

## **ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL**

**pursuant to Legislative Decree no. 231 of 8 June 2001**

### **GENERAL SECTION**

**Updated by resolution of the Board of Directors on 7 September 2021.**

*This document has been prepared based on the Guidelines for the construction of Organizational, Management and Control Models issued by Confindustria approved on 07 March 2002 and updated in March 2014 and June 2021.*

## LIST OF REVISIONS\*

REVISION	DATE	REASON	TYPE OF CHANGES
01	7 July 2015 3 September 2015	Inclusion of new crimes	Entry of protocols for corporate crimes and crimes for receiving stolen goods, money laundering, and use of money, goods or benefits of unlawful origin, as well as the crime of self-laundering
02	29 March 2018	Change in corporate status and inclusion of new crimes	Adjustment of the status of listed company and entry of protocols for new crimes
03	20 October 2020	Inclusion of new crimes	Entry of protocols for tax crimes
04	7 September 2021	Inclusion of new crimes	Entry of protocols for crimes of smuggling

231 SYSTEM documents are made available on the Company server.  
Any hard copy may, therefore, not have been submitted for updating.  
We invite you to check the revision status.

RESOLUTION APPROVING THE DOCUMENTS FORMING PART OF THE "231 SYSTEM".	DATE 7 September 2021
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## DEFINITIONS

For a better understanding of this document, here below are the definitions of the most relevant recurring terms:

**Areas at risk:** the areas of activity of the Company subject to a more tangible risk of the commission of Crimes, as identified in the Special Section of the Model.

**CCNL:** the National Collective Labour Agreement applied by the Company.

**Code of Ethics:** the Group's Code of Ethics adopted by the Company and approved by the Board of Directors.

**External Parties:** all third parties (self-employed or semi-subordinate workers, professionals, consultants, agents, suppliers, business partners, etc.) who act, under contractual relationships, on behalf of the Company.

**Associates:** persons who have a semi-subordinate employment relationship with the Company.

**Consultants:** persons who act in the name and/or on behalf of the Company under an agency contract or other contractual relationship of professional collaboration.

**Recipients:** Company Representatives and External Parties.

**Employees:** persons who have a subordinate employment relationship with the Company, including executives, and those who, regardless of the type of contract, perform in any case working activities with the Company.

**Legislative Decree 231/2001 or the Decree:** Legislative Decree no. 231 dated 8 June 2001 as subsequently amended and supplemented.

**Entities:** companies, consortia, etc.

**Company Representatives:** directors, statutory auditors, and employees of the Company.

**Persons in charge of a public service:** pursuant to art. 358 p.c., "persons in charge of a public service are those who provide a public service in any capacity. Public service is understood as an activity governed in the same way as a public function, but without the typical powers of a public function, and excluding the performance of routine tasks and purely manual work".

**Guidelines:** the "Guidelines for the construction of organizational, management and control models pursuant to art. 6, par. three, LD 231/01", approved by Confindustria on 7 March 2002 as subsequently updated.

**Model:** this Organizational, Management and Control Model, which contains the provisions adopted by NEODECORTECH S.p.A. in compliance with LD no. 231/2001 as subsequently amended.

**Corporate Bodies:** the Board of Directors, the Board of Statutory Auditors and their members.

**Supervisory Board or SB:** the internal control body tasked with overseeing the operation of and compliance with the Model, as well as with updating the Model.

**Public Administration or "P.A.":** the State (including governmental, territorial, local, and sectoral entities, such as, governmental bodies, regulatory authorities, regions, provinces, municipalities, districts) and/or all public entities and subjects (and in cases determined by law or functions, private subjects who, in any case, perform a public function, such as, by way of example, licensees, bodies governed by public law, contracting authorities, mixed public-private companies) that carry out activities for the pursuit of public interests and public administration in the broadest sense, and of an administrative management function. This definition includes the Public Administration of foreign countries and of the European Union as well as, again in relation to Crimes against Public Administration, staff or persons in charge of a public service (by concession or otherwise) or performing public functions and/or public officials. In this context, (i) public service includes, *inter alia*, activities carried out, by concession or agreement, in the general interest and subject to the supervision of public authorities, activities relating to the protection of or relating to life, health, welfare, education, etc. (ii) public

function includes, *inter alia*, activities governed by public law, including the legislative, administrative and judicial functions of any public body.

**Business Partners:** the natural and/or legal persons who have collaborative relationships with the Company governed by contract.

**Public Official:** as provided for in art. 357 p.c., "for the purposes of penal law, public officials are those who exercise a legislative, judicial or administrative public function.

For these purposes, an administrative function is public when it is governed by provisions of public law and provisions laid down by authorities. It is reflected in the forming and manifestation of the will of the public administration or by the fact that it is carried out through authoritative or certification powers".

**Crimes:** the types of crimes covered by the regulations set out in LD 231/2001 on the administrative liability of entities.

**Reference Manager or "Manager":** the Company Representative entrusted, by delegation or by organizational arrangement, with the responsibility (jointly or severally with other persons) of specific functions and activities.

**Company:** NEODECORTECH S.p.A. (also referred to in short as "NDT")

**External Parties:** persons who, while not functionally linked to the Company by a subordinate or semi-subordinate employment relationship, are linked to it under a specific contract.

**TUF:** Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented.

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## 1. Organizational, Management and Control Model pursuant to Legislative Decree no. 231 of 8 June 2001

Legislative Decree 231/01 was issued in implementation of the delegated power referred to in art. 11 of Law no. 300 of 29 September 2000, bringing the regulatory framework into line with a number of international conventions previously adopted by Italy, specifically: i) the Brussels Convention of 26 July 1995 on the protection of the European Community's financial interests; ii) the Brussels Convention of 26 May 1996 on combating bribery of public officials of the European Community and its member states; iii) the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

The Decree, containing the "*Regulations governing the administrative liability of legal persons, companies and associations, including those without legal personality*", introduced into the Italian legal system a system of administrative liability on entities for crimes that are exhaustively listed (hereinafter the "**Crimes**").

Confalonieri S.p.A. - transformed later in June 2017 into NEODECORTECH S.p.A. - fully aware of this, had already adopted its own Model.

NDT, also as a company listed on a regulated market, has further developed, strengthened and updated its Model, also in view of the introduction into the legal system of new types of crimes.

The Model undergoes regular revision and updating, also following the introduction of new types of crimes into the legal system as well as, for example, the Pandemic plan implemented by the Company to tackle the COVID-19 Emergency.

NDT has also decided to voluntarily obtain the following certifications:

RELEVANT STANDARD	CERTIFICATION
UNI EN ISO 9001:2015	Quality Management System
UNI EN ISO 14001:2015	Environmental Management System
ISO 45001:2018 (formerly OHSAS 18001:2007)	Occupational Health and Safety Management System
ISO 50001:2011	Energy Management System
FSC - STD - 40 - 004 (VERS. 2-1)	FSC chain of custody certification
IT01 SYSTEM 100%	Original Italian Quality

The Model, in conjunction with the Code of Ethics, therefore contains a *corpus* of principles, values, oversights, operational instructions and ethical rules deemed by NDT as fundamental and indispensable to carry on all company activities, which it requires the following **Recipients** to strictly abide by: members of the Corporate Bodies, Company Representatives, Company Employees and all those who work, even de facto, for the Company, including third parties such as, by way of example but not limited to, agents, associates, consultants, etc..

Specifically, the Model intends to: a) make all those who operate in the name and on behalf of the Company fully aware of the risk of incurring, in the event of a violation of the provisions contained therein, in an offence punishable, both on a criminal and administrative level, not only against themselves but also against the Company; b) reiterate that the Company firmly suppresses and condemns any conduct contrary to the provisions of the law in force and to the principles enshrined in the Code of Ethics and in the Model, taking all the appropriate measures for preventing such conduct; c) enable the Company, thanks to oversight on the areas of activity at risk, to act readily in order to prevent or oppose commission of the Crimes.

The Company has always considered it an overriding need, over any business requirement, to comply with - and ensure compliance with - the highest standards of ethics and transparency. The Company, therefore, expects all those who have and intend to have dealings with it to adopt a conduct that complies with the principles and provisions set forth in its Model (and in the Code of Ethics) and in line with the ethical principles set forth in the Decree and contained therein.

The Model consists of a document made up of a General Section and a Special Section divided into specific Protocols for each family of Crimes, each of which is accompanied by an attachment in Excel format detailing the Sensitive Activities identified.

**The General Section** includes:

1. a summary of the regulatory provisions set out in Legislative Decree 231/01 and the main implications that these provisions have and/or may have for NDT and all those who work with and/or on behalf of NDT;
2. an indication of the predicate Crimes of liability pursuant to Legislative Decree 231/01;
3. a description of the Company's organizational setup;
4. the regulations governing the Supervisory Board pursuant to Legislative Decree 231/01;
5. a description of the disciplinary system adopted by the Company and the system of communication and training on the content of the Model.

**The Special Section** gives a general overview, in order to facilitate maximum coordination with the Company's compliance procedures, of:

1. the activities most exposed to the risk of committing predicate Crimes;
2. the risk profile for each of the activities involved;
3. the prevention and control instruments put in place by the Company.

**An integral and essential part of the Model are:**

1. the Code of Ethics;
2. the annexes to the Code
3. internal regulations (procedures, circulars, service orders, regulations, etc.), whether or not they are referred to in the Model.

## 1.1 Recipients of the Model

The following are recipients of the Model (hereinafter "**Recipients**"):

- persons in top management positions, i.e. members of the Board of Directors and heads of departments (hereinafter referred to as "**Company Representatives**");
- persons subject to the direction or control of the former, or all those who have a subordinate working relationship (hereinafter "**Employees**") or semi-subordinate working relationship (hereinafter "**Associates**") with the Company;
- all those who, while not functionally linked to the Company by a subordinate or semi-subordinate employment relationship, are linked to it under a specific contract (hereinafter also referred to as "**External Parties**").

The contracts that govern relationships with Associates and External Parties shall include specific clauses identifying the consequences and responsibilities deriving from failure to comply with the principles set out in this Model.

All Recipients, as defined, are required to comply with all the provisions contained in the Model with the utmost diligence.

