

**MODEL OF ORGANIZATION,
MANAGEMENT AND CONTROL
PURSUANT TO LAW DECREE No. 231 of
2001**

Approved by the Board of Directors of SKW S.r.l. on September 26th, 2016

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GENERAL SECTION

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CHAPTER 1

CODE OF ETHICS

BUSINESS CODE OF ETHICS

INTRODUCTION

SK Wellman S.r.l., or more briefly “SKW” or “the Company”, is a limited liability company, part of the Carlisle group, Brake and Friction Division, controlled by Carlisle Holdings srl. which owns 100% of the share capital. Both companies are subject to the Management and Co-ordination of Carlisle Companies Inc. (NC), USA.

SKW produces and sells linings for brakes and friction, brake and clutch devices, friction linings for industrial, agricultural, and earth-moving equipment, as well as similar items, for example, machinery and special equipment relating to said sectors of production and, the production and sale of parts and devices for motor vehicles, trucks, off-road vehicles, industrial, agricultural, aircraft and military machinery as well as the purchase, possession, and sale of stocks and shares in companies, operating in similar sectors.

The Carlisle Business Code of Ethics (hereafter “Code of Ethics”) is based on the principles of personal integrity, fairness and obeying the law. Obviously, all employees are expected to conduct the business affairs of Carlisle in strict accordance with these principles. However, the application of these general principles to specific situations may not always be obvious. In addition, laws and regulations may subject us to special rules and particular attentiveness is required to avoid unintentional violations.

Accordingly, this Business Code of Ethics sets forth our basic policies and is organized as follows:

Part A: Fundamental Principles

Part B: Confidential Information

Part C: Conflicts of Interest

Part D: Business Conduct

Part E: Accurate and Timely Periodic Reports

Part F: Reporting and Effect of Violations

Each employee has an obligation to observe Carlisle’s Business Code of Ethics. Failure to comply with this Business Code of Ethics may be grounds for dismissal. All references in this Business Code of Ethics to employees shall mean the directors, officers and employees of Carlisle Companies Incorporated, including all of its subsidiaries such as SK Wellman S.r.l. (hereafter “SKW”).

A. FUNDAMENTAL PRINCIPLES

1. Honesty, Integrity and Fairness

Ethical business conduct should exist at a level well above the minimum required by law. Honesty is not subject to equivocation at any time and we must always choose the course of highest integrity. A fundamental principle of business success is to treat all persons fairly. Everyone, including our competitors, is entitled to expect that our conduct will reflect the highest standards of honesty, integrity and fairness in all regards. When engaging the services of others, our choice should be made on the basis of the quality of the service and the competitiveness of the value. Our reputation is dependent upon exercising fairness, honesty and integrity in all dealings and transactions. Appearances of misconduct or impropriety also must be avoided.

2. Compliance with Laws and Regulations

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There are numerous laws and regulations, both in the United States and abroad, which govern our operations. Laws and regulations of general applicability include equal employment, securities, anti-trust, environmental, government procurement, unfair competition, Americans with Disabilities Act and the Foreign Corrupt Practices Act (see also D.2.). We have the obligation, individually and as a corporation, to comply not only with the letter of all applicable laws and regulations, but also the intent. Failure to comply with these laws and regulations can have serious consequences, including legal liability for damages and other penalties. Employees have the responsibility to learn and understand the legal provisions applicable to the activities of their department and their particular responsibilities within their departments. Where unresolved legal questions are identified, or any uncertainties exist, they should be brought to the attention of the appropriate supervisor or department head. If further assistance is required, Carlisle's General Counsel should be consulted. See also Part F – Reporting and Effect of Violations.

3. Non-Discrimination

Carlisle is committed to a policy of non-discriminatory treatment of all current and prospective employees. We must always be objective in dealing with others and in decision-making. Everyone we come in contact with must be treated fairly in all respects. Discrimination on the basis of an individual's race, religion, creed, color, sex, sexual orientation, age, marital status, disability, national origin or veteran's status is illegal. It is required that all employees refrain from any actions that cause discrimination as such factors are never proper considerations in making business decisions.

