



Lamberti

Lamberti S.p.A.

Model of Organisation, Management and Control

In accordance with art. 6, paragraph 3 of Legislative Decree 231 of 8th June 2001 "Regulation of the administrative liability of legal entities, companies and associations including those without legal status, according to article 11 of Law 300 of 29th September 2000"

Updated version, approved by the Board of Directors
on 12th September 2019

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DEFINITIONS

DECREE: Legislative Decree 231 of 8th June 2001

MODEL: these guidelines for the adoption, implementation and accomplishment of the Model of Organisation, Management and Control in accordance with the Decree

REGULATION OF THE SUPERVISORY BODY: regulation of the Supervisory Body, in which its activity is organised and regulated

TOP MANAGEMENT: persons who hold functions of representation, administration or direction of the Company or of one of its units with financial and functional autonomy, as well as persons who carry out the management or control of the Company, including de facto

DEPENDENT PERSONS: persons subject to the direction or surveillance of one of the persons cited in the point above

SUPERVISORY BODY (SB): the board provided for in point 7 of part B of this Model

RELEVANT CRIMES: the crimes cited in articles 24 and 25, *24-bis*, *24-ter*, *25-bis*, *25-bis.1*, *25-ter*, *25-quater*, *25-quinquies*, *25-septies*, *25-octies*, *25-novies*, *25-decies*, *25-undecies*, *25-duodecies* and *25-terdecies* of Legislative Decree 231 of 8th June 2001, and art. 10 of Law 146/2006, considered applicable according to the risk assessment activities currently conducted by the Company

COMPANY: Lamberti S.p.A.

COMPANIES IN THE GROUP: the Italian companies directly controlled by the Company, pursuant to art. 2359 of the Civil Code

WHISTLEBLOWING: defined as the reporting by an employee or more in general by the recipient of the Model, of irregular, potentially unlawful behaviours (e.g. episodes of potential bribery, fraud etc.) and improper behaviours (e.g. breach of corporate principles and rules). The recipients of the whistleblowing provisions in the private sector pursuant to Law 179/2017, are the Companies, groups of Companies, non-governmental organisations, non-profit (ONLUS) organisations, foundations, associations that have adopted a Model of Organisation, Management and Control pursuant to Legislative Decree 231/2001

Recitals

In the Italian legal order, Legislative Decree 231 of 8th June 2001 introduces and regulates the administrative liability for crime of legal entities, companies and associations, including those without legal status (so-called organisations).

This is a form of liability which affects the organisation for crimes committed, in its interest or for its benefit, by persons who are functionally connected with it (persons in top management positions and persons subject to the direction and surveillance of top management).

The Decree was enacted to implement art. 11 of delegated Law 300 of 29th September 2000, which assigned the Government the task of defining an administrative liability penalty system for organisations, in compliance with the obligations imposed by several important international documents: the European Communities financial protection Convention of 26th July 1995, the Convention related to the fight against bribery involving officials of the European Community or member states of the European Union, signed in Brussels on 26th May 1997, the OECD Convention of 17th September 1997 on the fight against bribery of foreign officials in international economic transactions.

In alignment with the regulatory systems of many countries of Europe, the Italian legislator therefore introduced liability for crimes of *societas*, defined as “that independent centre of interests and legal relations, a reference point of precepts of various kinds, and a matrix of decisions and activities of the persons operating in the name of, on behalf of or in any case in the interest of the organisation” (thus stated in the report on the preliminary project for reform of the Criminal Code).

Thus the regulatory framework was renewed: in fact prior to Legislative Decree 231/2001, the liability of an organisation for committing a crime was only indirect and was limited only to the civil obligation for payment of fines and penalties imposed on its legal representative (and only in the event of insolvency of the condemned person, art. 197 of the Criminal Code) and to the obligation of repayment and indemnification of the damage caused by the crime according to civil law (art. 185 of the Criminal Code).

Failure to comply with this regulation may lead to penalties for the organisation which can extend as far as prohibiting the same from carrying out its activity. However, the organisation is not liable in accordance with the Decree if it shows that, prior to committing the crime, it had adopted and effectively implemented a Model of Organisation, Management and Control appropriate for preventing crimes of the type of that which occurred.

Following the example of the guidelines issued by Confindustria¹ and Federchimica² and the best practices for internal control, Lamberti S.p.A. has provided for the formulation of this Model of Organisation, Management and Control (henceforth “the Model”).

1. Confindustria, “Guidelines for the construction of models of organisation, management and control pursuant to Legislative Decree 231/2001” approved on 7th March 2002 and updated on 31st March 2014.

2. Federchimica-Collana Editoriale of the Legal Affairs Committee, “Introductory Guide to the Models of Organization provided for by Legislative Decree 231/01 for Health and Safety crimes”, December 2008.

THE MODEL IS COMPRISED OF THE FOLLOWING SECTIONS:

GENERAL SECTION: describes the essential contents of Legislative Decree 231/2001 as well as the purposes and structure of the Model, for which the recipients and the main components are specified, such as: the Supervisory Body, the disciplinary system provided for in the event of breach, the communication and circulation obligations, training and the whistleblowing procedure adopted by the Company.

SPECIAL SECTION: identifies the types of crime that can imply the liability of the Company, the 'sensitive' activities where committing a crime is theoretically possible, and the protocols assigned for the prevention of the crimes under discussion. The Special Section is divided into sixteen sections: "Section A", related to crimes against the Public Administration (henceforth also "PA Crimes"); "Section B", related to information technology offences and unlawful handling of data (henceforth also "Information technology crimes"); "Section C" related to organised crime offences; "Section D" related to crimes of counterfeiting money, public bonds, duty stamped papers, identification marks and instruments (henceforth also "Public faith crimes"), "Section E" related to industrial and trade offences; "Section F" related to corporate crimes; "Section G" related to offences with the aim of terrorism and subversion of the democratic order; "Section H" related to crimes of manslaughter and serious or very serious bodily harm, committed with breach of the health and safety workplace regulations (henceforth also "Manslaughter and serious or very serious bodily harm"); "Section I" related to crimes of receiving, laundering and use of money, assets or other benefits of unlawful origin (henceforth also "Laundering crimes"); "Section L" related to copyright breach offences; "Section M" related to the crime of induction not to make statements or to issue mendacious statements to the legal authorities; "Section N" related to environmental crimes; "Section O", related to the crime of employing citizens from other countries without a legal permit of stay; "Section P" related to transnational crimes, "Section R" related to crimes of racism and xenophobia.

The rules, internal provisions, documents and operating procedures of the Company used to implement the Model shall also be considered an integral part of the same.

GENERAL SECTION

The Regulatory Framework

1. AREA OF APPLICATION AND NATURE OF LIABILITY OF ORGANISATIONS

In our order, the Decree introduces and regulates the **liability of ‘organisations’ for administrative criminal offences dependent on crime**. The organisations to which the Decree applies are all companies, associations with or without legal status, economic public bodies, and private corporations holding a public service concession.

Instead, the Decree does not apply to the State, local government, non economic public bodies, organisations carrying out functions of constitutional importance (e.g. political parties and trade unions) and to a series of other parties which carry out public functions. Organizations are liable for the committing or attempted committing of certain crimes by parties functionally connected with them.

The administrative liability of the organisation is independent from that of the natural person who commits the crime, and therefore exists even if the perpetrator of the crime has not been identified or if the crime has been cancelled for a reason other than amnesty. The liability of the organisation does not replace the personal liability of the individual for the crime committed, but is added to it.

2. PREDICATE OFFENCES

The organisation can only be deemed liable for certain crimes and specific “administrative criminal offences” (**so-called “Predicate offences”**) indicated by the Decree, its subsequent integrations, and the laws which expressly refer to the regulation of the Decree.

Originally only envisaged for crimes against the Public Administration (art. 25 of the Decree) or against Public Administration assets (art. 24), the liability of the organisation has also been extended, due to the regulatory provisions set forth subsequent to the Decree, to other types of crimes.

The table below lists the crimes which can give rise to the administrative liability of an organisation.

Predicate offences re. Legislative Decree 231/2001	Art.
Crimes committed in relationships with the Public Administration	24 e 25
Information technology offences and unlawful handling of data	24- <i>bis</i>
Organized crime offences	24- <i>ter</i>
Crimes of counterfeiting money, public bonds, duty stamped papers, and identification marks or instruments	25- <i>bis</i>
Industrial and trade offences	25- <i>bis</i> .1
Corporate crimes	25- <i>ter</i>

Offences with the aim of terrorism or subversion of the democratic order	25- <i>quater</i>
Female genitalia mutilation practices	25- <i>quater</i> .1
Offences against persons and individual freedom	25- <i>quinquies</i>
Market abuse	25- <i>sexies</i>
Manslaughter and serious or very serious bodily harm, committed by violating the accident prevention and health and safety workplace regulations	25- <i>septies</i>
Crimes of receiving, laundering and using money, assets or benefits of unlawful origin, as well as money-laundering	25- <i>octies</i>
Copyright breach offences	25- <i>novies</i>
Induction not to issue statements or to issue mendacious statements to the legal authorities	25- <i>decies</i>
Environmental crimes	25- <i>undecies</i>
Employment of citizens of other countries without a legal permit of stay	25- <i>duodecies</i>
Racism and xenophobia	25- <i>terdecies</i>
Fraud in sporting competitions, unlawful exercising of games or betting and gambling using prohibited equipment	25- <i>quaterdecies</i>
Transnational crimes	art. 10 of Law 146/2006

As of the data of approval of this Model, the predicate crimes for which activities have been carried out to analyse the risks of a crime being committed, both potentially and effectively, and that are therefore taken into consideration in this Model, belong to the categories indicated below.

