model .....</b>	<b>33</b>

6.1 Tests and controls .....	33
6.2 Updating and improvement.....	33

## ANNEX

- A.1** Code of Business Ethics
  - A.2** Survey of sensitive activities as per Legislative Decree 231/2001
  - A.3** Control Protocol as per Legislative Decree 231/2001, including Information Flows to the Supervisory Board
  - A.4** Rules on corporate administrative liability and predicate crimes, as per Legislative Decree 231/2001 (text of the relevant legislation)
  - A.5** List of predicate crimes and summary of types of criminal behaviour
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## Foreword

## GLOSSARY

- **“Sensitive activities”** (or **“sensitive processes”**): Company activities wherein there exists the risk of crimes being committed. Sensitive activities are grouped as either:
  - a. **“operating” activities**, consisting of business processes in the context of which presupposed crimes may be committed (directly); (e.g., “inspection by control organizations,” as regards the crime of corruption; “management of public grants,” as regards the crime of embezzlement; “intercompany relations,” as regards the crime of association for the purpose of tax evasion); or
  - b. **“instrumental” activities**, consisting of business processes that enable, in the abstract, the creation of means or modalities for the commission of crimes; in other words, processes that encourage or are linked to and thus enable behaviours (of commission or omission) that directly constitute crimes such as:
    - typically, activities involving the management of financial instruments (e.g., “refunds of employees’ expenses” and “employee reward systems,” to the extent that they may involve the crime of corruption;
    - other instrumental activities (e.g., “intercompany relations,” to the extent that they may involve the crime of corruption).
- **“Apicals”**: persons vested with functions of representation, administration or management of the entity or of any of its Organizational Units that are vested with financial and functional autonomy, and persons who manage and control the entity officially or de facto, as per art. 5.1(a) of the Decree.
- **“Authority”**: this term includes judicial authorities, the Finance Police, the Revenue Agency, public institutions, public administrations, the Privacy Guarantor and other oversight authorities.
- **“CCNL”** means the National Collective Employment Agreement(s) currently in force and applied by the Company.
- **“Customers”** means parties to which the company sells goods and/or services.
- **“Code of Business Ethics”** is the document that defines internally and externally the rules, obligations, duties and responsibilities of all apical persons and their subordinates in order to denote and assert approved and shared values and behaviours, and partly in order to prevent potential crimes.
- **“Consultants”** means people who collaborate with the Company pursuant to collaboration contracts of any kind whatsoever.
- **“Control and Risk Self-Assessment” (CRSA)** means a method whose primary purpose is to improve the culture of control at all managerial and operational levels, and whose secondary purpose is to ensure compliance with the recently issued Italian and foreign regulations on corporate governance. CRSA operates through a structured system of risk assessment by management in relation to the company’s defined goals. For significant risk areas, CRSA checks the functioning of existing controls and the planning of appropriate counter-measures. CRSA is performed by each relevant function, with support from the SOX Compliance Management function and the Legal function, in order to identify any “sensitive” areas where it might be

possible to commit crimes. When the Model was being adopted, this activity was performed with support from outside consultants. The Group Risk Management Policy – no. 01103-281 Uen, adopted June 28, 2012 – is applied.

- **“Security Decree”** or **“Security Code”** means Legislative Decree 81 dated April 9, 2008, “Implementation of art. 1 of Law 123 dated August 3, 2007, on protection of workplace health and safety,” as amended.

- **“Decree 231”** or **“Decree”** or **“Legislative Decree 231/2001”** means Legislative Decree 231 dated June 8, 2001, “Regulations on the administrative liability of legal persons, companies and associations, whether or not with legal personality,” as amended.

- **“Addressees”** or **“Addressed Parties”** means members of the Board of Directors, executives, other employees, external collaborators, contractual counter-parties (i.e. partner companies, consultants, suppliers, customers, etc.), and members of the Supervisory Board and the Board of Statutory Auditors. Specific obligations are assigned to each addressee, as established in the Model (cf. “Disciplinary System,” as described herein).

- **“Department”** means a part of the Company’s organizational structure that identifies a specific operational area (cf. the organization chart).

- **“Employees”** means everyone who has a contract with the Company for subordinated work, including executives.

- **“Entity”** or **“company”** means an entity subject to the regulations on administrative liability set forth in Legislative Decree 231/2001, i.e. “entities having legal personality and...companies and associations whether or not with legal personality,”<sup>1</sup> excluding “the State...territorial public entities, other non-economic public entities and...entities that perform functions of constitutional relevance.”<sup>2</sup>

- **“Company members”** means the company’s statutory bodies and employees.

- **“Suppliers”** means parties from which the company buys goods and/or services.

- **“Group”** means the multinational Ericsson Group.

- **“Person charged with a public service”**; at present there is no agreement in case law or legal doctrine on the definition of this term. To clarify it, one must start from the definition given in the Italian Penal Code and in the interpretations that have emerged from the term’s practical application. Specifically, art. 358 of the Penal Code says that “For purposes of penal law, persons charges with a public service shall be...[those] who in any capacity perform a public service. By public service is meant an activity governed in the same ways as a public function but characterized by the lack of the powers typical of a public function, and excluding the performance of simple tasks of order and of merely material work.”

Accordingly, for a service to be defined as public it must be governed (like public functions) by rules in the realm of public law, but in this case without the certification, authorization and decision-making powers that public functions have.

Moreover, the law specifies that neither the performance of “simple tasks of order” nor of “merely

material” work can never constitute a “public service” (art. 358.2, Penal Code). Case law has

identified a series of “revealing indicators” of an entity’s public character, and is emblematic as

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<sup>1</sup> Art. 1.2, Legislative Decree 231/2001.

<sup>2</sup> Art. 132, Legislative Decree 231/2001.

regards government-owned corporations. In particular, reference is made to the following indicators: (i) subjection to an activity of control and steering for social purposes, and to a power on the part of the State or other public entities to appoint and dismiss directors (ii) the presence of an agreement with and/or concession by the public administration; (iii) financial contribution by the State; (iv) presence of the public interest in the economic activity. The decisive element for establishing whether a person is or is not “charged with a public service” is thus not the legal nature assumed or held by the entity but the functions entrusted to the person in question, which must consist of attending to public interests or satisfying needs of general interest. The Court of Cassation recently ruled that a person is “charged with a public service” if he or she actually performs it, regardless of whether or not he or she is employed by a particular public entity (ruling no. 28424 dated June 12, 2013).

- **“Law 231 Guidelines”** means guidelines issued by Confindustria and other industrial associations for constructing models of organization, management and control as required by art. 6 of Legislative Decree 231/2001.

- **“Model”** or **“Model 231”** means the model of organization, management and control required by Legislative Decree 231/2001 and adopted by the Company (cf. this “Document Describing the Organizational Model”).

- **“Transaction in derogation”** means a sensitive transaction conducted in derogation from the company procedures, which must in any case be conducted in compliance with the following general principles underlying the company’s control system: legality, verifiability, documentability, consistency and congruity, and objectivization of business choices. Such transactions must be adequately explained in writing and notified to the apical bodies and to the Supervisory Board.

- **“Sensitive transaction”** means a transaction consummated or act performed in the context of a Sensitive Activity.

- **“Corporate bodies”** means the General Meeting of the Shareholders, the Board of Directors and the Board of Statutory Auditors.

- **“Supervisory Board”** means the internal body that supervises the functioning of and compliance with the Model and its update.

- **“Partner”** means the Company’s contractual counter-parties, for example suppliers, distributors, etc., whether natural persons or legal persons, with which the Company establishes any type of relationship governed by a contract (temporary association of enterprises, joint venture, consortium, etc.) whereby the partners are to cooperate with the Company on Sensitive Activities.

- **“Procedure”** means an ensemble of rules of conduct, whether or not formalized in writing, for the performance of certain business transactions and processes, whether at the local or the Group level (among the latter are “Group Policies” and “Group Directives”). Procedures must be

prepared, complied with, monitored and reviewed by the competent Functions. Any transactions in derogation from Procedures must be adequately explained in writing and reported (cf. "Transactions in Derogation").

- **"Sensitive Processes"** : cf. "Sensitive Activities."

- **"Attorneys-in-fact"** means persons who have received a mandate to act in the Company's name and/or on its behalf. mandate.

- **"Protocol"** or **"Control Protocol"** means a document prepared (with reference to each Department) to regulate sensitive activities; it is integrated with all other company procedures, which continue to apply. Such protocols must be prepared, complied with, monitored and reviewed by the competent Functions. Any transactions in derogation from Protocols must be adequately explained in writing and reported (cf. "Transactions in Derogation").

- **"Public Administration"**: The Penal Code contains no definition of "Public Administration." Taking account of what the ministerial report on the Code says about the offenses described therein, entities that perform "all the activities of the State and of the other public entities" belong to the Public Administration. For purposes of criminal law, any legal person which attends to public interests and engages in legislative, judicial or administrative activities under rules of public law and rules on acts of authority is deemed an "Entity of the public administration." A list of examples of the legal entities that belong to this category is provided in art. 1.2 of Legislative Decree 165 dated March 30, 2001, "General rules on employment with public administrations."<sup>3</sup>

- **"Public officer"**: To quote the first paragraph of art. 357 of the Penal Code: "For purposes of penal law, public officers shall be...[all] persons who exercise...public legislative, administrative or judicial functions." The second paragraph of art. 357 defines the notion of a "public administrative function." No such effort has been made to define the notions of "legislative function" and "judicial function," because identifying the people who exercise them has usually not given rise to any particular problem. Accordingly, the second paragraph of art. 357 specifies that for purposes of penal law, "[A]n administrative function that is subject to rules of public law and rules on acts of authority and is characterized by the formation and manifestation of the will of the public administration or by its being performed by means of authoritative or certificatory powers is public." In other words, art. 357 defines as "public" administrative functions that are subject to "rules of public law," or to rules intended to pursue a public purpose or to protect a public interest, and as such differ from the rules of private law. Recently the Court of Cassation ruled that the status of "public officer" as defined in the Penal Code must be attributed to persons who, whether employees of public entities or "simple private individuals," can and must – in the context of powers subject to public law, and regardless of whether or not they have been formally vested with such powers – exercise authoritative, deliberative or certificatory powers considered separately, not cumulatively." (Cass., Penal Section VI, ruling no. 35512 dated May 21, 2013).