B. CONFIDENTIAL INFORMATION

1. Information about Carlisle Companies and proprietary data

Because of their positions or relationships, employees may obtain or become aware of information about Carlisle or its companies not otherwise available to the public. This information includes, but is not limited to, financial records, customer lists, current or former employees, price lists, marketing plans, product developments, specifications, intangible assets, formulas and manufacturing processes. Employees who have access to such information have the fiduciary duty and the obligation to protect this property. Business and confidential information concerning Carlisle or any of its companies should never be disclosed until it has been published or disclosed to security holders or otherwise made generally available to the public. In addition, this information should never be disclosed to individuals within the Company unless such persons have a bona fide reason to know and are authorized to have access to such information.

2. Information about customers, suppliers and third parties

During the regular conduct of business, employees may become aware of information about customers, suppliers or other parties that is confidential and privileged. This information must not be disclosed to anyone either inside or outside the Company who does not have a legitimate reason to know the information. It is also strictly prohibited to seek or obtain proprietary or other information about customers, suppliers and other parties to which the Company is not legitimately entitled. Apart from routine credit or similar inquiries, no information

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concerning our customers' and suppliers' affairs should be released to outsiders, including law enforcement authorities, except in response to a valid subpoena or similar legal process.

3. Treatment of confidential information

Particular care must be exercised when it is necessary to communicate confidential information to individuals in other departments or companies. These individuals may have conflicting obligations or different responsibilities. Such confidential information must not be misused and where possible, it should be used in such a manner as not to disclose that portion which is privileged or confidential.

4. Insider information

United States federal securities laws prohibit employees from taking advantage of material nonpublic information about the Company or our customers and suppliers. Communicating nonpublic information to others is also prohibited. Consistent with federal securities laws, it is the Company's policy to prohibit all employees who have access to material non-public information from buying or selling securities of the Company or engaging in any other action to take advantage of, or pass onto others, that information. This prohibition also applies to information relating to any other company, including our customers or suppliers, contained in the course of employment with the Company. Material information is any information, which would be important to a reasonable investor in determining whether to buy, hold or sell stock. In other words, any information that could reasonably affect the price of the stock. Examples of material information include: projections of future earnings or losses; new products or discoveries; changes in dividend policies or the declaration of a stock split or the offering of additional shares; news of a pending or proposed merger, acquisition or disposition; significant litigation or government investigation; and gain or loss of a substantial customer or supplier. Either positive or negative information may be material. After the Company has made a public announcement of material information, employees should continue to consider the information "non-public" until our shareholders and the investing public have had time to receive and assess the information. As a general rule, you should not engage in any transaction in Company stock until the business day after the information has been released. In addition, Carlisle's directors, officers and division presidents are subject to the trading restrictions contained in Carlisle's Statement of Policy Concerning Securities Trading.

5. Trade secrets of others

Carlisle recognizes the legal protections afforded to the trade secrets and proprietary information of others and prohibits its employees from engaging in illegal or otherwise improper acts to acquire such trade secrets and/or proprietary information.

C. CONFLICTS OF INTEREST

1. General policy

A conflict of interest arises when an employee has a personal interest in a transaction, or an obligation they may owe to someone else, which comes into conflict with the employee's obligation to the Company and its

customers. Employees are prohibited from having personal, business or financial interests that are incompatible with their responsibility to the Company. Accordingly, employees are prohibited from participating in transactions or events in which they may have an interest, which could result in divided loyalties. Conflict of interest rules apply to all transactions and events, whether direct, or indirect through an employee's family or associates.

2. Misuse of business and personal relationships

While employees have personal lives and interests, they must be managed to avoid conflicts of interest and the appearance of any conflicts of interest. Conflicts of interest between personal and Company responsibilities may arise in a variety of contexts and employees must always be alert for such conflicts. Employees are not allowed to maintain a position of control or influence, or maintain an investment or financial interest in, a competitor, supplier or a customer where such relationship causes a situation to exist of a divided loyalty or appearance of an impropriety between the Company and the employee. Employees are also prohibited from engaging in activities for personal gain or profit outside the scope of their employment when such activities conflict, or appear to conflict, with any interest of the Company. In addition, corporate assets cannot be used for the personal benefit or gain by employees or in situations that may conflict with the operations of the business.

3. Gifts from suppliers or customers

Employees or members of their families cannot accept money, gifts, or anything of value from customers, suppliers or anyone else with which the employee maintains a relationship in his or her employment.

