FINAL ASSESSMENT

AVIO S.P.A.

The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

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<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
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<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>35%</td>
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<td>Risk Management</td>
<td>7</td>
<td>28.6%</td>
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<tr>
<td>Company Policy and Codes</td>
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<td>Training</td>
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<td>Personnel and Helplines</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>41.5%</strong></td>
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</table>
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has published a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company.

References:
Public:
TI notes:
Company website: Corporate Bodies
‘Alan J. Bowkett, Chairman
Pier Giuliano Lasagni, CEO.’
A2:

Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company’s Chief Executive Officer or Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company.

References:

Public:
NA
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company.

References:
Public:
NA
A4:

Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

1

Comments:

Based on public information, there is limited evidence that the company has a formal statement of values representing high standards of ethical business conduct. The company refers to encouraging transparency in its operations, and the values of honesty, integrity and fairness in the Code of Conduct. The company therefore scores 1. To score higher the company would need to provide evidence that it explains these values in detail and demonstrates that they are translated into company policies.

References:

Public:
Company website: Our Values
‘Since its foundation in 1912, Avio has always been a recognized standard setter for Italian technology innovation.
Over more than a century, Avio has always demonstrated great flexibility, expanding and transforming its skills according to the Country’s different needs, and in the 1960s it became a qualified supplier of space propulsion systems.
This long process was pursued with extreme determination by the people and institutions who always believed in and supported the “Città dello Spazio” project.
Our technology knows no boundaries, our projects look constantly into the future, and we are committed to continuous improvement. Our work requires not only outstanding skills, but also strong passion. This is how we came to be a leader in space propulsion.’

Company website: Corporate Governance
‘Avio’s Corporate Governance system is aligned with our objectives - inspired by our modern management, the uniqueness of our products, services, technologies and processes, and our international company structure. It safeguards and encourages correctness and
transparency in all our operations and at all levels, as well as upholding respect for our internal rules and regulations.’


Code of Conduct (September 2008), p.4:
‘Avio is an international Group operating in the sector of aerospace propulsion, committed to continuously improving the excellence of its products and services.

The Group’s mission is concentrated upon growth and the creation of value through the supply of innovative products and services for maximum customer satisfaction, with due respect to the legitimate interests of all the categories of “interested parties”, fair employment practices, health and safety in the workplace, and the laws and regulations applicable to the different areas of activities in which the Group operates.

On the basis of these principles, the Avio Group is committed to conducting its business in a fair and impartial manner. All business relations shall be established and maintained with integrity and loyalty, and without any conflict of interest between Company business and personal affairs.

To achieve this goal, the Group requires its employees to comply with the highest standards of business conduct in the performance of their duties as set out in this Code of Conduct.’

(p.9): ‘Bribery and illicit payments

The Avio Group, its employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all relations inside and outside the Group.’

(p.16): ‘External relations

The Avio Group and its employees are committed to maintaining and developing their own business relations with all categories of interested parties by acting in good faith, with loyalty, fairness, transparency and due respect for the fundamental values of the Group.’

A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption.

References:
Public:
NA
A6:  
Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

1

Comments:
Based on public information, there is evidence that the company has appointed the Compliance Committee and the Supervisory Body with overall corporate responsibility for its ethics and anti-corruption agenda. The Compliance Committee and the Supervisory Committee are responsible for the implementation and effectiveness of rules provided by Model 231. The company therefore scores 1. To score higher the company would need to provide evidence that clarifies the roles of both committees.

References:
Public:
Company website: Internal Control System
‘To respond effectively to the evolution of the regulation framework across national and international markets, the Internal Control System is monitored through the adoption of codes, principles and procedures that provide discipline to Avio’s activities. Avio and its departments regularly undergo self-assessments as well as independent internal audits.

Compliance Committee
Francesco Libri’
http://www.avio.com/en/corporate_governance/internal_control_system/  
Code of Conduct (September 2008), p.4:
‘The Code constitutes a fundamental element of the organisational model of internal control, which the Avio Group is committed to continually reinforcing and developing.’

(p.23): ‘The Group’s foreign Companies have adopted (or adoption has been planned) the “231 Guidelines” for foreign controlled or subsidiary Companies (231 Guidelines for Avio Group Foreign Companies), issued by the parent Company, in which the general and specific behaviour is defined that is to be implemented in the management of activities that are
considered critical with regard to the risks of commissioning of crimes, in this case referred to local laws similar to Italian Legislative Decree 231/2001 and/or, however, behaviour that is considered a criminal act in accordance with the Company policies of the Group, even if such an act does not constitute a crime within the framework of the reference legislation.

The document cited may be consulted in the section “Legislative Decree 231/2001” on the Company Intranet and on the Group’s Web Site (www.aviogroup.com).

The observance and implementation of the rules foreseen in the Organisation, Management and Control Model adopted by the Italian Group Companies and in the 231 Guidelines adopted by the foreign Group Companies, by all Employees, the Boards of Directors, the Boards of Statutory Auditors, External Auditors, Consultants and the Partners of the Avio Group, is an integral part of the rules of this Code of Conduct.

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013), (pp.14-15):

‘Il ruolo di Organismo di Vigilanza cui affidare il compito di vigilare sul funzionamento e l’osservanza del Modello, nonché di curarne l’aggiornamento, deve essere attribuito ad un organismo dotato di autonomi poteri di iniziativa e controllo caratterizzato dai requisiti di autonomia, indipendenza, professionalità e continuità d’azione, nonché da onorabilità e assenza di conflitti di interesse.

Tale autonomia presuppone che l’Organismo di Vigilanza risponda, nello svolgimento di questa sua funzione, solo al massimo vertice gerarchico e che non gli siano attribuiti compiti operative che, rendendolo partecipe di decisioni ed attività operative, ne minerebbero l’obiettività di giudizio nel momento delle verifiche sui comportamenti e sul Modello.

Per le caratteristiche dell’OdV di Avio e delle altre Società del Gruppo si rimanda al capitolo 7 che segue.’

(The role of the Supervisory Committee entrusted with the task of supervising the functioning and compliance with the Model, as well as updating it, it must be attributed to a body with independent powers of initiative and control characterized by the requirements of autonomy, independence, professionalism and continuity of action, as well as integrity and absence conflicts of interest.

Such autonomy requires that the Supervisory Board meets in the conduct of this its function only at the highest hierarchical summit and that he should be assigned operational tasks who is allowed to participate in decisions and operational activities, it would undermine the objectivity of judgment when assessing conduct and the Program.

For the characteristics of the SB Avio and other companies in the Group, please refer to Chapter 7 that follows.)


Annual Report (2012), p.83:

‘With regard to Corporate Responsibility of the Companies (ex Legislative Decree 231/2001), it is important to note that audit activities were carried out by the Compliance Committee over the course of the year, focusing on the implementation and appropriateness of the
rules of prevention, provided for by the Organisation, Management and Control Model (ex Art. 6 of Legislative Decree 231/2001) in all the Company’s Italian sites. Moreover, specific activities were carried out to update the Model, concerning “Computer Crimes and Illegal Handling of Data” and “Offences to the Detriment of Public Belief, Commerce and Industry”, and also the adoption of the regulatory discipline in the Bribery Act 2010 with the introduction of a new special part (1-bis).

A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

1

Comments:
Based on public information, there is limited evidence that the company has appointed the “Preposto” of the Internal Control System with responsibility for implementing the company’s ethics and anti-corruption agenda. The company therefore scores 1. To score higher the company would need to provide evidence that this individual is identifiable by name.

References:
Public:
Company website: Internal Control System
‘To respond effectively to the evolution of the regulation framework across national and international markets, the Internal Control System is monitored through the adoption of codes, principles and procedures that provide discipline to Avio's activities. Avio and its departments regularly undergo self-assessments as well as independent internal audits.
Compliance Committee
Francesco Libri’
http://www.avio.com/en/corporate_governance/internal_control_system/

Code of Conduct (September 2008), p.7:
‘The updating of this Code of Conduct is edited by the “Preposto” of the Internal Control System.’

(p.21): ‘The Internal Audit of Avio S.p.A., within the framework of a verification programme, or at the request of the Board of Directors, the Chief Executive Officer or the “Preposto” of the Internal Control System of any Group Company, shall check the quality and effectiveness of the Internal Control System and shall report the outcome to the person making the request and other appointed bodies.’
(p.24): ‘The Internal Audit shall carry out periodic inspection activities on the functioning of the Code whose results, also suggesting modifications or additions to the same Code, are presented to the “Preposto” of the Internal Control System, the Chief Executive Officer and the Board of Directors of Avio S.p.A.’

Internal Control System Guidelines (September 2008), p.8:
‘To this purpose, the Board of Directors shall receive and examine the reports from the “Preposto”, previously examined by the Audit Committee and the CEO, or prepared by the CEO himself, with the aim of assessing whether the structure of the Internal Control System in place in the Company is concretely effective in pursuing the objectives, and whether any reported weaknesses call for an improvement in the System.’
A8:

Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:

2

Comments:

Based on public information, there is evidence that annually the Board of Directors review the Internal Control System. This includes examining the significant risks facing the company, the ability of the Internal Control System to mitigate these risks, the measures adopted to manage these risks, and the preparation of any additional policies, process and rules of conduct with which to react to new risks.

References:

Public:
Code of Conduct (September 2008), pp.4-5:
‘In view of the above, the Group shall:
[...]
• carry out periodic checks in order to determine compliance with the rules of the Code’

(p.7): ‘Can the Code be modified?
The Code is subject to review by the Avio S.p.A. Board of Directors.
Any reviews take into account contributions received from employees and third parties, as well as any developments in legislation or the best international practices, and experience acquired in applying the Code itself.
Any modifications to the Code, introduced as a result of this review, are published and made available in accordance with the aforementioned procedures.
The updating of this Code of Conduct is edited by the “Preposto” of the Internal Control System.’

(p.21): ‘The Internal Audit of Avio S.p.A., within the framework of a verification programme, or at the request of the Board of Directors, the Chief Executive Officer or the “Preposto” of the Internal Control System of any Group Company, shall check the quality and effectiveness of the Internal Control System and shall report the outcome to the person making the
request and other appointed bodies.’

(p.24): ‘The Internal Audit shall carry out periodic inspection activities on the functioning of the Code whose results, also suggesting modifications or additions to the same Code, are presented to the “Preposto” of the Internal Control System, the Chief Executive Officer and the Board of Directors of Avio S.p.A.’