- **"Predicate offense"** means an offense to which the rules established by Legislative Decree 231/2001 apply.

- **"The Company"** or **"Ericsson"** means Ericsson Telecomunicazioni S.p.A., registered office in Rome, Italy.

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<sup>3</sup> "All State administrations, including institutes and school of every kind and degree and the autonomous educational institutions, enterprises and administrations of the State; the Regions, Provinces, Municipalities, Mountain Communities and their consortiums and associations; university institutions; autonomous low-cost housing institutes; Chambers of Commerce, Industry, Crafts and Agriculture and their associations; all national, regional and local non-economic public agencies; the National Health Service's administrations, enterprises and agencies; the Agency for representing public administrations in contracting processes (ARAN), and the Agencies referred to in Legislative Decree 300 dated July 30, 1999."

- “**Internal control and risk management system**”<sup>4</sup> or, more concisely, “**Internal control system**,” can mean either a “process” or an “ensemble of rules, procedures and organizational structures,” as detailed hereinafter:

- i) “a process – implemented by the Board of Directors, the managers and other people operating in the company organization – that is designed to provide reasonable assurance regarding achievement of the objectives grouped in the following categories:
  - effectiveness and efficiency of the operating activities;
  - reliability of the financial information;
  - compliance with applicable laws and regulations.”<sup>5</sup>
- ii) “an ensemble of rules, procedures and organizational structures designed to enable – through an adequate process of identification, measurement, management and monitoring of the principal risks – the business to be conducted in a healthy and correct way, consistently with the predetermined objectives.”<sup>6</sup>

## ABBREVIATIONS

- “**BoD**”: Board of Directors
- “**CCNL**”: the National Collective Employment Agreement currently in force and applied by the Company
- “**C.C.P.**”: Italian Code of Criminal Procedure, Presidential Decree 447 dated Sept. 22, 1988 (Official Gazette no.250 dated Oct. 24, 1988), as amended
- “**CRSA**”: Control & Risk Self-Assessment (see Glossary)
- “**Decree**” or “**Leg. Decree**” or “**Legislative Decree 231/2001**” or “**Decree 231**”: Legislative Decree 231 dated June 8, 2001, as amended
- “**E.M.S.**”: Environmental Management System
- “**I.C.S.**”: Internal Control and Risk Management System” (see Glossary)
- “**OsB**”: The Supervisory Board appointed by the Company pursuant to Legislative Decree 231/2001 (see Glossary)
- “**P.A.**”: Public Administration (including public officers and persons charged with a public service)
- “**P.C.**”: Italian Penal Code, Royal Decree no. 1398 dated Oct. 19, 1930 (Official Gazette no. 251 dated Oct. 26, 1930), as amended
- “**W.H.S.S**”: Workplace Health and Safety Management System (cited in art. 30 of Legislative Decree 81/2008)

<sup>4</sup> For the transition from an “internal control system” to an “internal control and risk management system,” cf. the new art. 7 (corresponding to the former art. 8) of the Italian Stock Market’s Self-Government Code 2011 (known as the “Preda Code”).

<sup>5</sup> Cf. the *CoSo Report on Enterprise Risk Management*.

<sup>6</sup> Cf. the *Self-Government Code for Listed Companies*, Borsa Italiana S.p.A., 2006, art. 8 (art. 7 in the 2011 version of the Code).



## 1 Description of the legal framework

### 1.1 Foreword

In September 2000, the Italian parliament delegated the government to issue a legislative decree concerning the regulation of the responsibilities of organized entities, including legal persons and companies.

This regulation was incorporated in our legal system by the promulgation of Legislative Decree 231 dated 8 June 2001 (hereinafter “Leg. Decree 231/2001”), which introduced the concept of “corporate administrative liability” (of companies, consortiums, other entities with or without legal personality, associations) for the commission, or attempted commission, of predicate offenses by a representative of the entity in its interest or for its benefit.

The original legislation merely included in the area subject to corporate administrative liability certain offenses against the Public Administration (arts. 24 and 25 of the Decree, on corruption, extortion, etc.).

It was supplemented several times by measures (see Annex A4) that extended the objective field of application to many other types of offenses (see para. 1.2 below).

Specifically, the company is liable for offenses committed in its interest or for its benefit:

- by “persons who are vested with functions of representation, administration or direction of the entity or of any of its organizational units having financial and functional autonomy, or by persons who exercise, de facto or otherwise, the entity’s management and control” (these people are defined as having “apical positions” or as “apical persons”; art. 5.1[a] of Leg. Decree 231/2001);
- by persons who are subject to direction or oversight by an apical person (the so-called persons subject to direction or oversight by others; art. 5.1[b] of Leg. Decree 231/2001).

The company’s liability is independent of the individual liability of the natural person who committed the offense, and the punishment applied to the entity is combined with the punishment to which the natural person is subject as a consequence of the offense.

However, the company’s administrative liability is excluded if, prior to the time when the offenses were committed, the company had adopted and effectively implemented models of organization, management and control suitable to prevent the offenses; such models can be adopted on the basis of codes of conduct (guidelines) developed by the associations that represent companies and communicated to the Justice Ministry.

In any case, the company’s administrative liability is excluded if its apical persons and/or their subordinates were acting solely in their own interest or in that of other persons.

Regarding the principle that the individual’s “functionality” prevails over his or her “belongingness,” the company is also liable in cases where offenses are committed by persons who were not part of the company’s own organization and were not subject to any direction or oversight.

Moreover, the liability established by the Decree also exists for offenses committed in foreign countries, unless the government of the place where the offense was committed prosecutes the offender.

In particular, pursuant to art. 4 of the Decree the company can be held liable in Italy for offenses contemplated by the Decree and committed in foreign countries.

In this way, the government, in part to prevent easy evasion of the whole normative system, did not wish to leave unpunished a criminological situation that occurs frequently.<sup>7</sup>

The prerequisites (established by or inferable from the Decree) on which this form of corporate liability is based are as follows:

- a) the offense must have been committed in a foreign country by a person related functionally to the company, as per art. 5.1 of the Decree;
- b) the company's principal place of business must be located in the territory of Italy;
- c) the company can be held liable only in the cases and under the conditions referred to in arts. 7, 8, 9 and 10 of the Penal Code (in cases where the law establishes that the guilty party (a natural person) shall be punished according to Italian law on demand of the Minister of Justice, the company can be prosecuted only if the Ministry so demands). Moreover, the reference to arts. 7-10 of the Penal Code must be coordinated with the provisions of arts. 24 to 25-duodecies of the Decree. Accordingly, given the principle of legality embodied in art. 2 of the Decree, if the offenses committed are among the ones mentioned in arts. 7-10 of the Penal Code, the company can be held liable only for those for which an ad hoc legislative provision makes it liable;
- d) if the cases and conditions described in the aforesaid articles of the Penal Code exist, the company shall be held liable in Italy only if the government of the place where the offense was committed does not prosecute it.

## 1.2 Types of criminal offenses

The types of offenses for which a company can be held liable pursuant to Leg. Decree 231/2001 (known technically as predicate offenses), if committed in the company's interest or for its benefit by persons of the kinds mentioned in art. 5.1 of the Decree, can be grouped for convenience in the following categories (amendments to the Decree are quoted in Annex A4):

- a) Crimes against the public administration (arts. 24 and 25<sup>8</sup> of Leg. Decree 231/2001).
- b) Computer crimes and unlawful treatment of data (art. 24-bis, Leg. Decree 231/2001<sup>9</sup>).
- c) Offenses committed in the context of organized crime (art. 24-ter, Leg. Decree 231/2001<sup>10</sup>).
- d) Crimes against public confidence (as listed in art. 25-bis of Leg. Decree 231/2001<sup>11</sup>, crimes such as counterfeiting money, public credit securities or revenue stamps).
- e) Crimes against industry and commerce (art. 25-bis.1, Leg. Decree 231/2001<sup>12</sup>).
- f) Certain specific types of corporate crimes (art. 25-ter<sup>13, 14</sup>, Leg. Decree 231/2001).

<sup>7</sup> Cf. the government's report illustrating the Decree.

<sup>8</sup> Art. 25 of Leg. Decree 231/2001 was amended recently (in particular, its heading and para. 3) by art. 1.77(a), nos. 1 and 2 of Law 190 dated 6 November 2012 (in force as of November 28, 2012). The new heading of art. 25 is "Extortion, illegal induction to give or promise things of value, and corruption."

<sup>9</sup> This article was introduced by art. 7 of Law 48 dated 18 March 2008, "Ratification and Enforcement of the Convention of the Council on Europe on computer crime, adopted in Budapest on November 23, 2001, and rules for adjusting the domestic legal system." (This law is in force as of April 5, 2008, following its publication in issue 80, series 79 of the Official Gazette, April 4, 2008.)

