




LP Drilling S.r.l.

ADMINISTRATIVE RESPONSIBILITY MANAGEMENT SYSTEM


**Organisation,
Management and Control Model
pursuant to D.Lgs. 231/01**

(QHSE MANUAL)


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Revisions and description of modifications

General Revisions Table

Rev.	Date	Description of key modifications	Reason for modifications
1	30/06/14	Company structure changement	Company structure changement
2	28/04/15	Addition of the 231 Model Approval.	Addition of the 231 Model Approval.
3	25/08/15	1.3 and 4.1 paragraph updating. Appendix 1 updating.	Details about exclusions to UNI EN ISO 9001 standard and about outsourcing. New corporate and environment crimes integration.

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Foreword

The Management System described in this document was based on the **“GS 23101:2009 - Requirements for Administrative Responsibility Management Systems - SGRA 231 (Sistema di Gestione della Responsabilità Amministrativa)”** (fully coordinated with the requirements of standards ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007)

The criteria applied to this Management System are based on the principal standards for implementing Corporate Management Systems, suitably adapted for an **Organisation, Management and Control Model** (which is, in fact, an authentic **Administrative Responsibility Management System**) produced with reference to the requirements of **Legislative Decree no. 231 of 08/06/2001**, published in the Official Journal no. 140 of 19/06/2001, governing the *“Administrative Responsibility of Legal Persons, Companies and Associations with or without legal personality, pursuant to Article 11 of Italian Law no. 300 of 29/09/2000”*.

For the first time, Italian Legislative Decree no. 231 of 8 June 2001 introduced into our legal system the criminal responsibility of bodies (organisations), in addition to that of physical persons materially committing crimes "to the advantage of the organisation", or even merely "in the interests of the organisation", without any concrete advantage necessarily deriving therefrom. This applies either to crimes committed by persons in top management positions and other persons in subordinate positions, including persons who are not necessarily in the organisation chart such as consultants or agents. The law states (art. 5, paragraph 2, D.Lgs. 231/2001) that companies shall not be liable in the event of persons acting exclusively in their own interests or in the interests of third parties.

Broadening these responsibilities aims to involve in the punishment of such crimes the assets of the company and, ultimately, the economic interests of the shareholders, who, until the entry into force of the law in question, bore no consequences for the commission of such crimes, to the advantage of the company, by directors or employees. The principle of personality of criminal liability held companies harmless of any legal consequences other than potential compensation for damages, if and where demonstrated (and in any case almost always covered by appropriate insurance policies).


In terms of criminal consequences, only articles 196 and 197 of the Italian Criminal Code included the civil obligation of the payment of fines applied in the event of the insolvency of the material author of the crime.

The legal innovation here is thus not negligible, as both the organisation and the shareholders are liable in criminal proceedings for crimes committed to the advantage or in the interests of the organisation. This clearly implies an interest of those persons (shareholders, etc.) with a stake in the assets of the organisation, in the control and correctness of the corporate operations.

Moreover, responsibility also extends to "controlling" companies if the crime committed in the interests of the "subsidiary" (even only in fact) derives from "indications" clearly received from persons working on behalf of or in the interests of the Group Leader.

The legislator has included the possibility for the organisation to remove itself totally or partially from the application of penalties, at certain conditions.

Art. 6 and art. 7 of D.Lgs 231, contemplate a form of "exemption" from the responsibility of the organisation if, during criminal proceedings for one of the considered crimes, it demonstrates that it has adopted and effectively implemented Organisation, Management and Control Models appropriate to preventing the considered crimes.

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Art. 6, para. of D.Lgs. lists the essential requirements an organisation, management and control model has to meet. In particular, letters a) and b) of the aforementioned provision explicitly refer, if using terminology and descriptions that are extraneous to business practice, to a typical risk management system.

The law explicitly indicates the key stages such system should be divided into:

- a) risk identification, i.e. the analysis of the company context in order to highlight the areas/sectors of activity and in which methods events may occur which may be prejudicial to the objectives laid down in D.Lgs. 231/01;
- b) design of a control system (so-called protocols for programming the taking and implementation of decisions in the organisation), i.e. the evaluation of the existing system in the organisation and its adaptation where required;
- c) establishment of a Supervisory Body to monitor the effectiveness of the control system;
- d) establishment of an internal Disciplinary and Sanctions System;
- e) drafting of a Code of Ethics.

To run effectively, the system outlined cannot be limited to a one-off activity, but must become a continuous (or at least suitably regular) process that must be reviewed carefully whenever changes are introduced (opening of new branches, expansion of activities, acquisitions, reorganisation, etc.).

The purpose of this document is therefore to describe the Administrative Responsibility Management System (SGRA - Sistema di Gestione della Responsabilità Amministrativa) of the Organisation, which constitutes the adoption and effective implementation of the Organisation, Management and Control Model as described in articles 6 and 7 of Legislative Decree no. 231 of 08/06/2001.