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013), p.37:
‘11. Verifiche sull’adeguatezza del Modello
Oltre all’attività di vigilanza che l’OdV svolge continuamente sull’effettività del Modello (e che si concreta nella verifica della coerenza tra i comportamenti concreti dei destinatari ed il Modello stesso), esso periodicamente effettua specifiche verifiche sulla reale capacità del Modello alla prevenzione dei Reati (eventualmente, qualora lo ritenga opportuno, coadiuvandosi con soggetti terzi).
Tale attività si concretizza in una verifica a campione dei principali atti societari e dei contratti di maggior rilevanza conclusi da AVIO in relazione ai Processi Sensibili e alla conformità degli stessi alle regole di cui al presente Modello.
Inoltre, viene svolta una review di tutte le segnalazioni ricevute nel corso dell’anno, delle azioni intraprese dall’OdV, degli eventi considerati rischiosi e della consapevolezza dei Dipendenti e degli Organi Sociali rispetto alla problematica della responsabilità penale dell’impresa con verifiche a campione.
Le verifiche sono condotte dall’OdV che si avvale, di norma, del proprio componente interno anche quale responsabile della funzione di Internal Audit e del supporto di altre funzioni interne che, di volta in volta, si rendano a tal fine necessarie. Le verifiche e il loro esito sono oggetto di report annuale al Consiglio di Amministrazione e al Collegio Sindacale. In particolare, in caso di esito negativo, l’OdV esporrà, nel piano relativo all’anno, i miglioramenti da attuare (cfr. precedente cap. 8.3).’

(11. Testing the Adequacy of the Model
In addition to monitoring the effectiveness of the Model SB performs continuously (and is concretized in the verification of the consistency between the actual behavior of recipients and the Model), it regularly carries out audits on the actual capacity of the Model for the prevention of offenses (possibly, if it deems appropriate, coadiuvando with third parties).
This activity takes the form of a sample check of the main corporate documents and contracts most relevant concluded by AVIO in relation to the Sensitive Processes and the compliance of themselves with the rules set out in this model.
In addition, a review is carried out of all the reports received during the year, the actions undertaken by the SB, the events considered risky and awareness of employees and Corporate Bodies with respect to the issue of criminal liability of the company with sample testing.
The audits are conducted by the SB that uses, as a rule, of its internal component also as head of the Internal Audit function and the support of other functions internal and, in turn, will become necessary to this end. The audits and their results are subject to the annual

AVIO S.P.A. 24/06/14
HTTP://WWW.AVIO.COM/IT/
HTTP://WWW.AVIO.COM/EN
report to the Board of Directors and the Statutory Auditors. In particular, in the case of a negative result, the SB will exhibit in the plan for year, the improvements to be implemented (see the previous chapter. 8.3).

Internal Control System Guidelines (September 2008), p.8:
‘The periodic assessment of the adequacy and effective functioning, and potential review of the Internal Control System, is a key element of its structure in order to ensure its full and correct efficiency.

This periodic review is entrusted to the Board of Directors, with the assistance of the Audit Committee, where existing.

In performing this review, the Board of Directors shall take care not only to verify the existence and the operation of an Internal Control System within the Company, but also to periodically carry out a detailed examination of the structure of the same System, its appropriateness, and its effective and concrete functioning.

To this purpose, the Board of Directors shall receive and examine the reports from the “Preposto”, previously examined by the Audit Committee and the CEO, or prepared by the CEO himself, with the aim of assessing whether the structure of the Internal Control System in place in the Company is concretely effective in pursuing the objectives, and whether any reported weaknesses call for an improvement in the System.

Moreover, the Board of Directors annually, on the occasion of the Board Meeting for the approval of the consolidated balance sheet, must:
• examine which are the significant risks submitted to its attention by the CEO and assess how the above risks have been identified, evaluated and managed. To this purpose, a particular care has to be taken in examining the changes intervened during the year and the nature and extent of the risks, and in evaluating the reaction of the Company to these changes;
• assess the Internal Control System appropriateness to face these risks, taking particular care of possible inefficiencies reported;
• assess the measures adopted or have to be promptly adopted to reduce and manage these risks;
• prepare any additional policies, processes and rules of conduct, which will enable the Company to react appropriately to situations of new risks or risks not handled satisfactorily.’

A8(a):

Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:

1

Comments:

Based on public information, there is limited evidence of a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board is based. Annually the Board of Directors reviews the Internal Control System. This includes examining the significant risks facing the company, the ability of the Internal Control System to mitigate these risks, the measures adopted to manage these risks, and the preparation of any additional policies, process and rules of conduct with which to react to new risks. The company therefore scores 1. To score higher the company would need to provide evidence of the implementation of improvement plans.

References:

Public:
Code of Conduct (September 2008), pp.4-5:
‘In view of the above, the Group shall:
[...]
• carry out periodic checks in order to determine compliance with the rules of the Code’

(p.7): ‘Can the Code be modified?
The Code is subject to review by the Avio S.p.A. Board of Directors.
Any reviews take into account contributions received from employees and third parties, as well as any developments in legislation or the best international practices, and experience acquired in applying the Code itself.
Any modifications to the Code, introduced as a result of this review, are published and made available in accordance with the aforementioned procedures.
The updating of this Code of Conduct is edited by the “Preposto” of the Internal Control
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(p.24): ‘The Internal Audit shall carry out periodic inspection activities on the functioning of the Code whose results, also suggesting modifications or additions to the same Code, are presented to the “Preposto” of the Internal Control System, the Chief Executive Officer and the Board of Directors of Avio S.p.A.’

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013), p.37:

‘11. Verifiche sull’adeguatezza del Modello

Oltre all’attività di vigilanza che l’OdV svolge continuamente sull’effettività del Modello (e che si concreta nella verifica della coerenza tra i comportamenti concreti dei destinatari ed il Modello stesso), esso periodicamente effettua specifiche verifiche sulla reale capacità del Modello alla prevenzione dei Reati (eventualmente, qualora lo ritenga opportuno, coadiuvandosi con soggetti terzi).

Tale attività si concretizza in una verifica a campione dei principali atti societari e dei contratti di maggior rilevanza conclusi da AVIO in relazione ai Processi Sensibili e alla conformità degli stessi alle regole di cui al presente Modello.

Inoltre, viene svolta una review di tutte le segnalazioni ricevute nel corso dell’anno, delle azioni intraprese dall’OdV, degli eventi considerati rischiosi e della consapevolezza dei Dipendenti e degli Organi Sociali rispetto alla problematica della responsabilità penale dell’impresa con verifiche a campione.

Le verifiche sono condotte dall’OdV che si avvale, di norma, del proprio componente interno anche quale responsabile della funzione di Internal Audit e del supporto di altre funzioni interne che, di volta in volta, si rendano a tal fine necessarie. Le verifiche e il loro esito sono oggetto di report annuale al Consiglio di Amministrazione e al Collegio Sindacale. In particolare, in caso di esito negativo, l’OdV esporrà, nel piano relativo all’anno, i miglioramenti da attuare (cfr. precedente cap. 8.3).’

(11. Testing the Adequacy of the Model

In addition to monitoring the effectiveness of the Model SB performs continuously (and is concretized in the verification of the consistency between the actual behavior of recipients and the Model), it regularly carries out audits on the actual capacity of the Model for the prevention of offenses (possibly, if it deems appropriate, coadiuvandosi with third parties).

This activity takes the form of a sample check of the main corporate documents and contracts most relevant concluded by AVIO in relation to the Sensitive Processes and the compliance of themselves with the rules set out in this model.

In addition, a review is carried out of all the reports received during the year, the actions
undertaken by the SB, the events considered risky and awareness of employees and Corporate Bodies with respect to the issue of criminal liability of the company with sample testing.

The audits are conducted by the SB that uses, as a rule, of its internal component also as head of the Internal Audit function and the support of other functions internal and, in turn, will become necessary to this end. The audits and their results are subject to the annual report to the Board of Directors and the Statutory Auditors. In particular, in the case of a negative result, the SB will exhibit in the plan for year, the improvements to be implemented (see the previous chapter. 8.3).

Internal Control System Guidelines (September 2008), p.8:
‘The periodic assessment of the adequacy and effective functioning, and potential review of the Internal Control System, is a key element of its structure in order to ensure its full and correct efficiency.

This periodic review is entrusted to the Board of Directors, with the assistance of the Audit Committee, where existing.

In performing this review, the Board of Directors shall take care not only to verify the existence and the operation of an Internal Control System within the Company, but also to periodically carry out a detailed examination of the structure of the same System, its appropriateness, and its effective and concrete functioning.

To this purpose, the Board of Directors shall receive and examine the reports from the “Preposto”, previously examined by the Audit Committee and the CEO, or prepared by the CEO himself, with the aim of assessing whether the structure of the Internal Control System in place in the Company is concretely effective in pursuing the objectives, and whether any reported weaknesses call for an improvement in the System.

Moreover, the Board of Directors annually, on the occasion of the Board Meeting for the approval of the consolidated balance sheet, must:
• examine which are the significant risks submitted to its attention by the CEO and assess how the above risks have been identified, evaluated and managed. To this purpose, a particular care has to be taken in examining the changes intervened during the year and the nature and extent of the risks, and in evaluating the reaction of the Company to these changes;
• assess the Internal Control System appropriateness to face these risks, taking particular care of possible inefficiencies reported;
• assess the measures adopted or have to be promptly adopted to reduce and manage these risks;
• prepare any additional policies, processes and rules of conduct, which will enable the Company to react appropriately to situations of new risks or risks not handled satisfactorily.’
A9:

Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:

1

Comments:

Based on public information, there is some evidence that the company has a formal process for review and updates its policies and practices where appropriate in response to actual or alleged instances of corruption. The Code of Conduct is reviewed and modified by the Board of Directors in regard to contributions received from employees and third parties. The company therefore scores 1. To score higher the company would need to provide evidence of the review process for other company ethics policies and practices.

References:

Public:
Code of Conduct (September 2008), p.7:
‘Can the Code be modified? The Code is subject to review by the Avio S.p.A. Board of Directors.

Any reviews take into account contributions received from employees and third parties, as well as any developments in legislation or the best international practices, and experience acquired in applying the Code itself.

Any modifications to the Code, introduced as a result of this review, are published and made available in accordance with the aforementioned procedures. The updating of this Code of Conduct is edited by the “Preposto” of the Internal Control System.’

(p.24): ‘The Internal Audit shall carry out periodic inspection activities on the functioning of the Code whose results, also suggesting modifications or additions to the same Code, are presented to the “Preposto” of the Internal Control System, the Chief Executive Officer and the Board of Directors of Avio S.p.A.’
A9(a):

Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure implemented enterprise-wide. TI notes that the company implements an Enterprise Risk Management, and the Internal Control System is applied to mitigate identified risks and ensure compliance with laws and regulations. However, it is unclear if corruption is an identified risk.

References:

Public:
TI notes:
Annual Report (2012), p.83:
‘The activity of mapping Company risks (Enterprise Risk Management) was started up and completed in collaboration with the Legal Affairs and Risk Management Dept., which will constitute the basis for improvement activities in 2013.’

