



Procedure

# **P134 - Managing Sponsorships and Contributions to Associations and Institutions**

Rev. 1 of 06/10/2021

Code: SG COR P134

**Translation from the Italian original which remains the definitive version**

## LIST OF REVISIONS

REV.	DATE	DESCRIPTION OF REVISION/CHANGE
1	06/10/2021	General revision of the document following company reorganisation.
0	25/10/2017	First issue

## APPROVAL PROCEDURE

<b>Draft</b> CCO	
<b>Verification</b> CKO	
<b>Approval</b> CEO	

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## 1 Preamble

### 1.1 Purpose and scope of application

The purpose of this document is to define, in the context of Salcef Group S.p.A.'s mission and objectives, the general principles, roles, responsibilities, operating methods and controls relating to the management of sponsorships and contributions to associations and institutions/bodies.

The parties assigned to the functions described in this procedure are listed and published in [Regulation D309 – Organisational Structure Managers](#).

This document, drawn up in accordance with the policies and procedures currently in force, is a company operational tool. Furthermore, this document should be considered as a detailed and in-depth element of the Organisation, Management and Control Model adopted pursuant to Legislative Decree 231/01 of which it is an integral part. (See [Regulation 307 - Organisation, Management and Control Model \(Governance Model\) \(Legislative Decree no. 231/2001\) - General Part](#), [Regulation 310 – Code of Ethics and Conduct of the Group](#), [Regulation 312 - Organisation, Management and Control Model \(Governance Model\) \(Legislative Decree no. 231/2001\) - Special Parts](#)).

This procedure is applied to the management of sponsorships and contributions to associations and institutions by Salcef Group S.p.A. and to the companies of the Salcef Group, also with reference to the activities carried out by the same on behalf of the other Companies of the Group, with which Framework Agreements have been signed (see paragraph [1.2](#)).

### 1.2 Definitions

DEFINITION	DESCRIPTION
<b>FRAMEWORK AGREEMENT (or "INTERCOMPANY SERVICE AGREEMENT")</b>	Agreement between parties which establishes contractual and economic terms which remain stable over time. This type of agreement ensures the stability of the conditions agreed throughout its validity and duration (usually one or more years) and is systematically accompanied by individual purchase orders or contracts which refer to the general conditions agreed and contained in the main framework agreement signed by the parties. The framework agreement may be valid for the entire Salcef Group or just for one Company.
<b>BUSINESS UNIT (or "BU" or "OPERATIVE BUSINESS UNIT")</b>	Salcef Group S.p.A. Organisational Unit which coordinates one or more Operating Directorates of the subsidiaries within a specific business (production) sector, to ensure the achievement of the objectives set by the Group.  The Operative Business Units, through which the organisation is structured are described in detail in <a href="#">Regulation 308 – Corporate Organisation</a> .
<b>CONTRIBUTIONS TO ASSOCIATIONS AND INSTITUTIONS</b>	These are donations or other liberal disbursements or the provision of goods and services to parties that are predominantly not for profit (e.g. non-financial public bodies, "ONLUS" (non-profit), "ONF" (non-financial), without the SG receiving any consideration from the recipient.