Employees also cannot give money, gifts, or anything of value to customers, suppliers or anyone else that may be perceived as done to gain a business advantage.

There are recognized exceptions to this general rule. Such exceptions are:

- (i) Promotional or advertising gifts (calendars, pens, etc.) routinely distributed by the donors or items in connection with customarily recognized events (promotions, Christmas) which do not exceed \$50;
- (ii) Customary entertainment provided in the ordinary course of business and directly related to the active conduct of a sound and ethical business relationship. Expense paid trips, provided by others with whom there is a Carlisle business relationship, are prohibited without the approval of the employee's supervisor.

4. Affiliations with other organizations

Employees are expected to devote their full attention and energies to Company responsibilities during regular working hours.

Employees must insure that outside activities do not interfere with their duties at the Company, reflect adversely on the Company or present potential conflict of interest problems.

Employees may not accept a position as a director, officer, partner or consultant of any business organized for profit without the written consent of the division president, Carlisle's General Counsel and Carlisle's Chief Executive Officer. All employees have the responsibility to notify their supervisor of any proposed outside

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employment, who will consider the nature and scope of the proposed outside employment and grant approval in writing.

5. Public service

The holding of public office, elective or otherwise, may give rise to a conflict of interest which may be illegal or which may prevent the Company from having normal business relationships with the governmental body involved. Specific approval in writing from the division president, Carlisle's General Counsel and Carlisle's Chief Executive Officer must be obtained before an employee seeks a public office or accepts an appointment to one.

D. BUSINESS CONDUCT

1. General statements

Business conduct guidelines have been established to assist each employee in pursuing a proper course of conduct in carrying out his or her employment responsibilities and to call attention to certain legal problems inherent in our dealings.

The employment relationship carries with it a fiduciary duty, or a position of trust, to act at all times in the best interest of the Company. Each employee under certain conditions may be considered an agent of the Company and as such could bind the Company to certain obligations or to incur certain legal liabilities as a result of actions or conduct taken. Failure to act properly and prudently as an agent of the Company may subject the employee or the Company, or both, to legal liability, as well as harm the Company's business reputation.

Each employee is responsible for the propriety and consequences of his or her actions, no one will be excused for misconduct directed or requested by someone else.

2. Improper payments

Carlisle policy absolutely prohibits improper payments or bribes of any kind to any persons or organizations in order to secure a business advantage or to influence their policies or decisions, or for any other reason whatsoever. Nor may employees offer or share any finders' fees, special rebates, allowances or discounts with customers, suppliers, or others that are improper or inconsistent with Company plans or policies.

Further, the United States Foreign Corrupt Practices Act to which the Company is subject as a subsidiary of the United States parent company has specific compliance provisions.

The first is the antibribery provision which prohibits unlawful payments, offers or promises to pay money or anything of value to any foreign (government) official for the purpose of influencing any act or decision in order to assist in obtaining or retaining business.

The second provision requires that books and records be kept, which accurately and fairly reflect transactions and dispositions of assets. Unrecorded assets and disguising payments are prohibited.

The final provision relates to internal control, which requires entities to maintain a system of control sufficient to provide that internal control objectives are met.

3. Political activities and contributions

United States federal and state laws and regulations severely restrict corporations from making political contributions or conducting political activities. As a matter of policy, the Company will not make political contributions, direct or indirect, to any political candidate or organization. Additionally, the Company will not permit employees to conduct political activities on Company time or to use Company facilities, equipment or supplies in carrying out such activities.

The Company encourages and expects employees to take an active interest in the political process and be informed with respect to governmental activities at all levels.

4. Dealings with public officials

While employees are encouraged to participate in community organizations and activities, including dealing with public officials, our conduct should be at a standard to avoid compromising the integrity and reputation of the employee or the Company. Employees must also be certain that any representations are consistent and compatible with the Company's publicly stated positions.

5. Government investigations

The Company may be subject to inquiries from federal, state or local governmental agencies. All employees must cooperate fully with any agency making an investigation. Carlisle's General Counsel, however, must coordinate responses to inquiries. If an employee receives an inquiry from a governmental agency (other than for routine report filings as required by law) they should contact the division president immediately, who will in turn, advise the General Counsel.