Code of Conduct (September 2008), p.20:
‘• analysing and managing, with professional diligence, any risks connected to Group Activities’

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013), p.10:
‘AVIO ha deciso di procedere con la sua predisposizione ed adozione in quanto consapevole che tale sistema rappresenti un’opportunità per migliorare la sua Corporate Governance, cogliendo al contempo l’occasione dell’attività svolta (inventariazione dei Processi Sensibili, analisi dei rischi potenziali, valutazione ed adeguamento del sistema dei controlli già esistenti sui Processi Sensibili) per sensibilizzare le risorse impiegate rispetto ai temi del controllo dei processi aziendali, finalizzato ad una prevenzione “attiva” dei Reati.’
AVIO has decided to proceed with its preparation and adoption as conscious that this system represents an opportunity to improve its corporate governance, at the same time seizing the opportunity of the activity performed (inventorying the Sensitive Processes, analysis of potential risks, evaluation and adaptation of the existing system of controls on Sensitive Processes) to raise awareness of the resources used with respect to issues of control business processes, aimed at an "active" prevention of crimes.

p.37:
11. Verifiche sull’adeguatezza del Modello

Oltre all’attività di vigilanza che l'OdV svolge continuamente sull’effettività del Modello (e che si concreta nella verifica della coerenza tra i comportamenti concreti dei destinatari ed il Modello stesso), esso periodicamente effettua specifiche verifiche sulla reale capacità del Modello alla prevenzione dei Reati (eventualmente, qualora lo ritenga opportuno, coadiuvandosi con soggetti terzi).’

(11. Testing the Adequacy of the Model

In addition to monitoring the effectiveness of the Model SB performs continuously (and is concretized in the verification of the consistency between the actual behavior of recipients and the Model), it regularly carries out audits on the actual capacity of the Model for the prevention of offenses (possibly, if it deems appropriate, coadiuvandosi with third parties).’

Internal Control System Guidelines (September 2008), p.3:

‘The Internal Control System is an essential element of the Corporate Governance system of AVIO Group’s Companies (AVIO S.p.A. and its subsidiaries), and plays a key role in identifying, minimizing and managing significant risks of the AVIO Group, thus contributing to the safeguarding of shareholders’ investments and Company assets.

Moreover, the Internal Control System enable the effectiveness of Company operations and helps guarantee the reliability of financial information and compliance with laws and regulations. In particular, the accounting control system is an important element of the Internal Control System as it helps ensure that the Company is not exposed to excessive financial risks and the internal and external financial reporting is reliable.’

(p.5) : ‘The CEO is responsible for:

a) identifying the principal Company risks relative to the efficiency of its operations, the reliability of financial reporting, compliance with laws and regulations and the safeguarding of Company assets;

b) submitting the above risks and the measures adopted to reduce and manage them, for examination and assessment to the Board of Directors annually, on the occasion of the Board Meeting for the approval of the consolidated balance sheet, and at any time that a new significant risk emerges, or that the extent of a risk already submitted to the Board of Directors changes substantially or the likelihood of it increases;

c) planning, managing and monitoring the Internal Control System, pursuant to these Guidelines, and is accountable for it towards the Board of Directors;

d) proposing to the Board of Directors the nomination of the Supervisor of the Internal
Control System, to be chosen among those who satisfy the necessary attributes of independence and professional competency;
e) establishing the Supervisor in an organizational way so as to ensure his independence and provide him with appropriate resources to efficiently discharge his duties.’

(p.7) : ‘In identifying risks to be submitted to the Board of Directors, the CEO must focus on risks of high potential impact on the Company. Such risks shall be identified on the basis of the following criteria:
a) the nature of the risk, particularly as regards financial risks, including those concerning the correct application of financial and pledge contracts signed by the Company, those relative to the compliance with accounting standards, and those that could adversely impact the Company image and reputation;
b) the likelihood of the risks materializing;
c) the Company’s limited ability to reduce the impact of the risks on its business;
d) the extent of the risk.’

(pp.7-8) : ‘To this purpose, the CEO shall make sure that the Internal Control System:
♦ is an integral part of the Company’s operativeness and culture, implementing, to that end, appropriate information, communication and training processes, and reward and disciplinary systems, which provide incentives for a correct management of risks and discourage conduct contrary to the principles dictated by the processes;
♦ be able to respond promptly to significant risk situations arising from within the Company and from changes in the business environment in which the Company works;
♦ includes procedures for immediate communication to an appropriate level of the Company, by implementing adequate organizational solutions to ensure the access of the functions, directly involved in the Internal Control System, to the necessary information and to the top management;
♦ provides for regular control activities on the effectiveness of the Internal Control System, as well as the possibility of implementing specific control activities should any weaknesses in the Internal Control System be reported;
♦ facilitates the identification and timely execution of corrective measures.’

(p.8) : ‘The periodic assessment of the adequacy and effective functioning, and potential review of the Internal Control System, is a key element of its structure in order to ensure its full and correct efficiency.
This periodic review is entrusted to the Board of Directors, with the assistance of the Audit Committee, where existing.
In performing this review, the Board of Directors shall take care not only to verify the existence and the operation of an Internal Control System within the Company, but also to periodically carry out a detailed examination of the structure of the same System, its appropriateness, and its effective and concrete functioning.
To this purpose, the Board of Directors shall receive and examine the reports from the
“Preposto”, previously examined by the Audit Committee and the CEO, or prepared by the CEO himself, with the aim of assessing whether the structure of the Internal Control System in place in the Company is concretely effective in pursuing the objectives, and whether any reported weaknesses call for an improvement in the System.

Moreover, the Board of Directors annually, on the occasion of the Board Meeting for the approval of the consolidated balance sheet, must:

- examine which are the significant risks submitted to its attention by the CEO and assess how the above risks have been identified, evaluated and managed. To this purpose, a particular care has to be taken in examining the changes intervened during the year and the nature and extent of the risks, and in evaluating the reaction of the Company to these changes;
- assess the Internal Control System appropriateness to face these risks, taking particular care of possible inefficiencies reported;
- assess the measures adopted or have to be promptly adopted to reduce and manage these risks;
- prepare any additional policies, processes and rules of conduct, which will enable the Company to react appropriately to situations of new risks or risks not handled satisfactorily.’

A10:

Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions.

References:

Public:
NA
A11:

Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:

1

Comments:

Based on public information, there is evidence that the company conducts due diligence when selecting or reappointing its agents. Agents are selected on their ability to conduct business with transparency and fairness. The company does not accept contracts with individuals who are registered with countries considered not to conform with the standards of international law, as expressed by the FATF. The company therefore scores 1. To score higher the company would need to provide evidence that due diligence is refreshed at least every 3 years and/or when there is a significant change in the business relationship.

References:

Public:

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013), pp.18-19:

‘I rapporti con Società di Service/Consulenti/Partner, nell’ambito dei processi sensibili e/o delle attività a rischio reato devono essere improntati alla massima correttezza e trasparenza, al rispetto delle norme di legge, del Codice di Condotta, del presente Modello e delle procedure aziendali interne, nonché degli specifici principi etici su cui è impostata l’attività della Società.

Le Società di Service, i consulenti, gli agenti commerciali, i fornitori di prodotti/servizi e in generale i partner (es. associazione temporanea d’impresa) devono essere selezionati secondo i seguenti principi:

- verificare l’attendibilità commerciale e professionale (ad es. attraverso visite ordinarie presso la Camera di Commercio per accertare la coerenza dell’attività svolta con le prestazioni richieste dalla Società, autocertificazione ai sensi del D.P.R. 445/00 relativa ad eventuali carichi pendenti o sentenze emesse nei loro confronti);
- selezionare in base alla capacità di offerta in termini di qualità, innovazione, costi e standard di sostenibilità, con particolare riferimento al rispetto dei diritti umani e dei diritti dei lavoratori, dell’ambiente, ai principi di legalità, trasparenza e correttezza negli affari (tale processo di accreditamento deve prevedere standard qualitativi elevati riscontrabili anche -
evitare qualsivoglia operazione commerciale e/o finanziaria, sia in via diretta che per il tramite di interposta persona, con soggetti -persone fisiche o persone giuridiche- i cui nominativi siano coinvolti in indagini di autorità giudiziarie per reati presupposto di responsabilità ex D.Lgs. 231/01 e/o segnalati dalle organizzazioni/autorità europee e internazionali preposte alla prevenzione dei reati di terrorismo, riciclaggio e criminalità organizzata.

- evitare/non accettare rapporti contrattuali con soggetti -persone fisiche o persone giuridiche- che abbiano sede o residenza ovvero qualsiasi collegamento con paesi considerati non cooperativi in quanto non conformi agli standard delle leggi internazionali ed alle raccomandazioni espresse dal FATF-GAFI (Gruppo di Azione Finanziaria contro il riciclaggio di denaro) o che siano riportati nelle liste di prescrizione (cosiddette “Black List”) della World Bank e della Commissione Europea;

- riconoscere compensi esclusivamente a fronte di una idonea giustificazione nel contesto del rapporto contrattuale costituito o in relazione al tipo di incarico da svolgere ed alle prassi vigenti in ambito locale;

- in genere nessun pagamento può essere effettuato in contanti e nel caso di deroga gli stessi pagamenti dovranno essere opportunamente autorizzati. In ogni caso i pagamenti devono essere effettuati nell’ambito di apposite procedure amministrative, che ne documentino la riferibilità e la tracciabilità della spesa;

- con riferimento alla gestione finanziaria, la società attua specifici controlli procedurali e cura con particolare attenzione i flussi che non rientrano nei processi tipici dell’azienda e che sono quindi gestiti in modo estemporaneo e discrezionale. Tali controlli (ad es. l’attività di frequente riconciliazione dei dati contabili, la supervisione, la separazione dei compiti, la contrapposizione delle funzioni, in particolare quella acquisti e quella finanziaria, un efficace apparato di documentazione del processo decisionale, ecc.) hanno lo scopo di impedire la formazione di riserve occulte.