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DEFINITION	DESCRIPTION
<b>RECIPIENT</b>	It is the subject to whom the consideration for the sponsorship is disbursed or the Association or Institution to which the contribution is allocated.
<b>CENTRAL DIRECTORATES</b>	<p>The Central Directorates have the task of coordinating the company areas/departments which support production (e.g. procurement, commercial, administration, human resources, safety, etc.) in order to ensure the overall achievement of the business objectives set by the Group.</p> <p>The Central Directorates by means of which the organisation is structured are described in detail in <a href="#">Regulation D308 – Corporate Organisation</a>.</p>
<b>OPERATING DIRECTORATES</b>	<p>The Operating Departments are the Salcef Group organisational units which, under the coordination of the relevant Business Unit, perform the managerial and operational activities directly connected to the management of works, job orders/contracts and tenders, for which the Procurement Department of the company of reference receives the procurement requests.</p> <p>The Operating Directorates by means of which the organisation is structured are described in detail in the <a href="#">Regulation D308 – Corporate Organisation</a> of each relevant Company.</p>
<b>SALCEF GROUP</b>	The Salcef Group comprises Salcef Group S.p.A. and all the companies defined as subsidiaries under the terms of the Italian Civil Code.
<b>ADVERTISING INITIATIVES</b>	These are contracts, relating to advertising initiatives entered into by SG for the enhancement and dissemination of the name, image and corporate brand of SG and other Group Companies or for the promotion of corporate activities, products and services.
<b>MY SALCEF</b>	Company ERP system of the Salcef Group.
<b>GOVERNING BODY</b>	<p>The Governing Body (also known as Administration Body) is the body to which running of the company is entrusted exclusively. It further performs the tasks necessary to achieve the company purpose.</p> <p>The Governing Body can consist of a sole person (Sole Director) or be collective (Board of Directors).</p> <p>In the case of a Board of Directors, the latter can appoint one or more Chief Executive Officers. The Chief Executive Officers can be given general or limited proxies. Within this procedure, also the Chief Executive Officer falls within the definition of Governing Body.</p>
<b>DETAIL SHEET</b>	It is the document that summarises the data and information for sponsorship initiatives or contributions to associations and institutions.
<b>GROUP COMPANY</b>	Each of the Salcef Group companies

DEFINITION	DESCRIPTION
<b>SPONSORSHIPS</b>	Contracts connected to a given event, project or activity and signed by SG also for the benefit of other companies of the Group to enhance and publicise the name, image and company brand or to promote activities, products and company services of SG or of the other companies of the Group or to support the development of the territory in which SG and the other companies of the Group operate.

### 1.3 Acronyms

ACRONYMS	DESCRIPTION
<b>BOD</b>	Board of Directors
<b>BU</b>	Business Units
<b>BUM</b>	Business Unit Manager
<b>CCO</b>	Chief Commercial Officer
<b>CD</b>	Central Directorate of the Group Company (or Central Directorate Officer, COO)
<b>CEO</b>	Sole Director / Chief Executive Officer of the relevant Company
<b>CKO</b>	Chief Knowledge Officer
<b>IT</b>	The Salcef Group IT system, including the My Salcef corporate ERP
<b>OD</b>	Operating Directorate of the relevant Group Company/ <i>Branch</i>
<b>SG</b>	Salcef Group S.p.A.
<b>SGQ</b>	Quality Management System
<b>SVB</b>	Supervisory Body pursuant to Italian Legislative Decree no. 231 of 2001

### 1.4 Reference standards

STANDARD	DESCRIPTION
<b>ISO 9001:2015</b>	Quality Management Systems
<b>Italia Legislative Decree 231/2001 as amended and supplemented</b>	Rules governing the administrative liability of legal persons, companies and associations, including those without legal status
<b>Italian Civil Code</b>	-

## 1.5 Company reference documents

### Form

M726 - Sponsorship or Contribution Detail Sheet .....	8; 9
M727 - Due Diligence Form of Recipients of Sponsorships and Contributions .....	9
M728 - Report of the Initiative Subject to Sponsorship or Contribution .....	10
M729 - Preliminary Assessment Questionnaire of Recipients of Sponsorships and Contributions .....	9

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### Regulation

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## 2 Operating Procedures

The main steps, activities and controls relating to the process of identifying and authorising sponsorships and contributions to Associations and Institutions are described below.

The initiatives can be carried out by SG or by other companies of the Salcef Group, even where they are of general relevance for the Salcef Group.

### 2.1 Budget Processes

The CCO, in close collaboration with the competent company Directorates/Offices and the other Group Companies for which SG carries out management and coordination activities, identifies, collects and plans for the annual Salcef Group's Commercial Budget, the set of initiatives, broken down by individual Salcef Group companies, which are intended to be implemented, providing a cost estimate.