<sup>10</sup> Introduced by Law 94 dated 15 July 2009, known as the "Security Package," in force as of August 8, 2009.

<sup>11</sup> Introduced by Law-decree 350 dated 25 September 2001, converted with amendments into law by Law 409 dated 23 November 2001, and amended by Law 99 dated 23 July 2009.

<sup>12</sup> Introduced by Law 99 dated 23 July 2009, in force as of 15 August 2009.

<sup>13</sup> Introduced by Leg. Decree 61 dated 11 April 2002.

- g) Crimes related to terrorism or subversion of the democratic order (art. 25-quater<sup>15</sup> of Leg. Decree 231/2001).
- h) Crimes against individual personality (arts. 25-quater.1<sup>16</sup> and 25-quinquies,<sup>17</sup> Leg. Decree 231/2001).
- i) Crimes involving “abuse of markets” (art. 25-sexies,<sup>18</sup> Leg. Decree 231/2001).
- j) Transnational crimes (arts. 3 and 10,<sup>19</sup> Law 146 dated 16 March 2006).
- k) Crimes of manslaughter and serious or very serious tortious injuries committed with violation of the rules on protection of workplace hygiene and health (art. 25-septies,<sup>20</sup> Leg. Decree 231/2001).
- l) Receiving, laundering and using money, property or other things of value of unlawful provenance (art. 25-octies<sup>21</sup> of Leg. Decree 231/2001).
- m) Crimes involving copyright infringement (art. 25-novies<sup>22</sup> of Leg. Decree 231/2001).
- n) Crime of inducement to not make statements or to make deceptive statements to judicial authorities (art. 25-decies<sup>23</sup> of Leg. Decree 231/2001).
- o) Environmental crimes (art. 25-undeies<sup>24</sup> of Leg. Decree 231/2001).
- p) Crime of employing citizens of other countries whose sojourn is irregular (art. 25-duodecies,<sup>25</sup> Leg. Decree 231/2001).

**Law 6 dated 6 February 2014** (the conversion of Law-Decree 136 dated 10 December 2013), on environmental and industrial emergencies, came into force on February 9, 2014.

In particular, the conversion law amended para. 3 of art. 256-bis of Leg. Decree 152/2006, concerning the crime of “burning waste.” The amendment establishes an autonomous profile of liability – with **imposition of the prohibitory sanctions provided by art. 9.2 of Leg. Decree 213/2001** against the owner of the enterprise or the person responsible for the activity, however organized – in the case of **failure to supervise the activities of the offenders however they may be connected to the enterprise** or to its business.

To quote **art. 256-bis** as amended by Law 6/2014:

“1. Unless the act constitutes a more serious crime, whoever sets fire to waste that has been abandoned or dumped in an uncontrolled way shall be punished by imprisonment for two to five years. If the waste set on fire was hazardous, the punishment imposed shall be imprisonment for three to six years. The offender shall be required to rehabilitate the places, to pay compensation

<sup>14</sup> Art. 25-ter of Leg. Decree 231/2001 was recently amended by art. 1.77(b) of Law 190 dated 6 November 2012 (in force as of 18 November 2012). The amendment inserted at letter s-bis the crime of corruption between private individuals, in the cases contemplated by the third paragraph of art. 2635, Civil Code.

<sup>15</sup> Introduced by Law 7 dated 14 January 2003, in force as of 8 January 2003.

<sup>16</sup> Introduced by Law 7 dated 9 January 2006, in force as of 2 February 2006.

<sup>17</sup> Introduced by Law 228 dated 11 August 2003, in force as of 7 September 2003, later amended by Law 38 dated 6 February 2006 and Leg. Decree 39 dated 4 March 2014.

<sup>18</sup> Introduced by Law 62 dated 18 April 2005, in force as of 12 May 2005.

<sup>19</sup> Leg. Decree 231/2007 repealed paras. 5 and 6 of art. 10, Law 146/2006. As a result, all crimes related to money-laundering, not only transnational ones, are subject to the provisions of Leg. Decree 231/2001.

<sup>20</sup> Introduced by Law 123 dated 3 August 2007, in force as of 25 August 2007. Pursuant to this law, the “*Workplace Safety and Health Code*” enacted by Leg. Decree 81 dated 9 April 2008 (published in the Official Gazette, issue 101 dated 30 April 2008, Series 108/L), went into force as of May 15, 2008. This legislation repealed and replaced Decree 626 and other rules related thereto. The article was replaced by art. 300 of Decree 81/2008.

<sup>21</sup> Introduced by Leg. Decree 231 dated 21 November 2007, in force as of 29 December 2007.

<sup>22</sup> Introduced by Law 99 dated 23 July 2009.

<sup>23</sup> Introduced by Law 116 dated 3 August 2009, in force as of 29 August 2009. The numeration of the article in Leg. Decree 231/2001 was thus altered by art. 2.1 of Leg. Decree 121 dated 7 July 2011.

<sup>24</sup> Introduced by art. 2.2 of Leg. Decree 121 dated 7 July 2011.

<sup>25</sup> Introduced by art.2.1 of Leg. Decree 109 dated 16 July 2012.

for the environmental damage caused, and to pay the costs of the rehabilitation through recourse or otherwise.

“2. The same punishments shall be imposed on anyone who engages in the conduct described in art. 255.1, and the criminal conduct described in arts. 256 and 259 for the purpose of the subsequent unlawful burning of waste.

“3. The punishment shall be increased by one third if the crime referred to in para. 1 is committed in the context of the business of an enterprise or in any case in the context of an organized activity. The owner of the enterprise or the person responsible for the activity, however organized, shall also liable for failure to supervise the offenders however they may be connected to the enterprise or to its business; the punishments referred to in article 9.2 of Legislative Decree 231 dated 8 June 2001 shall also be imposed on the aforesaid owners of enterprises or persons responsible for the activity.

“4. The punishment shall be increased by one third if the act referred to in para. 1 is committed in territories which, at the time of the conduct and in any case during the five prior years, were or had been affected by declarations of a state of emergency in the waste sector, pursuant to Law 225 dated 24 February 1992.

“5. The vehicles used to transport waste involved in the crime referred to in para. 1 of this article

– incinerated in unauthorized areas or facilities, shall be confiscated pursuant to art. 259.2,

unless the vehicle belongs to a person who was not involved in the conduct referred to in para. 1

of this article, and unless such person was not complicit in the crime. The guilty verdict or the

verdict issued pursuant to article 444 of the Code of Criminal Procedure shall be followed by

confiscation of the area where the crime was committed, if it is owned by the offender or by the

accomplice to the crime, subject to the obligations to restore the conditions of the site.

“6. The punishments established by article 255 shall be imposed if the conduct referred to in para. 1 involved the types of waste named in article 184.2(e).”

For a full list of predicate crimes and the rules on their prosecution, see Annexes A.4 and A.5 (the latter also contains a summary of the types of incriminatory conduct intended to supplement the specifications contained in the “control protocols” set forth in Annex A.3).

### 1.3 Punishments

Art. 9 of the Decree establishes the punishments that can be imposed for the commission or attempted commission of the aforesaid crimes. Specifically, they comprise:

- fines
- prohibitions
- confiscation
- publication of the decision.

The fines range from a minimum of €25,823 to a maximum of €1,549,370. They are set by the court, taking account of the:

- seriousness of the offense;

- the degree to which the company was responsible;
- the steps taken by the company to eliminate or attenuate the consequences of the offense and to prevent the commission of further wrongful acts;
- the company's economic and financial conditions.

The prohibitions, which are listed in paragraph 2 of art. 9, can be imposed only in the most serious cases (specified by the law), and only if at least one of the following situations occurs:

A. The company made a large profit from the crime, and the crime was committed by persons in apical positions, or by persons subject to direction and oversight by others if the crime was caused or facilitated by serious organizational deficiencies.

B. Repetition of the offenses.

The prohibitions are:

- prohibition of continued engagement in the business;
- suspension or revocation of the authorizations, licenses or concessions that enabled the offense to be committed;
- prohibition against contracting with the public administration, except to obtain a public service;
- exclusion from facilitations, financing, grants or subsidies, and possible revocation of any already granted;
- prohibition against advertising goods or services;
- receivership (art. 15, Leg. Decree 231/2001).

The prohibitions, which can be imposed preventively, can continue in force for no less than three months and no more than two years.

In the most serious cases, the prohibitions against engagement in the business, against contracting with the public administration and against advertising goods or services can be applied permanently. The court may decide that instead of the prohibition against engaging in the business, the company may continue to do so under the management of a receiver appointed by the court itself at the terms and conditions set forth in art. 15 of Leg. Decree 231/2001.

In the case of an attempt to commit an offense relevant for the purposes of corporate administrative liability, the amount of the fines and the duration of the prohibitions are reduced by one third to one half.

#### **1.4 Models of organization, management and control**

A fundamental aspect of Leg. Decree 231/2001 is its attribution of a value to the models of organization, management and control that companies adopt to prevent the commission of predicate offenses by persons holding apical positions or subject to direction and oversight by apical persons.

In the case of an offense committed by an apical person, the company will not be held liable if (art. 6.1 of Leg. Decree 231/2001) it can prove that:

- a) before the crime was committed, management had adopted and effectively implemented models of organization and management suitable to prevent crimes of the type that was committed;
- b) the task of overseeing the operation of and compliance with the models and of keeping them updated had been assigned to an internal board with independent powers of initiative and control (the “Supervisory Board”);
- c) the individual(s) who committed the crime did so by fraudulently eluding the models of organization and management;
- d) the Supervisory Board did not fail to perform its duties, or to perform them adequately.