(\textit{Relationships with Service Companies / Consultants / Partner in the context of sensitive processes and / or activities at risk must be based on the maximum fairness and transparency, the compliance with the law, the Code of Conduct, the present model and procedures internal business, as well as the specific ethical principles on which it is set to the assets of the Company.}

The Service Companies, consultants, commercial agents, the suppliers of products / services and general partners (eg temporary association) must be selected according to the following principles:

- Verify the commercial and professional (eg., Across an ordinary at the Chamber of Commerce to ensure the consistency of the activity performed by the performance requirements of the Company’s self-certification pursuant to Presidential Decree 445/00 relative to any pending suits or judgments made against them);

- Select based on the ability to offer in terms of quality, innovation, cost, and standard sustainability, particularly with regard to respect for human rights and the rights of workers, the environment, the principles of legality, transparency and fairness in business (such accreditation process must provide for high quality standards that are found through the acquisition of specific certifications in quality by the same);
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- Avoid any commercial and/or financial, either directly for the through a third person, with parties-individuals or legal entities-whose names are involved in investigations by the judicial authorities of responsibility for offenses pursuant to Legislative Decree 231/01 and/or reported by the organizations/authorities and the European international authorities for the prevention of terrorist offenses, money laundering and crime organized.
- Avoid/do not accept contracts with individuals or entities-legal-which have their registered office or residence or any connection with countries considered uncooperative as not conforming to the standards of international law and recommendations expressed by the FATF (Financial Action Task Force against money laundering) or which are indicated in the lists (so-called "Black List") the World Bank and the European Commission;
- Recognize compensation only in the face of a suitable justification in the context of contractual relationship, or in relation to the type of task to be carried out and practice current local;
- In general, no payments may be made in cash and in the event of a derogation the same payments must be appropriately authorized. In any case, the payments must be carried out under proper administrative procedures that document the and traceability of expenditure;
- With regard to financial management, the company carries out specific procedural controls and care with particular attention to transactions that fall outside the normal company processes and are then managed in an extemporary and discretionary. These controls (eg. Activity frequent reconciliation of accounting data, supervision, segregation of duties, the contrast functions, in particular the purchasing and financial, effective system to document the decision-making process, etc..) are designed to prevent the creation of hidden reserves.)
A12:

Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:

1

Comments:

Based on public information, there is evidence that the company has contractual rights for the behaviour of agents with respect to countering corruption. The company expects all parties who act in the name of or on behalf of the company, to apply the Code of Conduct. The company states it will not engage in business with anyone who refuses to comply with the Code’s principles and the provisions of Model 231, with contractual clauses in place to ensure that agents follow them. The company therefore scores 1. To score higher the company would need to provide evidence that it has the right to monitor and audit agents.

References:

Public:
Code of Conduct (September 2008), p.5:
‘The Group shall spare no effort to ensure that the Code’s principles are shared by consultants, suppliers and any other party that has stable business relations with the Group. The Group shall not engage in, nor continue any business relations with, any person(s) who expressly refuses to comply with the Code’s principles.’

(p.6): ‘Who is the Code addressed to?
The Code applies to the Board of Directors, Board of Statutory Auditors, External Auditors of Avio S.p.A. and its subsidiaries, to all employees of Companies belonging to the Group, and to all other parties or Companies who act in the name of or on behalf of one or more Companies of the Avio Group.
The Group shall spare no effort to ensure that those parties it deals with in long-term business relations such as consultants, professional experts, agents and dealer, regard the Code as a standard of best practice for business conduct.
All recipients of this Code of Conduct shall respect the values set out herein, and attest to such commitment by accepting and signing it, according to the type of relations with the
Companies of the Avio Group, in Appendix C, D or E.

(p.8): ‘The Group structures and develops its own business activities, requiring all its employees and other recipients of this Code to adapt their behaviour to the Group’s values of conduct in business.’

(p.30): ‘Agents, Representatives and Commercial Promoters that violate the regulations and behaviour as per this Code of Conduct shall be held responsible, jointly and severally with the Companies represented, for any damage caused to the Avio Group, also depending on any contractual clauses set out in the respective contracts.’

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013), p.19:

‘6.4. I rapporti con Società di Service/Consulenti/Partner: Clausole contrattuali I contratti con Società di Service/Consulenti/Partner devono prevedere la formalizzazione di apposite clausole che regolino:
- l’impegno al rispetto del Codice di Condotta e del Modello adottati da AVIO, nonché la dichiarazione di non essere mai stati implicati in procedimenti giudiziari relativi ai reati contemplati nel Modello della Società stessa e nel D.Lgs. 231/01 (o se lo sono stati, devono comunque dichiararlo ai fini di una maggiore attenzione da parte della società in caso si addivenga all’instaurazione del rapporto di consulenza o partnership). Tale impegno potrà esser reciproco, nel caso in cui la controparte abbia adottato un proprio e analogo codice di comportamento e Modello;
- le conseguenze della violazione delle norme di cui al Modello e/o al Codice di Condotta (es. clausole risolutive espresse, penali);
- l’impegno, per società di service/consulenti/partner stranieri, a condurre la propria attività in conformità a regole e principi analoghi a quelli previsti dalle leggi dello Stato (o degli Stati) ove gli stessi operano, con particolare riferimento ai reati di corruzione, riciclaggio e terrorismo e alle norme che prevedono una responsabilità per la persona giuridica (Corporate Liability), nonché ai principi contenuti nel Codice di Condotta e nelle relative Linee Guida, finalizzati ad assicurare il rispetto di adeguati livelli di etica nell’esercizio delle proprie attività.’

(6.4. Relationships with Service Companies / Consultants / Partner: Contractual clauses Contracts with Service Companies / Consultants / Partner must provide for the formalization of specific clauses governing:
- The commitment to respect the Code of Conduct and the Model adopted by AVIO, as well as the statement that they have never been involved in legal proceedings relating to the offenses Model covered in the Company and in the Legislative Decree no. 231/01 (or if they were, they must nevertheless be stated for greater attention by the company in the event you addivenga the establishment of the counseling relationship or partnership). This commitment will be reciprocal, in the case where the counterparty has adopted its own code and analogous behavior and model;
- The consequences of violation of the rules set out in the Program and / or the Code of
Conduct (eg termination clauses, penalties);
- A commitment to service companies / consultants / foreign partners, to conduct its business in accordance with the rules and principles similar to those provided for by the laws of the State (or States) where they operate, with particular reference to the offenses of bribery, money laundering and terrorism and other statutes that provide liability for the legal person (Corporate Liability), and the principles contained in the Code of Conduct and related Guidelines aimed at ensuring the enforcement of adequate levels of ethics in the performance of its activities.)

(p.32):
‘9.2. Informazione ai Consulenti ed ai Partners I Consulenti ed i Partners devono essere informati del contenuto del Modello e dell’esigenza di AVIO che il loro comportamento sia conforme ai disposti del D.Lgs. 231/2001.’

(9.2. Information to Consultants and Partners
The Consultants and Business Partners should be informed of the contents of and the need to AVIO that their behavior is in accordance with the provisions of Legislative Decree no. 231/2001.)

(p.36):
‘10.7. Misure nei confronti delle Società di Service, dei Consulenti e dei Partners

(10.7. Measures against Service Companies, Consultants and Partners
Any violation by the Service Companies, Consultants or Partners of the rules of prescribed by this Code of Conduct or applicable to them or the commission of Crime is punished in accordance with the specific contractual clauses included in related contracts (see Special Part no. 1). This is without prejudice to any claim for compensation if the conduct causes material damage to the Company, as in the case of application by the same judge of the measures provided for by Legislative Decree no. 231/2001.)}
A13:

Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:

2

Comments:

Based on public information, there is evidence that the company makes clear to contractors, sub-contractors, and suppliers, its stance on bribery and corruption and the consequences of breaches to this stance. In addition to suppliers respecting the values of the Code of Conduct, the Code also contains a Supplier Code of Conduct that suppliers must accept and sign. The Supplier Code of Conduct contains rights to apply sanctions in the event of a breach of its principles.

References:

Public:
Code of Conduct (September 2008), p.6:
‘Who is the Code addressed to? The Code applies to the Board of Directors, Board of Statutory Auditors, External Auditors of Avio S.p.A. and its subsidiaries, to all employees of Companies belonging to the Group, and to all other parties or Companies who act in the name of or on behalf of one or more Companies of the Avio Group.
The Group shall spare no effort to ensure that those parties it deals with in long-term business relations such as consultants, professional experts, agents and dealer, regard the Code as a standard of best practice for business conduct.
All recipients of this Code of Conduct shall respect the values set out herein, and attest to such commitment by accepting and signing it, according to the type of relations with the Companies of the Avio Group, in Appendix C, D or E.’

(p.8): ‘The Group structures and develops its own business activities, requiring all its employees and other recipients of this Code to adapt their behaviour to the Group’s values of conduct in business.’
The supplier system plays a fundamental role in improving the competitiveness of the Avio Group.

The Group shall select Suppliers based on their ability to offer the best in terms of quality, innovation, costs and services in order to guarantee the highest level of customer satisfaction at all times.

Considering it is of primary importance for the Group that its partners share the values of the Code and the stringent respect of the laws in force, employees shall, furthermore, select Suppliers according to appropriate and objective methods.

They shall also take into account, besides the quality, innovation, costs and services offered, the subjective requisites of integrity, honourableness, professionalism, and registration on lists/associations of categories, as well as the absence of any suspicion whatsoever, past or present, of involvement in activities of terrorism or subversion of the public order (verification of non-registration on the reference lists for persons linked to international terrorism, namely persons/Companies who have been put on the so-called Black Lists issued by the European Community, the US Treasury Department and the United Nations, supporting prevention activities and opposing money laundering and the financing of international terrorism).

The Supplier chosen shall respect the values set out in this Code, and attest to such commitment by accepting and signing the specific Code of Conduct as set out in Appendix C.

No Avio Group employee shall make any cash payments or give other favours whatsoever to Suppliers, Consultants or Partners, which are not adequately justified within the framework of the contractual relationship constituted with them.

Employees shall likewise establish and maintain stable, transparent and cooperative business relations with Suppliers.’

Commercial Relations between Avio Group Companies and Suppliers

The Avio Group shall select its Suppliers according to appropriate and objective methods, taking into consideration besides the quality, innovation, costs and services offered, the subjective requisites of integrity, honourableness, professionalism, and registration on lists/associations of categories, as well as the absence of any suspicion whatsoever, past or present, of involvement in activities of terrorism or subversion of the public order (with the verification of non-registration on the reference lists for persons linked to international terrorism, namely persons/Companies who have been put on the so-called Black Lists issued by the European Community, the United States Treasury Department and the United Nations, supporting the prevention activities and opposing money laundering and the financing of international terrorism).’
Offers;
- Available production capacity;
- Production lead-time;
- Economical competitiveness based on elements such as:
  - price
  - non-recurring costs
  - conditions of payment
  - conditions of delivery
  - warranty

(p.29): ‘2. Avio Group Employees and ex-Employees
2.1 Relations between Avio Group Companies and their Suppliers, regarding the hiring of Avio Group employees and ex-employees by the same Suppliers, shall be regulated by maximum transparency.

Suppliers shall therefore undertake not to solicit the hiring of or collaboration agreements (such as consultancy contracts) with Avio Group employees or exememployees, either directly or through third parties (head-hunters, agents, subsidiaries or controlling Companies etc.).’

‘2.5 Failure to comply with the previous paragraphs shall be considered by the Avio Group Company as an act of unfair competition, which could result in the interruption of supply relations.’