6. Government procurement

The United States and state and local governments have laws and regulations governing procurement applicable to direct and indirect sales of products and services. These laws involve disclosure of cost and pricing data, product information, use of consultants and use of confidential procurement information. Employees must adhere to all of these laws and are urged to contact the General Counsel regarding adherence to this policy.

7. Environmental laws

Carlisle is committed to a safe environment and full compliance with all environmental laws and regulations relating to the use of our buildings and real estate, manufacturing processes and products. All rules regarding the measurement, recording and reporting of discharges and emissions into the environment, the safe storage of hazardous materials and obtaining proper permits must be strictly adhered to. If employees become aware of any violation of any environmental law, they should report the matter immediately in accordance with Part F – Reporting and Effect of Violations.

E. ACCURATE AND TIMELY PERIODIC REPORTING

Carlisle is committed to providing investors with full, fair, accurate, timely and understandable disclosure in the periodic reports that it is required to file with the Securities and Exchange Commission ("SEC") and in other public communications. In order to achieve this goal, employees shall take all appropriate action to enable Carlisle to:

- (i) comply with generally accepted accounting principles at all times;
- (ii) maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded;
- (iii) maintain books and records that accurately and fairly reflect Carlisle's transactions;
- (iv) maintain a system of internal disclosure controls that will provide reasonable assurances to management that material information about Carlisle is made known to Management, particularly during the periods in which Carlisle's periodic reports are being prepared; and
- (v) present information in a clear and orderly manner and avoid the use of legal and financial jargon in Carlisle's periodic reports and other public communications.

F. REPORTING AND EFFECTS OF VIOLATIONS

Corporate officers shall report, in person or in writing, any known or suspected violations of laws, governmental regulations or this Business Code of Ethics to Carlisle's General Counsel or Director of Internal Audit.

All other employees shall report any known or suspected violations to their immediate supervisor, local Human Resource representative, Carlisle's General Counsel or Director of Internal Audit. Carlisle will not allow any retaliation against a director, officer or employee who acts in good faith in reporting any such violation.

In addition, any concern regarding questionable accounting or auditing matters may be reported confidentially and anonymously using the Carlisle Alert Line (1-800-294- 2341). The Carlisle Alert Line is a toll-free call available to all employees 24 hours a day for this purpose.

Carlisle's General Counsel or other appropriate personnel will investigate any reported violations and will oversee an appropriate response, including corrective action and preventative measures. Corporate officers and employees who violate any laws, governmental regulations or this Business Code of Ethics will face appropriate disciplinary action, which may include demotion or discharge.

Any questions concerning this Business Code of Ethics, including the reporting of known or suspected violations, should be directed to Carlisle's General Counsel.

CHAPTER 2

DESCRIPTION OF THE LEGAL FRAMEWORK

2.1 Introduction

The legislative decree no. 231 of June 8, 2001 (hereafter “Law 231/2001” or “the Law”), enacting the power conferred to the Government in article 11 of Law no. 300 of September 29, 2000, introduced to Italian law regulations regarding corporate liability for administrative illegal acts, together with the criminal liability of the individuals who committed the illegal acts. Under the law, companies can be held responsible and therefore, subject to economic sanctions, in relation to certain illegal acts committed or attempted by directors or employees in the interest or to the benefit of the Company.

Corporate liability will be eliminated if, prior to the acts being committed, the company has adopted and effectively implemented an appropriate model of organization, management and control (hereafter “Model”) to prevent such illegal acts;

Although the Law does not formally amend the principle of personal criminal liability, the regulations contained in the Law 231/2001 complement the concept of damages, fines and penalties imposed on individuals, in the event of insolvency of the perpetrator (arts. 196 and 197 of the Criminal Code). Law 231/2001 amends Italian law in so far as companies are not extraneous to possible consequences of criminal proceedings relating to offenses committed for the benefit or in the interest of the companies.

In the meeting on September 26th 2016, the Board of Directors of SK Wellman S.r.l. (hereafter “SKW” or “the Company”) approved the “Model of organization, management and control” under legislative decree no. 231 of June 8, 2001 (Regulations governing the administrative responsibility of judicial entities, companies and associations including those devoid of legal status in accordance with art. 11 of Law no. 300 of September 29, 2000).