## 1.2 Guiding principles of the Model

The Model has been drawn up taking account of the governance system, control and/or management systems adopted by the Company, where deemed suitable for use also as measures for the prevention of Crimes and control of areas at risk. Specifically, the Company has identified the following as specific existing instruments aimed at planning the formation and implementation of corporate decisions, also with regard to the Crimes:

- 1) Corporate Governance principles adopted, including de facto, by the Company;
- 2) the hierarchical/functional organizational setup;
- 3) the company procedures and controls in place with regard to the management systems implemented;
- 4) the personnel communication system and the relating training activities undertaken, as additional measures to the existing legal obligation, and currently adopted by the Company;
- 5) the disciplinary system set out in the relevant national collective labour agreement;
- 6) generally speaking, the applicable Italian legislation.

The Model also draws inspiration from:

- a) the Confindustria Guidelines updated to 2021, representing the basis for the preparation of the mapping of areas of activities at risk;
- b) the requirements set out in Legislative Decree no. 231/2001, specifically:
  - i. raising awareness and disseminating the rules of conduct and the procedures established in the Code of Ethics at all company levels;
  - ii. the assigning to a Supervisory Board (SB) of the task of promoting the effective and proper implementation of the Model, also by monitoring corporate conduct and the right to ongoing information on the activities relevant for the purposes of the Decree;
  - iii. the provision to the Supervisory Board of adequate resources to facilitate it in its tasks, within a pre-established budget;
  - iv. assessment of the adequacy of the Model, i.e. its actual ability to prevent prohibited conduct;
  - v. constant updating of the mapping of the Areas at Risk and of the Model in general, in light of the developments or changes in the needs and structure of the company and of the regulations in force;
  - vi. methods for managing financial resources suitable for preventing the commission of the Crimes referred to in the Decree;
  - vii. an adequate system of penalties, applicable in case of violation of the Model.
- c) the general principles of an adequate system of internal control, including:
  - i. the possibility of ascertaining and recording every operation relevant for the purposes of Legislative Decree 231/2001;
  - ii. observance of the principle of separation of functions whereby no person can independently manage an entire process;
  - iii. the definition of authorization powers consistent with the duties assigned;
  - iv. communication of relevant information to the Supervisory Board.

## 2. Mapping of risks

Article 6 of Legislative Decree 231/01 provides for an analysis of the activities carried out within the Company in order to identify those which, in compliance with the Decree, may be considered at risk of offences. Therefore, the first to be identified were the Areas at Risk (or "sensitive areas"), as required by the above legislation.

In order to determine the potential risk profiles for the Company, pursuant to the regulations set out in the Decree, the following actions were taken:

- a) identification of the activities carried out by each corporate function, by reviewing the organizational provisions in force;
- b) interviews made with the various corporate functions and with other subjects identified by the same functions;
- c) assessments performed on the individual activities at risk for the purposes of the Decree, within the various corporate functions.

The mapping of the activities at risk allowed for the identification of the units at risk, broken down into relevant areas/functions and processes. The diagnosis was then addressed to the sectors, processes and corporate

functions considered, based on the results of the "risk assessment" analysis, more exposed to the Crimes provided for by the Decree. The findings are summarized in the special section, where the processes and sensitive areas in relation to the commission of each type of predicate crime are detailed within each sheet.

## 2.1 Updating the Model

The measures for adjusting and/or updating the Organizational Model are expressly set out in art. 6, par. 1, letter b) of Legislative Decree no. 231/2001, and will be carried out in the event of:

- i) changes in legislation and the guidelines that inspire the Organizational Model;
- ii) possible violations of the Model and/or results of assessments on its effectiveness;
- iii) changes in the Company's organizational, management and operational setup.

For the identified areas of activity at risk, the following must be taken into consideration:

- a. the general principles of the organizational system inspiring the Company;
- b. the relevant principles originating from application of the Management Systems, which shall govern the control, monitoring and assessment activities of the Supervisory Board;
- c. prevention measures of a special nature, adopted by the Company or to be adopted on the date of approval of the Organizational Model.

## 3. General principles of the organizational system

### 3.1 The system of delegated powers and proxies

In principle, the system of delegated powers and proxies must be hinged on elements of "certainty" to identify the powers assigned and allow for the efficient management of the Company's activities in order to prevent the commission of the Crimes.

*"Delegated power" refers to the internal act of assigning functions and tasks, reflected in the organizational communication system. "Proxy", on the other hand, is the unilateral legal transaction whereby the company grants a single person the power to represent it.*

The prerequisites of the system of delegated powers and proxies are as follows:

- a) all those who deal with the P.A. on behalf of the Company shall be provided with a formal delegation of powers in this sense and/or a formal proxy to represent the Company in acts with the P.A.;
- b) a specific delegation of powers for the activity to perform and/or a formal proxy to represent the Company in acts effective vis-à-vis third parties or public authorities shall be possessed by all those who:
  - a. are involved in the preparation of documents and other communications required by law and intended for shareholders or the public;
  - b. hold tasks relating to the management of relations with the Independent Auditors;
  - c. hold tasks relating to the management of relations with public oversight authorities;
  - d. all those who are involved in activities that may integrate or give rise to the conduct envisaged in the types of Crimes covered by this Model;
- c) each proxy implying the power to represent the Company vis-à-vis third parties shall be matched by an internal proxy describing the relevant management powers;
- d) delegations of power shall combine each power with the relevant responsibility and an appropriate position in the organization chart;
- e) the management powers granted by delegation and their implementation shall be consistent with the Company's objectives;
- f) each delegation shall specifically and unambiguously define:
  - i. the powers of the delegate and their limits;
  - ii. the person (body or individual) to whom the delegate hierarchically reports;
- g) the delegate shall be granted spending powers commensurate with the functions assigned;
- h) the proxy shall explicitly provide for cases of forfeiture of the powers granted (revocation, transfer to different duties inconsistent with those for which the proxy was granted, dismissal, etc.);
- i) a specific procedure shall be adopted to regulate the methods and responsibilities for guaranteeing the timely updating of the delegated powers and/or proxies.

The Supervisory Board, assisted by the competent functions, checks the system of delegated powers and proxies in force on a regular basis, as well as their consistency with the system of organizational communications, reporting any need for changes if the management power and/or qualification does not match the powers of representation granted to the delegate or if other anomalies are found.

## 4. The Supervisory Board

The exemption from administrative liability - as governed by art. 6, par. 1, letters b) and d) of Legislative Decree 231/2001 - also provides for the mandatory establishment of a supervisory board of the entity, having an autonomous power of control (which allows it to oversee the operation of and compliance with the Model) and an independent power of initiative, to ensure the constant updating of the Model.

The Supervisory Board's main tasks are to:

- a) establish control activities at every operational level, fitting itself with the tools, informative or otherwise, to promptly report anomalies and dysfunctions of the Model and the Code of Ethics;
- b) set control procedures, bearing in mind that the primary responsibility for controlling activities lies with the Company's top management, the Corporate Bodies appointed for this purpose and the Independent Auditors;
- c) verify the updating of the Model and the Code of Ethics as legal developments emerge, and as a result of changes in the internal organization and in corporate activities;
- d) oversee the adequacy of the Model and propose to the Board of Directors any necessary supplements and changes;
- e) participate in the preparation and integration of internal "regulations" (Codes of Ethics and Conduct, Operating Instructions, Control Manuals, etc.) that the Company may adopt;
- f) promote initiatives aimed at disseminating knowledge among the Recipients of the Model, the Code of Ethics, and company procedures, if necessary by organizing specific training seminars;
- g) coordinate with the other company departments for everything regarding the effective implementation of the Model;
- h) arrange for special audits and/or targeted investigations where necessary;
- i) promptly report to the Board of Directors, for the purpose of taking the appropriate measures, identified violations of the Model which may give rise to liability for the entity.

The measures implemented by the SB cannot be called in question by any other company body or structure, it being understood that the Board of Directors remains ultimately responsible for the adoption (and effective implementation) of the Model.

The SB has unrestricted access to all company functions - with no need for any prior consent - in order to obtain any information or data it deems necessary for the performance of its duties under Legislative Decree 231/01.

The SB may, under its direct supervision and responsibility, avail itself of the assistance of all the Company's structures, or of Consultants.

### 4.1 Appointment and requirements

The SB is appointed by the Board of Directors of the Company for a maximum of three years and remains in office until the new Supervisory Board is appointed following expiry of its term of office, regardless of the expiry or eventual lapse of the Board of Directors that appointed it; its members are eligible for re-appointment.

The SB is appointed by the Board of Directors of the Company, with a reasoned decision that acknowledges the existence of the requirements of integrity, professionalism, autonomy and independence.

For this purpose, external candidates are required to send their Curriculum Vitae accompanied by a statement in which they certify that they meet the requirements described above.

In compliance with the Guidelines, the Company's SB may be composed of one or more members, as decided by the Board of Directors of the Company at the time of appointment.

If the Company opts for a multi-member composition, the majority of the members (and in any case the Chairman of the SB) shall be identified by the Board of Directors from among the Company's External Parties; the SB may be assisted in its activities by Internal Audit. The members of the SB, whether single or multi-member, shall be chosen from among those who meet the requirements of:

- autonomy and independence: absence, for the SB as a whole, of operational tasks, position of impartiality with the subjects on which oversight is exercised;
- professionalism: technical and professional skills in inspection and consulting, as well as legal skills appropriate to the functions to perform;

- continuity of action: ability to perform constant oversight on compliance with the Model and ongoing assessment of its effectiveness and efficacy, seeing to the preparation and filing of documentation and reports relating to the activities carried out.

The members of the Supervisory Board are also required to possess subjective requirements aimed at further guaranteeing their autonomy, integrity and independence, specifically:

- absence of conflicts of interest;
- absence of family ties with Company Representatives;

With regard to integrity, members of the Supervisory Board (grounds for ineligibility) shall not include:

- a) those who have been convicted, even if not in a final judgment or on a conditional suspended sentence, or sentenced pursuant to articles 444 et seq. of the Code of Criminal Procedure, without prejudice to the effects of rehabilitation:
  - to imprisonment for a period of no less than one year for one of the crimes envisaged by Royal Decree no. 267 of 16 March 1942;
  - to prison sentence for a period of no less than one year for one of the crimes envisaged by the regulations governing banking, financial, securities and insurance activities and by the regulations governing markets and securities, and payment instruments;
  - to imprisonment for a period of no less than one year for a crime against public administration, against public faith, against property, against the public economy, for a tax-related crime;
  - for any intentional offence to imprisonment for a period of no less than one year;
  - for one of the crimes provided for in Title XI of Book V of the Civil Code as reformulated by Legislative Decree no. 61/2002 and most recently amended by Law 69/2015;
  - for a crime that involves and has involved a sentence that results in disqualification, including temporary disqualification, from holding public office, or temporary disqualification from holding management positions in legal persons and companies;
  - for one of the Crimes or administrative offences referred to in the Decree, even if sentenced to lesser penalties than those indicated in the previous points;
- b) those who have been the recipients of a decree ordering their committal for trial for one of the Crimes or administrative offences referred to in the Decree;
- c) those against whom one of the prevention measures envisaged by art. 10, par. 3, of Law no. 575 of 31 May 1965, as replaced by art. 3 of Law no. 55 of 19 March 1990 as subsequently amended, has been finally applied.