Crimes committed in relations with the Public Administration (art.s 24 and 25 of the Decree)

- Misappropriation to the detriment of the State (art. 316-*bis* of the Criminal Code)
- Undue receipt of disbursements to the detriment of the State (art. 316-*ter* of the Criminal Code)
- Fraud to the detriment of the State or another public body or the European Communities (art. 640 of the Criminal Code, paragraph 2, no. 1)
- Aggravated fraud for the obtainment of state disbursements (art. 640-*bis* of the Criminal Code)
- Computer fraud to the detriment of the State or another public body (art. 640-*ter* of the Criminal Code)
- Extortion (art. 317 of the Criminal Code)

- Bribery by the exercising of a function (art. 318 of the Criminal Code)
- Bribery by way of an action conflicting with official duties (art. 319 of the Criminal Code)
- Aggravating circumstances (art. 319-*bis* of the Criminal Code)
- Bribery in legal proceedings (art. 319-*ter* of the Criminal Code)
- Improper induction to give or promise a benefit (art. 319-*quater* of the Criminal Code)
- Bribery of a person responsible for a public service (art. 320 of the Criminal Code)
- Criminal conspiracy (art. 321 of the Criminal Code)
- Incitement of bribery (art. 322 of the Criminal Code)
- Embezzlement, extortion, bribery and incitement of bribery of members of European Community bodies and officials of the European Community and foreign states (art. 322-*bis* of the Criminal Code)
- Illicit traffic of influences (art. 346-*bis* of the Criminal Code)

Information technology offences and unlawful handling of data (art. 24-*bis* of the Decree)

- Counterfeiting information technology documents (art. 491-*bis* of the Criminal Code)
- Unauthorized access to an information technology or data transmission system (art. 615-*ter* of the Criminal Code)
- Unauthorized retention and circulation of information technology or data transmission system access codes (art. 615-*quater* of the Criminal Code)
- Diffusion of information technology equipment, devices or programmes aimed at damaging or shutting down an information technology or data transmission system (art. 615-*quinquies* of the Criminal Code)
- Wire tapping, hindrance or unlawful disruption of information technology or data transmission communications (art. 617-*quater* of the Criminal Code)
- Installation of equipment able to wire tap, hinder or shut down information technology or data transmission communications (art. 617-*quinquies* of the Criminal Code)
- Damaging of information technology information, data and programmes (art. 635-*bis* of the Criminal Code)
- Damaging of information technology information, data and programmes used by the State or another public body, or in any case of public benefit (art. 635-*ter* of the Criminal Code)
- Damaging of information technology or data transmission systems (art. 635-*quater* of the Criminal Code)
- Damaging of information technology or data transmission systems of public benefit (art. 635-*quinquies* of the Criminal Code)
- Computer fraud by a person who performs electronic signature certification services (art. 640-*quinquies* of the Criminal Code)

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

- Criminal conspiracy (art. 416 of the Criminal Code)

- Mafia association including foreign mafia association (art. 416-*bis* of the Criminal Code)
- Offences committed making use of the conditions provided for by art. 416-*bis* of the Criminal Code; (therefore all offences committed making use of the intimidating power of membership and the condition of subjection and of conspiracy of silence deriving from it) or offences committed in order to facilitate the activity of the associations provided for in the same article
- Mafioso-political electoral exchange (art. 416-*ter* of the Criminal Code)
- Kidnapping for the purpose of extortion (art. 630 of the Criminal Code)
- Criminal conspiracy for the purposes of illegal drug or psychotropic substance trafficking (art. 74 of Presidential Decree 309/90)
- Illegal manufacturing, introduction on to Italian soil, sale, transfer, retention and carriage to a public place or a place open to the public of military weapons, or military type weapons, or parts of the same, explosives, illegal weapons and more common firearms (art. 407 paragraph 2, point A) number 5) of the Code of Criminal procedure)

Crimes of counterfeiting money, public bonds, duty stamped papers, and identification marks or instruments (art. 25-*bis* of the Decree)

- Forgery of money, spending and introduction into the State of forged money, when acting in concert (art. 453 of the Criminal Code)
- Alteration of monies (art. 454 of the Criminal Code)
- Spending and introduction into the State of forged money, without acting in concert (art. 455 of the Criminal Code)
- Spending of forged money received in good faith (art. 457 of the Criminal Code)
- Falsification of duty stamped papers, introduction into the State, purchasing, retaining or placing in circulation of falsified duty stamped papers (art. 459 of the Criminal Code)
- Counterfeiting of the watermarked paper in use for the manufacturing of public bonds or duty stamped papers (art. 460 of the Criminal Code)
- Manufacturing or retention of watermarks or instruments intended for use in the falsification of money, duty stamped papers or watermarked paper (art. 461 of the Criminal Code)
- Use of counterfeited or altered duty stamped papers (art. 464 of the Criminal Code)
- Counterfeiting, alteration or use of trademarks or particularities or of patents, models and designs (art. 473 of the Criminal Code)
- Introduction into the State and trading of products with counterfeit marks (art. 474 of the Criminal Code)

Industrial and trade offences (art. 25-*bis.1* of the Decree)

- Disturbed freedom of industry or trade (art. 513 of the Criminal Code)
- Unlawful competition with threats or violence (art. 513-*bis* of the Criminal Code)
- National industries fraud (art. 514 of the Criminal Code)
- Fraud in trading (art. 515 of the Criminal Code)

- Sale of non genuine foods as genuine (art. 516 of the Criminal Code)
- Sale of industrial products with mendacious marks (art. 517 of the Criminal Code)
- Manufacturing and trading of goods realized by usurping industrial property deeds (art. 517-*ter* of the Criminal Code)
- Counterfeiting of geographical indications or designation origins of agrifood products (art. 517-*quater* of the Criminal Code)

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

- Falsifying corporate communications (art. 2621 of the Civil Code)
- Facts of minor concern (art. 2621-*bis* of the Civil Code)
- False corporate reporting of listed companies (art. 2622 of the Civil Code)
- Obstruction of control (art. 2625 of the Civil Code)
- Undue repayment of contributions (art. 2626 of the Civil Code)
- Illegal distribution of profits and reserves (art. 2627 of the Civil Code)
- Unlawful dealing in stocks or shares of the company or its parent company (art. 2627 of the Civil Code)
- Transactions to the detriment of creditors (art. 2629 of the Civil Code)
- Omitted communication of conflict of interest (art. 2629-*bis* of the Civil Code)
- Fictitious increase of share capital (art. 2632 of the Civil Code)
- Improper distribution of corporate assets by the liquidators (art. 2633 of the Civil Code)
- Bribery among private individuals (art. 2635 of the Civil Code)
- Incitement of bribery among private individuals (art. 2635-*bis*, of the Civil Code)
- Illicit influence on the general shareholders' meetings (art. 2636 of the Civil Code)
- Market rigging (art. 2637 of the Civil Code)
- Hindering the exercising of the functions of the public surveillance authorities (art. 2638 of the Civil Code)

Offences with the aim of terrorism or subversion of the democratic order envisaged by the Criminal Code or by special laws (art. 25-*quater* of the Decree)

- Subversive conspiracy (art. 270 of the Criminal Code)
- Associations for the purposes of national/international terrorism and subversion of the democratic order (art. 270-*bis* of the Criminal Code)
- Assistance to the members (art. 270-*ter* of the Criminal Code)
- Recruiting people for national/international terrorism (art. 270-*quater* of the Criminal Code)
- Training for terrorist activities, also of an international nature (art. 270-*quinquies* of the Criminal Code)
- Financing terrorism-aimed activities (art. 270-*quinquies*.1 of the Criminal Code)
- Taking of seized goods or money (art. 270-*quinquies*.2 of the Criminal Code)
- Terrorist activities (art. 270-*sexies* of the Criminal Code)
- Terrorist or subversive attacks (art. 280 of the Criminal Code)
- Acts of terrorism using deadly weapons or explosives (art. 280-*bis* of the Criminal Code)

- Acts of nuclear terrorism (art. 280-*ter* of the Criminal Code)
- Kidnapping for the purpose of terrorism or extortion (art. 289 of the Criminal Code)
- Instigating others to commit one of the crimes provided for in Heading One and Two (art. 302 of the Criminal Code)
- Political conspiracy through agreement (art. 304 of the Criminal Code)
- Political conspiracy through association (art. 305 of the Criminal Code)
- Setting up and participating in armed gangs (art. 306 of the Criminal Code)
- Providing assistance to the members of a conspiracy or armed gang (art. 307 of the Criminal Code)
- Seizure, hijacking and destruction of aircraft (art. 1, Law no. 342/1976)
- Damages to ground installations (art. 2, Law no. 342/1976)
- Penalties (art. 3, Law no. 422/1989)
- Repentance (art. 5 of Legislative Decree no. 625/1979)
- Offences carried out in breach of the provisions of art. 2 of the international convention for the repression of terrorism financing set forth in New York on 9th December 1999

Female genitalia mutilation practices (art. 25-*quater*.1 of the Decree)

- Female genitalia mutilation practices (art. 583-*bis* of the Criminal Code)

Offences against persons and individual freedom (art. 25-*quinquies* of the Decree)

- Reducing or maintaining individuals in slavery or bondage (art. 600 of the Criminal Code)
- Child prostitution (art. 600-*bis* of the Criminal Code)
- Child pornography (art. 600-*ter* of the Criminal Code)
- Retention of pornographic material (art. 600-*quater* of the Criminal Code)
- Virtual pornography (art. 600-*quater*.1 of the Criminal Code)
- Tourism initiatives aimed at the exploitation of child prostitution (art. 600-*quinquies* of the Criminal Code)
- Human trafficking (art. 601 of the Criminal Code)
- Purchasing and trading of slaves (art. 602 of the Criminal Code)
- Illegal intermediation and exploitation of labour (art. 603-*bis* of the Criminal Code)
- Solicitation of children (art. 609-*undecies* of the Criminal Code)

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

- Misuse of privileged information (art. 184 and art. 187-*bis* of the Consolidated Law on Finance)
- Market manipulation (art. 185 and art. 187-*ter* of the Consolidated Law on Finance)

Manslaughter and serious or very serious bodily harm (art. 25-septies of the Decree)

- Manslaughter (art. 589 of the Criminal Code)
- Culpable injuries (art. 590 of the Criminal Code)

Crimes of receiving, laundering and using money, assets or benefits of unlawful origin, as well as money-laundering (art. 25-octies of the Decree, introduced by Legislative Decree 231/2007)

- Receiving laundered assets (art. 648 of the Criminal Code)
- Laundering (art. 648-bis of the Criminal Code)
- Use of money, assets or benefits of unlawful origin (art. 648-ter of the Criminal Code)
- Self-laundering (art. 648-ter.1 of the Criminal Code)

Copyright breach offences (art. 25-novies of the Decree, introduced by Law 99 of 23rd July 2009)