Accordingly, the company must demonstrate that it had nothing to do with the acts with which the apical person is charged, by proving that it had met the aforesaid requirements, hence that the crime(s) was/were not due to “organizational negligence” on its part; in other words, it had not failed to take adequate steps (i.e., to adopt adequate models of organization, management and control) to prevent the commission of crimes relevant for the purposes of corporate liability.

Conversely, if a crime was committed by persons who were subject to direction or oversight by others, the company is liable if the crime was made possible by the company’s failure to fulfill its obligations of direction or oversight. In any case, the company had not infringed its obligations of direction or oversight if before the crime was committed it had adopted and effectively implemented a model of organization, management and control suitable to prevent crimes of the type that was committed.

Leg. Decree 231/2001 outlines the contents of such models, prescribing that in relation to the scope of the delegated powers and to the risk of crimes being committed, they must:

- identify activities in the context of which crimes may be committed;
- establish specific protocols to schedule training and to implement the company’s decisions regarding crimes to be prevented;
- identify ways of managing financial resources so as to prevent crimes;
- establish obligations to inform the board responsible for overseeing the operation of and compliance with the models;
- introduce a disciplinary system suitable to punish failure to comply with the measures indicated in the model.

Art. 7.4 of Leg. Decree 231/2001 also defines the requirements for effective implementation of the organizational models:

- periodic verification of the model and changes therein if any significant violations of its rules are discovered, or whenever changes are made in the company’s organization or business;
- a disciplinary system suitable to punish any failure to comply with the measures indicated in the model. In the cases described in art. 7, it will be up to the judicial authority to prove that the company did not adopt and effectively implement a model of organization, management and control suitable to prevent crimes of the type that was committed.

## **1.5 The Confindustria Guidelines**

Art. 6.3 of Leg. Decree 231/2001 establishes that *“models of organization and management can be adopted, guaranteeing the needs referred to in paragraph 2, on the basis of codes of conduct written by the associations that represent the entities and communicated to the Justice Ministry, which, in agreement with the competent ministries, can formulate remarks within thirty days on the suitability of the models to prevent crimes.”*

On March 7, 2002, Confindustria (the Italian industry association) communicated to the Ministry its “Guidelines for the construction of models of organization, management and control as per Leg. Decree 231/2001.” These guidelines refer solely to crimes against the public administration. They describe the steps that a company must take to activate a risk-management system consistent with the requirements imposed by Leg. Decree 231/2001:

- *Map the areas at risk.* After identifying the types of crimes that may concern the company, the next step is to identify the activities in the context of which such crimes might be committed, considering among other things the possible ways in which people may engage in illegal conduct in each of the company's activities.
- *Establish specific protocols* to schedule training and to implement the company's decisions regarding crimes to be prevented.

The components of a preventive control system that must be implemented to guarantee the efficacy of the model are:

- a *code of conduct* that defines ethical standards in relation to behaviors that may constitute the types of crime with which Leg. Decree 231/2001 is concerned;
- an *organizational system* that defines the hierarchy of company positions and responsibilities for conducting the activities;
- an *authorization system* that assigns internal authorization powers and signature powers valid externally in conformity with the organizational system adopted;
- *operating procedures* to regulate the company's principal activities, in particular processes at risk (i.e. processes that involve sensitive activities) and the management of financial resources;
- a *management control system* that quickly identifies critical situations;
- a *staff training and communication system* that furthers the model's proper operation;
- identification of an *Supervisory Board* that has independent powers of initiative and control and is given the task of overseeing the operation of and compliance with the models via periodic verifications, and updating them if any significant violations of its rules are discovered, or whenever changes are made in the company's organization or business;
- specific *obligations to provide information to the Supervisory Board* on the principal corporate facts, in particular on activities deemed to be at risk;
- specific *obligations of the Supervisory Board to inform* the company's top management and control structures;
- a *disciplinary system* suitable to punish failure to comply with the measures contained in the model.

The components of the control system must incorporate the following *principles*:

- verifiability, documentability, consistency and relevance of every transaction;
- separation of functions (no one can be allowed to manage a whole process independently);
- documentation of the controls;

- objectification of company choices.

On October 3, 2002, Confindustria approved the Appendix to the aforesaid Guidelines, which refers to the corporate crimes introduced by Leg. Decree 231/2001. In accordance with what had already been outlined for crimes committed against the public administration and against property to the damage of the State or of any other government entity, Confindustria specified that specific organizational and procedural steps must be taken to prevent the commission of such crimes, and that the principal tasks of the Supervisory Board to verify the effectiveness and efficacy of the model must be defined.

On May 24, 2004, Confindustria sent the Justice Ministry the new text of the Guidelines, which took account of the Ministry's observations. The Ministry judged these additional Guidelines "suitable to achieve the purpose set forth in art. 6.3 of Leg. Decree 231/2001."

After numerous legislative measures altered the rules on corporate administrative liability, extending their scope to other types of crimes, a revised version of the Confindustria Guidelines, updated to March 31, 2008, was approved by the Ministry of Justice on April 2, 2008.

The revision of the Guidelines, which concerned both the general part and the appendix on individual crimes (including case studies) was intended to provide indications regarding the steps suitable to prevent the commission of predicate offenses: abuse of the market, virtual child pornography, mutilation of female genital organs, transnational organized crime, manslaughter, serious or very serious tortious injuries caused by violation of the regulations on workplace health and safety, and money-laundering.

Lastly, on July 21, 2014, the Ministry of Justice announced its final approval of the Confindustria Guidelines updated to March 2014.

In particular, the new version "rewords the previous text, from 2008, to take account of the changes that have been made in the meantime in legislation, case law and enforcement practice, maintaining the distinction between the two Parts, General and Special." The "principal changes and additions to the General Part are the new chapter on the features of criminal liability and the table summarizing precedent crimes; the disciplinary system and the punishment mechanisms; the Supervisory Board, in particular its membership; the phenomenon of groups of enterprises," while the "Special Part, devoted to the analysis of precedent crimes through case studies, was the object of a thorough review intended not only to treat the new types of precedent crimes but also to introduce a schematic method of analysis that will be easier for interested operators to use."<sup>26</sup>

## **2 Ericsson Telecomunicazioni S.p.A.'s model of organization, management and control**

### **2.1 Ericsson Telecomunicazioni S.p.A.**

The Ericsson Group, a world leader in telecommunications, is one of the principal providers of telecommunications equipment and services to operators of fixed and mobile networks around the world.

Ericsson is in the business of building networks and supplying services, and has consolidated its leadership role by continuing to give great impetus to the development of communication

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<sup>26</sup> Announcement published on [www.confindustria.it](http://www.confindustria.it).



systems in all sectors, from traditional fixed telephone networks to new-generation networks, IP and broadband networks, GSM and GPRS mobile networks, and evolution to UMTS networks.

Ericsson has been present in Italy for over 80 years. Ericsson Telecomunicazioni S.p.A. supplies equipment to the major fixed and mobile telecommunications operators, including Telecom Italia, TIM, Wind and 3, and also provides services to Vodafone, Albacom, Tiscali and other regional operators. In addition, Ericsson has long been engaged in offering products and services to businesses, the public administration and security forces, to which it offers specific communication technologies and solutions.

## **2.2 Constituent elements of the Ericsson Telecomunicazioni S.p.A. Model**

Ericsson Telecomunicazioni S.p.A. has adopted its own Model of Organization, Management and Control in conformity with the requirements established by Leg. Decree 231/2001 and consistently with the applicable legal and regulatory context, with the principles already rooted in its own governance culture, and with the indications contained in the Confindustria Guidelines.

In preparing the Model, Ericsson Telecomunicazioni took account of the existing control procedures and systems that are already widely applied in the company (though not quoted here), when they are judged suitable to be used to prevent crimes and to monitor areas at risk.

The Model's principles and contents are addressed to the members of the corporate boards, to the company's management and to its employees.

The Model's provisions and rules of conduct are also addressed to the company's business partners, consultants, external collaborators and other parties that deal with the company.

The constituent elements of the Model are:

- identification of company activities in the context of which crimes relevant for the purposes of corporate administrative liability may be committed (the so-called mapping of sensitive areas);
- the establishment of standards of control applicable to the activities identified as sensitive (cf. Annex A.3 and, more generally, all of the company's procedures);
- the Code of Business Ethics;
- a program of periodic checks of sensitive activities and of the control standards related thereto;
- an organizational system that clearly defines the hierarchy of company positions and responsibilities for conducting company activities;
- an authorization system that assigns internal authorization powers and signature powers valid externally in conformity with the organizational system adopted;
- operating procedures that regulate the principal activities of the company and the Group, in particular processes at risk and management of the financial resources of the company and the Group (cf. Annex A.3 and, more generally, all of the company procedures).

To regulate the behavior of the various actors and, more generally, of all the Addressees, the Parent Company has issued a Group Code of Ethics (cf. Annex A.1), "Group Policies" and "Group Directives" dealing with important aspects of the organization and management of the companies belonging to the Ericsson Group.

These documents, like all the local/corporate Procedures and Protocols, are available on the Intranet.

The company is a direct addressee of these documents and is responsible for compliance with them and with all the policies issued by the Parent Company over the years.

Accordingly, all employees are also required to comply with all of the Group's rules on behavior, except in cases where they conflict with local or national regulations. In such case, full compliance with the local or national regulations shall naturally prevail.

Any conflicts shall be promptly reported to the Managing Director, who shall report them to the Parent Company and the Supervisory Board.