‘3. Gifts
3.1 The Supplier shall not make promises or rewards of money or goods, of any importance or non-symbolic value, to Avio Group employees, its legal representatives, Agents and Commercial Promoters in order to directly promote or favour the interests of the Supplier or that may anyway appear as being intended for such purposes.’

(p.30): ‘3.3 The Supplier shall prepare an appropriate internal procedure in order to prevent and detect possible violations as described in the previous paragraphs, and verify its effective implementation by the Supplier’s own employees, consultants, agents and commercial promoters or the like.

3.4 If a Supplier has good reason to believe that some violations have occurred in relation to the previous paragraphs, they shall immediately notify the Avio Group Company’s Purchasing Director of the violation.

3.5 The Supplier shall co-operate with any verification carried out concerning possible violations.

3.6 Should the Supplier fail to fulfil the requirements described in the previous paragraphs, it could result in its cancellation from the Avio Group Companies’ List of Suppliers.’
A13(a):

Does the company explicitly address the corruption risks associated with offset contracting?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company explicitly addresses the corruption risks associated with offset contracting.

References:

Public:

TI notes:

Offset in Poland (May 2007), p.16:

"2007: AVIO S.p.A. (gas turbine for corvette ship) – 9,76 mln EUR"

A13(b):

Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting its offset partners and offset brokers.

References:

Public:
TI notes:
Offset in Poland (May 2007), p.16:
"2007: AVIO S.p.A. (gas turbine for corvette ship) – 9,76 mln EUR"
A15: Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score: 2

Comments: Based on public information, there is evidence that the anti-corruption policy prohibits corruption in its various forms, including the giving and receiving of bribes and conflicts of interest.

References:
Public:
Code of Conduct (September 2008), p.8:
‘Conflict of interest
All business decisions and choices taken on behalf of the Group shall be made in the best interest of the Group.
Therefore, employees and other recipients shall avoid any possible conflict of interest, with particular regard to personal or family interests (e.g. the existence of a vested financial or commercial interest with suppliers, customers or competitors; inappropriate advantages deriving from the role carried out within the Group; ownership of or trade in shares or securities etc.), which might affect the independence of judgement when deciding what is in the best interest of the Group and the most appropriate way to pursue it.
Any situation that constitutes or gives rise to a possible conflict of interest shall be reported immediately to the person directly in charge. Every employee shall inform, in writing, his or her immediate superior of the existence of any working activities for any other Company, or any relations of a financial, commercial, professional, family or personal nature that might influence the impartiality of his or her conduct in dealing with a third party.’

(p.9):
‘Bribery and illicit payments
The Avio Group, its employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all relations inside and outside the Group.
No employee shall directly or indirectly accept, request, offer or pay any sums of money or other benefits (including gifts or favours, with the exception of commercial items universally accepted within an international framework), even if unlawful pressure has been exerted.

The Avio Group shall not tolerate any kind of bribery to public officials, or any other party connected with or linked to public officials, in any form or manner whatsoever, in any interested jurisdiction, not even where such activities may be permitted in practice, or may not be legally prosecutable.

As regards the above, it is strictly forbidden for employees and other recipients to offer commercial give-aways, gifts or other benefits that may be in breach of the law or regulations, or are in contrast with the Code, or that may, if made public, constitute a prejudice against the Group, even in terms of image.

It is likewise forbidden for employees and other recipients (and members of their families) to accept any give-aways, gifts or other benefits, which may prejudice their independence of judgement. Consequently, every employee or recipient shall avoid all situations in which interests of a personal nature may come into conflict with the interests of the Avio Group.”
A16:

Is the anti-corruption policy explicitly one of zero tolerance?

Score:

1

Comments:

Based on public information, there is no readily available evidence that the company has an explicit zero tolerance policy of corruption. However, the company has a zero tolerance policy of violations of the Code of Conduct. The company therefore scores 1.

References:

Public:
Code of Conduct (September 2008), p.9:
‘Bribery and illicit payments
The Avio Group, its employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all relations inside and outside the Group.
No employee shall directly or indirectly accept, request, offer or pay any sums of money or other benefits (including gifts or favours, with the exception of commercial items universally accepted within an international framework), even if unlawful pressure has been exerted.
The Avio Group shall not tolerate any kind of bribery to public officials, or any other party connected with or linked to public officials, in any form or manner whatsoever, in any interested jurisdiction, not even where such activities may be permitted in practice, or may not be legally prosecutable.
As regards the above, it is strictly forbidden for employees and other recipients to offer commercial give-aways, gifts or other benefits that may be in breach of the law or regulations, or are in contrast with the Code, or that may, if made public, constitute a prejudice against the Group, even in terms of image.
It is likewise forbidden for employees and other recipients (and members of their families) to accept any give-aways, gifts or other benefits, which may prejudice their independence of judgement. Consequently, every employee or recipient shall avoid all situations in which interests of a personal nature may come into conflict with the interests of the Avio Group.’

Code of Conduct (September 2008), pp.4-5:
'take equitable measures concerning sanctions appropriate to the type of Code violation, and guarantee to enforce them indiscriminately amongst all the categories of employees subject to the provisions of law, of contract and of internal regulations in force within the jurisdiction in which it operates

(p.11): ‘The Code is an integral and substantial part of the contract of employment of each Group employee. Consequently, the Avio Group expects all its employees to strictly comply with the regulations of the Code. Any violation of these regulations shall be severely dealt with by imposing appropriate sanctions.’
A17:

Is the company’s anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

2

Comments:

Based on public information, there is evidence that the company’s Code of Conduct is easily accessible to Board members, employees and third parties. It is available on the company’s website in English and Italian. It is also available on the company’s intranet and it can be requested from the Personnel Department, the Legal Department or from the Supervisor of the Internal Control System.

References:

Public:
Code of Conduct (September 2008), p.4:
‘In view of the above, the Group shall:
• ensure timely diffusion of the Code throughout the Group and to all recipients;
• guarantee that all updates and modifications are provided on a timely basis to all recipients of the Code’

(p.6): ‘Where is the Code available from? The Code may be consulted by all employees in an accessible place, using the most appropriate procedures and in conformity with local rules and regulations, and is available on the Group’s Web Site (www.aviogroup.com), and on the Company Intranet from where it may be freely downloaded.
It may also be requested from the Personnel Department, the Legal Department or from the “Preposto” (Supervisor) of the Internal Control System.’
### A17(a):

**Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?**

**Score:**

1

**Comments:**

Based on public information, there is evidence that the company’s Code of Conduct is somewhat understandable to Board members, employees and third parties. It is legalistic and not written in accessible, comprehensible language. The company therefore scores 1.

### References:

**Public:**

Code of Conduct (September 2008), p.9:

‘Bribery and illicit payments

The Avio Group, its employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all relations inside and outside the Group.

No employee shall directly or indirectly accept, request, offer or pay any sums of money or other benefits (including gifts or favours, with the exception of commercial items universally accepted within an international framework), even if unlawful pressure has been exerted.

The Avio Group shall not tolerate any kind of bribery to public officials, or any other party connected with or linked to public officials, in any form or manner whatsoever, in any interested jurisdiction, not even where such activities may be permitted in practice, or may not be legally prosecutable.

As regards the above, it is strictly forbidden for employees and other recipients to offer commercial give-aways, gifts or other benefits that may be in breach of the law or regulations, or are in contrast with the Code, or that may, if made public, constitute a prejudice against the Group, even in terms of image.

It is likewise forbidden for employees and other recipients (and members of their families) to accept any give-aways, gifts or other benefits, which may prejudice their independence of judgement. Consequently, every employee or recipient shall avoid all situations in which interests of a personal nature may come into conflict with the interests of the Avio Group.’
(p.11): ‘Therefore, employees shall:

- learn fully the details of the Code’s regulations and policies regarding their own specific job responsibilities, also attend any relevant training courses;
- act and behave in a manner consistent with the Code, and refrain from any conduct that might damage the Group or jeopardise its honesty, impartiality or reputation;
- promptly report any Code violations, following the procedures set out in Appendix B;
- comply with all internal regulations introduced by the Group Companies in order to observe the Code or identify any violations of the same;
- consult the Legal Department and/or the Personnel Department, in accordance with Appendix B, in order to obtain explanations about the interpretation of the Code;
- co-operate fully in any investigations regarding Code violations, maintaining the utmost reticence regarding the existence of said investigations, and actively participating, where requested, in audit activities on the operation of the Code.’
A18:
Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:
2

Comments:
Based on public information, there is evidence that the anti-corruption policy applies to all employees and Board members.

References:
Public:
Company website: Code of Conduct
‘The Code is a document approved by Avio’s Board of Directors and applied across the Avio Group internationally. It sets out the business code of conduct, together with the commitments and responsibilities expected of our employees.’

Code of Conduct (September 2008), p.4:
‘To achieve this goal, the Group requires its employees to comply with the highest standards of business conduct in the performance of their duties as set out in this Code of Conduct.’

(p.6): ‘Who is the Code addressed to?
The Code applies to the Board of Directors, Board of Statutory Auditors, External Auditors of Avio S.p.A. and its subsidiaries, to all employees of Companies belonging to the Group, and to all other parties or Companies who act in the name of or on behalf of one or more Companies of the Avio Group.
The Group shall spare no effort to ensure that those parties it deals with in long-term business relations such as consultants, professional experts, agents and dealer, regard the Code as a standard of best practice for business conduct.
All recipients of this Code of Conduct shall respect the values set out herein, and attest to such commitment by accepting and signing it, according to the type of relations with the Companies of the Avio Group, in Appendix C, D or E.’
A20:

Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

2

Comments:

Based on public information, there is evidence that the company has a policy on conflicts of interest, including a definition and examples. As the Code of Conduct applies to employees and Board members, this policy applies to both groups.

References:

Public:
Code of Conduct (September 2008), p.8:
‘Conflict of interest
All business decisions and choices taken on behalf of the Group shall be made in the best interest of the Group.
Therefore, employees and other recipients shall avoid any possible conflict of interest, with particular regard to personal or family interests (e.g. the existence of a vested financial or commercial interest with suppliers, customers or competitors; inappropriate advantages deriving from the role carried out within the Group; ownership of or trade in shares or securities etc.), which might affect the independence of judgement when deciding what is in the best interest of the Group and the most appropriate way to pursue it.
Any situation that constitutes or gives rise to a possible conflict of interest shall be reported immediately to the person directly in charge. Every employee shall inform, in writing, his or her immediate superior of the existence of any working activities for any other Company, or any relations of a financial, commercial, professional, family or personal nature that might influence the impartiality of his or her conduct in dealing with a third party.’