- Making available intellectual property, or part thereof, protected by copyright to the public on a telecommunications network (art. 171 of Law no. 633/1941, paragraph 1 point a) *bis*)
- Offences as per the previous point committed on other people's work not intended for publication if disclosure offends the author's dignity or reputation (art. 171 of Law no. 633/1941, paragraph 3)
- Unauthorized duplication for profit of computer programs; import, distribution, sale or possession for commercial or business purposes, and leasing of programs contained in media not bearing the SIAE mark (Italian Society of Authors and Publishers); holding means for removing or avoiding the protection devices of computer programs (art. 171-*bis*, of Law no. 633/1941, paragraph 1)
- Reproduction, transfer onto another medium, distribution, communication, presentation or demonstration in public of the contents of a data base; retrieval or reuse of a data base; distribution, sale or leasing of data bases (art. 171-*bis* of Law no. 633/1941, paragraph 2)
- Unauthorized duplication, reproduction, transmission or public dissemination by any means of all or part of intellectual properties developed for television or cinema use; sale or rental of records, tapes or analogue or other media containing sounds or images from musical works, films or similar audio-visual works or sequences of moving images; literary, dramatic, scientific or teaching, musical or musical drama, multimedia works, even if they are part of collective or composite works or databases; unauthorized reproduction, duplication, transmission or dissemination, sale or marketing, transfer in any way or unauthorized import of more than fifty copies of works protected by copyright and other related rights; introduces into a system of telecommunications network, through connections of any type, any intellectual property protected by copyright, or parts thereof (art. 171-*ter*, of Law no. 633/1941)
- Failure to notify the SIAE of the data for identifying media nor subject to mark-

ing or misrepresentation (art. 171-*septies* of Law no. 633/1941)

- Illegal production, sale, import, promotion, installation, alteration, public/private use of equipment, or parts thereof, capable of decoding audio-visual broadcasts subject to conditional access over the air or via satellite or cable, in either analogue or digital format (art. 171-*octies* of Law no. 633/1941)

Induction not to issue statements or to issue mendacious statements to the legal authorities (art. 25-*decies* of the Decree, introduced by Law 116 of 3rd August 2009 and modified by Legislative Decree 121 of 7th July 2011)

- Induction not to issue statements or to issue mendacious statements to the legal authorities (art. 377-*bis* of the Criminal Code)

Environmental crimes (art. 25-*undecies* of the Decree, introduced by Legislative Decree 121 of 7th July 2011)

- Environmental pollution (art. 452-*bis* of the Criminal Code)
- Environmental disaster (art. 452-*quater* of the Criminal Code)
- Unintentional crimes against the environment (art. 452-*quinquies* of the Criminal Code)
- Trafficking and dumping of highly radioactive waste (art. 452-*sexies* of the Criminal Code)
- Additional aggravating circumstances (art. 452-*octies* of the Criminal Code)
- Killing, destruction, capture, taking, keeping of specimens of protected animal or plant species (art. 727-*bis* of the Criminal Code)
- Destruction or debasement of habitat within a protected site (art. 733-*bis* of the Criminal Code)
- Import, export, possession, use for making profits, purchase, sale, display or possession for sale or for commercial purposes of protected species (arts. 1 and 2 of Law no. 150/1992)
- Discharging industrial waste waters containing dangerous substances; discharging onto the soil, into the subsoil and into underground waters; discharging into sea waters by sea vessels or aircraft (art. 137 of Legislative Decree no. 152/2006)
- Unauthorized waste management activities (art. 256 of Legislative Decree n. 152/2006)
- Pollution of the soil, subsoil, surface waters or underground waters (art. 257 of Legislative Decree no. 152/2006)
- Illicit waste trafficking (art. 259 of Legislative Decree no. 152/2006)
- Violation of reporting requirements, record keeping and required forms (art. 258 of Legislative Decree no. 152/2006)
- Activities organised for the purpose of illicit waste trafficking (art. 452-*quaterdecies* of the Criminal Code)
- False information as to the nature, composition and chemical and physical characteristics of waste in an analysis certificate of waste; entering a false waste analysis certificate into the SISTRI; omission or fraudulent alteration of the paper copy of the SISTRI form – handling area in waste transportation (art. 260-*bis* of Legislative Decree no. 152/2006)

- Penalties (art. 279, Law no. 152/2006)
- Fraudulent pollution caused by ships (art. 8 of Legislative Decree no. 202/2007)
- Accidental pollution caused by ships (art. 9 of Legislative Decree no. 202/2007)
- Termination and reduction of the use of harmful substances (art. 3, of Law no. 549)

Employment of citizens of other countries without a legal permit of stay (art. 25-*duodecies* of the Decree)

- Provisions against clandestine immigrations (art. 12, paragraphs 3, 3-*bis*, 3-*ter*, 5 of Legislative Decree 286/1998)
- Employment of citizens of other countries without a legal permit of stay (art. 22, paragraph 12-*bis* of Legislative Decree 286/1998)

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

- Propaganda or incitement to commit a crime of discrimination or violence for reasons of race, ethnicity or religion (art. 604-*bis* of the Criminal Code)

Fraud in sporting competitions, unlawful exercising of games or betting and gambling using prohibited equipment (art. 25-*quaterdecies* of the Decree)

- Fraud in sporting competitions (art. 1 of Law no. 401/1989)
- Unlawful exercising of games or betting (art. 4 of Law no. 401/1989)

Transnational crimes (art. 10 Law no. 146/2006)

- Provisions against clandestine immigrations (art. 12, paragraphs 3, 3-*bis*, 3-*ter*, 5 of the consolidated law as per Legislative Decree no. 286 of 25th July 1998)
- Criminal conspiracy for the purposes of illegal drug or psychotropic substance trafficking (art. 74 of Presidential Decree 309 of 9th October 1990)
- Criminal conspiracy aimed at the smuggling of foreign tobacco (art. 291-*quater* of Presidential Decree (D.P.R.) 43 of 23rd January 1973)
- Induction not to issue statements or to issue mendacious statements to the legal authorities (art. 377-*bis* of the Criminal Code)
- Aiding and abetting (art. 378 of the Criminal Code)
- Criminal conspiracy (art. 416 of the Criminal Code)
- Mafia association (art. 416-*bis* of the Criminal Code)

This document identifies, in the Special Part, for each category of crime applicable to the Company, its activities which are denominated 'sensitive' due to the inherent risk of crimes of the listed types being committed, and sets forth preventative principles and protocols for each of the sensitive activities.

The list of the above-mentioned crimes can be added to by the legislator so the Company shall constantly assess the relevance of any additional crimes, for the purposes of the Model, including those already envisaged and those to be envisaged in the Decree in the future. To demonstrate the constant focus on this, note that following the recent amendments made to the Decree and the findings of

the risk assessment activity, the latest update of the Model concerned the subject of whistleblowing, the amendments to the crimes of “Bribery among private individuals” (art. 2635 of the Civil Code); “Incitement of bribery among private individuals” (art. 2635-*bis* of the Civil Code); “Illegal intermediation and exploitation of labour” (art. 603-*bis* of the Criminal Code); “Propaganda or incitement to commit a crime of discrimination or violence for reasons of race, ethnicity or religion (art. 604-*bis* of the Criminal Code).

3. CRITERIA FOR ATTRIBUTION OF LIABILITY TO THE ORGANISATION

The necessary conditions for the new assignment of liability are indicated in art. 5 of the Decree:

“The organisation is liable for crimes committed in its interest or for its benefit:

a) by persons who hold functions of representation, administration or direction of the organisation or one of its organisation units with financial and functional independence, in addition to persons who carry out its management and control, including de facto;

b) by persons subjected to the direction or surveillance of one of the persons cited in point a).

The organisation is not liable if the persons indicated in paragraph 1 have acted in their own exclusive interest or that of third parties”.

The first condition requires the crime to have been committed by a person linked to the organisation by a qualified relationship. Therefore a significant connection must exist between the person-perpetrator of the crime and the organisation. According to the Decree, administrative liability of the organisation can only exist if the perpetrator of the crime belongs to one of the following two categories:

- *persons in ‘top management positions’,* such as, for example, the legal representative, director, general manager or the manager of an independent organisational unit, as well as persons who carry out the management of the organisation, including de facto managers. Essentially this means those persons who have the autonomous power to take decisions in the name of the Company and on its behalf. It is considered that all persons commissioned by the directors to carry out activities of management or direction of the Company also belong to this category. From this point of view, the structure of the system for the delegation of powers and functions is of particular importance in the overall logic used for the definition of this Model of Organisation, Management and Control;
- *‘dependent’ persons,* all those who are subjected to the direction and surveillance of the top management; typically employees, but also persons who do not belong to the staff of the organisation, who have been entrusted with an assignment to carry out under the direction and surveillance of the top management. What counts as regards belonging to this category is not the existence of a salaried employment contract but rather the activity carried out in concrete terms. The external persons concerned include, for example, freelancers, agents and consultants who carry out activities in the interest of the Company, on its mandate.

The second condition requires that the crime be committed in the interest or for the benefit of the organisation. The criterion of 'interest' exists when the perpetrator of the crime has acted with the intention of benefiting the Company, regardless of whether the objective is met, whereas the criterion of 'benefit' exists when the Company was able to obtain, or has effectively obtained, a favourable result from the committing of the crime.

The law does not necessarily require the benefit obtained or hoped for by the organisation to be of an economic nature: liability also exists in the supposition that the fact is in the interest of the Company, even in the absence of a concrete result.

The organisation is not liable if the fact of crime was committed independently from and at times even against the interest of the Company or in the exclusive interest of the perpetrator of the crime or in the exclusive interest of third parties.

If the above-described conditions are met, the organisation can be punished for the crime committed. However, in articles 6 and 7 the Decree introduces a form of exemption from liability for the crime, when:

- prior to the committing of the fact, the executive body has adopted and effectively accomplished **models of organisation, management and control** appropriate for preventing crimes of the same type as that which was committed;
- the task of monitoring the functioning of and compliance with the models and managing their updating has been entrusted to a board of the organisation with autonomous powers of initiative and control (named the 'Supervisory Body', henceforward also 'SB');
- the surveillance activities to be carried out by the aforesaid board have been performed in full, with the latter holding autonomous powers of initiative and control.

The conditions listed above must all exist in order for the liability of the organisation to be excluded. The exemption from liability of the organisation therefore depends on the adoption and effective implementation of a Model capable of preventing the crimes and on the establishment of a Supervisory Body with precise tasks related to the effective suitability and implementation of the Model. The organisation must show that it has done everything in its power to organise and manage itself and to check that none of the crimes provided for in the Decree can be committed in the performance of its business activities.

The Model functions as grounds for exonerating the organisation from punishment, whether the predicate crime has been committed by a "top management" person or a "dependent" person. However, if the crime is committed by a "top management" person, the Decree introduces a sort of related presumption of liability of the organisation: in addition to the three conditions stated above, the organisation must also show that the person has committed the crime by fraudulently eluding the Model. The Decree therefore requires, in this case, stronger proof of the organisation's lack of involvement in the crime, since the organisation must also prove that the person has fraudulently violated the rules contained in the Model.