2.2 Illegal acts

The types illegal acts which result in administrative liability of entities are limited to the explicitly outlined in the Law which include the following categories:

1. Illegal acts against the **Public Administration** (corruption and malpractice to the prejudice of the State, fraud against the State and computer crimes against the State, under art. 24 e 25 of Law 231/2001);
2. Crimes against **public faith** (including counterfeiting of money, bonds, stocks, and government stamps, included under art. 25-*bis* of Law 231/2001);
3. **Corporate offences** (including false corporate communications, obstruction of inspection, undue influence on the shareholders' assembly, under art. 25-*ter* of Law 231/2001);
4. Crimes of **terrorism and subversion** of the democratic order (including financial of such goals), under art. 25-*quater* of Law 231/2001;
5. Crimes against **individuals** (including prostitution, child pornography, trade of persons, slavery or bondage, under art. 25-*quinquies* of Law 231/2001).

6. Crimes of **market abuse** (abuse of privileged information and market manipulation), under art. 25-*sexies* of Law 231/2001, introduced by art. 9 of Law no. 62 of April 18, 2005, ("Community Law 2004");
7. Crimes of **mutilation** of female genital organs (under art. 25-*quater* of Law 231/2001);
8. **Transnational crimes**, introduced by Law no. 146 of March 16, 2006, "Law ratifying and enforcing the United Nations Convention against transnational organized crime adopted by the General Assembly on November 15, and May 31, 2001";
9. **Manslaughter and serious or very serious injuries**, committed in violation of the laws on the protection of health and safety in the workplace, including articles 589 and 590-*terzo* of the criminal code, under art. 25-*septies* of Law 231/2001;
10. **Handling stolen goods, money laundering and using money, assets or other things of value of illegal origin, as well as self-laundering** under Law no. 231 of November 21, 2007;
11. **Computer crimes** and unlawful data processing, under Law no. 48 of March 18, which ratifies and executes the Council of Europe's Convention on Cybercrime established in Budapest on November 23, 2001 and provisions updating Italian law.
12. **Offenses linked to organized crime** (articles 416-*sesto*, 416-*bis*, 416-*ter* and 630 of the Criminal Code) under art. 24-*ter* of Law 231/2001);
13. **Crimes against industry and trade** (under articles 513, 514, 515, 516, 517, 517-*ter* and 517 *quater*, of the Criminal Code, and art. 25-*bis*.1 of Law 231/2001);
14. **Counterfeiting, alteration, use of trademarks or distinguishing signs** and the introduction into the State of products with forged signs (articles 473 and 474 of the criminal code, art. 25-*bis* of Law 231/2001);
15. **Violations of copyright** (art. 25-*novies* of Law 231/2001);
16. **Inducement not to provide statements or to provide false statements** to judicial authorities (art. 25-*decies* of Law 231/2001).
17. **Environmental crimes** (art. 25-*undecies*, Law 231/2001) (an article which was added by Law no. 121 of July 7, 2011);
18. **Employment of foreign nationals** without proper visas (art. 25-*duodecies*, Law 231/2001) (an article which was added by article 2, paragraph 1, of Law no. 109 of July 16, 2012)

2.3 Sanctions

The sanctions outlined in the Law against entities as a result of the commission or attempted commission of the abovementioned crimes are:

- pecuniary sanctions up to a maximum of Euro 1.549.370,69 (and preventative seizures);
- interdictory sanctions (which may also be applied as a preventative measure) lasting no less than three months and not more than two years, which could include:
 - disqualification from practicing an activity;
 - suspension or revocation of authorizations, licenses or concessions used in the perpetration of the offence;

- prohibition from contracting with the public administration;
- exclusion from facilitations, loans, grants or subsidies and possible revocation of those already granted;
- prohibition from advertising goods and services.
- confiscation (and preventative seizure);
- publication of the sentence (in the case of and interdictory sanction).

2.4 Attempted crimes

In the case of an attempt to commit a crime listed in Chapter I of Law 231/2001, financial penalties (in terms of amount) and the interdictory sanctions (in terms of time) are reduced by one third to one half, and sanctions are not imposed if the company voluntarily prevents the fulfillment of the action or the realization of the event (art. 26).

The exclusion of sanctions is justified in this case by the cessation of the mutual relationship between companies and individuals acting on the company's behalf which represents an example of "active withdrawal", under art. 56, paragraph 4, of the criminal code.