(pp.11-12): ‘Position of responsibility in the Group
Those persons who hold the so-called “Critical Positions”, which signifies persons responsible for or, in any case, involved in, “Critical Processes” as defined in the relative “Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001” for the Italian Group Companies, or as defined in the “231 Guidelines for
AvioGroup foreign Companies” and, therefore, those who hold top management positions in one or more Companies of the Group, are required, besides respecting the Code, to rigorously comply with the following requirements in carrying out the roles assigned to them:

- to work with honesty and integrity, avoiding any conflict of interest, even potential, deriving from personal or professional/business relations’
A21:

Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:

Based on public information, there is evidence that the company has a minimal policy that regulates the giving and receipt of gifts. Employees are instructed to never give gifts that are in breach of the law, in contrast with the Code of Conduct, or that may be bad for the image of the company if the gift is made public. Similarly, employees are forbidden to accept any gifts that may prejudice their independence of judgement. In regard to representatives of public institutions, all gifts must be of modest value, proportionate to the case and may not be interpreted with a purpose of gaining unfair advantage. However, there is no readily available evidence of upper limits for gift exchange or a specific threshold necessary for senior authorisation. The company therefore scores 1.

References:

Public:
Code of Conduct (September 2008), p.9:
‘Bribery and illicit payments
The Avio Group, its employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all relations inside and outside the Group.

No employee shall directly or indirectly accept, request, offer or pay any sums of money or other benefits (including gifts or favours, with the exception of commercial items universally accepted within an international framework), even if unlawful pressure has been exerted.

The Avio Group shall not tolerate any kind of bribery to public officials, or any other party connected with or linked to public officials, in any form or manner whatsoever, in any interested jurisdiction, not even where such activities may be permitted in practice, or may not be legally prosecutable.

As regards the above, it is strictly forbidden for employees and other recipients to offer commercial give-aways, gifts or other benefits that may be in breach of the law or regulations, or are in contrast with the Code, or that may, if made public, constitute a
prejudice against the Group, even in terms of image.
It is likewise forbidden for employees and other recipients (and members of their families) to accept any give-aways, gifts or other benefits, which may prejudice their independence of judgement. Consequently, every employee or recipient shall avoid all situations in which interests of a personal nature may come into conflict with the interests of the Avio Group.’

(p.17): ‘No Avio Group employee shall make any cash payments or give other favours whatsoever to Suppliers, Consultants or Partners, which are not adequately justified within the framework of the contractual relationship constituted with them. Employees shall likewise establish and maintain stable, transparent and cooperative business relations with Suppliers.’

(p.17): ‘Public institutions
Only duly delegated departments and employees shall manage relations with public institutions, which shall be transparent and inspired by Group Values. Any gifts or favours made to representatives of any public institution (where permitted by current regulations) shall be of modest value and proportionate to the case but, however, may not be interpreted with a purpose of gaining unfair advantage for the Group. The Avio Group shall fully cooperate with regulatory and governmental bodies within the framework of their legitimate area of activities. Should one or more Group Companies be subjected to legitimate inspections by public authorities, the Group shall fully cooperate. Should a public institution be a customer or Supplier of a Group Company, the latter shall act in strict compliance with the laws and regulations that govern the acquisition from or sale to that particular public institution of any goods and/or services. Any intervention to promote the interests of the Group shall be conducted only where permitted and in strict compliance with laws in force and, in any case, in conformity with the Code and any procedures specifically established by the Group.’
A22:

Does the company’s anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:

Based on public information, there is evidence that the company has a minimal policy that regulates the giving and receipt of hospitality, where the terms ‘benefits’ and ‘favours’ are understood to mean hospitality. Employees are instructed to never give benefits that are in breach of the law, in contrast with the Code of Conduct, or that may be bad for the image of the company if the hospitality is made public. Similarly, employees are forbidden to accept any benefits that may prejudice their independence of judgement. In regard to representatives of public institutions, all favours must be of modest value, proportionate to the case and may not be interpreted with a purpose of gaining unfair advantage. However, there is no readily available evidence of upper limits for hospitality or a specific threshold necessary for senior authorisation. The company therefore scores 1.

References:

Public:
Code of Conduct (September 2008), p.9:
‘Bribery and illicit payments
The Avio Group, its employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all relations inside and outside the Group.
No employee shall directly or indirectly accept, request, offer or pay any sums of money or other benefits (including gifts or favours, with the exception of commercial items universally accepted within an international framework), even if unlawful pressure has been exerted.
The Avio Group shall not tolerate any kind of bribery to public officials, or any other party connected with or linked to public officials, in any form or manner whatsoever, in any interested jurisdiction, not even where such activities may be permitted in practice, or may not be legally prosecutable.
As regards the above, it is strictly forbidden for employees and other recipients to offer
commercial give-aways, gifts or other benefits that may be in breach of the law or regulations, or are in contrast with the Code, or that may, if made public, constitute a prejudice against the Group, even in terms of image.

It is likewise forbidden for employees and other recipients (and members of their families) to accept any give-aways, gifts or other benefits, which may prejudice their independence of judgement. Consequently, every employee or recipient shall avoid all situations in which interests of a personal nature may come into conflict with the interests of the Avio Group.’

(p.17): ‘No Avio Group employee shall make any cash payments or give other favours whatsoever to Suppliers, Consultants or Partners, which are not adequately justified within the framework of the contractual relationship constituted with them.

Employees shall likewise establish and maintain stable, transparent and cooperative business relations with Suppliers.’

(p.17): ‘Public institutions

Only duly delegated departments and employees shall manage relations with public institutions, which shall be transparent and inspired by Group Values.

Any gifts or favours made to representatives of any public institution (where permitted by current regulations) shall be of modest value and proportionate to the case but, however, may not be interpreted with a purpose of gaining unfair advantage for the Group.

The Avio Group shall fully cooperate with regulatory and governmental bodies within the framework of their legitimate area of activities. Should one or more Group Companies be subjected to legitimate inspections by public authorities, the Group shall fully cooperate.

Should a public institution be a customer or Supplier of a Group Company, the latter shall act in strict compliance with the laws and regulations that govern the acquisition from or sale to that particular public institution of any goods and/or services.

Any intervention to promote the interests of the Group shall be conducted only where permitted and in strict compliance with laws in force and, in any case, in conformity with the Code and any procedures specifically established by the Group.’
A23:

Does the company have a policy that explicitly prohibits facilitation payments?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a policy that explicitly prohibits facilitation payments. TI notes that the Code of Conduct states that the company will not tolerate any kind of bribery to public officials, in any form or manner whatsoever.

References:

Public:
TI notes:
Code of Conduct (September 2008), p.9:
‘The Avio Group shall not tolerate any kind of bribery to public officials, or any other party connected with or linked to public officials, in any form or manner whatsoever, in any interested jurisdiction, not even where such activities may be permitted in practice, or may not be legally prosecutable.
As regards the above, it is strictly forbidden for employees and other recipients to offer commercial give-aways, gifts or other benefits that may be in breach of the law or regulations, or are in contrast with the Code, or that may, if made public, constitute a prejudice against the Group, even in terms of image.’
A24:

Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:

1

Comments:

Based on public information, there is evidence that political contributions are only allowed if permitted by law and if they are authorised by the relevant corporate bodies of each division of the company. Despite the company stating that any relations between the company and political parties shall be marked by the highest principles of transparency, there is no readily available evidence that the company publically discloses its political contributions. The company therefore scores 1.

References:

Public:
Code of Conduct (September 2008), p.17:
‘Trade Unions and political parties
Any relations between the Avio Group with Trade Unions, or Political Parties and their representatives or candidates shall be marked by the highest principles of transparency and fairness.
Contributions by the Group shall only be allowed if enforced or expressly permitted by law and, in the latter case, authorised by the relevant corporate bodies of each Group Company. Any contribution made or activity performed by Group employees shall only be intended as a personal and voluntary contribution.’
A25:

Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities. TI notes that the Code of Conduct states that only duly delegated departments and employees shall manage relations with public institutions. Additionally, any intervention to promote the interests of the Group shall be conducted only in strict compliance with laws and in conformity with the company’s Code of Conduct and other procedures.

References:

Public:
TI notes:
Code of Conduct (September 2008), p.17:
‘Public institutions
Only duly delegated departments and employees shall manage relations with public institutions, which shall be transparent and inspired by Group Values.
Any gifts or favours made to representatives of any public institution (where permitted by current regulations) shall be of modest value and proportionate to the case but, however, may not be interpreted with a purpose of gaining unfair advantage for the Group.
The Avio Group shall fully cooperate with regulatory and governmental bodies within the framework of their legitimate area of activities. Should one or more Group Companies be subjected to legitimate inspections by public authorities, the Group shall fully cooperate.
Should a public institution be a customer or Supplier of a Group Company, the latter shall act in strict compliance with the laws and regulations that govern the acquisition from or sale to that particular public institution of any goods and/or services.
Any intervention to promote the interests of the Group shall be conducted only where permitted and in strict compliance with laws in force and, in any case, in conformity with the Code and any procedures specifically established by the Group.
Trade Unions and political parties

Any relations between the Avio Group with Trade Unions, or Political Parties and their representatives or candidates shall be marked by the highest principles of transparency and fairness.

Contributions by the Group shall only be allowed if enforced or expressly permitted by law and, in the latter case, authorised by the relevant corporate bodies of each Group Company.
A25(a):

Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company prohibits or regulates charitable contributions in order to prevent undue influence or other corrupt intent. TI notes that the company has previously declared that it supported the voluntary organisation, Telefono Amico.

References:

Public:

TI notes:

Annual Report (2012), p.67:

‘In 2012, the Company actively participated in projects in collaboration with the local community, aimed at the enhancement of relations with the territory and the integration of communities with the various industrial plants. To this end, the following initiatives took place:

- On 20 October, an “Open Day” was organised at Avio’s industrial plant in Colleferro (Rome) to celebrate the Centenary of the industrial installation. Over 1,800 people visited the site where Vega’s and Ariane 5’s propulsion systems are produced;
- Sponsorship of the “Enel Basketball Team Brindisi”, which plays in the national Lega A championship;
- Sponsorship of the “Volare!” exhibition (Turin, 27 July – 4 November) at the “Officine Grandi Riparazioni” Museum, showcasing the most important moments in the history of aviation;
- Sponsorship of the “ESCP Regatta”, a sports event organised by the European management school ESCP-EAP;
- Sponsorship of the eighth edition of the “CIRP ICME” – Conference on Intelligent Computation in Manufacturing Engineering (Naples, 18 – 20 June), held in Ischia;
- Sponsorship of the theatre season at the “Teatro Regio” in Turin;
- Sponsorship of “TECH-ITALY 2012” (Brussels, Belgium, 2 – 4 October), organised by the
Italian Embassy in collaboration with the Ministry of the Environment, which demonstrated the excellence of Italy’s technological-industrial system;

- Sponsorship of the “INSEAD” business school, an important international training centre.