On the other hand, for crimes committed by “dependent” persons the organisation can only be punished if it is ascertained that the committing of the crime was made possible by the failure to comply with the direction or surveillance obligations. In this case it is a question of veritable organisational negligence: the Company has indirectly consented to the committing of the crime by not presiding over its activities and dependent persons.

The adoption and implementation of the Model do not constitute an obligatory fulfilment in accordance with the law. However, the Model is the sole instrument available for proving one’s lack of guilt and, finally, for ensuring that one is not subjected to the penalties set out by the Decree. Thus it is in the interest of the Company to have an effective Model and to ensure full compliance with the same.

4. THE MODEL OF ORGANISATION, MANAGEMENT AND CONTROL

The Model acts as grounds for exemption of liability if it is effectively implemented. Without prejudice to the specifics cited in offences against the person and in particular in implementation of art. 30 of Legislative Decree 81/08, the Decree does not analytically state the characteristics and contents of the Model but limits itself to dictating a number of general principles and some of the essential elements of its content.

In particular, according to the Decree, the Model must:

- identify the activities during which crimes can be committed (so-called sensitive activities);
- provide for specific protocols – procedures – behavioural principles aimed at planning the formulation and implementation of the organisation’s decisions related to the crimes to be prevented;
- identify procedures for the management of financial resources which are appropriate for preventing the committing of crimes;
- provide for information obligations for the board delegated to monitoring the functioning of the Model and compliance with it;
- introduce an appropriate disciplinary system to punish failure to comply with the measures stated in the Model;
- with regard to the nature and size of the organisation as well as the type of activity carried out, provide for measures capable of ensuring that its activity is carried out in compliance with the law and to discover and promptly remove risky situations.

With reference to the effective implementation of the Model, the Decree provides for the requirement of a periodic check and its updating, when significant breaches of the requirements it contains have been detected or when organisational changes or changes in the activity of the organisation occur.

5. CRIMES COMMITTED ABROAD

By virtue of art. 4 of the Decree, the organisation may also be called upon to be

liable in Italy for predicate crimes committed abroad, on condition that the objective and subjective indictment criteria set out in the Decree are met.

However, the Decree conditions the possibility of prosecuting the organisation for crimes committed abroad to the existence of further necessary conditions:

- the State of the place in which the crime was committed is not proceeding;
- the headquarters of the organisation are on Italian soil;
- the crime is committed abroad by a person who is functionally linked to the Organization;
- the conditions of prosecutability provided for in articles 7, 8, 9 and 10 of the Criminal Code exist.

6. PENALTIES

The penalties for administrative criminal offences dependent on crime are: pecuniary penalties, prohibitory penalties, confiscation and publication of the conviction. These penalties are of an administrative nature, even if applied during proceedings of a criminal nature conducted by a criminal judge.

a) Pecuniary penalties

Pecuniary penalties are set by the judge by means of a system based on 'prescribed units'. The amount of the pecuniary penalty depends on the seriousness of the crime, the degree of liability of the Company, and the activity carried out to remove or mitigate the consequences of the crime or to prevent the committing of other criminal offences. When determining the amount of the penalty, the Judge takes into account the Company's economic and financial conditions.

b) Prohibitory penalties

Prohibitory penalties can be applied in addition to pecuniary penalties, but only if they are expressly envisaged for the crime in question and provided that at least one of the following conditions exists:

- the organisation has gained a significant advantage from the crime and the crime was committed by a "top management" person or a "dependent" person, but only when the committing of the crime was made possible by serious organisational deficiencies;
- in the event of reiteration of the criminal offences.

The prohibitory penalties provided for by the Decree are:

- temporary or permanent prohibition of the carrying out of the activity;
- suspension or revocation of permits, licences or concessions functional to the committing of the criminal offence;
- prohibition of negotiating with the Public Administration, except in order to obtain the performance of a public service;
- disqualification from facilitations, funding, aid or grants and possible revocation of those already granted;
- temporary or permanent prohibition from advertising goods or services.

Prohibitory penalties target the specific activity concerned by the organisation's criminal offence, and are normally temporary, lasting for a period of from three months to two years, but can exceptionally be applied with permanent effect. They can also be applied as a precaution prior to the conviction, upon the Public Prosecutor's request, when serious clues to the liability of the organisation subsist and there are founded and specific elements that imply a concrete risk of criminal offences of the same nature as the one subject to proceedings being committed.

Law no. 3 of 2109 introduced a mechanism that tends to reward the collaborative behaviours of the Organisation, reducing the prohibitory penalties envisaged for crimes of extortion, bribery among private individuals and in legal proceedings, illicit offer to give or promise benefits and incitement of bribery, if before the preliminary judgement the Organisation has effectively made arrangements to prevent the activity from resulting in further consequences, to ensure the evidence of the crimes is available and to identify the perpetrators, that is to seize the sums of money or other benefits transferred, and has eliminated the organisational shortcomings that have led to the occurrence of the crime, by adopting and implementing organisational models capable of preventing the occurrence of further crimes of the same type as that identified. The prohibitory penalties will be applied for a period of no less than three months and no longer than two years³.

c) Confiscation

This consists in the State acquiring the value or advantage derived from the committing of the crime, or of an equivalent value.

d) Publication of the conviction

This consists in the publication of the conviction one single time, in shortened form or in full at the expense of the organisation, in one or more newspapers indicated by the Judge in the sentence as well as in posters put up in the municipality in which the headquarters of the organisation is situated.

With the exception of cases of suspension of the limitation, the fines are prescribed within a period of 5 years from the date on which the crime was committed.

The final conviction of the organisation is registered in the national register of fines for crimes by organisations: a set of records containing all the decisions related to penalties which have become irrevocable, applied to organisations in accordance with the Decree.

7. ALTERATIONS OF THE ORGANISATION

Only the organisation is liable for paying the **pecuniary penalty** imposed on the organisation, with its assets or the mutual fund. The regulations therefore exclude

3. As per paragraph 5-bis of art. 25 of Legislative Decree 231/2001, introduced by paragraph 9 of art. 1 of Law no. 3 of 9th January 2019

any direct financial liability of shareholders or partners, independently of the legal status of the corporate organisation.

Prohibitory penalties are applied based on the principle that these remain the liability of the organisation that still hosts (or has incorporated) the field of activity in whose area the crime was committed.

The Decree also expressly regulates the regime of liability of the organisation in the event of alterations or, to be more precise, in the event of transformation, merger, splitting and transfer of a company.

In particular, in the event of **transformation** of the organisation, the liability for crimes committed before the date on which the transformation took effect shall remain in force. The new organisation will therefore be the recipient of penalties applicable to the original organisation for facts committed prior to the transformation.

In the event of **merger**, the organisation resulting from the merger, including mergers by incorporation, is liable for the crimes for which those organisations taking part in the merger were liable. If the merger takes place before the conclusion of the investigation proceedings concerning the liability of the organisation, the judge will take into account the economic conditions of the original organisation and not those of the organisation resulting from the merger.

In the event of a **split**, the liability of the split organisation for crimes committed before the date on which the split took effect and those who benefited from the split are jointly obliged to pay the pecuniary penalties applied to the split organisation up to the limits of the value of the net assets transferred to each individual organisation, except in the case of organisations to which the branch of business in which the crime has been committed has been transferred; the **prohibitory penalties** are applicable to the organisation(s) into which the business branch in which the crime was committed remained or flowed. If the split takes place before the conclusion of the investigation proceedings concerning the liability of the organisation, the judge will take into account the economic conditions of the original organisation and not those of the organisation resulting from the merger.

In the event of **transfer** or **sale** of the company in the area in which the crime was committed, without prejudice to the grantor organisation's right of advanced enforcement, the grantee is jointly liable with the grantor organisation for payment of the pecuniary penalty, within the value limits of the ceded company and within the limits of the pecuniary penalties which result from the mandatory account books, or which the grantee was in any case aware of.

In any case, **prohibitory penalties** are applied to the organisations to which the field of activity within which the crime was committed has remained, or to which it was transferred or partially transferred.

GENERAL SECTION

**The
Lamberti s.p.A.
Model**

This Model of Organisation, Management and Control implements art. 6, paragraph 3 of the Decree and constitutes to all effects the internal regulations of the Company. In compliance with the provisions of the Decree, with a resolutions passed by the Board of Directors on 12th September 2019, the Company adopted a subsequent, updated version of its Model of Organisation, Management and Control (this Model).

The Model was formulated taking into account the structure and the activity concretely carried out by the Company, the nature and size of its organisation, and an analysis of the risk posed should the predicate crimes be committed, as specified below.

For the purpose of preparing this Model, the Company has arranged to:

- **map the activities at risk** (the so-called 'sensitive activities'): by interviewing the managers of the company functions and analysing the company organisation charts and the system for the distribution of responsibilities, identifying the areas in which it is more likely that the predicate crimes indicated in the Decree will be committed;
- **identifying the existing control procedures**: by means of interviews with the managers of the company functions, supplemented with self-assessment questionnaires, identifying the existing control procedures in the sensitive areas pinpointed previously;
- **calculating the residual risk for every sensitive activity**: the risk that the crimes will be committed was estimated, having considered the internal control system which characterises the activity in question;
- **identifying preventative principles and rules**: on the basis of the results of the two previous stages, it identified the principles and rules to be implemented to prevent, as far as reasonably foreseeable and possible, the predicate crimes significant for the Company from being committed.

1. PURPOSE AND CONTENT OF THE LAMBERTI S.p.A. MODEL

The main objective of the Model is to set up a structured and organic organisational and control procedure system aimed at preventing, as far as reasonably foreseeable and possible, the committing of behaviour that could constitute the crimes contemplated by the Decree, as well as rendering the existing system of controls and governance more effective.

The Model offers a valid instrument for raising the awareness of all employees and stakeholders (suppliers, customers, trade partners etc.), in order that they all adopt proper and transparent behaviour in line with the ethical values inspiring the Company in the pursuit of its business purpose and which in any case are such as to prevent the risk of the crimes contemplated by the Decree from being committed.

The Model proposes the diffusion and consolidation of a **business culture based on legality**: the Company therefore punishes all behaviour contrary to the law, and in particular to the provisions of the Model and the Code of Ethics, even when the behaviour takes place in the interest of the Company or with the intention of benefiting the same.