Candidates to the position of members of the Supervisory Board must self-certify, by means of a statement in lieu of affidavit, that they meet the requirements of integrity and that they are not in any of the abovementioned conditions of ineligibility, expressly undertaking to communicate any changes to the content of such statements.

## 4.2 Revocation

The Board of Directors of the Company, having heard the opinion of the Board of Statutory Auditors, may revoke the members of the SB for just cause only.

Serious negligence in the performance of duties of the position held shall constitute just cause for revocation; the examples include:

- significant cases of failure to comply with the task assigned, with regard to the duties referred to in the Model, including violation of confidentiality obligations on the news and information acquired as a result of the task and negligence in pursuing the activities of control and updating of the Model;
- existence of the above causes of ineligibility, prior to appointment as a member of the SB and not specified in the self-certification;
- occurrence of the causes of forfeiture specified in paragraph 4.3 below;

- failure to draw up information reports on the activities carried out for the Board of Directors and the Independent Auditors, as referred to in paragraph 4.6 below;
- failure to draw up the SB Audit Plan (referred to in paragraph 4.6 below);
- failure to verify the reports of which it is the recipient pursuant to paragraph 4.7 below, regarding the commission or alleged commission of crimes referred to in the Decree, as well as violation or alleged violation of the Code of Ethics, the Model or the procedures established to implement it;
- failure to convene and hold meetings of the SB over a six-month period;
- failure to assess the adequacy of training programs, implementation methods and results (see paragraph 7);
- failure to inform the Board of Directors and the Independent Auditors of any changes in the regulatory framework and/or significant changes in the internal structure of the Company and/or in the way in which business activities are carried out requiring an update of the Model;
- failure to report to the Board of Directors any disciplinary measures and penalties applied by the Company, with regard to violations of the provisions of this Model, the prevention protocols and the relating implementation procedures, as well as violations of the provisions of the Code of Ethics;
- failure to carry out routine/ad hoc checks on sensitive activities as set out in the SB Audit Plan.

#### 4.3 Forfeiture

The members of the Supervisory Board cease to hold office when, once appointed, they then:

- find themselves in one of the situations envisaged by Article 2399 of the Civil Code;
- lose the requirements of integrity indicated above.

The members of the Supervisory Board may withdraw from their appointment at any time, giving at least two months' notice, without having to give any reason.

#### 4.4 Financial resources of the SB

The SB is provided with an adequate financial budget - decided annually by the Board of Directors - which it can use to perform its functions; in the event of extraordinary needs requiring additional financial resources, the SB submits a specific request to the Board of Directors.

The members of the SB shall be adequately remunerated and the Board of Directors shall establish their annual remuneration.

#### 4.5 Duties and responsibilities

The activities that the Board is called upon to perform are outlined in articles 6 and 7 of the Decree, and can be summarized, in a non-exhaustive manner, as follows:

- oversight on the effectiveness of the Model, i.e. consistency between actual conduct and the Model;
- review of the adequacy of the Model, i.e. its actual - not merely formal - ability to prevent prohibited conduct;
- analysis of the maintenance over time of the requirements of soundness and functionality of the Model;
- seeing to the necessary dynamic updating of the Model in the event that the analyses carried out require and/or find it appropriate to make corrections and adjustments.

The latter aspect is implemented through:

- suggestions and proposals for adapting the Model to the corporate bodies or functions capable of giving it tangible implementation in the company fabric, depending on the type and scale of the actions: proposals on formal or minor aspects shall be addressed to Compliance or the Chief Executive Officer, while other more relevant cases shall be submitted to the Board of Directors;

- regular follow-ups aimed at assessing the implementation and actual functionality of the solutions proposed.

Broadly speaking, the SB performs two types of activities aimed at reasonably reducing the risks of commission of Crimes:

- ensure that the Recipients of the Model, specifically identified on the basis of the various types of crimes and relevant processes identified, comply with the provisions contained therein;
- assess the results achieved by application of the Model with regard to the prevention of Crimes and ascertain the need or opportunity to adapt the Model to new regulations or new company requirements.

As a result of these audits, the SB proposes any adjustments and updates to the Model that it deems appropriate: it shall therefore be promptly informed of any changes to both the Model and the Company's corporate structure.

From an operational point of view, the SB is tasked with:

- carrying out actions and regular controls on the adequacy and effectiveness of the Model in preventing Crimes, based on an annual plan drawn up by the SB itself, to ascertain the provisions of the Model and, in particular, verifying that:
  - the procedures and controls set out therein are applied by the Recipients and recorded in a compliant manner;
  - ethical principles are upheld;
- report any deficiencies/inadequacies of the Model in the prevention of the crimes relevant for the purposes of the Decree and assess that the Company Representatives implement the remedies;
- suggest appropriate verification and monitoring procedures, taking account of the responsibility of Company Representatives to control activities;
- launch internal investigations in the event that a violation of the Model or the commission of Crimes is identified or suspected;
- regularly assess the most significant corporate acts and the main contracts concluded by the Company in the Areas at Risk;
- promote initiatives to spread knowledge and effective understanding of the Model among Recipients, ensuring the preparation of internal documentation (instructions, clarifications, updates) or specific training seminars, necessary for the Model to be understood and applied, in accordance with the provisions of paragraph 7 below;
- coordinate with the managers of the various company functions for the control of the activities in the Areas at Risk and sharing all the problems regarding implementation of the Model (e.g. definition of standard clauses for contracts, organization of staff courses, new relations with Public Administration, etc.);
- keep the Model up-to-date, ensuring that it is adjusted to any new regulations or organizational changes in the Company;
- request regular updating of the risk map, and check that it is actually updated by means of periodic audits focused on activities at risk. To this end, the SB shall receive reports from Company Representatives of any situations that may expose the Company to the risk of crime;
- collect, process and retain all relevant information received on compliance with the Model.

For the proper performance of its duties, the SB shall:

- have unrestricted access, with no need for any prior consent, to persons and to all company documentation (documents and data), as well as the possibility of obtaining relevant data and information (financial, equity and business transactions and all those transactions that more generally regard the management of the company) from the relevant parties; to this end, the Supervisory Board may request from the various company structures, including top management, all the information deemed necessary for the performance of its activities;
- have allocated the resources required to perform the activities within their remit, including an adequate budget for the activities required for their task (e.g. specialist advice, travel, etc.);

- have the right, by coordinating and informing the company departments concerned in advance, to ask for and/or assign tasks of a technical nature to third parties possessing the necessary specific skills;
- issue regulations governing the schedule of activities and the arrangements for meetings and information management;
- meet at least four times a year and as often as deemed necessary or urgent; the meetings shall be minuted and copies of the minutes shall be kept by the SB.

#### **4.6 Reporting to Corporate Bodies**

The Supervisory Board prepares a report, at least every six months, for the Board of Directors and the Board of Statutory Auditors on the application and effectiveness of the Model, indicating the controls performed and their results.

Additionally, the Supervisory Board - ahead of the Shareholders' Meeting for the approval of the Financial Statements - prepares an annual report addressed to the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting, containing:

- a summary of the activities carried out during the year, and of the checks and controls performed;
- any need to update the Model;
- other major issues;
- an annual plan of activities scheduled for the following year.

The Board of Directors may convene the Supervisory Board at any time to report on its activities and ask to consult with it.

The Supervisory Board may, in turn, ask to be heard by the Board of Directors of the Company or, in urgent cases, by the Chairman of the Board of Directors or the Chief Executive Officer, whenever it deems it appropriate to report promptly on violations of the Model or to request attention to critical issues on the operation of and compliance with the Model.

#### **4.7 Communications to the SB**

In order to allow the Supervisory Board to oversee the adequacy and operation of the Model, a communication system has been implemented between the Company and the SB regarding all sensitive areas, as identified in the Special Section.

The purpose of the communication system vis-à-vis the SB is to allow it to constantly acquire relevant information on all sensitive areas.

The system implemented by the Company provides for two different forms of communication with the SB:

- Whistleblowing;
- Information flows.

## 5. Whistleblowing and the relevant assessment procedure

The following shall be reported:

- unlawful conduct that entails one or more types of crime that may generate liability for the entity pursuant to Legislative Decree 231/01;
- conduct which, while not entailing any type of crime, has been carried out against the rules of ethics and conduct, procedures, protocols or provisions contained in the Model or NDT's Code of Ethics.

The report, sufficiently detailed, shall be made by providing the following information, together with any supporting documentation:

- Name of reporting party;
- Clear and complete description of the conduct, including omission, being reported;
- The time and place in which the acts were committed and the related conduct;
- Subjects involved, company structures/organizational units involved;
- Any third parties involved or potentially harmed;
- Any other information that may acknowledge the existence of the facts reported.

Reports made and sent for the sole purpose of retaliation or intimidation or unfounded reports made with malice or gross negligence shall be punished. Specifically, the sending of any communication that proves to be unfounded based on objective elements and that is, again on the basis of objective elements, made with the sole purpose of causing unfair damage to the person reported, shall be punished.

The Company ensures the utmost confidentiality of the reporting parties and facts reported, using, to this end, criteria and methods of communication suitable for protecting the confidentiality of the identity of the reporting party, as well as the identity and integrity of the persons mentioned in the reports (see paragraph \_\_\_ below), so that the reporting party is not subject to any form of retaliation, avoiding in any case communication of data acquired to third parties unrelated to the process of managing the report governed by the specific procedure.