In the philanthropic sphere and to show support for the communities in which it operates, the Group supported the following body:

- “Telefono Amico” (Helpline), the voluntary organisation that helps people surmount emotional turmoil and recover their wellbeing. It promotes empathetic listening as a factor of emotional health, and aims to prevent loneliness and emotional hardships.’
A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company provides written guidance to help Board members and employees understand and implement its ethics and anti-corruption agenda. Additionally, the Code of Conduct is not very detailed and contains no scenarios or illustrations.

References:

Public:
NA
A27:

Does the company have a training programme that explicitly covers anti-corruption?

Score:

1

Comments:

Based on public information, there is evidence that the company has a training programme on its Code of Conduct, which includes an anti-corruption policy. The company therefore scores 1. To score higher the company would need to provide evidence that it has an explicit anti-corruption training module.

References:

Public:
Annual Report (2012), p.65:
‘Training: over 14,900 training days were undertaken at Group level in 2012, with over 13,400 course participants, and involving over 4,000 people, investing more than three training days per capita. Internal training made up approximately 44% of this, using certified Company training teams.
The guidelines driving the 2012 training plan were to:
• reinforce the capacity to interpret the macroeconomic and international geo-political context in which the company operates, focusing on the ethical responsibilities of the business’

Code of Conduct (September 2008), p.4:
‘provide appropriate training and information support, relative to any doubts regarding the interpretation of the Code’

(p.11): ‘Therefore, employees shall:
• learn fully the details of the Code’s regulations and policies regarding their own specific job responsibilities, also attend any relevant training courses’
9. La formazione delle risorse e la diffusione del Modello

9.1. Formazione ed informazione dei Dipendenti e degli Organi Sociali

Ai fini dell’efficacia del presente Modello, è obiettivo di AVIO garantire una corretta conoscenza, sia alle risorse già presenti in azienda sia a quelle da inserire, delle regole di condotta ivi contenute, con differente grado di approfondimento in relazione al diverso livello di coinvolgimento delle risorse medesime nei Processi Sensibili.

Il sistema di informazione e formazione è supervisionato ed integrato dall’attività realizzata in questo campo dall’OdV in collaborazione con il responsabile Risorse Umane e con i responsabili delle altre funzioni di volta in volta coinvolte nella applicazione del Modello.

9.1.1. La comunicazione iniziale

L’adozione del presente Modello è stata comunicata a tutte le risorse presenti in azienda al momento dell’adozione stessa. Ai nuovi assunti e ai soggetti che per la prima volta ricoprono una carica sociale, invece, viene consegnato un set informativo (es. Codice di Condotta, CCNL, Modello, Decreto Legislativo 231/2001, ecc.), con il quale assicurare agli stessi le conoscenze considerate di primaria rilevanza.

9.1.2. La formazione

L’attività di formazione finalizzata a diffondere la conoscenza della normativa di cui al D.Lgs. 231/2001 è differenziata, nei contenuti e nelle modalità di erogazione, in funzione della qualifica dei destinatari, del livello di rischio dell’area in cui operano, dell’avere o meno funzioni di rappresentanza della Società.

(OMISSIS)

All’OdV è demandato altresì il controllo circa la qualità dei contenuti dei programmi di formazione così come sopra descritti.’

9. Formation of resources and the distribution of the Model

9.1. Training and Informing Employees and Corporate Bodies

The effectiveness of the present model, it aims to ensure a proper AVIO knowledge, and resources already present in the company and to those to be inserted, the rules of conduct contained therein, with different level of detail in relation to the different level of involvement of the same resources in Sensitive Processes.

The information system and training is supervised and integrated the activity carried out in this field by the Supervisory Board in collaboration with the HR manager and the responsible for other duties from time to time involved in the application of the model.

9.1.1. The initial notice

The adoption of this model has been communicated to all the resources in the company to time of its adoption.

New recruits and entities for the first time hold a corporate office, however, is given a set of information (eg Code of Conduct, National Collective Bargaining Agreement, Model, Legislative Decree 231/2001, etc.), With the knowledge to ensure that they considered to be of primary relevance.

9.1.2. the formation
The training aimed to raise awareness of the legislation referred to in Legislative Decree 231/2001 is differentiated in content and method of delivery, depending on the status of the recipients, the risk level of the area in which they work and whether or not functions representative of the Company.

(OMITTED)

The Supervisory Board has also delegated control of the quality of the content of the programs training as described above.)
A28:

Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:

1

Comments:

Based on public information, there is evidence that training on the Code of Conduct is provided in the principal countries where the company operates. The company therefore scores 1. To score higher the company would need to provide evidence that this training is provided in all countries where the company operates.

References:

Public:
Annual Report (2012), p.65:
‘Training: over 14,900 training days were undertaken at Group level in 2012, with over 13,400 course participants, and involving over 4,000 people, investing more than three training days per capita. Internal training made up approximately 44% of this, using certified Company training teams.
The guidelines driving the 2012 training plan were to:
• reinforce the capacity to interpret the macroeconomic and international geo-political context in which the company operates, focusing on the ethical responsibilities of the business’

Code of Conduct (September 2008), p.4:
‘provide appropriate training and information support, relative to any doubts regarding the interpretation of the Code’

(p.11): ‘Therefore, employees shall:
• learn fully the details of the Code’s regulations and policies regarding their own specific job responsibilities, also attend any relevant training courses’

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ.
9. Formazione e informazione dei Dipendenti e degli Organi Sociali

Ai fini dell’efficacia del presente Modello, è obiettivo di AVIO garantire una corretta conoscenza, sia alle risorse già presenti in azienda sia a quelle da inserire, delle regole di condotta ivi contenute, con differente grado di approfondimento in relazione al diverso livello di coinvolgimento delle risorse medesime nei Processi Sensibili.

Il sistema di informazione e formazione è supervisionato ed integrato dall’attività realizzata in questo campo dall’OdV in collaborazione con il responsabile Risorse Umane e con i responsabili delle altre funzioni di volta in volta coinvolte nella applicazione del Modello.

9.1. Formazione ed informazione dei Dipendenti e degli Organi Sociali

9.1.1. La comunicazione iniziale

L’adozione del presente Modello è stata comunicata a tutte le risorse presenti in azienda al momento dell’adozione stessa. Ai nuovi assunti e ai soggetti che per la prima volta ricoprono una carica sociale, invece, viene consegnato un set informativo (es. Codice di Condotta, CCNL, Modello, Decreto Legislativo 231/2001, ecc.), con il quale assicurare agli stessi le conoscenze considerate di primaria rilevanza.

9.1.2. La formazione

L’attività di formazione finalizzata a diffondere la conoscenza della normativa di cui al D.Lgs. 231/2001 è differenziata, nei contenuti e nelle modalità di erogazione, in funzione della qualifica dei destinatari, del livello di rischio dell’area in cui operano, dell’avere o meno funzioni di rappresentanza della Società.

All’OdV è demandato altresì il controllo circa la qualità dei contenuti dei programmi di formazione così come sopra descritti.'
231/2001 is differentiated in content and method of delivery, depending on the status of the recipients, the risk level of the area in which they work and whether or not functions representative of the Company.

(OMITTED)
The Supervisory Board has also delegated control of the quality of the content of the programs training as described above.)
A29:

Does the company provide targeted anti-corruption training to members of the Board?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to Board members.

References:

Public:
NA
A30:

Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:

1

Comments:

Based on public information, there is limited evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions. Employees holding responsibilities – understood to mean supervisors, heads, chiefs or managers – are given necessary training, so as to maintain an efficient and coherent internal control system. Similarly, training on the Legislative Decree 231/2001 was differentiated to employees, depending on the level of risk in their role. The company therefore scores 1. To score higher the company would need to provide evidence of the roles that receive tailored training in response to different levels of risk.

References:

Public:
Code of Conduct (September 2008), pp.11-12:
‘Position of responsibility in the Group
Those persons who hold the so-called “Critical Positions”, which signifies persons responsible for or, in any case, involved in, “Critical Processes” as defined in the relative “Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001” for the Italian Group Companies, or as defined in the “231 Guidelines for Avio Group foreign Companies” and, therefore, those who hold top management positions in one or more Companies of the Group’

(pp.12-13): ‘Any person who holds the position of supervisor, head, chief or manager, shall perform his or her duties by setting a good example and providing leadership and guidance in accordance with the business and ethical principles of conduct contained in the Code and, as to his or her behaviour, shall demonstrate to the employees that respecting the Code is an essential aspect of their work, making sure that they are fully aware that business results shall never be separated from the respect for the principles of the Code.

(pp.20-21): ‘The Group is committed to implementing processes in order to ensure the necessary training and experience for employees holding responsibilities, so as to create
and maintain an efficient and coherent internal control system, consistent with the aforementioned “Guidelines for the Internal Control System.’

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013), p.32:

‘9. La formazione delle risorse e la diffusione del Modello

9.1. Formazione ed informazione dei Dipendenti e degli Organi Sociali

Ai fini dell’efficacia del presente Modello, è obiettivo di AVIO garantire una corretta conoscenza, sia alle risorse già presenti in azienda sia a quelle da inserire, delle regole di condotta ivi contenute, con differente grado di approfondimento in relazione al diverso livello di coinvolgimento delle risorse medesime nei Processi Sensibili.

Il sistema di informazione e formazione è supervisionato ed integrato dall’attività realizzata in questo campo dall’OdV in collaborazione con il responsabile Risorse Umane e con I responsabili delle altre funzioni di volta in volta coinvolte nella applicazione del Modello.

9.1.1. La comunicazione iniziale

L’adozione del presente Modello è stata comunicata a tutte le risorse presenti in azienda al momento dell’adozione stessa. Ai nuovi assunti e ai soggetti che per la prima volta ricoprirono una carica sociale, invece, viene consegnato un set informativo (es. Codice di Condotta, CCNL, Modello, Decreto Legislativo 231/2001, ecc.), con il quale assicurare agli stessi le conoscenze considerate di primaria rilevanza.

9.1.2. La formazione

L’attività di formazione finalizzata a diffondere la conoscenza della normativa di cui al D.Lgs. 231/2001 è differenziata, nei contenuti e nelle modalità di erogazione, in funzione della qualifica dei destinatari, del livello di rischio dell’area in cui operano, dell’aver o meno funzioni di rappresentanza della Società.

(OMISSIS)

All’OdV è demandato altresì il controllo circa la qualità dei contenuti dei programmi di formazione così come sopra descritti.’

(9. Formation of resources and the distribution of the Model

9.1. Training and Informing Employees and Corporate Bodies

The effectiveness of the present model, it aims to ensure a proper AVIO knowledge, and resources already present in the company and to those to be inserted, the rules of conduct contained therein, with different level of detail in relation to the different level of involvement of the same resources in Sensitive Processes.

The information system and training is supervised and integrated the activity carried out in this field by the Supervisory Board in collaboration with the HR manager and the responsible for other duties from time to time involved in the application of the model.

9.1.1. The initial notice

The adoption of this model has been communicated to all the resources in the company to time of its adoption.