The Model also aims to **disseminate a control culture** which must govern all the decision-making and operative stages of the Company's activity. The aforesaid aims are achieved by adopting appropriate measures for improving efficiency when carrying out the business activities and creating an efficient and well-balanced business organisation, with particular emphasis on decision-making and the transparency of decisions, on preventive and subsequent controls, as well as on internal and external information, in constant compliance with the law and the rules, by promptly identifying and eliminating risky situations.

The fundamental principles on which the Model is founded are:

- mapping of the activities at risk, that is those activities within which the committing of the crimes provided for in the Decree is more likely (the so-called 'sensitive activities');
- checking and documentation of every significant operation within the field of the activities at risk regarding the committing of predicate crimes;
- application and compliance with the principle of separation of functions, according to which no-one can manage an entire process autonomously;
- attribution of powers consistent with the organisational responsibilities;
- ex-post checking of company behaviour as well as the proper functioning of the Model, in order to allow its periodic updating;
- dissemination and the involvement of all levels of the company in the implementation of rules of conduct, procedures and company policies which are compliant with the principles set out in the Model;
- assignment of specific surveillance tasks to the Supervisory Body to ensure the effective and proper functioning of the Model.

2. RELATIONSHIP BETWEEN THE MODEL AND THE CODE OF ETHICS

The Code of Ethics of the Company, adopted with a resolution of the Board of Directors on 12th September 2019, contains the principles of behaviour and the ethical values which inspire the Company in the pursuit of its business purpose and its objectives. These principles and values must be complied with by everyone who interacts with the Company.

The Code of Ethics is therefore an essential foundation of the Model. The regulations contained in the Model require compliance with the provisions of the Code of Ethics, and with it form a corpus of internal rules aimed at the diffusion of a culture of ethics and corporate transparency. The Code of Ethics, which is understood to be fully referred to here, constitutes an integral part of the Model.

3. ADOPTION OF AND THE MAKING OF CHANGES AND ADDITIONS TO THE LAMBERTI S.p.A. MODEL

The Board of Directors has sole competence for the adoption, modification and integration of the Model.

The Model must always be promptly modified or integrated by the Board of Directors, also on request of the Supervisory Body, when:

- there have been significant changes to the regulatory framework, organisation or activity of the Company; or

- breaches or avoidance of its requirements have taken place, which have demonstrated the ineffectiveness or inconsistency of the Model for the purpose of preventing crimes.

In any case the Supervisory Body must promptly notify the Chairman of the Board of Directors in writing of any facts which highlight the need to change or update the Model. In such a case the Chairman of the Board of Directors must convene the Board of Directors so that it can pass the resolutions within its field of competence. All changes, updates or additions to the Model must always be communicated to the Supervisory Body.

Should changes of a solely formal nature to the Model be necessary, the Managing Director, having consulted with the Supervisory Body, can provide for them autonomously. Subsequent communication of such changes shall be made to the entire Board of Directors.

Changes to company procedures which are necessary for the implementation of the Model are made by the company functions concerned. The Supervisory Body is constantly informed about the updating and implementation of the new operating procedures and may give its opinion on the proposed changes. When approval of new company procedures renders it necessary to make changes to the Model, the Managing Director may proceed with this, subject to the Board of Directors ratifying these at the first relevant meeting.

4. CRIMES RELEVANT TO THE COMPANY

In the light of the analysis conducted by the Company to date for the purposes of preparation of this Model, the predicate crimes provided for by the following laws are considered relevant for the Company: Legislative Decree 231/2001, articles 24 and 25 (crimes committed in relations with the Public Administration), 24-*bis* (information technology offences and unlawful handling of data), 24-*ter* (organised crime offences), 25-*bis* (public faith crimes), 25-*bis.1* (industrial and trade offences), 25-*ter* (corporate crimes), 25-*quater* (offences with the aim of terrorism and subversion of the democratic order), 25-*quinquies* (Offences against persons and individual freedom), 25-*septies* (manslaughter and serious or very serious bodily harm, committed with breach of the accident prevention and health and safety workplace regulations), 25-*octies* (receiving, laundering and use of money, assets or benefits of unlawful origin), 25-*novies* (copyright breach offences), 25-*decies* (induction not to issue statements or to issue mendacious statements to the legal authorities), 25-*undecies* (environmental crimes), 25-*duodecies* (employment of citizens of other countries without a legal permit of stay) and art. 10 of Law 146/2006 (transnational crimes), 25-*terdecies* (racism and xenophobia). Concerning the possible ways of carrying out the predicate crimes relevant to the Company, in the Special Part the Model identifies the sensitive activities in the area of which the aforesaid crimes may be committed.

The relevant crimes for the Company have been identified based on the analysis conducted up to the time of adoption of this Model by the Board of Directors:

- of the main activity carried out by the Company;
- of the socio-economic context in which the Company operates;
- of the relationships and legal and economic relations that the Company establishes with third parties;
- of discussions with the top management of the Company and interviews conducted with the function managers, and of these persons' perception of the level of risk of the committing of crimes, given the internal control system in existence within the Company.

Possible changes to the elements which constituted the basis for the aforesaid analysis may bring about the need to extend or reduce the number of predicate crimes listed below. To this end the Company undertakes, within the framework of the constant monitoring of the Model and in collaboration with the Supervisory Body, to keep the list of predicate crimes constantly updated, including in the light of the risk assessment conducted and periodically updated, which constitutes the foundation for the preparation and updating of the Model.

Crimes committed in relations with the Public Administration (articles 24 and 25 of the Decree)

- *Misappropriation to the detriment of the State* (art. 316-bis of the Criminal Code): constituted by the conduct of a person, extraneous to the Public Administration who, having obtained from the State or another public body or the European Community, aid, grants or funding intended to favour initiatives directed at the realization of works or the carrying out of activities of public interest, does not use them for the aforesaid purposes.
- *Undue receipt of disbursements to the detriment of the State* (art. 316-ter of the Criminal Code): constituted by the conduct of a person who, unless the fact constitutes the crime provided for by art. 640-bis of the Criminal Code, by means of the use or presentation of statements or documents which are false or attest untruths, or by means of the omission of due information, unjustly obtains for himself or for others, aid, funding, subsidized loans or other disbursements of the same type, however they may be named, granted or allocated by the State, by other public bodies or by the European Communities.
- *Fraud to the detriment of the State or another public body* (from art. 640 of the Criminal Code paragraph 2, no. 1): constituted by the conduct of a person who, with tricks or deceit and by misleading someone, secures for himself or others an unjust advantage to the detriment of the State or another public body, or with the pretext of having that person be exempted from military service, or if the fact is committed by instilling in the injured person the fear of an imaginary risk or the incorrect belief that they must carry out an order of the Authority.
- *Aggravated fraud for the obtainment of state disbursements* (art. 640-bis of the Criminal Code): constituted by the same conduct as in the point above, when carried out to obtain aid, funding, subsidized loans or other disbursements of the same type, however they may be named, granted or allocated by the State, other public bodies or the European Communities.
- *Computer fraud to the detriment of the State or another public body* (art. 640-ter

of the Criminal Code, paragraph 2): constituted by the conduct of a person who, by altering in any way whatsoever the functioning of an information technology or data transmission system, or by interfering without the right to do so in any way with data, information or programs contained in an information technology or data transmission system or pertinent to one, secures for himself or others an unjust advantage to the detriment of the State or another public body.

- *Bribery by exercising a function* (art. 318 of the Criminal Code): constituted by the conduct of a public official or a public service officer who, in order to carry out his functions or powers, receives or accepts the promise of money or another benefit not due to him for himself or a third party.
- *Bribery for an action conflicting with official duties* (art. 319 of the Criminal Code): constituted by the conduct of a public official who, in order to omit or delay or because he has already omitted or delayed an act of his office, or to carry out or because he has already carried out an act conflicting with official duties, receives or accepts the promise of money or another benefit for himself or a third party.
- *Bribery in legal proceedings* (art. 319-ter of the Criminal Code, paragraph 2): constituted by acts of bribery, when committed to favour or damage a party in a civil, criminal or administrative trial.
- *Improper induction to give or promise a benefit* (art. 319-quater of the Criminal Code): constituted by the conduct of a public official or a public service officer who, unless the fact constitutes a more serious offence, by abusing his position or powers induces someone to improperly give or promise, to himself or a third party, money or another benefit, as well as the conduct of the person who gives or promises the money or other benefit.
- *Bribery of a public service officer* (art. 320 of the Criminal Code): constituted by the act cited in articles 318 and 319 of the Criminal Code when committed by a public service officer.

Pursuant to art. 321 of the Criminal Code (Penalties for the briber), the penalties established in articles 318, paragraph 1, 319, 319-bis, 319-ter and 320 of the Criminal Code in relation to the cases set forth on articles 318 and 319 of the Criminal Code are also applied to those who give or promise money or other benefits to public officials or public service officers.

- *Incitement of bribery* (art. 322 of the Criminal Code): constituted by the conduct of a person who offers or promises money or another benefit not due, to a public official or a public service officer, for the exercising of his functions or powers, or to induce him to omit or delay an act of his office, or perform an act contrary to his duties, when the offer or promise is not accepted. It also refers to the conduct of the public official or public service officer who solicits a promise or dation of money or another benefit for the exercising of his functions or powers or who solicits a promise or dation of money or another benefit on the part of a private individual for the purposes stated in art. 319 of the Criminal Code.
- *Embezzlement, extortion, illicit offer to give or promise benefits, corruption and incitement to bribery of the members of the bodies of the European Communities and of the officials of the European Communities and of Foreign States* (art. 322-bis of the Criminal Code): constituted by facts of bribery as per articles 314, 316, from 317 to 320 and 322, paragraphs 3 and 4, of the Criminal Code, is also applicable to:

- members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Audit of the European Communities;
- the officers and the agents hired with a contract compliant with the by-laws of the officers of the European Communities or the regime applicable to the agents of the European Communities;
- the people controlled by the member States or any public or private organisation at the European Communities, who exercise functions that correspond to those of the officers of agents of the European Communities;
- the members and workers of organisations incorporated based on the founding Treaties of the European Communities;
- those who, in other member States of the European union, perform functions or activities that correspond to those of public officials and public service officers.

The provisions of arts. 319-*quater*, paragraphs 2, 321 and 322, paragraphs 1 and 2 of the Criminal Code, also apply to persons who give or promise money or another benefit:

- to the aforesaid persons;
- to persons who carry out functions or activities which correspond to those of public officials and public service officers in other foreign States or international public organisations, when the act is committed to secure for themselves or others an unjust benefit in international economic operations or in order to obtain or maintain an economic or financial activity.