The Budget / Plan of sponsorships and contributions to Associations and Institutions, managed by the CCO, therefore is included in the Marketing and Communication section of the SG annual commercial budget inserted in the document [Regulation D314 - Trade Strategy](#), which is approved by the CCO of SG and by the PD of each Group company, in compliance with the existing powers.

### 2.2 Formalising the sponsorship or contribution

Any initiative relating to **sponsorships** and **contributions to Associations and Institutions**, prior to its implementation, must be formalised in writing by the requesting Directorate/Office, using the [Form M726 - Sponsorship or Contribution Detail Sheet](#) and authorised with date and signature by the relative Manager.

In the case of sponsorships, the [Form M726 - Sponsorship or Contribution Detail Sheet](#) is then attached to the PR (see [paragraph 2.4](#)) and brought to the attention of the CCO, who verifies that the initiative request falls within the approved budget and starts, if the amount of the initiative requires it, due diligence on the other party (see [paragraph 2.4](#)).

In the case of contributions and donations, it is not necessary to prepare PRs.

### 2.3 Due Diligence on Recipients of sponsorships and contributions

Before launching initiatives linked to sponsorships or contributions to Associations and Institutions, where the amount of the initiative exceeds EUR 5,000.00, the CCO must perform due diligence on the recipient of the same.

Such due diligence is performed in the following ways, differentiated according to the amount of the sponsorship/contribution.

**If the amount of the initiative is between EUR 5,000.00 and EUR 10,000.00**, the CCO proceeds to collect publicly available information on the recipient of the initiative and, through automated screening systems/information reports or services provided by companies specialising in business information, to verify the non-inclusion of the potential recipient in the lists drawn up by international organisations (e.g. UN, OFAC, EU, FATF-GAFI, etc.) in order to prevent the financing of terrorism and money laundering.



**If the amount of the initiative exceeds EUR 10,000.00**, in addition to the checks referred to in the previous point, the CCO carries out further checks, as specified below:

- sends the appropriate Assessment Questionnaire to the recipient of the initiative ([Form M729 - Preliminary Assessment Questionnaire of Recipients of Sponsorships and Contributions](#)), which must be returned by the counterparty filled in and signed in all its parts;
- once the Assessment Questionnaire has been received from the recipient, including the information requested therein, it verifies that all the documentation is complete, or requests additional information from the recipient;
- on the basis of the data collected through the Assessment Questionnaire, performs the due diligence of the recipient, in order to verify the following main aspects:
  - compliance with specific ethical and social obligations;
  - clearly identified corporate structure or organisational structure;
  - absence of incompatibilities or conflicts of interest, direct or indirect, even if only potential;
  - proven experience and availability of means and resources for carrying out the initiative;
  - absence of convictions for offences or sanctions by competent national or international authorities, relevant for the purposes of the initiative;
  - no claims for payment not permitted under this procedure;
  - willingness of the recipient to make the initiative traceable, by signing a specific contract.
- formalises the due diligence through the [Form M727 - Due Diligence Form of Recipients of Sponsorships and Contributions](#) and its outcome
  - due diligence successfully completed (in the presence of negative feedback in relation to red flags listed in the form);
  - due diligence unsuccessfully completed (in the presence of at least one affirmative feedback in relation to one of the red flags listed on the form).

The CCO is responsible for tracking and archiving all supporting due diligence documentation, as well as maintaining records of recipients assessed with a negative outcome; it is forbidden to initiate initiatives with recipients who have not successfully passed the due diligence process.

The result of the Due Diligence (through [Form M727 - Due Diligence Form of Recipients of Sponsorships and Contributions](#)) and the [Initiative Detail Sheet](#) (*Form M726 - Sponsorship or Contribution Detail Sheet*) are taken into consideration for the purpose of approving the initiative request.