New recruits and entities for the first time hold a corporate office, however, is given a set of information (eg Code of Conduct, National Collective Bargaining Agreement, Model,
Legislative Decree 231/2001, etc.), With the knowledge to ensure that they considered to be of primary relevance.

9.1.2. the formation

The training aimed to raise awareness of the legislation referred to in Legislative Decree 231/2001 is differentiated in content and method of delivery, depending on the status of the recipients, the risk level of the area in which they work and whether or not functions representative of the Company.

(OMITTED)

The Supervisory Board has also delegated control of the quality of the content of the programs training as described above.)
A31:
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:

1

Comments:
Based on public information, there is evidence that the company has a clear and formal process for employees to declare conflicts of interest. However, employees are instructed to inform their managers, albeit formally and in writing. The company therefore scores 1. To score higher the company would need to instruct employees to report conflicts of interest to an independent department.

References:

Public:
Code of Conduct (September 2008), p.8:
‘Conflict of interest
All business decisions and choices taken on behalf of the Group shall be made in the best interest of the Group.
Therefore, employees and other recipients shall avoid any possible conflict of interest, with particular regard to personal or family interests (e.g. the existence of a vested financial or commercial interest with suppliers, customers or competitors; inappropriate advantages deriving from the role carried out within the Group; ownership of or trade in shares or securities etc.), which might affect the independence of judgement when deciding what is in the best interest of the Group and the most appropriate way to pursue it.
Any situation that constitutes or gives rise to a possible conflict of interest shall be reported immediately to the person directly in charge. Every employee shall inform, in writing, his or her immediate superior of the existence of any working activities for any other Company, or any relations of a financial, commercial, professional, family or personal nature that might influence the impartiality of his or her conduct in dealing with a third party.’

(pp.11-12): ‘Position of responsibility in the Group
Those persons who hold the so-called “Critical Positions”, which signifies persons responsible for or, in any case, involved in, “Critical Processes” as defined in the relative “Organisation, Management and Control Model pursuant to Legislative Decree No.
231/2001” for the Italian Group Companies, or as defined in the “231 Guidelines for AvioGroup foreign Companies” and, therefore, those who hold top management positions in one or more Companies of the Group, are required, besides respecting the Code, to rigorously comply with the following requirements in carrying out the roles assigned to them:

- to work with honesty and integrity, avoiding any conflict of interest, even potential, deriving from personal or professional/business relations’
A32:

Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score:

2

Comments:

Based on public information, there is evidence that the company is explicit in its commitment to apply disciplinary procedures to all employees and Board members who violate the Code of Conduct.

References:

Public:
Code of Conduct (September 2008), pp.4-5:
‘take equitable measures concerning sanctions appropriate to the type of Code violation, and guarantee to enforce them indiscriminately amongst all the categories of employees subject to the provisions of law, of contract and of internal regulations in force within the jurisdiction in which it operates

(p.6): ‘Who is the Code addressed to?
The Code applies to the Board of Directors, Board of Statutory Auditors, External Auditors of Avio S.p.A. and its subsidiaries, to all employees of Companies belonging to the Group, and to all other parties or Companies who act in the name of or on behalf of one or more Companies of the Avio Group.
The Group shall spare no effort to ensure that those parties it deals with in long-term business relations such as consultants, professional experts, agents and dealer, regard the Code as a standard of best practice for business conduct.
All recipients of this Code of Conduct shall respect the values set out herein, and attest to such commitment by accepting and signing it, according to the type of relations with the Companies of the Avio Group, in Appendix C, D or E.

(p.11): ‘The Code is an integral and substantial part of the contract of employment of each
Consequently, the Avio Group expects all its employees to strictly comply with the regulations of the Code. Any violation of these regulations shall be severely dealt with by imposing appropriate sanctions.

(pp.12-13): ‘In any case, all supervisors, heads, chiefs or managers:
• shall report any incident of non-compliance with the Code;
• shall be responsible for ensuring the protection of those who, in good faith, report Code violations;
• shall be responsible for proposing to the Personnel Department, after consulting the Preposto of the Internal Control System, appropriate sanctions to fit the violation committed, and sufficient enough to constitute a deterrent against any further violations.’

(p.24): ‘Any appropriate sanctionable measures for Code violations shall be proposed to the Personnel Department by the people directly in charge after speaking, if necessary, to the “Preposto” of the Internal Control System, consistent with laws in force and relevant national and Company labour contracts, and shall be proportionate to the particular Code violation.

Any form of retaliatory measures taken against any person who, in good faith, has reported possible Code violations or who has requested explanations regarding Code application procedures, shall be considered a Code violation. The behaviour of anyone who accuses other employees of a Code violation, in the knowledge that such a violation has not been committed, shall also be considered a Code violation.

Code violations may lead to the adoption of disciplinary sanctions and bring about the termination of the fiduciary relationship between the Group and any employee with the consequent sacking of the latter. In any case, as regards all types of violations, the Group Company may take legal action for compensation relative to any damage caused by and/or consequent to said violation.’
A33:

Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

1

Comments:

Based on public information, there is readily available evidence that the company has some channels for employees to report concerns or instances of suspected corrupt activity. The Code of Conduct states that employees should report a violation or suspected violation to their direct superior or to the Preposto of the Internal Control System. However, TI notes that contact details for the Preposto of the Internal Control System or the Audit Committee are not provided. The company therefore scores 1. To score higher the company would need to provide evidence that employees are able to report instances of suspected corrupt activities anonymously or to an independently operated channel.

References:

Public:
Code of Ethics (September 2008), p.12:
In regard to persons who hold ‘critical positions’:
‘to report, without delay, to the appropriate person or, as the case may be, to the “Preposto” of the Internal Control System or to the Audit Committee, any violations of the Code of Conduct of which he/her has full knowledge or reliable evidence’

(p.27): ‘For any queries relative to specific provisions or clarification of the Code, employees are requested to contact the Legal Department and/or the Personnel Department of the relevant Group Company.
If an employee wishes to report a violation (or suspected violation) of the Code of Conduct, he/she shall contact their direct superior. Should any report of a violation remain unanswered, or an employee feels uneasy about reporting a violation to his/her superior, he/she shall report it to the “Preposto” of the Internal Control System.
If a third party wishes to report a violation (or suspected violation) of the Code of Conduct,
he/she shall contact the “Preposto” of the Internal Control System, or the specific channels that shall be identified by the Group Companies to that end.’
A33(a):

Are the whistleblowing channels available to all employees in all geographies?

Score:

0

Comments:

Based on public information, there is no readily available evidence that whistleblowing channels are available to all employees in all geographies. Reporting to a line manager is a limited form of reporting and as contact details for the Preposto of the Internal Control System or the Audit Committee are not provided, it is unclear if these reporting channels are available worldwide.

References:

Public:

Ti notes:

Code of Ethics (September 2008), p.12:
In regard to persons who hold ‘critical positions’:
‘to report, without delay, to the appropriate person or, as the case may be, to the “Preposto” of the Internal Control System or to the Audit Committee, any violations of the Code of Conduct of which he/her has full knowledge or reliable evidence’

(p.27): ‘For any queries relative to specific provisions or clarification of the Code, employees are requested to contact the Legal Department and/or the Personnel Department of the relevant Group Company.
If an employee wishes to report a violation (or suspected violation) of the Code of Conduct, he/she shall contact their direct superior. Should any report of a violation remain unanswered, or an employee feels uneasy about reporting a violation to his/her superior, he/she shall report it to the “Preposto” of the Internal Control System.
If a third party wishes to report a violation (or suspected violation) of the Code of Conduct, he/she shall contact the “Preposto” of the Internal Control System, or the specific channels that shall be identified by the Group Companies to that end.’
A33(b):

Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, or that whistleblowers are treated supportively.

References:

Public:
NA
A34:

Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:

2

Comments:

Based on public information, there is evidence that employees have access to resources where help and advice can be sought on corruption-related issues. These resources include the Group companies’ Legal Departments and Personnel Departments.

References:

Public:

Code of Conduct (September 2008), p.11:
‘Therefore, employees shall:
- consult the Legal Department and/or the Personnel Department, in accordance with Appendix B, in order to obtain explanations about the interpretation of the Code’

(p.24): ‘The Group encourages employees to speak to the Legal Department and/or Personnel Department at all times as to the most appropriate behaviour to adopt regarding the Code, which they may have doubts about.
A prompt reply shall be given to all requests for explanation, without the risk of any retaliatory measures, also indirectly, against employees.’

(p.27): ‘For any queries relative to specific provisions or clarification of the Code, employees are requested to contact the Legal Department and/or the Personnel Department of the relevant Group Company.
If an employee wishes to report a violation (or suspected violation) of the Code of Conduct, he/she shall contact their direct superior. Should any report of a violation remain unanswered, or an employee feels uneasy about reporting a violation to his/her superior, he/she shall report it to the “Preposto” of the Internal Control System.
If a third party wishes to report a violation (or suspected violation) of the Code of Conduct, he/she shall contact the “Preposto” of the Internal Control System, or the specific channels
that shall be identified by the Group Companies to that end.'
A35:

Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

1

Comments:

Based on public information, there is evidence that the company has a commitment to non-retaliation for bona fide reporting of corruption. The company therefore scores 1. To score higher the company would need to provide evidence that disciplinary measures are applied to employees who breach this policy.

References:

Public:
Code of Conduct (September 2008), p.4:
‘ensure that any employee reporting Code violations shall not be subject to any form of retaliatory measures’

(pp.12-13): ‘In any case, all supervisors, heads, chiefs or managers:
• shall report any incident of non-compliance with the Code;
• shall be responsible for ensuring the protection of those who, in good faith, report Code violations’

(p.24): ‘Any appropriate sanctionable measures for Code violations shall be proposed to the Personnel Department by the people directly in charge after speaking, if necessary, to the “Preposto” of the Internal Control System, consistent with laws in force and relevant national and Company labour contracts, and shall be proportionate to the particular Code violation.

Any form of retaliatory measures taken against any person who, in good faith, has reported possible Code violations or who has requested explanations regarding Code application procedures, shall be considered a Code violation. The behaviour of anyone who accuses other employees of a Code violation, in the knowledge that such a violation has not been committed, shall also be considered a Code violation.

Code violations may lead to the adoption of disciplinary sanctions and bring about the
termination of the fiduciary relationship between the Group and any employee with the consequent sacking of the latter. In any case, as regards all types of violations, the Group Company may take legal action for compensation relative to any damage caused by and/or consequent to said violation.”
Information sources:

Company website:
http://www.avio.com/it/
http://www.avio.com/en

Annual Report 2012:

Code of Conduct 2008:

Internal Control System Guidelines (September 2008):

Modello di organizzazione, gestione e controllo (ai sensi del D.Lgs. 231/2001 e succ. modifiche) (August 2013):