The aforesaid persons are likened to officials when they carry out corresponding functions, and to public service officers in other cases.

- *Illicit traffic of influences* (art. 346-*bis* Criminal Code): constituted by the conduct of a person who, except for the cases of concurring in the crimes envisaged by articles 318, 319, 319-*ter* and in the crimes of bribery as per art. 322-*bis*, by exploiting or boasting existing or alleged relationships with a public official or a public service officer or one of the parties described in art. 322-*bis*, unjustly has people give or promise to himself or others, money or other benefits, as the price of his illicit mediation towards a public official or a public service officer or one of the parties described in art. 322-*bis*, that is, to pay the same in relation to the exercising of his functions or powers, is punished with a sentence of imprisonment for a period of from one year to four years and six months. The same punishment is applied to the person who gives or promises the money or other benefit. The penalty is increased if the party who unjustly has people give or promise to himself or others, money or other benefits, is a public official or a public service officer. The penalties are also increased if the facts are committed in relation to the exercising of judiciary activities or to remunerate the public official or public service officer or one of the other parties described in art. 322-*bis* in relation to the fulfilment of an action contrary to their official duties or to the omission or delay of an action of his office. If the facts are particularly minor, the penalty is reduced.

Information technology offences and unlawful handling of data (art. 24-bis of the Decree)

- *Counterfeiting information technology documents* (art. 491-bis of the Criminal Code): this offence extends the criminal punishability of the crimes provided for within Book II, Paragraph VII, point III of the Criminal Code, or to be more precise the case of material or ideological counterfeiting committed with regard to official documents, certificates, permits, private deeds or private documents, by a representative of the Public Administration or a private individual, when the subject is an “information technology document which has evidential effectiveness”, that is an information technology document containing at least a digital signature, which can be used to identify the author and the fixed date requirement. “Information technology document” means the computerised representation of legally significant acts, facts or data (art. 1, para.1, point p, Legislative Decree 82/2005).
- *Unauthorized access to an information technology or data transmission system* (art. 615-ter of the Criminal Code): this provision punishes the conduct of a person who illegally enters, that is eluding any form whatsoever of access barrier even if minimal, an information technology or data transmission system protected by security measures, or remains in it against the will of those with the right to exclude him. It is important to emphasise that this crime does not subsist if no security measures are envisaged, as only by arranging security measures (not by pointing out their adequacy) is the administrator’s will to prevent access to the information technology system made evident.
- *Unauthorized possession and diffusion of codes for accessing information technology or data transmission systems* (art. 615-quater of the Criminal Code): this offence punishes the conduct of a person who, without authorisation, obtains, duplicates, spreads, communicates or hands over codes, keywords or other means that can be used to access an information technology or data transmission system protected by security measures, or in any case provides indications or instructions to this effect, for the purpose of obtaining an advantage for himself or others or causing damage to others.
- *Diffusion of equipment, devices or information technology programmes aimed at damaging or shutting down an information technology or data transmission system* (art. 615-quinquies of the Criminal Code): this law punishes the conduct of a person who, in order to unlawfully damage an information technology or data transmission system, or to be more precise the information, data or programs contained in or pertinent to it, or to promote the disruption or alteration of its functioning, obtains, produces, duplicates, imports, spreads, communicates, hands over, or in any case makes available to others equipment, devices or information technology programs.
- *Unauthorized wire tapping, hindrance or disruption of information technology or data transmission communications* (art. 617-quater of the Criminal Code): this law punishes the conduct of a person who fraudulently wire taps, hinders or disrupts communications related to an information technology or data transmission system or that are exchanged between several systems, or wholly or partially reveals the content of these communications to the public using any means of information.

- *Installation of equipment designed to wire tap, hinder or shut down information technology or data transmission communications* (art. 617-quinquies of the Criminal Code): this provision punishes the conduct of a person who, except for the cases allowed by law, installs equipment designed to wire tap, hinder or shut down communications related to an information technology or data transmission system, or communications exchanged between several systems.
- *Damaging of information, data and information technology programs* (art. 635-bis of the Criminal Code): this provision punishes the conduct of a person who destroys, damages, cancels, alters or suppresses information, data or information technology programs of others, unless the act constitutes a more serious crime.
- *Damaging of information, data and information technology programs used by the State or another public body, or in any case of public benefit* (art. 635-ter of the Criminal Code): this law punishes the conduct of a person who commits an act aimed at destroying, damaging, cancelling, altering or discontinuing information, data or information technology programs used by the State or another public body or pertinent to them, or in any case of public benefit, unless the act constitutes a more serious crime.
- *Damaging of information technology or data transmission systems* (art. 635-quater of the Criminal Code): this provision punishes the conduct of a person who, by means of the behaviour cited in art. 635-bis or through the introduction or transmission of data, information or programs, destroys, damages, or wholly or partially renders the information technology or data transmission systems of others useless or seriously impedes their functioning, unless the act constitutes a more serious crime.
- *Damaging of information technology or data transmission systems of public benefit* (art. 635-quinquies of the Criminal Code): the law incriminates the conduct described in the previous art. 635-quater, when it is aimed at wholly or partially destroying, damaging or rendering information technology or data transmission systems of public benefit useless or seriously impeding their functioning.

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

- *Criminal conspiracy* (art. 416 of the Criminal Code): punishes those who promote, constitute or organise an association of three or more persons for the purpose of committing several offences, as well as those who participate in them.
- *Mafia association including foreign mafia association* (art. 416-bis of the Criminal Code): punishes anyone who is part of a Mafia association made up of three or more persons, as well as those who promote, lead or organise it. The association is Mafioso when those who are part of it make use of the intimidating power of membership and the condition of subjection and conspiracy of silence deriving from it to commit offences, to directly or indirectly acquire the management or in any case the control of economic activities, concessions, permits, contracts and public services or to gain unjust profit or benefits for themselves or others, or to prevent or hinder free voting or to secure votes for themselves or others during elections. The association is considered armed when the participants have the availability of arms or explosives for the achievement of the aim of the association, even if they are hidden or kept in a repository. The provisions

of art. 416-*bis* of the Criminal Code also apply to the Camorra, the 'ndrangheta and other associations, however they may be named locally and include foreign associations, which by availing themselves of the intimidating power of membership pursue aims equivalent to those of Mafia associations.

- *Offences committed making use of the conditions provided for by art. 416-bis of the Criminal Code, or to facilitate the activity of the associations provided for by that same article.*

Public faith crimes (art. 25-*bis* of the Decree)

- *Counterfeiting, alteration or use of trademarks or particularities or patents, models and designs* (art. 473 of the Criminal Code): constituted by the conduct of a person aware of the existence of an industrial property deed, who counterfeits or alters trademarks or particularities, whether domestic or foreign, of industrial products or without effectively participating in the counterfeiting or alteration, makes use of such counterfeited or altered trademarks, or counterfeits or alters industrial, domestic or foreign patents, designs or models, or without effectively participating in the counterfeiting or alteration, makes use of such counterfeited or altered patents, designs or models.
- *Introduction to the State and trading of products with counterfeit marks* (art. 474 of the Criminal Code): punishes whoever, except for cases of concurring in the crimes provided for by art. 473 of the Criminal Code:
 - introduces industrial products with counterfeited or altered domestic or foreign trademarks or other particularities on to Italian soil in order to benefit from the same;
 - except for cases of concurring in the counterfeiting, alteration or introduction to Italian soil, or possesses with the intent to sell, offers for sale or otherwise places in circulation such products in order to profit from them.

Industrial and trade offences (art. 25-*bis.1* of the Decree)

- *Fraud in trading* (art. 515 of the Criminal Code): punishes whoever, in the practising of a business or in a shop open to the public, delivers to the purchaser one moveable asset in place of another, or to be more precise a moveable asset other than that declared or agreed upon in terms of origin, source, quality or quantity. The law refers to the delivery of a moveable asset, the retention with intent to sell of an asset with an origin, source, quality or in a quantity other than that declared or agreed upon. It also covers the case of attempted fraud in trading, punished according to articles 56 and 515 of the Criminal Code with the same punishment envisaged for the crime of fraud in trading, reduced by one third. Moreover, the case of a contract, which does not provide for the delivery of an asset but rather the realization of a work, is excluded. The non-conformity of the moveable asset can concern its origin (e.g. the place or system used for its preparation), source (e.g. the manufacturer), quality (e.g. non-essential qualities such as the degree or method of preservation), and quantity (e.g. the weight).

- *Sale of industrial products with mendacious marks* (art. 517 of the Criminal Code): punishes whoever offers for sale or otherwise places in circulation intellectual property or industrial products with domestic or foreign names, trademarks or particularities capable of misleading the buyer regarding the origin, source or quality of the work or the product. This law also concerns the mere offering for sale (and not the delivery) of products, in this case bearing mendacious marks, that is marks capable of misleading the average buyer, without resorting to counterfeiting or alteration (punished instead by art. 474 of the Criminal Code).
- *Manufacturing and trading of assets realized by usurping industrial property deeds* (art. 517-ter): except the application of articles 473 e 474, punishes whoever:
 - could potentially be aware of the existence of a deed of industrial property, and manufactures or industrially uses objects or other assets realized by usurping an industrial property deed or in breach of the same;
 - in order to make a profit, introduces on to Italian soil, possesses with intent to sell, offers for sale directly to consumers or in any case places in circulation the assets cited in the point above.

This provision punishes those who use, without having the right to do so (who usurp), a valid industrial property deed (e.g. a licensee who distributes products outside the established territorial area or produces them without complying with the limits set by the patent holder).

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

- *False or misleading corporate notices* (art. 2621 of the Civil Code): constituted by the conduct of directors, general managers, executives in charge of the drafting of corporate accounting documents, auditors and liquidators, who with the exception of the cases envisaged by art. 2622, and in order to obtain unjust profit for themselves or others, represent material facts not corresponding to the truth in the balance sheets, notes or other corporate notices provided for by law and addressed to the shareholders or the public, even if they are judgements, or omit information whose communication is required by law, on the economic, balance sheet or financial situation of the Company or Group to which they belong, in such a way as to mislead the recipients of the aforesaid situation.
- *Facts of minor concern* (art. 2621-bis of the Civil Code): constituted by the conduct of those who commit the acts envisaged by art. 2621 of the Civil Code when the offences are of minor concern, taking into account the nature and size of the company and the modality or effects of such conduct.
- *Obstruction of control* (art. 2625 of the Civil Code): constituted by the conduct of directors who, by concealing documents or with other appropriate manoeuvres, prevent or in any case impede the performance of the monitoring activities legally assigned to the shareholders or other corporate bodies.
- *Undue repayment of contributions* (art. 2626 of the Civil Code): constituted by the conduct of directors who, except for cases of legitimate reduction of share capital, repay, also with simulation, contributions to the shareholders or free them of the obligation to make the same.
- *Illegal sharing of profits and reserves* (art. 2627 of the Civil Code): constituted by the conduct of directors who share profits or part payments on profits not

effectively earned or which are appropriated by law to a reserve, or to be more precise who share reserves, including those not constituted with profits, which cannot be legally distributed.

