

ITALIAN RESPONSIBLE PAYMENT CODE

September 2015

Foreword

Within the framework of the actions that Confindustria has long been undertaking to combat payment delays, the transposal of the CODICE ITALIANO PAGAMENTI RESPONSABILI initiative, created and launched by Assolombarda is an integral part.

The Code provides for the commitment of all signatories to comply to the payment terms agreed with suppliers and, more generally, to diffuse transparent and efficient best practices.

Adhesion to the Code allows the use of the specifically registered “CPR” logo. The logo informs the market that a company adopts virtuous and responsible practices regarding payment matters.

The text of the Code and relevant implementation procedures are based on the principle of maximum streamlining, coherent to the voluntary nature of the Code.

Documents and the application forms regarding how the Code works and the list of signatories are available on the www.pagamentiresponsabili.it website.

The Code does not lay down specific maximum payment terms, rather it responds to the suggestion of the Community legislator to the Member States to encourage, without prejudice to full independence of companies, the creation of prompt payment codes.

The “late payments” (2011/7/EU) European Directive – adopted by the Legislative Decree 192/2012 which modified the Legislative Decree 231/2002 - has introduced rules on payment terms that vary on the basis of whether the business transactions occur between public bodies and companies, or between companies. Whereas maximum payment terms are fixed and binding for transactions between Public Administration and companies, transactions between businesses allow the parties substantial negotiation leeway, albeit strengthening the controls to safeguard creditors. However, it should be stressed that both the Directive and its transposition into national legislation, call for payments between companies that do not exceed 60 days.

With the support and backing of Confindustria, this is the direction of the Code, drawing the attention of companies to the fundamental commitment to diffuse efficient payment practices based on the compliance to the agreed contractual terms and to establish a culture of prompt payment.

Diffusion of said practices can contribute to improve the reputation of businesses in the markets, both national and international, strengthening competitiveness. Consistent contractual timeframes and prompt payments – other than generating benefits for suppliers, especially the smaller ones who suffer a heavier financial burden linked to delayed and extended payment terms – represent a strategic lever to obtain better contract terms.

To the purpose of broadening the scope of best practice in payments, adhesion to the Code is not only open to both private and public companies, but also to non-profit organizations and PA: all of whom are called to contribute to the creation of a virtuous circle of payments to the benefit of the entire national economy.

Art. 1 – Commitment of Signatories

The signatories to the *Codice Italiano Pagamenti Responsabili - CPR* (Italian Code of Prompt Payment) (hereinafter Signatories) undertake to comply with the payment terms as stipulated in the contract, regarding payments, to adhere to the contractual terms stipulated and to maintain virtuous conduct with the aim of encouraging the diffusion of best practice.

More specifically, the Signatories undertake to:

- Pay suppliers within the terms agreed at the onset of the contract
- not retrospectively modify the terms and other payment conditions;
- provide suppliers with clear and easily accessible information regarding payment procedures;
- reduce time required for payments to small businesses;
- provide suppliers with the instruments to deal with complaints and disputes, giving timely feedback therein;
- advise suppliers promptly if, for any reason, payment cannot be effected within the agreed terms;
- encourage best practice, in particular encouraging adoption of the Code throughout the supply chain.

Art. 2 – Use of the logo

The Signatories are entitled to use the *CPR* logo, subject to acceptance of the application, hereinafter defined by art. 4.

The *CPR* logo may be used on corporate documents and the company website.

Authorization to use the *CPR* logo shall be revoked in the event of exclusion or withdrawal of Signatories from the Code, hereinafter defined by art.7 and art.8.

Art. 3 - Responsible Payment Code Committee

A “Responsible Payment Code Committee” (hereinafter Committee) has been set up, which acts as the code governing body, on the basis of the operating procedures established by its own members.

The Committee is formed by Confindustria, Assolombarda, Università Commerciale Luigi Bocconi and Luiss Guido Carli. Each party nominates two representatives.

The Committee shall ensure to:

- examine the new applications to undersign the Code, deciding on their acceptance;
- verify annually that the Signatories continue to meet the necessary requirements to adhere to the Code;
- manage any withdrawals;
- receive, assess and manage any incompliance to the Code reported by the Signatories’ suppliers;
- resolve on any exclusion from the list of Signatories of the Code;
- maintain the list of Signatories up-to-date and publish it on the specific website;
- verify that the *CPR* logo is used correctly by the Signatories and identify any misuse by non-signatories of the Code;
- promote the Code, also by means of the website and other appropriate initiatives;
- fulfil all legal and administrative requirements related to management of the logo.

The Committee is duly convened by the presence of at least one representative per party and resolves by absolute majority of those present. One of the representatives is appointed as technical Secretary and participates in the meetings, drafting the minutes.

Art. 4 - Procedure to undersign the Code

To be able to become a Signatory of the Code, each applicant must submit an application to the Committee, in accordance to Art. 3 above, using the application form on the website.

More specifically, when a company submits its application, it must:

- provide its company details and some information on the relevant business sector and business volumes;
- nominate two referees.

The two referees shall be freely chosen by the applicant; one of the two referees should preferably be a Chartered Accountant or Statutory Auditor. The applicant must promptly advise the Committee in the event of replacement of any referee.

The referees shall freely certify the fairness of the conduct of the applicant regarding payments. Once the certification is received, the Committee shall resolve whether to accept the application and shall then proceed to include the applicant in the list of Signatories.

Subsequent to adhesion to the Code, the Signatory shall include a statement in its accounting records and/or notes to the financial statement that it complies with the Code and shall provide information regarding its average supplier payment timeframe and other conduct related to payment issues.

Art. 5 – Annual Validation

On a yearly basis, the Committee shall verify the data relating to the Signatories and that they continue to comply with the necessary requirements to adhere to the Code. For this purpose, it shall acquire accounting data and/or financial statements and shall request the two referees to update the statement issued.

Art. 6 – Failure to comply with the Code

The suppliers of a Signatory may report to the Committee any conduct that is not compliant to the Code, using the specific form available on the website. This option is reserved to suppliers who are Signatories themselves.

The Committee shall invite the parties to clarify the issue and identify a suitable solution to resolve the dispute.

Should the parties fail to reach a settlement; the case can be referred to the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (National Board of Chartered Accountants), who on the basis of a documentary investigation shall deliver an opinion.

Art. 7 – Exclusion of Signatories

Should an eventual breach of the Code be identified, the Committee may resolve to exclude a Signatory from the list. This exclusion bars the use of the *CPR* logo on corporate documents and websites.

Art. 8 – Withdrawal of Signatories

Signatories are entitled to withdraw from the Code by notifying the Committee using the designated form on the website.

Withdrawal shall take effect at receipt of the notification by the Committee.