## 2.4 Drafting and stipulation of the sponsorship contract

The requesting company Directorate/Office is responsible for preparing the Sponsorship Purchase Request as defined in [Procedure P110 - Procurement Management](#).

This request must be made using the appropriate cost centre relating to the commercial area of the reference company (e.g. R1\_CO-TE). The PR will therefore be subject to approval by the persons in charge as indicated in [Procedure P110 - Procurement Management](#), including the CCO. Requests that are not deemed to be in line with the principles laid down in this Procedure may not be followed up by the CCO and by the other approving parties.

Once approved, the PR will be processed by the relevant procurement office as regulated in [Procedure P110 - Procurement Management](#) considering that due to the nature of the procurement, market research, standard competitive selection and benchmarking among different suppliers cannot be carried out.

In order to ensure adequate traceability, the relationship with the recipient must focus on compliance with the following principles, aimed at ensuring:

- that the object and purpose of the initiative are clearly defined and that, among other things, the territorial area, the manner in which the initiative is carried out and any benefits for the Company are specified;
- that the recipient of the initiative is clearly and unequivocally identified;
- that the sponsorship is limited to carrying out the specific initiative and that the start and end dates of the same are clearly defined;
- that the amount of the initiative is clearly identified and that it is commensurate with current practice, taking into account the characteristics of the initiative (e.g. geographical area in which it takes place, nature and duration of the activity, etc.);
- that the payment of the sums is made by bank transfer to a single traceable account, made out to the recipient of the initiative;
- that payments are not made to accounts in countries considered "Tax Havens", except in cases in which the geographical area of the initiative or the address / residence of the recipient corresponds to that country;
- the prohibition to allocate the sums of the initiative to purposes other than those agreed;
- that the recipient of the initiative undertakes to provide the Company with feedback on the activities carried out / the manner in which the sums received were used and that payments will only be made upon submission of a regular invoice and feedback from the Company;
- that the recipient of the initiative undertakes to comply with the applicable regulations, the Model of SG and the Code of Ethics and Conduct of the Salcef Group;
- that the recipient of the initiative undertakes to notify the Company of any changes to the information provided during the due diligence process, where carried out, even if they may have an impact on the ability to carry out the activities envisaged by the initiative.

Once defined, the order or equivalent instrument is validated by the Procurement Office Manager of the relevant company and signed by the competent departments, in compliance with the existing proxies, as described by the [Procedure P110 - Procurement Management](#).

## 2.5 Finalisation of the initiative

The company Directorate/Office that requested the activation of the initiative monitors the progress and implementation of the initiative of the initiative, in order to verify compliance with the agreed conditions. As evidence of this verification, the Manager of the Directorate/ Office who requested the activation of the initiative shall send to the CCO, where the amount of the initiative exceeds EUR 5,000.00, the [Form M728 - Report of the Initiative subject to sponsorship or contribution](#) containing any evidence, even cursory, certifying the actual implementation of the subsidised initiative. This evidence is collected and archived by the CCO together with the other documentation of the initiative.

## 2.6 Payment

Payments linked to sponsorships and contributions to Associations and Institutions are made by the Treasury Manager, upon submission of the invoice or other equivalent document from the counterparty:

- in compliance with company procedures and by bank transfer to traceable accounts;
- to the account indicated by the counterparty;
- exclusively in favour of the counterparty and not of other subjects (natural and legal persons);

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- subject to formal authorisation of payment of the invoice or other equivalent document by the Manager of the requesting company Directorate/Office, who must verify that the recipient of the payment corresponds to the counterparty.

### **2.7 Monitoring**

The CCO, for all expenses relating to sponsorships and contributions to Associations and Institutions, prepares a six-monthly summary report (containing information on, for example, applicants and recipients, type of expenses, amounts of the same, etc.) aimed at identifying any situations of concentration of initiatives concerning the same parties.



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