- *Unlawful transactions involving shares or stocks of the parent Company* (art. 2628 of the Civil Code): constituted by the conduct of directors who, except for cases allowed by law, purchase or underwrite shares or stock, damaging the integrity of the share capital or reserves which cannot be distributed by law; or by directors who, except for those cases allowed by law, purchase or underwrite shares or stock issued by the parent Company, damaging the share capital or reserves which cannot be legally distributed.
- *Transactions to the detriment of creditors* (art. 2629 of the Civil Code): constituted by the conduct of directors who, in breach of legal provisions which protect creditors, perform reductions in share capital, mergers with another company or splitting operations, causing damage to creditors.
- *Fictitious formation of capital* (art. 2632 of the Civil Code): constituted by the conduct of directors and contributing shareholders who fictitiously form or increase the share capital, including partially, by assigning shares or stock in an overall measure that is higher than the total amount of the share capital, the mutual underwriting of shares or stock, or the significant overestimation of contributions of assets in kind, or debts, or rather the assets of the Company in the event of a transformation.
- *Bribery among private individuals* (art. 2635, paragraph 3 of the Civil Code): constituted by the conduct of directors, general managers, executives in charge of drafting corporate accounting documents, or auditors or liquidators from private entities who, within the organisation of the company or private entity, exercise functions other than those described above, who through an intermediary, solicit or receive money or other undue benefits for themselves or for others, or accept the promise of the same, in exchange for performing or failing to perform an act in breach of the duties inherent to their office or the duties of loyalty. The same penalty shall also apply to those who give or promise money or other benefits to the above-mentioned parties and to those subject to the management or supervision of said parties, in exchange for performing or failing to perform an act in breach of the duties inherent to their office or the duties of loyalty.
- *Incitement of bribery among private individuals* (art. 2635-bis of the Civil Code): constituted by the conduct of whoever offers or promises money or other undue benefits to directors, managing directors, management tasked with drawing up the corporate financial statements, to statutory auditors and liquidators of private companies and entities, and all others working in management positions, in order to induce the same to carry out or not to carry out an act in breach of their official duties or the duties of loyalty. Should the offer or promise not be accepted, the punishment indicated in paragraph 1 of art. 2635 is reduced by one third. The punishment illustrated in the first paragraph is applicable to directors, general managers, and executives in charge of drafting corporate accounting documents, and to auditors and liquidators from other companies or private entities and those holding management positions in the same who, having been given or promised money or other benefits for themselves or for others, also through an intermediary, take or omit actions in breach of the obligations inherent to their office or to their duties of loyalty, in cases where such requests are not accepted.

- *Unlawful influence on meetings of shareholders* (art. 2636 of the Civil Code): constituted by the conduct of those who, by simulation or fraudulent actions, forms a majority in a meeting of shareholders in order to procure for themselves or for others unjustified profits, is punished by imprisonment for a period of between six months and three years.
- *Stock manipulation* (art. 2637 of the Civil Code): constituted by the conduct of whoever spreads fake news, or carries out simulated transactions or other tricks concretely capable of causing an appreciable alteration in the price of non quoted financial instruments or those for which an application for admission to trading in a regulated market has not been submitted, or that significantly affect the trust the public places in the financial stability of banks or banking groups.
- *Hindrance to the exercising of the functions of public surveillance authorities* (art. 2638 of the Civil Code): constituted by the conduct of directors, general managers, and executives in charge of the drafting of the corporate accounting documents, auditors and liquidators of the Company or organisations and other persons subject by law to the public surveillance authorities or required to have obligations to them, who in the communications to the aforesaid authorities provided for according to the law, represent material facts not corresponding to the truth, including judgements, on the economic, balance sheet or financial situation of those subjected to surveillance, in order to hinder the exercising of the surveillance functions, or who for the same purpose wholly or partially conceal with other fraudulent means facts which they should have communicated concerning the same situation, also when the information pertains to assets owned or managed by the Company on behalf of third parties; or the act committed by directors, general managers, auditors and liquidators of companies, or organisations and other persons subject by law to public surveillance authorities or required to have obligations to them, who knowingly hinders their functions in any form whatsoever, also by omitting to make the required communications to the aforesaid authorities.

Offences with the aim of terrorism and subversion of the democratic order (art. 25-*quater* of the Decree)

- *Financing terrorism-aimed activities* (art. 270-*quinquies*.1 of the Criminal Code): constituted by the conduct of those who, with the exception of the cases provided for in articles 270-*bis* and 270-*quater*.1, collects, provides or makes available assets or money, sourced in any way, destined for full or partial use in behaviours aimed at performing terrorism as per art. 270-*sexies*.
- *New York Convention of 9 December 1999* (art. 2): whoever commits an offence using any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:
 - a) an act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex; or
 - b) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to

intimidate a population, or to compel a government or an international organisation to do or to abstain from doing any act.

Offences against persons and individual freedom (art. 25-quinquies of the Decree)

- *Illegal intermediation and exploitation of labour* (art. 603-bis of the Criminal Code): constituted by the conduct of those who:

- 1) recruits labour for the purpose of allocating it for work c/o third parties in exploitation conditions, taking advantage of the workers' needy conditions;
- 2) uses, hires or employs labour, including through the intermediation activity referred to in paragraph 1), subjecting workers to exploitative conditions and taking advantage of their needy conditions.

For the purposes of this article, exploitation refers to the existence of one or more of the following circumstances:

- 1) the systematic paying of salaries to workers in a manner that clearly does not comply with the national collective agreements or territorial agreements signed with the main trade unions across Italy in force, or in any case not in proportion to the quantity and quality of work performed;
- 2) the systematic breach of the rules regulating working hours, rest periods, weekly rest, mandatory expectations and holidays;
- 3) subsistence of breaches of occupational health, hygiene and safety issues;
- 4) the subjecting of a worker to particularly degrading working conditions, monitoring procedures, or housing facilities.

Aggravating circumstances are constituted when:

- 1) the number of exploited workers is more than three;
- 2) one or more exploited workers are minors and too young to work;
- 3) the situation has exposed the exploited workers to serious danger, that must be assessed in relation to the characteristics of the work tasks and the imposed working conditions.

Manslaughter and serious or very serious bodily harm (art. 25-septies of the Decree)

- *Manslaughter* (art. 589 of the Criminal Code): constituted by the conduct of a person who causes the death of a person through negligence, by violating the accident prevention regulations in place in the workplace.
- *Accidental personal injury* (art. 590 of the Criminal Code): constituted by the conduct of a person who accidentally causes serious or very serious personal injury to others, by violating the accident prevention regulations in place in the workplace.

The death or serious or very serious accidental personal injury must be committed in breach of the workplace health and safety regulations.

Laundering crimes (art. 25-octies of the Decree)

- *Receiving* (art. 648 of the Criminal Code): constituted by the conduct of a person who, except for the cases of concurring in the crime, in order to obtain

an advantage for himself or others, purchases, receives or conceals money or things originating from any offence whatsoever, or is in any case involved in their purchase, receipt or concealment. The provisions of this article also apply when the perpetrator of the crime that generates the money or objects is not guilty or punishable, and that is when they cannot be convicted of such a crime.

- *Laundering* (art. 648-bis of the Criminal Code): constituted by the conduct of a person who, except for the cases of concurring in the crime, replaces or transfers money, assets or other benefits originating from an offence committed with criminal intent or, to be more precise, who carries out other transactions in relation to them, in such a way as to hinder the identification of their felonious origin.
- *Use of money, assets or benefits of unlawful origin* (art. 648-ter of the Criminal Code): constituted by the conduct of a person who, except for the cases of concurring in the crime and the cases provided for in articles 648 and 648-bis, uses money, assets or other benefits originating from an offence in economic or financial activities.
- *Self-laundering* (art. 648-ter 1 of the Code of Criminal Procedure): constituted by the conduct of those who aid and abet the committing of the underlying crime, uses substitutes or transfers money, goods or other assets deriving from an intentional offence or carries out other transactions in respect of such money, goods or assets, so as to obstruct identification of their criminal origin.

Copyright breach offences (art. 25-novies of the Decree)

- *art. 171, paragraph 1, point a-bis), Law 633/1941*: constituted by the conduct of a person who inputs protected intellectual property, or part of it, to data transmission networks at the disposal of the public, protected intellectual works or parts of the same.
- *art. 171-bis, Law 633/1941*: constituted by the conduct of a person who illegally copies processing programs in order to make profit, or who for the same purposes imports, distributes, sells, possesses for commercial or business purposes, or leases programs contained in media not marked by the *Società italiana degli autori ed editori (SIAE)*; who uses any means whatsoever intended to allow or facilitate the arbitrary removal or avoidance of software protection; in order to make profit, who, on non SIAE marked media, duplicates, transfers to another medium, distributes, communicates, presents or shows in public the contents of a database, extracts or reuses, distributes, sells or leases a database.
- *art. 171-ter, Law 633/1941*: constituted by the conduct of a person who – among other things – illegally duplicates, copies or broadcasts in public, literary, drama, scientific or educational, musical or drama-musical and multimedia works.

Induction not to issue statements or to make mendacious statements to the legal authorities (art. 25-decies of the Decree)

- *Induction not to issue statements or to make mendacious statements to the legal authorities* (art. 377-bis of the Criminal Code): punishes a person who, unless the fact constitutes a more serious crime, uses violence or threats, offers or

promises of money or other benefits to induce a person called upon to stand before the courts and make statements usable in criminal proceedings, not to issue statements or to issue mendacious statements, when the person has the right to remain silent.