Of all the Group Policies, the one that is especially relevant for the purposes of the provisions of Leg. Decree 231/2001 is:

- "Risk Management," no. 01103-281 Uen, adopted June 28, 2012.

The Group Directives mentioned here for the same reason are:

- "Anti-Corruption," no. 034 02-3141 Uen, adopted December 3, 2012;
- "Handling of Reported Violations of the Code of Business Ethics," no. 034 02-3147 Uen, adopted December 17, 2013.

Control procedures and protocols must be prepared, enforced, monitored and reviewed by the competent Functions ("Key Officers"). Any **transactions in derogation from the procedures and protocols** must be adequately explained in writing and reported to top management and to the Supervisory Board. In particular, such derogations must not concern compliance with the following general principles underlying the company's control system, which shall remain firm: legality, verifiability, documentability, consistency and congruity, and objectivization of business choices.

- a management control system that quickly identifies critical situations (in this context, the SOX Compliance Management Function, which has a specific role of control for the purposes of the Model, is especially important);
- a training and communication system for company staff and officers that furthers the capillary and effective communication of company decisions and their implementation;
- a disciplinary system suitable to punish failure to comply with the measures contained in the Model.
- identification of an Supervisory Board that has independent powers of initiative and control and is given the task of overseeing the operation of and compliance with the Model;
- specific obligations to provide information to the Supervisory Board on the principal corporate facts, in particular on activities deemed to be at risk;
- specific obligations of the Supervisory Board to inform the company's top management and corporate bodies;
- criteria to be followed in updating and improving the Model.

The original version of the Model was approved by Ericsson Telecomunicazioni's Board of Directors on December 22, 2011. This version was adopted after a review process aimed at incorporating later organizational and legislative changes (cf. Annex A.4).

The Model comprises the following documents:

1. Description of the Model of Organization, Management and Control as per art. 6 of Leg. Decree 231/2001 (contained in this document).
2. Code of Business Ethics (cf. Annex A.1).
3. Mapping of sensitive activities (cf. Annex A.2).
4. Control protocols, including information flows to the Supervisory Board (cf. Annex A.3).
5. Other local and Group procedures.
6. Rules and regulations on corporate administrative liability as per Leg. Decree 231/2001, and on precedent offenses as per Leg. Decree 231/2001 (the relevant provisions of law are quoted in Annex A.4).
7. List of the crimes and summary of the types of criminal conduct (cf. Annex A.5).

Specifically:

1. The Document describing Ericsson Telecomunicazioni's Model of Organization, Management and Control gives a view of:
  - the applicable legal framework;
  - the Company (its organization, management and control);
  - the identification and appointment of Ericsson's Supervisory Board, specifying its powers, tasks and information flows;
  - the functioning of the disciplinary system and the related punishment system;
  - the training and communication plan to be adopted in order to guarantee knowledge of the measures and provisions contained in the Model;
  - the criteria to be followed in updating and improving the Model.
2. Code of Business Ethics (cf. Annex A.1): This document describes the ethical principles that the Company (like all the other ones included in the Group) recognizes as its own, and on the basis of which it intends to conduct its business and pursue its purposes in compliance with all applicable laws. Since the Code of Business Ethics refers to principles of behavior that are also suitable to prevent the unlawful acts listed in Leg. Decree 231/2001, it is an integral part of the Organizational Model.
3. Mapping of sensitive activities (cf. Annex A.2): This document identifies the crime-sensitive activities of each company department, and one or more Key Officers who are responsible for such activities and for analyzing the adequacy of the Internal Control System ("ICS").
4. Control Protocols, including those governing information flows to the Supervisory Board (cf. Annex A.3). The protocols are prepared with reference to each Department/Key Officer, following the guidelines drawn up by industry associations; and to all the sensitive activities identified in the Risk and Control Self-Assessment. The control protocols specify the principles to be followed to prevent the identified crimes, and are to be applied to company procedures in coordination with the rules established by all the other company and Group procedures, whose validity and obligatory nature remain firm. To enable constant "dynamic updating" of the Model during the "line controls" performed by the various Functions, the latter work constantly to verify the adequacy and correct application of the procedures. The Functions are responsible for drawing up and reviewing the protocols, like all the other company procedures. (As regards "transactions in derogation," cf. the above explanation and the relevant entry in the Glossary.) Second-level (and possibly third-level) controls are

carried out by means of internal checks by the SOX Compliance Management Function, by other company and/or Group Functions and/or by third parties.

5. List of crimes and summary of types of criminal behavior (cf. Annexes A.4 and A.5). These documents quote the relevant legislation, concisely describe the types of criminal conduct involved in predicate crimes, and assume full knowledge and applicability of the rules on their prosecution. These documents are included in this version of the Model in order to facilitate knowledge of the crime-prevention measures and the essential activity of constantly monitoring the Model and – most important – the control bodies for the purposes of Leg. Decree 231/2001. The summary of types of criminal behavior (cf. Annex A.5) supplements the contents of the Control Protocols.

### 3 The Supervisory Board required by Legislative Decree 231/2001

#### 3.1 The Supervisory Board (OsB)

One of the conditions for exoneration from the liability established by Leg. Decree 231/2001 is that the company has set up an internal unit with independent powers of initiative and control, which has been given the task of overseeing the operation of and compliance with the models, and of updating them.

To perform the functions established by the aforesaid legislation, the OsB must meet the following requirements:

1. **Freedom and independence:** As also specified in the Confindustria Guidelines, the OsB's position in the company "must guarantee the independence of its control initiatives from any form of interference and/or influence by any part of the company (including the Board of Directors). Accordingly, the OsB must be a staff unit placed in the highest possible hierarchical position and reporting to the company's highest operational level. Moreover, to guarantee the necessary autonomy of initiative and independence, "it is indispensable that the OsB not be given operational tasks which, by making it a party to operational decisions and activities, would undermine the objectivity of its judgment at times when behaviors and the Model are being verified."
2. **Professionalism:** This requirement refers to the specialist technical competence that the OsB must have in order to conduct the activity assigned to it by the Decree. In particular, its membership as a whole must have specific knowledge of techniques useful for the activities of inspection, consulting, analysis of the control system and legal analysis (in particular in the field of criminal law and corporate law), as clearly stated in the Guidelines. In fact, it is essential for the members to know risk analysis and assessment techniques; techniques for flow-charting procedures and processes; fraud-detection and statistical-sampling methods; and the ways that crimes are committed.
3. **Continuity of action:** to guarantee effective implementation of the organizational Model, the company must have a structure dedicated to oversight activities exclusively and on a full-time basis.

Accordingly, the OsB must oversee the functioning of and compliance with the Model, and make sure that it is continuously updated. Briefly, the OsB must:

- be independent from and unrelated to the people whom it is supposed to be keeping watch over;
- occupy as high a hierarchical position as possible;

- have autonomous powers of initiative and control;
- be financially autonomous, with a budget of its own;
- have no operational tasks;
- have continuity of action;
- meet requirements of professionalism;
- create a systematic channel of communication with the Board of Directors as a whole.
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### **3.2 Identification of Ericsson Telecomunicazioni S.p.A's Supervisory Board**

In compliance with the provisions of art. 6.1(b) of Leg. Decree 231/2001, and in light of the indications of the most representative industry associations, first and foremost Confindustria, Ericsson Telecomunicazioni has identified its Supervisory Board as a three-member unit. All the members must have the knowledge and experience necessary to ensure operational control and supervision within the limits established by the Model, guaranteeing the Model's efficient application in conformity with all the company procedures subject to oversight. To deal with particular issues, the OsB may call upon the collaboration of experts whom the Company will engage for a specific consultation assignment.

In conformity with the requirements of autonomy, independence, professionalism any continuity described above, the three qualified external members of the OsB are appointed by the Board of Directors upon proposal by the Managing Director.

The OsB reports directly to the Board of Directors on the results of its activities, any critical issues discovered and any steps that should be taken to correct or improve them.

The general principles on the creation, appointment and replacement of the OsB are specified in this document. The rules governing its operations are set forth in the OsB Regulations, which the OsB itself has adopted autonomously.

Appointments to the OsB are conditional upon the individual's possession of the eligibility requirements. In particular, none of the following reasons for disqualification should exist at the time when the person is appointed:

- actual or potential conflict of interest with the Company, such as to compromise the independence required by the OsB's role and tasks;
- direct or indirect ownership of shares of the Company's stock such as to enable the individual to exercise control or a dominant influence over the ordinary general meeting of the shareholders;
- employment with any central or local public administration in the three years prior to the person's appointment to the OsB;
- conviction in Italy or abroad, whether or not on ultimate appeal, for crimes relevant to corporate administrative liability or equated therewith;
- conviction, whether or not on ultimate appeal or plea-bargaining, punished by temporary or permanent prohibition to hold any public office, or temporary prohibition to hold any management position with legal persons or companies.

If any of the reasons for ineligibility comes to bear upon a person already appointed to the OsB, he or she shall notify the other members of the OsB thereof and shall automatically cease to sit on the OsB.

The powers of one or more members of the OsB can be revoked and reassigned to someone else only for just cause, which may be related to organizational restructuring steps taken by the Company, and can be accomplished only through a specific decision made by the Board of Directors and approved by the Board of Statutory Auditors. The following are reasons for revocation for just cause:

- the eligibility requirements cease to be fulfilled;
- serious negligence in performing or failure to perform the tasks assigned to the OsB (e.g., failure to carry on the activities in good faith and with due diligence, failure to cooperate with the other members of the OsB, failure to reply or delay in replying to the Board of Directors regarding any questions on the conduct of oversight and control activities);
- failure to attend two or more meetings, whether consecutive or not, without justification over a period of twelve consecutive months,
- the requirements of honorability cease to be met;
- failure of the OsB to perform its oversight duties or to perform them adequately, as required by art. 6.1(d) of Leg. Decree 231/2001, if so ruled in a final verdict handed down against the Company pursuant to Leg. Decree 231/2001;
- assignment to the OsB of operating functions and responsibilities in the Company's organization, if incompatible with the OsB's requirements of autonomy, independence and continuity of action.