### **Reporting parties acting in good faith shall be protected against any form of retaliation, discrimination or penalty.**

As for **anonymous reports**, they limit NDT's ability to effectively verify what has been reported, as it is impossible to establish an effective information channel with the reporter. They will therefore be taken into consideration only if adequately detailed and substantiated, or if they concern potential offences or irregularities deemed to be serious. Factors relevant to assessing anonymous reporting shall include the credibility of the facts presented and the ability to assess the truthfulness of the violation from reliable sources.

The report can be made using the form ("**Reporting Form**") attached to the specific procedure which, once filled in and signed, shall be sent to the Supervisory Board through one of the following channels:

- 1) **Email address** [neodecortech@odv-ndt.it](mailto:neodecortech@odv-ndt.it);
- 2) **Ordinary mail** addressed to Via Roma 32, 47034 Forlimpopoli (FC), marked "*confidential and reserved*" to the attention of the Chairman of the Supervisory Board;

If the report does not concern him or herself, it may also be forwarded directly to the Compliance Officer at the following email address [compliance@neodecortech.it](mailto:compliance@neodecortech.it). The Compliance Officer shall promptly forward the report to the SB.

Any Recipient who receives a report outside the institutional communication channels indicated above shall promptly forward the original and any attachments to the channels indicated above.

Reports are addressed to the members of the Supervisory Board, if the person making the report intends to discuss it in advance with his or her superior, possibly through him or her. In the specific case in which the reporting party is a member of the Supervisory Board, the report shall be made directly to the Board of Directors, possibly through the Chief Executive Officer.

In order to prevent the report to be received by a person:

- (i) who is the alleged perpetrator of the violation

or

(ii) has a potential interest related to the report such as to compromise his or her impartiality and independence of judgment,

the reporting party always has the option of directly forwarding the report to the SB through the institutional channels indicated above.

As soon as a report is received, the SB shall send the reporting party acknowledgement of receipt of the report (within 7 days) and shall assess in advance the relevance and the appearance of grounds for the report, in coordination with the Compliance Officer and, if necessary, assisted by an external legal advisor bound to confidentiality on the activities performed.

The SB shall then issue a protocol for the report, using the identification code/name, guaranteeing the traceability and correct filing of the documentation also in the subsequent phases.

While the duration of the preliminary investigation cannot be defined beforehand, given the specific nature of each case, the SB shall analyze the reports without delay.

The SB classifies reports into:

- **Irrelevant reports:** in this case the SB shall inform the reporting party and file the report;
- **Reports in bad faith:** the SB forwards the report to the HR Manager and/or the reporting party's superior for consideration of the start of any disciplinary proceedings;
- **Circumstantiated reports:** if the SB deems that there is sufficient evidence of potentially illegal conduct or conduct in violation of the Model, such as to allow the launch of an investigation, it initiates the assessment phase.

The assessment phase consists of carrying out targeted audits on the reports, which allows for the identification, analysis and evaluation of the elements corroborating the grounds of the facts reported.

At this stage, the SB may decide to make use, if required, of further internal assistance and of the company functions identified depending on the subject of the report, as well as of external professionals.

The person/function responsible for conducting the audit:

- shall ensure that it is conducted in a fair and impartial manner; this implies that each person involved in the investigation can be informed - once the preliminary investigation has been completed - of the statements made and the evidence obtained against him or her and that he or she is put in a position to respond to them;
- may make use of technical consultants (such as, for example, outside professionals or NDT's own specialists) on matters outside its specific remit.

Information gathered during the course of the audit shall be handled with due discretion, in ways that ensure confidentiality, and kept within the audit team.

Upon completion of the audits, a report shall be issued which shall:

- summarize the investigation process;
- elaborate the conclusions reached and provide any supporting documentation;
- provide recommendations and suggested actions to address identified violations and ensure that they do not occur in the future;
- be addressed to the Board of Directors of the Company.

The assessment phase may end with a:

- **negative outcome:** in this case, the report is filed;
- **positive outcome:** in this case, the SB, having informed the Compliance Officer, sends the outcome of the audits conducted to the Board of Directors and the HR Manager to allow the Company to adopt the necessary countermeasures and any disciplinary penalties.

The SB also informs the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors of the status of the reports received, at the time of periodical reporting (half-year/annual report).

The SB may put forward recommendations, including whether or not disciplinary action should be taken.

The documentation used to carry out the activities (even in the case of irrelevant reports) shall be kept, by the SB, in a special archive.

The person/function in charge of conducting the audit shall be in charge of forwarding all supporting documentation to the SB at the conclusion of the activities.

## 6. Information flows

The purpose of the information flow system implemented by the Company is to create a well-organized, ongoing and widespread communication system between those responsible for activities potentially at risk and the SB.

Information flows consist in sending communications and/or documents to the SB according to specific timescales and methods.

Information flows can be divided into:

- **Periodic information flows** to be compiled and sent to the SB at a pre-established frequency (monthly, quarterly, every six months or year);
- **Event-driven information flows** to be compiled and sent to the SB upon occurrence of certain events.

In addition to the above formalized flows, all Recipients are required to transmit/report to the SB:

- a) the internal reports that identify liability for the crimes relevant for the purposes of the Decree, or facts, events or omissions that can even only potentially be linked to crimes relevant for the purposes of the Decree;
- b) visits, inspections and audits carried out by the competent bodies and the results thereof;
- c) measures and/or news coming from the judicial police or any other authority, indicating that investigations are underway, even against unknown persons, for the Crimes envisaged in the Decree;
- d) requests for legal aid forwarded by directors, executives and/or Employees against whom the Judiciary proceeds for the Crimes envisaged in the Decree;
- e) news relating to disciplinary proceedings (relating to the Model) carried out and any penalties applied or measures taken to dismiss such proceedings with the relating reasons;
- f) information on the developments of the activities pertaining to the Areas at Risk identified by the Model and/or changes in the company organization;
- g) information relating to security management and the progress of planned actions;
- h) copies of the minutes of the Board of Statutory Auditors and the Board of Directors;
- i) the organization charts and the system of delegation of powers and signatory powers in force and any amendments thereto;
- j) certification of attendance at training courses by all the Recipients of the Model;
- k) any news regarding the commission or attempted commission of unlawful conduct provided for by the Decree or which are in any case relevant for the purposes of the Company's administrative liability;
- l) any news regarding violations of the behavioural and operational procedures envisaged in the Model, and more generally any act, fact, event or omission concerning possible critical issues that have been found on the observance and correct implementation of the Model;
- m) news of changes in the Company's internal structure.

All communications shall be sent to the following e-mail address [neodecortech@odv-ndt.it](mailto:neodecortech@odv-ndt.it).

### 6.1 Collection and storage of information

All information, reports, flows, and reporting provided for in the Model are stored by the Supervisory Board in a special computer and/or paper archive, in compliance with the confidentiality obligations provided for by Regulation (EU) 2016/679 (GDPR) and Legislative Decree 196/2003 as amended, without prejudice to the fulfilment by the SB of the reporting obligations provided for by the Model.

## 7. Training plan and communication

In order to effectively implement the Model, the HR and Compliance functions of the Company, in conjunction with the Supervisory Board, shall prepare, based on the tangible needs identified by the SB, an annual training plan for the members of the statutory bodies, Employees, and Associates working directly within the Company and Company agents.

Specifically, the training programs shall focus, among other things, on the Model as a whole, the Code of Ethics, the operation of the Supervisory Board, the information flows to the latter and the Disciplinary System, the Company's operating procedures that are relevant for the purposes of the Model, as well as issues concerning the Crimes for which liability pursuant to Legislative Decree 231/01 is applicable.

The training programs shall be arranged, where necessary, in order to provide users with the appropriate tools for full compliance with the provisions of the Decree with regard to the scope of operations and the duties of the recipients of the training programs.

The training programs are diversified, in terms of content and delivery methods, based on the role of the recipients, the risk level of their area, and whether or not they have functions of representation of the Company.

The training programs are managed by Human Resources (HR) and by Compliance, in close cooperation with the SB; in this regard, all information regarding the Model (and the related training program) shall be provided to the Employees and the members of the Corporate Bodies through special periodic training, which shall include a training meeting with all the Employees of the Company, also remotely, at least once a year.

At the time of hiring Employees and assigning tasks to Associates and agents, they shall receive an information set to ensure that they have the primary knowledge considered essential to operate within the Company (see paragraph below).

The content of the courses shall be agreed upon in advance with the Supervisory Board which, to this end, within the scope of its activity, may and shall indicate the appropriate subjects and topics to discuss and treat in depth or, in any case, are such as to draw the interest of the members of the statutory bodies and of the Employees.

The Supervisory Board, in agreement with Human Resources (HR) and Compliance, ensures that the training program is adequate and effectively implemented. Training can also take place remotely or through the use of computer systems.

Attendance of Employees and members of Corporate Bodies in training programs is mandatory. Human Resources (HR), in coordination with Compliance, records the attendance of Employees and Associates in the training programs and sends the relating documentation to the Supervisory Board.

Appropriate communication tools, if necessary in addition to e-mail updates, shall be adopted to update members of statutory bodies and Employees on any changes made to the Model, as well as any significant procedural, regulatory or organizational changes.

### 7.1 Circulation of the Model to members of Corporate Bodies, Employees and Associates

Each member of the statutory bodies, each Employee, and each Associate of the Company is required to:

- i. acquire awareness of the content of the Model;
- ii. learn the operating methods to carry out their activities;
- iii. contribute actively, with regard to their role and responsibilities, to the effective implementation of the Model, reporting any shortcomings found in it.

In order to guarantee an effective and rational communication activity, the Company fosters and facilitates knowledge of the content of the Model on the part of the Employees, with a degree of detail that varies according to the degree of involvement in sensitive activities, as identified in the Special Section of the Model.

Information on the content of the Model is provided to the members of the statutory bodies, Employees and Associates by means of:

- delivery or, in any case, making available the Model and its annexes, including the Code of Ethics, at the time of hiring/assigning their function, also by electronic means;
- informative e-mails, also for the purpose of regularly sending updates of the Model.

Responsibility for the dissemination of the Model and its updates lies with the head of Human Resources (HR) and the head of Compliance. Specifically, the above functions see to forwarding the documentation to the recipients via e-mail and receiving through the same channel from each recipient the relating certificate of receipt. The Supervisory Board checks that the competent functions ensure that the Model and its updates are correctly disseminated.