2.5 Offenders: subjects in positions of top management and subordinates

Under Law 231/2001, the company is liable for the crimes committed in its interest or to its advantage:

- by "individuals who hold functions of representation, administration or management of the company or of an organizational unit with financial and functional autonomy as well as by individuals who exercise, in fact, the management and the control of the company" (subjects in positions of top management or "apicals"; art. 5, (1), a) Law 231/2001);
- by individuals managed or supervised by top management ("subordinates"; art. 5,(1),b), Law 231/2001).

The Law expressly excludes corporate liability (Art. 5, subparagraph 2, Law. 231/2001), if the persons indicated have acted solely in their own interests or in the interests of third parties.

2.6 Crimes committed abroad

Under art. 4 of Law 231/2001, the company in Italy can be required to answer for crimes under Law 231/2001 committed abroad. The Explanatory Report of Law 231/2001 emphasizes the need not to leave unpunished criminal acts occurring frequently in order to avoid easy circumvention of the entire normative framework. The conditions (provided by the legislation and embodied in Law 231/2001), which give rise to corporate liability for crimes committed abroad are outlined in articles 7-10 of the criminal code.

2.7 Procedure to evaluate illegal acts

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The liability for administrative offenses arising from illegal acts is also assessed in the context of criminal proceedings. In this regard, art. 36 of Law 231/2001 states that “*the authority over illegal administrative acts by companies lies with the criminal judge responsible for illegal acts of such nature*”.

2.8 Model of Organization, Management and Control

A fundamental aspect of Law 231/2001 is the express requirement for development of a Model for the company.

In the case of an illegal act committed by *top management*, the company is not liable if it can prove that (art. 6, paragraph 1, Law. 231/2001):

- a) management adopted and effectively implemented a suitable Model to prevent such acts prior to the offence;
- b) the tasks of overseeing the operation of and compliance with the Model and of updating the Model had been assigned to a company body with autonomous powers of initiative and control (“Supervisory Board”);
- c) the individuals committed the illegal acts by fraudulently avoiding the requirements of the Model;
- d) there was not the absence or insufficient operation of supervision by the Supervisory Board.

In the case of an act performed by subordinates, the company is liable (under art. 7, paragraph 1 of Law 231/2001) if the act was facilitated (“rendered possible”) by the violation of duties of management or supervision, which the company is required to have in place.

In any event, the violation of the duty of management and supervision is not relevant if, prior to commission of the illegal act, the company has adopted and effectively implemented a suitable Model to prevent the illegal acts in question.

2.9 Recipients of the Model

Recipients of the Model include all individuals working for the attainment of the goals and objectives of SKW. The recipients of the Model are obliged to comply, with maximum accuracy and diligence, with all provisions and procedures contained therein, as well as all the implementation procedures.

2.10 Assessment of suitability

The establishment of liability of the company, attributed to the criminal court takes place (in addition to the opening of *ad hoc* proceedings in which the institution is treated in the same way as the individual charged; see below) by:

- verification of the occurrence of the illegal act giving rise to corporate liability; and

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- assessment of suitability of the adopted Model.

CHAPTER 3

**ELEMENTS OF THE GOVERNANCE MODEL AND
OF THE GENERAL ORGANIZATIONAL
STRUCTURE OF THE COMPANY**

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CHAPTER 4

DESCRIPTION OF THE MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL

4 RISK ASSESSMENT AND GAP ANALYSIS

4.1 Introduction

The implementation of a Model of organization, management and control under Law 231/2001 (“Model 231” or “Model ”) and its effective and sustained implementation, represents a reason for exemption from liability of the Company for illegal acts, and it is also an act of social responsibility of SKW which gives rise to benefits for all stakeholders such as shareholders, employees, creditors and all other parties whose interests are linked to the destiny of the Company.

SKW carried out an analysis aimed at ensuring the Model 231 complies with the requirements of Law. 231/2001 and is consistent with the policies, procedures and controls already existing within the Company's management culture.

In summary, SKW developed a work plan focused on the following steps:

1. Process analysis: i) Collect preliminary information and analyze documentation in order to understand the processes and activities of the Company, (ii) hold meetings with internal management and external consultants in order to prepare an accurate mapping of processes currently in place;
2. Identification of risk areas: Through interviews with department managers and top management, identify and analyze in detail the control system aimed at protecting sensitive activities identified and verify the ability of the system to respond to what is provided for by Law 231/2001.
3. Gap Analysis and action plan Identify the gaps from what is required by Law. 231/2001 and a specific action plan to remediate.
4. Organizational Model: Prepare a draft of the Model of organization, management and control of the Company.