In very serious cases, the Board of Directors can, upon hearing the opinion of the Statutory Auditors, suspend the powers of the OsB and appoint an interim OsB.

To carry on operational activities connected with or preparatory for its control activities, the OsB can draw on the collaboration of the SOX Compliance Management Function or any other company Function and/or on outside professionals, in whatever ways it sees fit and in those already established in the Model, in cases where the Model's implementation or updating requires deeper investigation of certain issues.

The Company's Board of Directors ensures that the OsB has freedom of initiative and control over sensitive activities, in order to encourage compliance with the law and the Model, and to enable the immediate discovery of any violations, subject however to the general obligations of management and oversight of the Company's employees, including for the purposes of this Model, by the persons who are formally charged with such tasks in the Company's organization.

By January 31st of every year, a budget sufficient to carry on the tasks assigned to the OsB by Leg. Decree 231/2001, this Model and the internal OsB Regulations must be drawn up. This budget shall be quantified by the Board of Directors on the basis of a report prepared by the OsB itself. The amount of any fees due to the OsB's members shall be determined by the Board of Directors upon proposal by the Managing Director, and such fees shall be paid once a year.

### **3.3 Functions and powers of the Supervisory Board**

The Supervisory Board's activities are not subject to the judgment of any other Company unit or structure. However, management is in any case responsible for overseeing the adequacy of the Board's operations, because management has the ultimate responsibility for the operation and efficacy of the model.

The Supervisory Board is vested with the powers of initiative and control necessary to ensure the Model's effective and efficient operation and compliance therewith, as per art. 6 of Leg. Decree 231/2001.

In particular, the OsB has the following responsibilities:

- verify that the Model continues to satisfy over time the requirements of efficiency and effectiveness;
- see to, develop and promote constant updating of the Model, if necessary by addressing proposals to management for updates and adjustments to be made by changes and/or additions that might become necessary as a result of (i) violations of the rules prescribed by the Model; (ii) periodic reviews of the Model, partly in relation to changes in the Company's internal organization and/or the ways it carries on its business; (iii) changes in the laws, with reference to the regulations on corporate administrative liability for administrative wrongdoing, and to the relevant crimes; (iv) outcome of the internal verifications (controls at the first, second and possibly third level);
- ensure that the system of identification, surveying and classification of sensitive activities is updated periodically;
- maintain a constant connection with the Board of Statutory Auditors and with the outside audit firm, safeguarding its necessary independence, and with the other consultants, collaborators and employees involved in the effective implementation of the Model and in the verification of its adequacy and conformity;
- note any misbehavior that may appear from analyses of information flows, from the reports that the heads of the various functions are required to make, and from internal verifications;
- report speedily to management, for appropriate action, any infringement of the Model that might create a liability for the Company or that in any case are indicative of failure to comply with the Model and with the procedures relevant for the purposes of Leg. Decree 231/1001;
- handle relations with the Board of Directors and ensure relevant information flows to it and to the Board of Statutory Auditors;
- govern its own operations, including by introducing regulations regarding inter alia its budget, meetings, voting and decisions;
- promote and define initiatives for disseminating knowledge and understanding of the Model and for training staff and increasing their sensitivity to compliance with the Model;
- promote and develop communication and training projects on the contents of Leg. Decree 231/2001, on its impact on the Company's business and on the rules of behavior;
- provide clarification on the meaning and application of the Model's provisions;
- set up an effective internal communication system that enables the reporting of information relevant for the purposes of Leg. Decree 231/2001, guaranteeing protection and confidentiality to people who report relevant information;
- draw up and submit to management for approval the budget necessary for the proper performance of its tasks. In any case, the budget must be as large as possible so as to guarantee the full and correct conduct of the OsB's activities;
- freely access or summon any function, unit, officer or employee of the Company (including members of management), with no need of anyone's prior consent, in order to demand and acquire whatever information, documentation and data the OsB deems necessary to conduct the tasks prescribed by Leg. Decree 231/2001 and regulated by this Model;
- demand relevant information from the Company's outside collaborators, consultants, agents and representatives;

- monitor any disciplinary proceedings;
- verify and evaluate the suitability of the disciplinary system pursuant to and for the effects of Leg. Decree 231/2001, in collaboration with the Managing Director and the head of the Department of Human Resources and Organization;
- in the event of controls, investigations or requests for information by competent authorities seeking to verify whether the Model conforms to the provisions of Leg. Decree 231/200, the OsB must handle relations with the people assigned to carry out the inspection activities and provide them with adequate information support.
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### **3.4 Obligations to inform the Supervisory Board; Information flows**

The Supervisory Board must be speedily informed, via a special internal communication system, about acts, behaviors or events which might lead to infringement of the Model or, more in general, are relevant for the purposes of Leg. Decree 231/2001.

This information flow supplements the provisions of the aforesaid Group Directive on the "Handling of Reported Violations of the Code of Business Ethics," no. 034 02-3147 Uen dated 17 December 2013.

The obligations to inform about any behavior contrary to the provisions of the Model are part of employees' broad duty to act with diligence and of their obligation of loyalty, as referred to in arts. 2104 and 2105 of the Civil Code. In particular, anyone who has learned of violations of the Model or of situations at risk is required to notify the OsB thereof without delay. If the situation concerns a possible crime not yet committed, the person(s) who has/have learned of it must act immediately to prevent the action or event, in order to obtain the Company's exoneration from liability therefor pursuant to art. 26.2 of Leg. Decree 231/2001.

The organization of a structured information flow is a means of guaranteeing the efficacy and continuity of the activity of overseeing the Model's suitability and its effective implementation, and of ascertaining ex post the causes that enabled possible violations.

The information provided to the OsB aims to improve its planning of controls, and implies a careful verification activity of all the phenomena represented, according to the order of priority deemed most appropriate.

An employee's proper fulfillment of the information obligation cannot give rise to disciplinary sanctions against him or her.

By contract, agents, trading partners, consultants, outside collaborators, etc., are subject to an immediate information obligation if they receive, directly or indirectly, from a Company employee or representative a request for behavior that might lead to a violation of the Model.

The following general provisions apply in such cases:

- the OsB shall receive (and adequately examine) any reports regarding (i) the commission, or the reasonable danger of commission, of crimes (and of administrative wrongdoing) relevant for the purposes of corporate administrative liability; (ii) "practices" not in line with the codes of ethics and conduct adopted by the Company or in any case applicable to it (e.g., Group policies); (iii) behaviors which in any case could cause violations of the Model;
- all employees, agents, trading partners, consultants, collaborators and the so-called quasi-employees, as regards their relations with Ericsson, are required to report to the OsB any violation (or alleged violation) of the Model, as prescribed in para. 3.4.1;



- the OsB shall evaluate the reports it receives and the cases in which action should be taken, according to its own discretion and under its own responsibility, and shall adequately document the activities performed in relation to such reports;
- if a report of violation of the Model refers to members of the Board of Directors and/or of the Board of Statutory Auditors, the report shall be forwarded to the Chairman of the Board of Directors or, if it concerns him, to the Chairman of the Board of Statutory Auditors.

People who report relevant information are guaranteed against any form of retaliation, discrimination or penalization, and in any case their identity shall be kept confidential, subject to the obligations established by law and protection of the rights of the Company or of the persons accused wrongly and/or in bad faith.

Besides the aforesaid reports on violations of a general nature, company Functions engaged in sensitive activities are required to send the OsB structured information flows concerning, by way of example: (i) the periodic results of control activities they themselves carry on to implement the Model (recapitulations of their activities, monitoring results, ex-post indicators, etc.); (ii) any anomalies or unusual situations found in the context of available information (a fact that would not be relevant if considered by itself might be evaluated differently if repeated or more extensive); (iii) transactions in derogation.

Merely by way of example, this type of information may concern the following (for more details, cf. Annex A.3, "Control Protocols," and other procedures dealing with information flows):

- transactions perceived as being at risk (e.g., decisions related to requests for, receipt of and use of public funds; reports on public contracts awarded after national or international tenders; information on contracts let by public entities, etc.);
- measures taken by and/or information originating from any judicial police department or any other authority, from which it can be inferred that investigations are under way (against known or unknown suspects) for crimes (and administrative wrongdoing) that are relevant for the purposes of corporate administrative liability and may involve the Company;
- employees' requests for legal assistance in the event that they are indicted in judicial proceedings in relation to crimes relevant for corporate administrative liability, unless legal assistance is expressly forbidden by the judicial authority;
- information on any disciplinary proceedings and sanctions imposed (including steps taken against employees), or on decisions to dismiss such cases, including the court's opinion thereon;
- reports prepared by the heads of company Functions in the context of their control activities, if they might contain information on facts, acts, events or inactions with critical profiles in respect of compliance with the Model's rules and prescriptions, based on indications by the OsB;
- all other information which, though not included on the foregoing list, is relevant for the purposes of correct and complete oversight and updating of the Model.

Specific information flows to the OsB are treated in the management and control protocols (cf. Annex A.3).