All members of the statutory bodies (directors and statutory auditors) and Employees are required to fill in a statement in which, having acknowledged the Model, they undertake to comply with its provisions, such as the following:

**“Statement of commitment issued by the members of the statutory bodies, Employees and Associates**  
*I, the undersigned.....,*

*state*

- *to have received and carefully reviewed and understood the Organizational and Management Model (hereinafter the "Model") pursuant to Legislative Decree no. 231 of 8 June 2001 (hereinafter the "Decree"), adopted by Neodecortech S.p.A. (hereinafter also only "NDT") and its annexes;*
- *to have received, carefully reviewed and understood the Group's Code of Ethics (hereinafter the "Code of Ethics"), which is an integral part of the Model;*
- *to be fully aware that the activities of NDT are based on compliance with current legislation and abstention from any conduct likely to constitute the crimes referred to in the Decree;*

*and undertake*

*to comply with the provisions of the Model and to respect the principles of the Code of Ethics.*

*Date and Signature*

*”*

## **7.2 Circulation to Consultants and other External Parties**

Circulation of the content of the Model is also addressed to those Recipients of the Model who have a contractual relationship with the Company, but who are not Employees, Associates or members of the statutory bodies.

To this end, the Company Function that has requested service from the Consultant (or the External Party), at the time of signing the relevant contract, shall provide the latter with a copy of the Code of Ethics and have a statement filled in by the Consultant (or the External Party), acknowledging the content of the Code of Ethics, and undertaking to comply with its provisions, such as the following:

**“Statement of commitment issued by External Parties (suppliers, consultants, etc.)**

*“I, the undersigned..... [as legal representative of \_\_\_\_\_], aware of the relevance of my statements for the purposes of the completion and continuation of relations with Neodecortech S.p.A. (hereinafter also only "NDT"), under my responsibility*

*state*

- *to be fully aware that the activities of NDT, as my own, shall be based on compliance with current legislation and abstention from any conduct likely to constitute crimes;*
- *that I have carefully reviewed and understood the **Code of Ethics** of the Neodecortech Group available on <https://www.neodecortech.it/codice-etico-e-modello-organizzativo/>, which is an integral part of NDT's Organizational, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter also referred to as the "Model") and which sets out the principles and provisions on which the Model is based;*
- *that I have not committed any of the Crimes envisaged by Legislative Decree 231/01 as from the date on which the latter came into force;*

*and undertake*

*- to comply with Legislative Decree 231/01 and, in general, with the regulations in force and to operate in accordance with the principles and provisions contained in the Code of Ethics.*

*It is hereby acknowledged that failure by [name of person/company] to comply with any of the foregoing provisions shall result in a material breach of its obligations under the existing contract between NDT and [name of company] and shall entitle NDT, pursuant to and in accordance with Article 1456 of the Civil Code, to terminate the contract with immediate effect, without prejudice, in any event, to the right to compensation for any damages suffered by NDT."*

Lastly, on the establishment of any new relationship, contracts with External Parties who are Recipients of the Model shall include specific clauses indicating clear responsibilities for non-compliance with this Model, such as the following:

*["Supplier/Consultant/Associate] undertakes to comply with the strictest observance of the laws in force and, among these, specifically, undertakes not to commit any of the Crimes referred to in Legislative Decree 231/2001, and also undertakes to comply with, adapt its conduct and operate, in the execution of this contract and any related or connected aspect thereof, in accordance with the principles and provisions set forth in the Code of Ethics of the Neodecortech Group, available at <https://www.neodecortech.it/codice-etico-e-modello-organizzativo/> and which constitutes an integral part of the Organizational, Management and Control Model adopted by Neodecortech S.p.A.. Failure on the part of [Supplier/Consultant/Associate] to comply with the provisions of the law or the provisions contained in the Code of Ethics is a circumstance capable of damaging the relationship of trust established between the Company and [Supplier/Consultant/Associate] and constitutes a serious breach of this contract, entitling Neodecortech S.p.A. to terminate it in advance and with immediate effect pursuant to and for the purposes of Article 1456 of the Italian Civil Code, without prejudice to the right to compensation for any damages suffered".*

## 8. Disciplinary system

### 8.1 General principles

The adoption of an adequate system of penalties, with penalties proportionate to the severity of the violation of the rules set out in the Model by the Recipients, is a prerequisite for the full effectiveness of the Model.

In compliance with best practices, the penalty system as a whole is autonomous, as it is independent from the results of any penal or civil investigations, and is self-sufficient therefrom, drawing inspiration from the tenets of proportionality and respect for the adversarial principle.

Illegal conduct, violations of the Model, as well as its circumvention are brought to the attention of the SB, it being understood that the exercise of disciplinary power remains with the employer.

The disciplinary response that the Company may take depends both on the nature of the violation and its consequences, and on the type of relationship that binds the Company to the violator and the level of hierarchy and responsibility within the organization.

In accordance with the specific cases envisaged for each category of Recipients, the Company shall also subject to penalty any person who interferes with, or unduly uses, the whistleblowing channels established for reporting unlawful conduct relevant for the purposes of the Decree or violations of the Model, specifically: a) by violating the measures for the protection of the reporting party; b) by making with malice or gross negligence reports that prove to be unfounded. The Company may also take any appropriate disciplinary and/or legal action against any person who takes retaliatory or discriminatory action against the reporting party as a result of his or her report.

### 8.2 Subjects

Employees, Directors and Associates, as well as all Recipients who have contractual relationships with the Company, within the scope of those relationships, are subject to the disciplinary system set forth in this Model.

### 8.3 Employees

The provisions of the Organizational, Management and Control Model adopted pursuant to the Decree, as well as the provisions and principles established in the Code of Ethics supplement the provisions pursuant to Articles 2104 and 2105 of the Italian Civil Code and the National Collective Labour Agreement; therefore, their violation constitutes a disciplinary offence and may entail the application of the following disciplinary penalties:

- a) verbal warning;
- b) written warning;
- c) fine of up to four hours' pay;

- d) suspension from work and pay up to a maximum of ten days (for part-time staff up to a period of fifty hours);
- e) dismissal, with or without notice, in accordance with the National Collective Labour Agreement of the paper industry.

In any case, the Company's right to compensation for damages - also by means of a deduction from the salary, in compliance with the legal limits - is unaffected whenever the employee's conduct clearly prejudices the Company or has caused it certain damage.

Determination of the type, among those listed above, as well as the extent of the penalty applicable as a result of the infringement shall be based on the respect and evaluation of the following principles:

- severity of the conduct, including omission;
- consequences, even if possible or potential, arising from the conduct;
- position held by the employee within the company organization, also considering the responsibilities associated with his/her duties;
- any aggravating and/or mitigating circumstances that may be found in relation to the employee's conduct, including, by way of example, the application of previous disciplinary penalties against the same person or any repetition committed in the previous two years.

With regard to applicable penalties, it should be noted that they shall be applied in compliance with the provisions of art. 7 of the Workers' Statute and the applicable National Collective Labour Agreement.

## 8.4 Executives

Executives have a relationship that is strongly based on trust. The Executive's conduct not only reflects within the Company, representing a model and example for all those who work there, but also affects its reputation with the outside world. Therefore, compliance by the Company's executives with the provisions of the Code of Ethics, the Model and the related implementation procedures is a vital element of the managerial employment relationship.

The provisions of the Organizational, Management and Control Model adopted pursuant to the Decree, as well as the provisions and principles established in the Code of Ethics supplement the provisions pursuant to Articles 2104 and 2105 of the Italian Civil Code and the National Collective Labour Agreement applied; therefore, their violation constitutes a disciplinary offence and may entail the application of the disciplinary penalties provided for by law and/or pursuant to the National Collective Labour Agreement applied, in compliance with the procedures and principles set out for employees.

Penalties shall be applied gradually and proportionally vis-à-vis the severity of the fact and the guilt or possible malice. Additionally, upon notification, the person involved may be revoked of any proxies assigned as a precautionary measure, up to possible termination of the relationship in the presence of violations so severe as to undermine the relationship of trust with the Company.

## 8.5 Directors and Statutory Auditors

In the event of violation of the provisions of the Organizational, Management and Control Model adopted pursuant to the Decree, as well as of the provisions and principles established in the Code of Ethics by one or more members of the Board of Directors, the SB shall inform the entire Board of Directors and the Board of Statutory Auditors, who shall take the appropriate measures vis-à-vis the severity of the violation committed and in accordance with the powers provided for by law.

The applicable measures on one or more members of the Board of Directors of one of the Companies of the Group, subject to a resolution of the Board of Directors to adopt with the abstention of the person involved and, where provided for by the law and/or the Bylaws, with a resolution of the Shareholders' Meeting, may include the total or partial revocation of the proxies and/or of the office and, where the director is linked to the Company by a subordinate working relationship, the disciplinary penalties provided for with regard to the employees and executives of the Company may also be applied.

In the event of violations by the entire Board of Directors of the Company, the SB shall inform the Board of Statutory Auditors, so that the latter can promptly convene the Shareholders' Meeting for appropriate measures.

In the event of violations by one or more members of the Board of Statutory Auditors or by the entire Board of Statutory Auditors, the SB shall inform the Board of Directors, which shall take the appropriate measures vis-à-vis the severity of the violation and in accordance with the powers provided for by law.

When informed of violations by one or more members of the SB, the Board of Directors, in conjunction with the Board of Statutory Auditors, shall take the measures deemed most appropriate vis-à-vis the severity of the violation and in accordance with the powers provided for by law, keeping the SB itself informed.

## 8.6 External associates and, in general, subjects with contractual/business relationships with the Company

Failure to comply with the procedures set out in the Organizational, Management and Control Model adopted by the Company, as well as violations of the provisions and principles established in the Code of Ethics by external associates or, in general, by persons having contractual/business relationships with the Company, may determine, in accordance with the provisions of the specific contractual relationship, termination of the relating contract, without prejudice to the right to claim compensation for damages incurred as a result of such conduct.

Any behaviour adopted by External Parties and/or Business Partners, as well as by suppliers and/or representatives, against the lines of conduct set out in the Code of Ethics and such as to entail the risk of committing a crime punished by the Decree, may determine, in accordance with the provisions of the specific contractual clauses included in the letters of appointment or in the partnership agreements, termination of the contractual relationship, or the right to withdraw from the relationship, without prejudice to any claim for compensation if such behaviour results in actual damage to the Company, as in the case of application by the judge of the measures provided for.