Regarding points 1 and 2, the evaluation of risk and the establishment of preventive measures commensurate with the level of estimated risk, depends on the significant differences between the likelihood of occurrence of the various types of crimes. At the conclusion of the analysis, the Company determined that the risk of the occurrence of certain crimes was remote or extremely unlikely. On the other hand, relative to certain risks, the Company identified certain risks, which required further evaluation and consideration. In particular, after completion of activities 1 and 2, SKW identified the following areas of risk of potential illegal acts in connection with corporate activities:

- Illegal acts in relations with the Public Administration;
- Corporate offences;
- Illegalities related to Health and Safety in the Workplace;
- Inducement not to provide statements or to provide false statements to judicial authorities;
- Crimes against industry and trade;
- Environmental illegalities;

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- Illegalities involving the employment of foreign nationals without proper visas

Thus under activity 3 above, for each of the areas identified as areas at risk, SKW identified any deficiencies or "gaps" in existing procedures. SKW has defined the levels of risk present in each of the areas of illegalities foreseen by Law 231/2001 and subsequent modifications overall on the basis of the following:

1. Absent
2. Very low
3. Low
4. Medium
5. High
6. Very high

For these areas, based on both the intrinsic importance of the area and the structure of the underlying procedures, SKW has established new and appropriate procedures or "Protocols", or has integrated the existing ones, in order to allow the execution of sensitive activities, preventing the commission of possible crimes and reducing the risk of occurrence of the illegal act to low or very low.

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CHAPTER 5

SUPERVISORY BOARD

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5. Supervisory Board

5.1 Identification

5.1.1 Members

In accordance with Law 231/2001 (art. 6,(1),b), management must entrust responsibility for monitoring the compliance and review of the Model, as well as responsibility for updating the Model to “a corporate body with independent powers of initiative and control” (hereafter the “Supervisory Board”).

In accordance with art. 6,(1),b of Law 231/2001, the Supervisory Board has “independent powers of initiative and control”.

The required autonomy of the Supervisory Board is guaranteed by the organizational chart and attributed the reporting responsibilities.

In order to assist in the definition and conduct of their responsibilities and ensure maximum compliance with legal requirements and tasks, the Supervisory Board may engage specialist resources within the Company as well as external resources.

5.1.2 Appointment

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5.1.3 Functions, powers and budget of the Supervisory Board

The duties of the Supervisory Board are as follows:

- oversight of the effectiveness of the Model 231; review of the implementation and updating of the Model 231;
- examination of the adequacy of the Model 231, specifically its effectiveness in preventing illegal acts;
- analysis of the maintenance of requirements of solidity and functionality of the Model 231 over time; proactive promotion of necessary updates of the Model 231;
- approval of the annual program of supervisory activities within the framework of the departments and functions of the Company (hereinafter "Inspection Program"), consistent with the principles and contents of the Model 231 and with the plan of audits and controls of the systems of internal control; coordination of the implementation of the Inspection Program and of the implementation of scheduled and unscheduled reviews; examination of the findings of the activities carried out and the relating reports; and elaboration of guidelines for corporate functions;

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- responsible to appropriate information flows with the business functions;
- other tasks assigned by law or by the Model 231.

To carry out their assigned duties, the Supervisory Board has unlimited access to corporate information for their investigations, analyses and control. All corporate departments, employees and company bodies are obliged to provide the necessary information at the request of the Supervisory Board or on the occurrence of significant events or circumstances in order for the Supervisory Board to carry out their duties.

The Supervisory Board is charged with independent powers of representation to execute, modify and/or terminate professional assignments with third parties possessing the necessary skills for the optimal execution of the assignment.