The key purpose of an SGRA is to describe the methods used to assess the level of risk of committing crimes by the Organisation referring to the application of the provisions of D.Lgs. 231/01. The objective is to guarantee the identification of those processes (and activities) at risk of the commission of crimes, identifying the Critical Control Points (CCP) in order to establish appropriate monitoring activities and/or adapt the processes in order to prevent the occurrence of the highlighted crimes.


Various technical methods may be used to carry out a risk analysis, provided that these satisfy the requirements of this Document.

In this case, the method used was the ***“E.R.M.E.S. 231 - Enterprise Risk Management Evaluation Series (Risk Analysis for an Organisation, Management and Control Model pursuant to D.Lgs 231/01)”***, in its most current version, developing a risk analysis methodology which complies with the requirements of this document.


“Process” refers to a coordinated set of activities which produce an output starting from an input. The output consists of data, information, events and documents.

Processes may be intra-functional (fully included in the development of a single organisational function), or inter-functional (including activities which, in the existing hierarchical structure, are subject to the authority and supervision of certain organisational responsibilities).

An organisation oriented to preventing the commission of crimes must adopt a set of strategies that are implemented through the corporate processes. These strategies must be based on the following requirements of **Enterprise Risk Management**, on which this SGRA is based:

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1. Definition of the control environment;
2. Establishment of objectives;
3. Identification of the events which may compromise or foster the achievement of the objectives;
4. Risk analysis concerning the achievement of the objectives (SWOT analysis);
5. Risk Response Strategies;
6. Definition and implementation of operational controls;
7. Definition and activation of communication and information flows;
8. Monitoring.

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0 Introduction

CORRELATION TABLE

GS 23101:2009 (D.Lgs 231/01)	ISO 9001:2008	OHSAS 18001:2007	ISO 14001:2004
FOREWORD	FOREWORD		
0. INTRODUCTION (Title only)	0. INTRODUCTION (Title only)	INTRODUCTION	INTRODUCTION
0.1 General Description	0.1 General Description		
0.2 Approach by Processes	0.2 Approach by Processes		
0.3 Integrability with other management systems	0.3 Relation to ISO 9004		
	0.4 Compatibility with other management systems		

0.1 General Description

Organisations have the faculty to establish Organisation and Management Models as laid down in articles 6 and 7 of D.Lgs. 231/01 (hereinafter also referred to as **Administrative Responsibility Management Systems as per D.Lgs 231/01, or "SGRA"**).


As each organisation has its own features, while referring to the various reference Guidelines, including the Confindustria Guidelines, this SGRA was tailored to the specific corporate characteristics with the aim of developing a flexible system, in the same manner as the other Corporate Management Systems existing in the organisation.

This SGRA is therefore deemed to comply with the statutory requirements¹, the provisions of **"GS 23101:2009 – Requirements of an Administrative Responsibility Management System"** and those adopted by the organisation.

0.2 Approach by Processes

In the development, implementation and improvement of the effectiveness of this SGRA, the adoption of an approach by processes was fostered.

¹ "Statutory requirements" refers hereafter to those established by the laws, regulations, directives (legal requirements) and mandatory provisions generally.

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To ensure the effective running of an organisation, many connected activities must be established and managed. An activity, or set of activities, using resources and managed to ensure the transformation of inputs into outputs, can be considered as a process. Often the output of a process directly constitutes the input of the subsequent process.

The application of a system of processes within an organisation, together with the identification and interactions of these processes, and their management in order to achieve the required result (in this case identifying the activities in which crimes relevant to D.Lgs 231/01 may be committed), may be called an "approach by processes".

One advantage of the approach by processes is that it ensures the monitoring² of the connection between individual processes, within the system of processes, and their combination and interaction (for more information, refer to UNI EN ISO 9001:2008).

"Process" refers to a coordinated set of activities which produce an output starting from an input. The output consists of data, information, events, documents.

Processes may be intra-functional (fully included in the development of a single organisational function), or inter-functional (including activities which, in the existing hierarchical structure, are subject to the authority and supervision of certain organisational responsibilities).

An organisation oriented to preventing the commission of crimes must adopt a set of strategies that are implemented through the corporate processes. These strategies must be based on the following requirements of **Enterprise Risk Management**, on which this SGRA is based:

1. Definition of the control environment;
2. Establishment of objectives;
3. Identification of the events which may compromise or foster the achievement of the objectives;
4. Risk analysis concerning the achievement of the objectives (SWOT analysis);
5. Risk Response Strategies;
6. Definition and implementation of operational controls;
7. Definition and activation of communication and information flows;
8. Monitoring.

0.3 Integrability with other management systems

This SGRA was produced with the aim of promoting integrability with the other management systems adopted in the company, including the Quality Management System (ISO 9001), Environmental Management System (ISO 14001), and the Health and Safety Management System (OHSAS 18001).

For this reason, the structure of GS 23101:2009 and consequently, this SGRA, follows, as far as possible, that of the standards UNI EN ISO 9001:2008 and BS OHSAS 18001:2007.

² The term "control" has two distinct meanings:

- that linked to activities to verify the conformity of a product or process;
- that linked to activities aiming to monitor, govern and regulate a process.

See also UNI EN ISO 9000:2005.