## 9. Model and Code of Ethics

The rules of conduct contained in this Model find a natural complement in the Code of Ethics adopted by the Company, since this Model, in compliance with the provisions of the Decree, has the specific purpose of preventing the Crimes that imply the administrative liability of the Company.

In this sense, in fact:

1. The **Code of Ethics** forms an essential part of the Model. The Code of Ethics sets out the fundamental ethical principles that represent the essential and functional elements for a proper collaboration with the Company at every level, the violation of which entails application of the penalties set out in the relevant chapter of this general section. These principles emphasize the need to:
  - comply with applicable laws, regulations and internal policies;
  - direct the performance of activities by all Recipients towards criteria of diligence, competence, professionalism and efficiency.
2. The **Model**, on the other hand, constitutes a tool, with a specific scope and purpose, in that it aims to prevent the commission of the Crimes provided for in Legislative Decree no. 231/2001. The Model sets out rules and provides for procedures that must be complied with in order to hold the Company harmless from liability in the event of a commission of the Crimes provided for by Legislative Decree no. 231/2001.
3. The Company **Protocols** outline an internal control system for each company process, relevant for the purposes of the regulations set out in Legislative Decree no. 231/2001, making clear and verifiable:
  - the chain of command;
  - virtuous behaviour to be observed;
  - the prevention measures of the "Predicate crimes" to comply with.

## 10. Collection and storage of information

All the information, notifications and reports provided for in this Model are kept by the Supervisory Board in a special archive (computerized and on paper). Access to the archive is allowed - in addition to the Supervisory Board - exclusively to all the members of the Board of Directors.

## **Annex 1: Protocols for the application of the organizational model**

In order to correctly apply this Organizational Model, specific Special Section Protocols have been drawn up, supplemented by annexes in Excel format, with the aim of engendering preventive behaviour and actions to prevent the commission of Crimes.

## **Annex 2: Company organization chart**

## Annex 3: Regulations and Predicate crimes

### The administrative liability of entities

In implementation of certain international conventions, Legislative Decree 231/2001 has established the administrative liability of entities for certain Crimes committed in their interest or to their advantage.

In implementation of the delegated power referred to in art. 11 of Law no. 300 of 29 September 2000, Legislative Decree no. 231 (hereinafter referred to as the "**Decree**") was issued on 8 June 2001 and came into force on 4 July 2001, by means of which the legislator brought domestic legislation into line with international conventions on the liability of legal persons that Italy had already long adopted.

The Decree, containing the "*Regulations governing the administrative liability of legal persons, companies and associations, including those without legal personality*", introduced into the Italian legal system a system of administrative liability for entities (understood as associations, consortia, *et coet*, hereinafter referred to as "**Entities**") for the crimes exhaustively listed and committed in their interest or to their advantage:

- 1) by natural persons holding positions of representation, administration or management of the Entities or of one of their organizational units having financial and functional autonomy, as well as by natural persons who exercise, also de facto, management and control of the Entities;
- 2) by natural persons subject to the direction or supervision of one of the abovementioned subjects.

The Entity's liability is in addition to the liability (penal and civil) of the natural person who materially committed the crime in the interest of the entity.

The provision of the administrative liability referred to in the Decree involves, in the repression of the criminal offences expressly provided for therein, the Entities that have gained **advantage** and/or **interest** from the commission of the crime. Among the applicable penalties, the severest for the Entity are undoubtedly the disqualification measures, such as the suspension or revocation of licences and concessions, the prohibition to deal with public administration, the prohibition to exercise activities, the exclusion or revocation of financing and contributions, and the prohibition to advertise goods and services. The abovementioned liability also applies to Crimes committed abroad, provided that the State of the location where they were committed does not take action to punish them.

In its original drafting, the Decree listed, among the Crimes leading to the administrative liability of Entities, exclusively those committed in dealings with public administration.

Many other categories of Predicate crimes have been subsequently added, up to the current list, which is given below and further detailed in Annex A of the Model:

- (i) crimes committed in dealings with Public Administration (articles 24 and 25 as subsequently amended by law no. 190 of 6 November 2012 and, most recently, by law no. 69 of 27 May 2015);
- (ii) crimes of counterfeiting money, public credit cards and revenue stamps and identification instruments or signs (art. 25-bis introduced by Law Decree no. 350 of 25 September 2001, subsequently amended by Law no. 99 of 23 July 2009);
- (iii) corporate crimes (art. 25-ter introduced by LD no. 61 of 11 April 2002, subsequently supplemented with the crime of "bribery among private individuals" by Law no. 190 of 6 November 2012 and, most recently, amended by Law no. 69 of 27 May 2015);
- (iv) crimes for the purpose of terrorism or subversion of the democratic order (art. 25-quater introduced by Law no. 7 of 14 January 2003);
- (v) female genital mutilation practices (art. 25-quater-1 introduced by Law no. 7 of 9 January 2006);
- (vi) crimes against the individual (art. 25-quinquies introduced by Law no. 228 of 11 August 2003 and subsequently amended most recently by Legislative Decree no. 39 of 4 March 2014);
- (vii) crimes and administrative offences of market abuse (art. 25-sexies introduced by Law no. 62 of 18 April 2005);
- (viii) "transnational" crimes (introduced by Law no. 146 of 16 March 2006);

- (ix) crimes of manslaughter and serious or extremely serious personal injuries committed in violation of the regulations on the protection of health and safety in the workplace (art. 25-septies introduced by Law no. 123 of 3 August 2007 and subsequently superseded by LD no. 81 of 9 April 2008);
- (x) crimes for receiving stolen goods, money laundering, and use of money, goods or benefits of unlawful origin, as well as the crime of self-laundering (art. 25-octies introduced by LD no. 231 of 21 November 2007, subsequently supplemented with the crime of "self-laundering" by Law no. 186 of 15 December 2014);
- (xi) computer crimes and unlawful data processing (art. 24-bis introduced by Law no. 48 of 18 March 2008);
- (xii) crimes against industry and trade (art. 25 bis-1 introduced by Law no. 99 of 23 July 2009);
- (xiii) organized crime offences (art. 24-ter introduced by Law no. 94 of 15 July 2009 and most recently amended by Law no. 69 of 27 May 2015);
- (xiv) crimes relating to copyright infringement (art. 25-novies introduced by Law no. 99 of 23 July 2009);
- (xv) the crime of inducement not to make statements or to make false statements to the judicial authorities (art. 25-decies introduced by Law no. 116 of 3 August 2009 and subsequently amended by LD no. 121 of 7 July 2011);
- (xvi) environmental crimes (art. 25-undecies introduced by LD no. 121 of 7 July 2011 and subsequently supplemented with the inclusion of new crimes by Law no. 68 of 22 May 2015);
- (xvii) the crime of employment of illegally-staying third-country nationals (art. 25-duodecies introduced by LD no. 109 of 16 July 2012);
- (xviii) the crimes of racism and xenophobia (art. 25-terdecies introduced by Law no. 167 of 20 November 2017);
- (xix) the crimes of fraud in sporting competitions (art. 25-quaterdecies introduced by Law no. 39 of 3 May 2019);
- (xx) tax crimes (art. 25-quinquiesdecies introduced by Law no. 157 of 19 December 2019 converting Law Decree no. 124 of 26 October 2019);
- (xxi) crimes of smuggling (art. 26-sexiesdecies introduced by LD 75/2020).

Failure to comply with any disqualification penalties that may be applied to the entity (see art. 23 of the Decree) also constitutes a predicate crime.

## Adoption of the Model as an exemption

The regulation envisages a specific form of exemption where the entity proves that it has implemented an organizational and management model suitable for preventing the commission of Predicate crimes, continuously overseeing its operation and effectiveness, and updating it in light of developments in the company setting and in the regulatory framework.

These organizational, management and control models must meet the following requirements:

1. identify the activities within the scope of which the crimes provided for by the Decree may be committed;
2. provide for specific protocols directed at planning the formation and performance of the decisions of the Entity relating to Crimes to be prevented;
3. identify methods for managing financial resources suitable for preventing the commission of such Crimes;
4. provide for disclosure obligations with the body tasked with overseeing the operation of and compliance with the Models;
5. introduce a disciplinary system suitable for punishing non-compliance with the measures set out in the Models.

If the crime is committed by persons holding positions of representation, administration or management of the Entity or of one of its organizational units with financial and functional autonomy, as well as by persons who exercise, also de facto, management and control of the same, the Entity shall not be liable if it proves that:

1. the management body has adopted and effectively implemented, before the commission of the crime, organizational and management models capable of preventing crimes of the kind committed;

2. the task of overseeing the operation of and compliance with the Models and seeing to their updating has been entrusted to a body of the Entity possessing autonomous powers of initiative and control (Supervisory Board - SB);
3. the subjects have committed the crime by fraudulently circumventing the Models;
4. there has been no omitted or insufficient oversight on the part of the supervisory body on the Models.

If, on the other hand, the crime is committed by persons subject to the direction or supervision of one of the persons indicated above, the Entity is liable if the crime was committed as a result of non-compliance with the management and supervision obligations.

Such non-compliance is, in any case, excluded if the Entity, prior to the commission of the crime, has adopted and effectively implemented Models suitable to prevent crimes of the type of the crime occurred, according to an assessment that must necessarily be made beforehand.

Each company of the group, as individual recipients of the obligations of Legislative Decree 231/01, is called upon to independently carry out the activity of preparing and revising its own organizational model. This activity can also be carried out based on indications and implementation methods provided by the holding company with regard to the organizational and operational setup of the group, bearing clearly in mind that such indications shall not determine any limit to autonomy by the subsidiaries in the adoption and implementation of their own Model.

Specifically, the adoption by each company of the group of its own independent Model:

- allows it to construct a Model that is truly shaped on its own organizational setup. In fact, only the latter can carry out a clear and effective recognition and management of the risks of crime, which is necessary for the Model to be recognized as having the exempting effect referred to in article 6 of Legislative Decree 231/01; and
- reasserts the absolute autonomy of the individual operating unit of the group.

## Annex 4: List of Predicate crimes included in Legislative Decree no. 231/01

### Crimes

The Crimes that entail the liability of the Entity are exhaustively indicated by the legislator, and are subject to its frequent and periodic amendments and supplements; the need arises, therefore, to constantly assess the adequacy of the system of rules underlying the organizational, management and control model envisaged by the Decree and functional to the prevention of such Crimes.