5.2 Flow of information

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5.2.2 Reporting to the Supervisory Board: Duties of general information and specific obligatory communications

The Supervisory Board must be informed by way of reporting by the individuals responsible for the Model, of events which could lead to a liability of the Company under Law 231/2001. The following represent prescribed reporting of a general nature:

- reports of the occurrence, or reasonable possibility of occurrence, of illegal acts under Law 231/2001 or any general activity not in compliance with the rules of conduct established in the Model must be gathered from each department Manager;
- employees should report the violation (or alleged violation) of the Model by contacting your direct superior and/or the Supervisory Board (the Supervisory Board has established "dedicated communication channels" to facilitate the flow of unofficial reports and information);
- advisors, collaborators and commercial partners, in doing business with the Company, should report violations of the Model directly to the Supervisory Board through "dedicated communication channels " to be contractually defined;
- the Supervisory Board should evaluate the reports received and the activities to be carried; any consequent measures are defined and applied in conformity with the disciplinary system.

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Those who report in good faith are guaranteed protection against any form of retaliation, discrimination or penalty and the confidentiality of the identity of the whistleblower will be maintained, without prejudice to legal obligations and protection of the rights of the Company or of individuals accused erroneously or in bad faith.

In addition to the reports of violations of a general nature described above, reports of disciplinary proceedings related to violations of the Model and penalties imposed (including measures taken against employees) along with the reasons must be sent to the Supervisory Board.

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CHAPTER 6

ELEMENTS OF THE DISCIPLINARY SYSTEM

6. Disciplinary system

6.1 Purpose of the disciplinary system

Article 6, (2), e) and 7, (4), b) of Law 231/2001 outline the need to establish “*an appropriate disciplinary system to penalize failure to comply with the measures set out in the Model*” (with reference to top management and subordinates).

The definition of penalties, commensurate with the violation as a deterrent, for failure to comply with the Model is aimed at contributing: (i) to the effectiveness of the Model, and (ii) to the effectiveness of the Supervisory Board's control activity.

The system is applied autonomously of the results of any criminal investigations carried out by the competent Authorities.

6.2 Description of the disciplinary system

The Company: (a) communicates the existence of the Model to all employees by appropriate means, and (b) provides adequate information to top management of the Model and its contents.

6.2.1 Violations of the Model

To comply with Law 231/2001, the following are examples of violations of the Model:

- (i) actions or behaviors that do not conform to the requirements of the Model, or failure to act or behave as prescribed by the Model, in carrying out activities in those areas identified as at risk of occurrence of offenses under Law 231/2001 (hereinafter, the "Sensitive Processes");
- (ii) actions or behaviors that do not conform to the requirements of the Model, or failure to act or behave as prescribed by the Model, in carrying out activities related to Sensitive Processes, that:
 - a) expose the Company to risk of occurrence of offenses under the Law 231/2001; and/or
 - b) are carried out in a manner which could lead to one or more offenses under Law 231/2001; and/or
 - c) lead to sanctions of the Company under Law 231/2001.
- (iii) actions or behaviors that do not comply with the principles contained in the Code of Ethics, or failure to act or behave as prescribed by the Code of Ethics, in performing Sensitive Processes or activities related to Sensitive Processes.

6.2.2 Measures against employees

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6.2.3 Measures against management

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6.2.4 Measures against the Directors

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6.2.5 Measures against the Statutory Auditors

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CHAPTER 7

**GENERAL PRINCIPLES OF TRAINING AND
COMMUNICATION**

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7. TRAINING AND COMMUNICATION

7.1 Introduction

The principles contained in the Model are widely disseminated internally and externally to the Company.

Communication and employee training are important requirements in implementation of the Model, as specifically prescribed by Law 231/2001.

SKW undertakes to facilitate and promote knowledge and understanding of the Model by top management, with a degree of varying knowledge, depending on the position and roles within the Company, and to respect and apply the Model, as well as to participate proactively in keeping employees informed.

7.2. Training and communication plan

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7.3 Communication to third parties and the public

The document reporting the Principles of the Model 231 will be made available to all who enter into contracts with or who sign purchase orders with SKW.

SKW will also evaluate the appropriate and additional means of communicating the principles of the Model to the public.

CHAPTER 8

GENERAL CRITERIA FOR THE INITIAL IMPLEMENTATION AND UPDATE OR MODIFICATIONS TO THE MODEL

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CHAPTER 9
SPECIAL SECTION

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1 SPECIAL SECTION

The special section of the Model consists of Appendices 1 and 2 addressing:

Appendix 1: Details of corporate crimes and illegal acts under Law 231/2001 and subsequent modifications

Appendix 2: Specific Control Procedures