### **3.4.1 Reporting, collecting and storing information**

All cases of suspected or evident violation of the internal and/or external rules and/or internal procedures and/or the Model, including informal information, must be reported immediately to the OsB in writing.

Oral and/or telephoned reports will not be considered if they are not formalized and if they lack explicit reference to the sender and the Function to which he or she belongs.

The OsB shall act in such way as to protect the sender against any form of retaliation, discriminations or penalization, and shall ensure that the sender remains anonymous and that the reported facts remain confidential, subject to legal obligations and protection of the Company's rights.

To protect the secrecy of information collected by the OsB regarding violation of the Model, the Company shall open a postal address and an email address, whose access shall be reserved to members of the OsB, who shall file and preserve all information received in such way as to ensure its secrecy.

**Written reports should be sent by email to:**

tei.odv.231@ericsson.com

**or by letter to:**

Ericsson Telecomunicazioni S.p.A.  
Supervisory Board 213  
Via Anagnina 202  
00118 Rome (RM), Italy

The Supervisory Board shall evaluate the reports it receives and any steps it may take according to its reasonable discretion and under its own responsibility. The OsB may interview the person who sent the report and/or the person who is said to have committed the alleged violation, and if it decides not to conduct an internal investigation shall set its reasons down in writing.

If the OsB decides to investigate, it shall ensure that its activity will have probatory value in the event that the case is referred to a judicial authority.

If a violation is ascertained, the OsB shall:

- promote an investigation as required by the Disciplinary System, by forwarding the report to the competent Functions;
- if necessary, promote the Model's updating by making proposals for additions and/or changes.

The OsB shall store the information and reports described in this section 3 in a special database (electronic and/or on paper) protected by adequate security features which guarantee the confidentiality of the information and proper treatment of the data as required by law.

Access to this database is allowed to members of the Supervisory Board, the Board of Directors and the Board of Statutory Auditors, though special confidentiality measures may be decided on a case-by-case basis (e.g., if violation reports concern a member of one of the aforesaid bodies).

### **3.4.2 Reporting by the Supervisory Board to company officers**

The OsB shall report on the Model's implementation, on the appearance of any critical aspects and on suggestions for changes.

Generally speaking, there are two distinct lines of reporting:

- one, on a continuous basis, addressed directly to the Managing Director;
- the other one, on a periodic basis, addressed to the Board of Directors in the presence of the Statutory Auditors.

In its reporting activity, the OsB prepares:

- a) reports on the results of its activities, to be sent to the Managing Director and the managers involved;
- b) a recapitulation of its activities during the current year (describing in particular the controls performed and their outcomes, any need to adjust the Model or the procedures, etc.) and an activities plan for the next year, to be submitted for cognizance to the Board of Directors and the Statutory Auditors;
- c) immediate notice to the Board of Directors of any special situation that may arise (e.g., significant infringement of the Model's contents, changes in the legislation on corporate administrative liability, significant changes in the Company's organization, etc.) or if the OsB receives urgent report to be submitted to the Board of Directors.

The proceedings at OsB meetings and at its meetings with the company officers to whom it reports shall be reported in minutes, and copies of the minutes shall be kept by the OsB.

The Board of Directors shall arrange for the OsB to use (not necessarily exclusively) suitable rooms for its meetings, hearings and all other necessary activities. Such rooms shall guarantee absolute confidentiality in the OsB's performance of its functions.

The OsB or its individual members may be summoned by the aforesaid company officers to appear at any time, and may themselves request a hearing. Afterwards, the OsB members in question shall describe the outcome of the meetings to the whole Supervisory Board.

## **4 DISCIPLINARY SYSTEM**

### **4.1 Function of the Disciplinary System**

For the Model to be effectively operational, an adequate disciplinary system must be adopted to punish infringements of the Model's provisions. Considering the seriousness of the offenses that are relevant for the purposes of corporate administrative liability, any failure to comply with the Model damages the relationship of trust between the Company and the employee, and requires disciplinary action regardless of the conduct and outcome of any criminal-law proceeding that the judicial authority may start if the censurable behavior has the characteristics of a crime or administrative wrongdoing that is relevant for the purposes of corporate administrative liability.

### **4.2 Measures against employees**

Compliance with the Model's provisions and rules of behavior constitutes fulfillment by the employees of Ericsson of their obligations under art. 2104.2 of the Civil Code; obligations of which the Model's contents are a substantive and integral part.

Infringement of the Model's provisions and rules of behavior by employees of Ericsson always constitutes disciplinary wrongdoing.

The measures indicated in the Model as sanctions for failure to comply therewith shall be communicated to all employees via an internal circular letter and posted in a place accessible to everyone, and shall be binding upon all of the Company's employees (as per art. 7 of Law 300 dated 20 May 1970, known as the Workers' Charter); they shall be binding upon all company employees.

The disciplinary measures can be imposed on the employees of Ericsson in accordance with the provisions of art. 7 of Law 300/1970, with other special regulations and with the relevant collective employment agreements.

For employees whose jobs are below management level, the measures are the ones established by the disciplinary rules contained in the National Collective Employment Agreement ("CCNL"). Depending on how serious the infringement was, the measures are:

- oral reprimand
- written warning
- fine no higher than the amount of three hours' base pay
- suspension from work and pay for up to three days
- dismissal with notice
- dismissal without notice

After each report of violation of the Model, a disciplinary action conducted by the competent Functions shall seek to discover whether the violation did or did not occur (see below). In this phase, the employee will be told of the charge and will be given adequate time to answer it. If the charge is upheld, the offender will be punished by a disciplinary sanction proportional to the seriousness of the offense, taking account of whether or not it has been repeated.

It is understood that the Company will act in compliance with the relevant procedures, provisions and guarantees established by art. 7 of the Workers' Charter and the CCNL.

As regards the ascertainment of infractions, disciplinary proceedings and the imposition of sanctions, the powers already vested in the members of Ericsson's management shall remain valid within the limits of their respective mandates and responsibilities. The Managing Director and the Head of the Department of Human Resources and Organization shall be responsible for enforcing the disciplinary measures described above. They shall start a disciplinary proceeding whether or not they have received a report from the Supervisory Board, after hearing the opinion of the offender's superior.

The Supervisory Board must receive timely information on every act concerning a disciplinary proceeding against a worker for infringement of this Model, starting at the time when the worker is charged with the offense, so that the OsB can reach its own conclusions on matters for which it is competent (in particular: verification of the adequacy and functioning of the disciplinary system). .

#### **4.3 Violations of the Model and sanctions related thereto**

Subject to Ericsson's obligations under the Workers' Charter, the types of behavior that constitute violation of the Model, and the sanctions applicable thereto, are as follows:

1. An **“oral reprimand”** can be addressed to a worker who infringes any of the internal procedures prescribed by the Model (e.g., he or she fails to comply with the prescribed procedures, except as regards “transactions in derogation”; fails to communicate required information to the Supervisory Board, fails to perform controls, etc.), or does not obey the rules prescribed by the Model when performing activities in sensitive areas. These types of behavior constitute failure to follow the Company’s instructions.
2. A **“written warning”** can be addressed to a worker who repeats an infringement of the procedures prescribed by the Model (except as regards “transactions in derogation”) or does not obey the rules prescribed by the Model when performing activities in sensitive areas. These types of behavior constitute repeated failure to follow the Company’s instructions.
3. A **“fine no higher than the amount of three hours’ base pay”** can be imposed on a worker who in infringing the internal procedures prescribed by the Model, or in failing to obey the rules prescribed by the Model when performing activities in sensitive areas, exposes the integrity of the Company’s property to a situation of objective danger. These types of behavior, together with failure to obey the Company’s instructions, endanger the integrity of the Company’s property and/or are acts contrary to the Company’s interests.
4. **“Suspension from work and pay for up to three days”** is a punishment that can be imposed on a worker who in infringing the internal procedures prescribed by the Model or in failing to obey the rules prescribed by the Model when performing activities in sensitive areas causes damage to the Company by acting against its interests; or that can be imposed on a worker who repeats more than three times in a single calendar year the misbehavior described above at points 1, 2 and 3. These types of behavior, together with failure to obey the Company’s instructions, damage the Company’s property and/or are acts contrary to the Company’s interests.
5. **“Dismissal with notice”** is the punishment for a worker who fails to obey the rules prescribed by the Model when performing activities in sensitive areas, and whose behavior is aimed unambiguously at the commission of a crime relevant for the purposes of corporate administrative liability; or a worker who repeats more than three times in a single calendar year the misbehavior described above at point 4. This type of behavior constitutes a serious failure to comply with the Company’s instructions and/or a serious infringement of the worker’s obligation to cooperate for the Company’s prosperity.
6. **“Dismissal without notice”** is the punishment for a worker who in performing activities in sensitive areas infringes the rules prescribed by the Model and thereby causes the Company to be subjected to the measures set forth in Leg. Decree 231/2001. Such behavior leads the Company to lose all trust in the worker, and causes it serious moral and/or material damage.

In deciding on the type and entity of the sanction to be imposed in each case, the Company shall take account:

- of whether the behavior was intentional, or of the degree of negligence, rashness or lack of skill in foreseeing the event;
- of the worker’s general behavior, with particular regard to whether disciplinary measures have already been taken against him or her, within the limits allowed by the law;
- of the worker’s duties;
- of the functional position of the people involved in the facts that constitute the wrongdoing;
- of the other particular circumstances that accompany the disciplinary offense.