Additionally, the scope of application of the administrative liability of entities will inevitably be further extended, but, in any event, these groups can be identified as follows:

### Crimes committed to the detriment of Public Administration (art. 24, 25 and 25-decies of the Decree):

- Embezzlement to the detriment of the State (art. 316-bis p.c.);
- Undue receipt of funds to the detriment of the State (art. 316-ter p.c.);
- Fraud in public supplies (art. 356 p.c.);
- Fraud to the detriment of the State or other public body or the European Union (art. 640, par. 2, no. 1, p.c.);
- Aggravated fraud to receive public funds (art. 640-bis p.c.);
- Computer fraud (art. 640-ter p.c.);
- Fraud in agriculture (art. 2 L. n. 898/1986)
- Misappropriation of funds and abuse of office to the detriment of the financial interests of the European Union (articles 314, 316 and 323 p.c.);
- Extortion (art. 317 p.c.);
- Bribery for the exercise of a function (art. 318 p.c.);
- Bribery for an act contrary to official duties (art. 319 p.c. - art. 319-bis p.c.);
- Bribery in judicial proceedings (art. 319-ter p.c.);
- Undue inducement to give or promise benefits (art. 319-quater p.c.);
- Bribery of a person in charge of a public service (art. 320 p.c.);
- Penalties for the corruptor (art. 321 p.c.);
- Incitement to bribery (art. 322 p.c.);
- Extortion, bribery and incitement to bribery of members of the International Criminal Court or the bodies of the European Communities and officials of the European Communities and foreign states (art. 322-bis p.c.);
- Abuse of office (art. 323 p.c.)
- Trafficking in unlawful influence (art. 346-bis p.c.);
- Undue receipt of aids, bonuses, indemnities, refunds, contributions to the detriment of the European Union - penalties (art. 2, Law no. 898/86);
- Inducement not to make statements or to make false statements to the judicial authorities (art. 377-bis p.c.).

### Computer crimes and unlawful data processing (art. 24-bis of the Decree):

- Unauthorized access to a computer or electronic system (art. 615-ter p.c.);
- Unlawful interception, impediment or interruption of computer or electronic communications (art. 617-quater);
- Installation of equipment capable of intercepting, impeding or interrupting computer or electronic communications (art. 617-quinquies p.c.);
- Damage to information, data and computer programs (art. 635-bis p.c.);
- Damage to information, data and computer programs used by the State or other public body or in any case of public utility (art. 635-ter p.c.);
- Damage to computer or electronic systems (art. 635-quater p.c.);
- Damage to computer or electronic systems of public utility (art. 635-quinquies p.c.);
- Unauthorized possession and disclosure of access codes to computer or electronic systems (art. 615-quater p.c.);
- Distribution of equipment, devices or computer programs aimed at damaging or interrupting a computer or electronic system (art. 615-quinquies p.c.);
- Forgery of electronic documents (art. 491-bis p.c.);
- Computer fraud of the person providing electronic signature certification services (art. 640-quinquies p.c.);
- Crime of obstructing the conditioning of proceedings for Cybersecurity and related inspection and supervision activities (art. 1, par. 11, LD 11, 105/2019).

## **Organized crime offences (art. 24-ter of the Decree):**

- Criminal association (art. 416 p.c.);
- Mafia-type association, including from outside Italy (art. 416-bis p.c.);
- Political-mafia electoral exchange (art. 416-ter p.c.);
- Kidnapping individuals for the purpose of robbery or extortion (art. 630 p.c.);
- Association aimed at the unlawful trafficking of drugs and psychotropic substances (art. 74 PD 309/1990);
- Illegal manufacture, introduction into the national domain, sale, transfer, possession and carrying in a public place or a place open to the public of weapons of war or war-like weapons or parts thereof, explosives, clandestine weapons, as well as more common firearms excluding those referred to in art. 2, par. 3 of Law no. 110 of 18 April 1975 (art. 407, par. 2, lett. a), no. 5 c.p.p.).

## **Counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (art. 25-bis of the Decree):**

- Counterfeiting money, spending and complicit introduction into the national domain of counterfeit money (art. 453 p.c.);
- Alteration of money (art. 454 p.c.);
- Spending and non-complicit introduction of counterfeit money into the national domain (art. 455 p.c.);
- Spending of counterfeit money received in good faith (art. 457 p.c.);
- Counterfeiting of revenue stamps, introduction into the national domain, purchase, possession or putting into circulation of counterfeit revenue stamps (art. 459 p.c.);
- Forgery of watermarked paper in use to manufacture public credit cards or revenue stamps (art. 460 p.c.);
- Manufacture or possession of watermarks or instruments intended to counterfeit money, revenue stamps or watermarked paper (art. 461 p.c.);
- Use of counterfeit or altered revenue stamps (art. 464 p.c.);
- Counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (art. 473 p.c.);
- Introduction into the national domain and trading of products with false signs (art. 474 p.c.).

## **Crimes against industry and trade (art. 25-bis-1 of the Decree):**

- Disruption of the freedom of industry and trade (art. 513 p.c.);
- Unlawful competition using threats or violence (art. 513-bis p.c.);
- Fraud against domestic industries (art. 514 p.c.);
- Fraudulent trading (art. 515 p.c.);
- Sale of non-genuine food products as genuine (art. 516 p.c.);
- Sale of industrial products with deceptive marks (art. 517 p.c.);
- Manufacture and sale of goods produced unlawfully appropriating industrial property rights (art. 517-ter p.c.);
- Counterfeiting of geographical indications or designation of origin of agro-food products (art. 517-quater p.c.).

## **Corporate crimes (art. 25-ter of the Decree):**

- False corporate statements (art. 2621 and 2621-bis c.c.);
- False corporate statements by listed companies (art. 2622 c.c.);
- False reporting in prospectuses (art. 173-bis T.U.F.<sup>1</sup>);
- False reports or statements from those responsible for the statutory audit (art. 27 LD 39/2010<sup>2</sup>);
- Control obstruction (art. 2625, par. 2, c.c.);
- Undue repayment of contributed capital (art. 2626 c.c.);
- Illegal distribution of profits and reserves (art. 2627 c.c.);
- Unlawful transactions involving shares or equity stakes of a company or its parent company (art. 2628 c.c.);
- Transactions to the detriment of creditors (art. 2629 c.c.);
- Failure to disclose a conflict of interest (art. 2629-bis c.c.);
- Fictitious capital formation (art. 2632 c.c.);

<sup>1</sup> Supersedes art. 2623 c.c. repealed by art. 34 Law 262/2005. This crime has been transferred to the TUF, but is not referred to in art. 25-ter of LD 231/01, which therefore does not apply.

<sup>2</sup> Art. 2624 c.c. repealed by art. 37, par. 34, LD 39/2010. This crime has been transferred to art. 27 of LD 39/2010, but is not referred to in art. 25-ter of LD 231/01, which therefore does not apply.

- Undue distribution of corporate assets by liquidators (art. 2633 c.c.);
- Unlawful influence on the shareholders' meeting (art. 2636 c.c.);
- Market rigging (art. 2637 c.c.);
- Obstructing public regulatory authorities in the performance of their duties (art. 2638, par. 1 and 2 c.c.).

Bribery among private individuals (art. 25-ter, par. 1, letter s-bis, of the Decree):

- Bribery among private individuals (art. 2635, par. 3 c.c.);
- Incitement to bribery among private individuals (art. 2635-bis, par. 1, c.c.).

### **Crimes for the purpose of terrorism or subversion of the democratic order (art. 25-quater of the Decree)**

All the crimes for the purpose of terrorism or subversion of the democratic order provided for by the Italian Penal Code and by special laws, as well as crimes other than the latter but committed in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism signed in New York on 9 December 1999, constitute a predicate crime.

The most relevant cases provided for by the Italian Penal Code include:

- associations for the purpose of terrorism, including of an international nature, or to subvert the democratic order (art. 270-bis p.c.);
- assistance to associates (art. 270-ter p.c.);
- recruitment for the purposes of terrorism, including of an international nature (art. 270-quater p.c.);
- training for activities for the purpose of terrorism, including of an international nature (art. 270-quinquies p.c.);
- conduct for the purposes of terrorism (art. 270-sexies p.c.);
- attack for the purposes of terrorism or subversion (art. 280 p.c.);
- act of terrorism with lethal or explosive devices (art. 280-bis p.c.);
- kidnapping for the purposes of terrorism or subversion (art. 289-bis p.c.);
- incitement to commit one of the crimes against the State (art. 302 p.c.);

in addition to all crimes aimed at directly or indirectly providing funds or assistance to persons who intend to commit terrorist crimes.

### **Female genital mutilation practices (art. 25-quater.1 of the Decree):**

- Female genital mutilation practices (art. 583-bis p.c.).

### **Crimes against the individual (art. 25-quinquies of the Decree):**

- Reduction or maintenance in a state of slavery or servitude (art. 600 p.c.);
- Child prostitution (art. 600-bis p.c.);
- Child pornography (art. 600-ter p.c.);
- Possession of pornographic material (art. 600-quater p.c.);
- Virtual pornography (art. 600-quater-1 p.c.);
- Tourist trips for the exploitation of child prostitution (art. 600-quinquies p.c.);
- Trafficking in human beings (art. 601 p.c.);
- Purchase and alienation of slaves (art. 602 p.c.);
- Unlawful intermediation and exploitation of labour (art. 603-bis p.c.);
- Solicitation of minors (art. 609-undecies p.c.).

### **Market abuse (art. 25-sexies of the Decree):**

- Abuse of privileged information (art. 184 TUF);
- Market manipulation (art. 185 TUF).

### **Manslaughter and serious or extremely serious personal injuries committed in violation of the regulations on the protection of health and safety in the workplace (art. 25-septies of the Decree):**

- Manslaughter (art. 589 p.c.);
- Serious personal injuries (art. 590, par. 3, p.c.).

### **Receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (art. 25-octies of the Decree):**

- Receiving stolen goods (art. 648 p.c.);
- Money laundering (art. 648-bis p.c.);
- Use of money, goods or benefits of unlawful origin (art. 648-ter, p.c.);
- Self-laundering (art. 648-ter.1 p.c.).