Ericsson reserves the right to demand compensation for damages caused by an employee's infringement of the Model. The compensation will be proportional to:

- the guilty employee's level of responsibility and autonomy;
- the existence or nonexistence of previous disciplinary steps taken against him or her;
- the degree to which his or her behaviour was intentional;
- how serious the effects of the behaviour were, meaning the level of risk to which the Company reasonably believes it was exposed as a result of the wrongdoing, pursuant to Leg. Decree 231/2001.

If the provisions and behavioural rules contained in the Model are infringed by a manager, once the offender's responsibility has been ascertained Ericsson shall apply the sanction it deems most suitable, in conformity with the provisions of the applicable National Collective Employment Agreement. If the infringement of the Model ends the relationship of trust between the Company and the manager, the sanction shall be dismissal for just cause. The aforesaid offenses shall be ascertained and the consequent disciplinary measures taken according to the provisions of the CCNL and the company procedures, and adequate information thereon shall be provided to the Supervisory Board.

#### **4.4 Measures against the Company's directors**

If the provisions and behavioural rules contained in the Model are infringed by members of the Board of Directors, the Board itself, with the advice of the Board of Statutory Auditors, may take appropriate steps (e.g., calling a general meeting of the shareholders) to adopt the most suitable measures prescribed by the law.

If the Model was infringed by the Board of Directors as a whole, the OsB shall inform the Board of Statutory Auditors thereof without delay, whereupon the latter shall invite the Board of Directors to call a general meeting of the shareholders, or, if the Board of Directors fails to do so, the Board of Statutory Auditors shall do so itself pursuant to art. 2406 of the Civil Code.

#### **4.5 Measures against the Statutory Auditors**

If the provisions and behavioral rules contained in the Model are infringed by one or more statutory auditors, the Board of Directors shall, at the request of the Board of Statutory Auditors and/or the Supervisory Board, call a general meeting of the shareholders in order to adopt the most suitable measures prescribed by law.

#### **4.6 Measures against trading partners, agents, consultants and collaborators**

All contracts and agreements signed or to be signed with trading partners, agents, consultants, outside collaborators or other persons having contractual relationships with the Company must contain specific clauses whereby their infringement of the provisions and behavioural rules established by the Decree, by the Code of Ethics and by the Model and applicable to such persons, or their commission of any crime (or administrative wrongdoing) relevant for the purposes of corporate administrative liability, shall lead to termination of their contractual relationship, subject to any demand for compensation if such behaviour causes damage to the Company (for instance if a court of law imposes the punishments prescribed by Leg. Decree 231/2001). Similar clauses shall be included to intercompany service contracts.

## **5 TRAINING AND COMMUNICATION PLAN**

### **5.1 Background**

Ericsson intends to ensure wide dissemination of the Model's principles and contents within and outside its own organization.

In particular, Ericsson's objective must be to facilitate and promote knowledge of the Model's contents not only among its own employees but also to all persons who, though not formally employees, operate in Italy or elsewhere to achieve Ericsson's goals pursuant to contractual relations. The activity of training and communication, diversified according to the positions and roles of the people to whom it is addressed, shall in any case be informed by principles of completeness, clarity, accessibility and continuity so as to make the addressees fully aware of the company rules that they are required to obey and of the ethical standards that their behavior must satisfy.

The Supervisory Board shall monitor the activity of training and communication.

### **5.2 Company employees and officers**

All employees are required to (i) become aware of the contents of the Model; (ii) know the operational methods to follow in performing their activities; (iii) contribute actively to the effective implementation of the Model in relation to their own role and responsibilities, observing and verifying the Model and all the company procedures, reporting any shortcomings they may find in them, and taking all relevant initiatives (e.g., review of the procedures, etc.).

The Model shall be communicated to all employees via email and/or fax and/or the postal service and/or delivered by hand (together with a statement that it is to be considered binding upon them all), each of whom shall sign a form confirming his or her receipt thereof.

The Model shall be communicated via email and/or fax and/or the postal service and/or delivered by hand to all members of Ericsson's governing bodies. Each member of the Board of Directors shall sign a form confirming his or her receipt thereof.

The signed forms shall be filed and kept by the Supervisory Board.

The documentation that constitutes the Model and the Ethics Code is also available to all employees on the Company's intranet site and by means of other adequate initiatives.

Pursuant to art. 7.1 of Law 300/1970, the Disciplinary Code (comprising the relevant provisions of the CCNL applied by the Company, this document, the Code of Business Ethics and the other internal rules on disciplinary matters) shall be posted in a place accessible to all employees.

### **5.3 Other addressees**

The activity of communicating the Model's contents is also addressed to third parties who have collaboration contracts with Ericsson or who represent the Company but are not its employees (e.g., trading partners, agents, consultants, distributors, business developers and other independent collaborators). To this end, Ericsson will provide copies of the Model and the Ethics Code to the most significant of these third parties. Those who receive the Model and the Ethics Code will be asked to sign a statement that they have received the documents in question and agree to comply with their contents.

Ericsson, taking account of the Model's purposes, shall judge whether the Model's contents should also be communicated to third parties (e.g., suppliers) other than the ones listed above, and to the market in general, by publishing the Model and the Ethics Code in whole or in part on the Company's website.

#### 5.4 Training activities

All employees are required to participate in specific training activities in different ways, depending on the degree to which they are involved in the activities identified as sensitive pursuant to Leg. Decree 231/2001.

The Company shall seek to make all employees continuously sensitive to the matters dealt with in the Model, by means of an adequate Training Plan for all employees, so that they become fully aware of the company's directives and are able to comply fully with them.

Participation in training sessions is mandatory.

The Training Plan shall be structured in relation to its contents and to the manner its implementation, depending on the addressees' jobs, on the level of risk in the areas in which they operate, and on whether or not their functions include representing the Company.

The training and its contents shall be structured in modules that differ according to the addressees' job levels and organizational roles:

- **by responsibilities** (managers, heads of Structures, people with specific mandates, other employees), delivered in part according to a top-down logic in order to ensure an adequate and pervasive knowledge-transmission process;
- **by professional role** in relation to the activities performed, with particular regard to persons who conduct specific or "sensitive" activities as defined by Leg. Decree 231/2001 (members of the Supervisory Board and collaborators, internal control roles, coordination roles, etc.);
- **new hires and new assignments:** particular attention shall be paid to new hires (a module covering this subject shall be included in the initial mandatory set of training modules) and to staff who have been given new assignments/roles, especially if related to specific or "sensitive" roles/activities.

The Training Plan shall have in the first place the following contents:

- an institutional part for all addressees, describing the legal framework (Leg. Decree 231/2001 and predicate offenses, for which see Annexes A.4 and A.5), the Model and its operation;
- a special part related to specific operational areas, based on the survey of sensitive activities; this part is designed to disseminate knowledge of the crimes, of the ways of preventing them and of the control system.

The training shall be delivered in different ways;

- classroom sessions, with dedicated meetings or by introducing specific modules in standard training sessions, depending on their content and the types of trainees;



- e-learning, via a module related to the institutional part addressed to all employees, with intermediate exercises and learning tests.

The training contents shall be appropriately updated to take account of any changes in internal and external rules and regulations and in the Model. If significant changes have occurred (e.g., extension of corporate administrative liability to new types of offenses), the necessary additions shall be made to the training materials, ensuring that they are used on a mandatory basis.

The Supervisory Board shall promote initiatives aimed at disseminating knowledge and understanding of the Model to all employees.

The OsB shall verify that the Training Plan is being fully implemented and, through the Department of Human Resources and Organization, shall collect records of actual participation in the training programs and store them in the appropriate archives, and shall periodically check the degree to which employees are familiar with the law on corporate administrative liability and with the Model.

## **6 ADOPTION OF THE MODEL; CRITERIA FOR UPDATING AND IMPROVING THE MODEL**

### **6.1 Tests and controls**

The Supervisory Board shall prepare a document that describes oversight functions and plans the general lines of its own activities, establishing (i) a calendar of the activities to be carried out during the year; (ii) the intervals at which controls are to be performed; (iii) analytic criteria and procedures; and (iv) the possibility of performing unscheduled checks and controls.

In its own activities, the OsB uses support from the SOX Compliance Management Function and other Company structures that have specific competence in the areas subjected to control from time to time, and support from outside consultants for the technical operations necessary to control and update the Model.

If the Company decides to use outside consultants, they must always report their findings to the OsB.

The OsB shall have full powers to carry out verifications and inspections.

### **6.2 Updating and improvement**

The Board of Directors shall decide on the updating and improvement of the Model in relation to changes and/or additions that may become necessary as a result of:

- a) violations of the rules set forth in the Model;
- b) periodic review of the Model, including in relation to changes in the Company's internal organization and/or in the way it engages in its business;
- c) changes in legislation and/or jurisprudence dealing with corporate administrative liability and predicate crimes;
- d) changes in the industry guidelines on the adoption and/or updating of the Model;
- e) findings from internal verifications.

The adoption and/or updating of the operating procedures concerning areas/activities at risk are the responsibility of Function heads (process owners/Key Officers).

After any changes in or additions to the “231 System” (which comprises the Model, procedures, training and informative activities, internal verifications, etc.) have been approved by the Board of Directors, they shall be notified to the OsB so that it can take account of them in its own activities.

The OsB also reports to the Board of Directors on the outcome of the activities it has conducted pursuant to the BoD’s decision on updating and/or improving the Model.

In any case, the OsB retains precise tasks and powers regarding the care, development and constant updating of the Model. To this end, the OsB sends its own observations and proposals about the Company’s organization and its control system to the competent internal structures or, in especially important cases, to the Board of Directors.

In any case, the Model shall be reviewed at least once every three years, as arranged for by decision of the Board of Directors.