**Crimes relating to copyright infringement (art. 25-novies of the Decree):**

- Dissemination of a protected intellectual work (or a part thereof) through a system of electronic networks (art. 171, par. 1, lett a-bis and par. 3, L. 633/1941);
- Unauthorized handling of computer programs and protected databases (art. 171-bis L. 633/1941);
- Unauthorized handling of works with literary, musical, multimedia, cinematographic or artistic content (art. 171-ter L. 633/1941);
- Undue handling of media exempt from marking obligations or fraudulent non-compliance with marking obligations (art. 171-septies L. 633/1941);
- Unauthorized or otherwise fraudulent handling of equipment for decoding audiovisual transmissions with conditional access (art. 171-octies L. 633/1941).

**Environmental crimes (art. 25-undecies of the Decree):**

- Environmental pollution (art. 452-bis p.c.);
- Environmental disaster (art. 452-quater p.c.);
- Environmental pollution and environmental disaster of a culpable nature (art. 452-quinquies p.c.);
- Aggravated crimes of association (art. 452-octies p.c.);
- Trafficking and neglect of highly radioactive material (art. 452-sexies p.c.);
- Crimes relating to site remediation (art. 257 LD no. 152/2006);
- Killing, destroying, capturing, taking, possessing of specimens of protected wild animal or plant species (art. 727-bis, p.c.);
- Destruction or deterioration of habitats within a protected site (art. 733-bis, p.c.);
- Crimes relating to the protection of animal and plant species in danger of extinction (L.150/1992);
- Crimes relating to the discharge of industrial waste water (art. 137 LD 152/2006);
- Crimes relating to the unauthorized management of waste (art. 256 LD no. 152/2006);
- Violation of disclosure obligations, of keeping mandatory registers and forms (art. 258 LD no. 152/2006);
- Unlawful waste trafficking (art. 259 LD 152/2006);
- Activities organized for unlawful waste trafficking (art. 452-quaterdecies p.c.);
- Computerized waste traceability control system (art. 260-bis LD no. 152/2006);
- Crimes relating to the protection of the air and the reduction of emissions into the atmosphere (art. 279, par. 5 LD 152/2006);
- Crimes relating to the ozone and the atmosphere (art. 3, par. 6. L. 549/1993);
- Willful and negligent pollution caused by ships (art. 8, par. 1 and 2 and art. 9, par. 1 and 2 LD 202/2007).

**Employment of illegally-staying third-country nationals (art. 25-duodecies of the Decree):**

- Employment of foreign workers without a residence permit or with an expired, revoked or cancelled residence permit, aggravated by the number exceeding three, by the minor age, by the subjection to particularly exploitative working conditions (art. 22, par. 12-bis, LD 286/1998);
- Granting of unlawful entry (art. 12, paragraphs 3, 3-bis, 3-ter LD no. 286/1998);
- Aiding and abetting illegal stay (art. 12, par. 5 LD 286/1998).

**Racism and xenophobia (art. 25-terdecies of the Decree):**

- Propaganda and incitement to commit crimes for reasons of racial, ethnic and religious discrimination (art. 604-bis p.c.).

**Fraud in sporting competitions, unauthorized gaming or betting and gambling exercised by means of prohibited devices (art. 25-quaterdecies of the Decree):**

- Fraud in sporting competitions (art. 1 L. 401/1989);
- Unauthorized exercise of gambling or betting (art. 4 L. 401/1989).

**Tax crimes (art. 25-quinquiesdecies of the Decree):**

- Fraudulent tax return by using invoices or other documents for non-existent transactions (art. 2 LD 74/2000);
- Fraudulent tax return by using other expedients (art. 3 LD 74/2000);
- Issue of invoices or other documents for non-existent transactions (art. 8 LD 74/2000);
- Concealment or destruction of accounting documents (art. 10 LD 74/2000);
- Fraudulent avoidance of tax payments (art. 11 LD 74/2000);

- Crimes committed within the scope of cross-border fraudulent schemes in order to evade value added tax for a total amount of no less than ten million euro (untrue tax return - art. 4 LD no. 74/2000; omitted tax return - art. 5 LD 74/2000; undue compensation - art. 10-quater LD 74/2000).

## **Crimes of smuggling (art. 25-sexiesdecies of the Decree):**

- Smuggling in the movement of goods across land borders and customs areas (art. 282 PD no. 73/1943);
- Smuggling in the movement of goods in border lakes (art. 283 PD no. 73/1943);
- Smuggling in the movement of goods by sea (art. 284 PD no. 73/1943);
- Smuggling in the movement of goods by air (art. 285 PD no. 73/1943);
- Smuggling in non-customs areas (art. 286 PD no. 73/1943);
- Smuggling for undue use of goods imported with customs facilities (art. 287 PD no. 73/1943);
- Smuggling in customs warehouses (art. 288 PD no. 73/1943);
- Smuggling in cabotage and traffic (art. 289 PD no. 73/1943);
- Smuggling in the export of goods admitted to duty drawback (art. 290 PD no. 73/1943);
- Smuggling in import or temporary export (art. 291 PD no. 73/1943);
- Smuggling of foreign processed tobacco (art. 291 bis PD no. 73/1943);
- Aggravating circumstances for the crime of smuggling foreign processed tobacco (art. 291 ter PD no. 73/1943);
- Criminal association for the purpose of smuggling foreign processed tobacco (art. 291 quater PD no. 73/1943);
- Other cases of smuggling (art. 292 PD no. 73/1943);
- Aggravating circumstances of smuggling (art. 295 PD no. 73/1943).

## **Transnational crimes (extension of the Decree through introduction of Law no. 146, art. 10 of 16 March 2006 ratifying and implementing the UN Convention against transnational organized crime):**

- Criminal association (art. 416 p.c.);
- Mafia-type association, including from outside Italy (art. 416-bis p.c.);
- Criminal association for the purpose of smuggling foreign processed tobacco (art. 291 quater PD no. 43/1973);
- Association aimed at the unlawful trafficking of drugs and psychotropic substances (art. 74 PD 309/1990);
- Crimes relating to illegal immigration (art. 12, par. 3, 3-bis, 3-ter and 5, LD no. 286/1998);
- Inducement not to make statements or to make false statements to the judicial authorities (art. 377-bis p.c.);
- Personal aiding and abetting (art. 378 p.c.).

## **Penalties**

The determination of the applicable **pecuniary penalties** pursuant to the Decree hinges on a quota system. For each offence, in fact, the law abstractly determines a minimum and maximum number of quotas; the number of quotas can never be less than one hundred and more than one thousand, and the amount of the individual quotas can range from a minimum of approximately 258 euro to a maximum of approximately 1,549 euro. Based on these numbers, the judge, having ascertained the liability of the entity, determines the pecuniary penalty applicable to the case.

The judge's determination of the number of quotas is commensurate with the severity of the act, the degree of liability of the entity, and any activity carried out to remedy the consequences of the offence committed and to prevent others. The amount of the individual quotas is, on the other hand, fixed based on the financial and equity conditions of the entity, in order to guarantee the effectiveness of the penalty.

A ruling of conviction usually leads to an order of **confiscation** (also for equivalent amounts) of the price or profit deriving from the crime committed (except for the portion that can be returned to the damaged party). Failing an execution of the confiscation on the goods directly constituting the price or profit of the crime, the confiscation may concern sums of money, goods, or other benefits with a value equivalent to the price or profit of the crime.

As a precautionary measure, seizure may be ordered of things that, constituting the price or profit of the crime or their monetary equivalent, are susceptible to confiscation.

In the cases envisaged by the law, the penal judge may apply **disqualification penalties**, which can be extremely punitive as they affect the very activity of the entity.

In this sense, the need arises, first of all, to expressly provide for the possibility of applying a disqualification penalty following the commission of the predicate crime actually committed.

The second requirement is that the crime committed by the top manager has resulted in a significant profit for the entity, that the crime committed by the subordinate has been determined or facilitated by serious organizational deficiencies, or that the crimes have been repeated.

Disqualifying penalties may consist in:

- a) disqualification from exercising the activity;
- b) suspension or revocation of authorizations, licences or concessions functional to the commission of the offence;
- c) prohibition to deal with public administration, except to obtain the performance of a public service;
- d) exclusion from benefits, financing, contributions or subsidies and possible revocation of those already granted;
- e) prohibition on advertising goods or services.

The **publication of the sentence** in one or more newspapers, either in excerpt or in full, may be ordered by the judge, together with posting in the municipality where the Entity is headquartered, when a disqualification penalty is applied. Publication is carried out by the clerk of the competent judge and at the expense of the Entity.

In cases where the interruption of the Entity's activity could determine significant repercussions on employment and/or serious damage to the community (for entities that carry out a public service or a service of public necessity), the judge may order, in place of the disqualifying penalty, the continuation of the activity by an administrator.

### **Crimes committed abroad**

Article 4 of the Decree also regulates crimes committed abroad. The article envisages that entities with their head offices in Italy are also liable for crimes committed abroad in the cases and under the conditions envisaged by articles 7 to 10 of the Penal Code, provided that the State of the location where the offence was committed does not take action against them.

Therefore, the entity is punishable when:

- it has its head office in Italy, i.e. the actual location where administrative and management activities are carried out, which may also be different from the location of the company or registered office (entities with legal personality), or the location where activity is carried out on a continuous basis (entities without legal personality);
- the State of the location where the act was committed is not proceeding against the entity;
- the request from the Ministry of Justice, to which punishment may be subordinated, refers also to the entity itself.

These rules cover crimes committed entirely abroad by Company Representatives or subordinates.

As for the scope of application of the provision in question, any entity established abroad under the provisions of its domestic legislation which has, however, the headquarters or the main object in Italy, is subject to Italian legislation - therefore also to the Decree.

### **Attempted crimes**

The scope of application of the set of penalties provided for by Legislative Decree 231/2001 also applies if the crime has remained at the level of attempt (art. 26 of the Decree). The liability of the company, in fact, may also apply if the predicate crime takes the form of an attempt (art. 26 of the Decree), that is, when the subject carries out acts that are unequivocally suitable for committing the crime and the action is not carried out or the event does not take place (art. 56 p.c.).

In such case, the pecuniary and disqualification penalties are reduced by between one third and one half. Additionally, the entity is not liable when it voluntarily prevents the action from being carried out or the event from taking place.