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

- *Killing, destruction, capture, taking, keeping of specimens of protected animal or plant species*, provided for by art. 727-bis of the Criminal Code: applies in the event of the killing, capture or keeping of a not insignificant quantity of specimens of protected animal species, or the destruction, taking or keeping of a not insignificant quantity of specimens of protected wild plant species.
- *Destruction or debasement of habitat within a protected site*, provided for by art. 733-bis of the Criminal Code: applies in the event that the performance of company activities causes the destruction of a habitat within a protected site or its debasement, compromising the state of conservation.
- *Crimes related to the dumping of industrial waste water containing hazardous substances* (art. 137, paragraphs 2, 3, 5, 11 and 13 of Legislative Decree 152/2006): these occur when certain industrial waste waters containing hazardous substances are dumped:
 - in the absence of authorisation or with suspended or withdrawn authorisation (paragraph 1);
 - without compliance with the provisions of the authorisation, or other provisions issued by the competent authority (paragraph 3);
 - in excess of the maximum values set by law or the more restrictive values set by autonomous regions or provinces or by the competent authority (paragraph 5).

The liability of the organisation, moreover, may derive from the implementation of discharges:

- onto the soil, into the surface layers of the subsoil, into underground water and the subsoil, in breach of articles 103 and 104 Legislative Decree 152/2006, except for the exceptions and derogations provided for therein (paragraph 11);
 - into the sea water by ships or aircraft in the event that the discharge contains substances or materials for which an absolute ban on spillage is imposed in accordance with the provisions contained in the international agreements in force on the subject, ratified by Italy (paragraph 13).
- *Unauthorised waste management activities* envisaged by art. 256, paragraphs 1, 3 and 5 of Legislative Decree 152/2006: these occur in the following cases:
 - activity of collection⁴, transport⁵, recycling⁶, disposal⁷, trade and brokerage

4. "Collection" means "the withdrawal of waste, including the preliminary picking and storage, therein included the management of the collection centres (...) so that they can be transported to a treatment plant" (art. 183, paragraph 1, point of Legislative Decree 152/2006).

5. The term "transport", when not defined by the legislation, can refer to the movement, using any means, of the waste from one place to another, with the exception of the movements carried out inside private areas (see art. 193, paragraph 9 of Legislative Decree 152/2006).

6. "Recycling" means "any operation for which the main outcome is to allow waste to carry out a useful role, replacing other materials which would otherwise have been used to fulfil a particular function or to prepare it to fulfil such a function, inside the plant or in the economy in general" (art. 183, paragraph 1, letter t) Legislative Decree 152/2006).

7. "Disposal" means "any operation other than recycling, including when the operation has as a secondary consequence the recovery of substances or energy" (art. 183, paragraph 1, letter z) Legislative Decree 152/2006).

- of waste – both hazardous and non hazardous – in the absence of the prescribed authorisation, registration or notification (paragraph 1);
- the unauthorized creation and management of a landfill site, also, if applicable, destined for the disposal of hazardous waste (paragraph 3);
- the unauthorised mixing of waste (paragraph 5);
- temporary storage on the production site of hazardous healthcare waste, in breach of the provisions set forth in art. 227, paragraph 1, point b) Legislative Decree 152/2006⁸ (paragraph 6, first sentence).
- *Pollution of the soil, subsoil, surface or underground water* (art. 257, paragraphs 1 and 2 of Legislative Decree 152/2006): constituted by the conduct of whoever causes pollution of the soil, subsoil, surface or underground water by exceeding the risk threshold concentrations, not notifying the competent authorities by the set deadlines or failing to clean up the site in accordance with the plan approved by the competent authority.
- *Breach of the obligations regarding communication, the keeping of obligatory records and forms* (art. 258, paragraph 4, second point of Legislative Decree 152/2006): punishes whoever in the preparation of a waste analysis certificate, supplies false indications on the nature, composition and physical and chemical characteristics of waste, or makes use of a false certificate during transport.
- *Illegal traffic of waste* (art. 259, paragraph 1, Legislative Decree 152/2006): punishes whoever carries out a shipment of waste constituting illegal traffic under art. 26 of (EC) regulation 259 of 1st February 1993, or should this shipment handle the waste listed in Appendix II of the aforementioned regulation in breach of art. 1, paragraph 3, points a), b), e) and d) of the same regulation.
- *Organized activities for the illegal traffic of waste* (art. 260, paragraph 1 of Legislative Decree 152/2006): punishes whoever transfers, receives, transports, exports or imports, or in any case unlawfully manages huge quantities of waste, with several operations and by preparing organised continuous activities and vehicles.
- *False indications on the nature, composition and physical and chemical characteristics of the waste in the preparation of a waste analysis certificate; entering a false waste analysis certificate in the SISTRI; omission of fraudulent alteration of the paper copy of the SISTRI - Handling Area sheets in the transport of waste* (art. 260-bis, paragraphs 6, 7 and 8 Legislative Decree 152/2006): applies in the event in which:
 - in the preparation of a waste analysis certificate, used in the traceability control system, false indications are supplied on the nature, composition and physical and chemical characteristics of the waste, and a false certificate is included in the data to be supplied for the traceability of the waste (paragraph 6);
 - the carrier neglects to accompany the transport of waste with a printed copy of the SISTRI - Handling Area sheet, and when required by the regulations in force, with a copy of the analytical certificate that identifies the characteristics of the hazardous waste (paragraph 7);
 - during transport, use is made of a waste analysis certificate containing false

8. This provision refers to Presidential Decree 254 of 15th July 2003.

indications on the nature, composition and physical and chemical characteristics of the transported waste (paragraph 7);

- the carrier accompanies the transport of waste (hazardous and non hazardous) with a printed copy of the SISTRI – Handling Area sheet that has been fraudulently altered (paragraph 8).
- *Penalties* (art. 279, paragraph 5 of Legislative Decree 152/2006): applies in the event that the emissions⁹ generated in the air, by exceeding the limit emission values, moreover cause the exceeding of the limit values for air quality provided for in the regulations in force.
- *Accidental pollution caused ships* (art. 8, paragraphs 1 and 2 of Legislative Decree 202/2007): applies in the event that the captain of a ship sailing under any flag, as well as the crew members, the proprietor of the ship and the ship-owner, accidentally spill specific polluting substances into the sea.
- *Pollution caused wilfully by ships* (art. 9, paragraphs 1 and 2 of Legislative Decree 202/2007): applies in the event that the captain of a ship sailing under any flag, as well as the crew members, the proprietor of the ship and the ship-owner, wilfully spill specific polluting substances into the sea.
- *Environmental pollution* (art. 452-*bis* of the Criminal Code): constituted by the conduct of whoever causes significant and measurable damage to or deterioration of:
 - 1) waters and the air, or vast or significant portions of the soil and subsoil;
 - 2) an ecosystem, the biodiversity, also in agricultural terms, or the plant and animal life. When the pollution occurs in a natural area that is protected or subject to restrictions in terms of its landscape, environmental, historical, artistic, architectural or archaeological assets, or to the detriment of protected animal or plant species, the penalty is increased.
- *Environmental disaster* (art. 452-*quater* of the Criminal Code and with the exception of the cases envisaged by art. 434): constituted by the conduct of those who cause an environmental disaster. The following cases can be defined as an environmental disaster:
 - 1) the irreversible alteration of the balance of an ecosystem;
 - 2) the alteration of the balance of an ecosystem which is particularly difficult to eliminate and can only be eliminated by making extraordinary efforts;
 - 3) compromising public safety due to the significance of the fact based on the extent of the damage or its harmful effects or the number of people affected or exposed to risk. When the disaster is generated in a natural area that is protected or subject to restrictions in terms of its landscape, environmental, historical, artistic, architectural or archaeological assets, or to the detriment of protected animal or plant species, the penalty is increased.
- *Accidental crimes against the environment* (art. 452-*quinquies* of the Criminal Code): constituted in case the activities can significantly compromise or cause to deteriorate (environmental pollution) or significantly alter (environmental dis-

9. "Emission means "any solid, liquid or gaseous substance introduced into the air that can cause air pollution" (art. 268, paragraph 1, letter b) Legislative Decree 152/2006). Emission limit value means "the emission cause, concentration, percentage or mass flow of polluting substances in emissions that shall not be exceeded. Emission limit values expressed as a concentration are set with reference to the functioning of the plant under the most onerous running conditions, and unless provided for otherwise (from title I of part V of Legislative Decree 152/2006) or by authorisation, are understood to be set as the hourly average" (art. 268, paragraph 1, letter q) Legislative Decree 152/2006).

aster) the water, air, and portions of the soil and subsoil; in particular when occurring in protected areas or areas subject to restrictions in terms of landscape, environmental, historical, artistic, architectural or archaeological assets, or to the detriment of protected animal or plant species, the penalty is increased.

- *Additional aggravating circumstances* (art. 452-*octies* of the Criminal Code): this occurs when the association, also in tandem with leading figures of the Public Administration, aims to commit any of the crimes environmental pollution or disaster.

Employment of citizens of other countries without a legal permit of stay (art. 25-*duodecies* of the Decree)

- *art. 22 paragraph 12 of Italian Legislative Decree 286/1998*: constituted by the conduct of whoever, in the capacity of an employer, employs foreign workers without a permit of stay, or whose permit has expired and renewal has not been requested within the legal time limits, or has been withdrawn or cancelled, if the employed workers are (alternatively):
 - of a number exceeding three;
 - children of non working age;
 - subjected to the other working conditions of particular exploitation cited in paragraph 3 of art. 603-bis of the Criminal Code i.e. exposed to situations of grave danger with reference to the services to be rendered and the working conditions.

Transnational crimes (art. 10 - Law 146/2006)

In addition to organised crime offences which have transnational elements, the following transnational crimes have been identified as being applicable to the Company:

- *Induction not to issue statements or to issue mendacious statements to the legal authorities* (art. 377-*bis* of the Criminal Code): constituted by the conduct of whoever, using violence or threat or by offering or promising money or other benefits, induces a person called upon to issue statements usable in criminal proceedings before the courts, not to make statements or to make mendacious statements, when the person has the right to remain silent.
- *Aiding and abetting* (art. 378 of the Criminal Code): constituted by the conduct of whoever, following the committing of an offence for which the law establishes the death penalty or life imprisonment or imprisonment, and except for the cases of concurring in the same, helps someone to elude the investigations of the authorities or to escape their searches. The provisions of this article are also applicable when the person helped is not guilty or it emerges that they have not committed the crime (379, 384).
- *Criminal conspiracy* (art. 416 of the Criminal Code): punishes those who promote, constitute or organise an association of three or more persons for the purpose of committing several offences, as well as those who participate in them.
- *Mafia association including foreign mafia association* (art. 416-*bis* of the Criminal Code): punishes anyone who is part of a Mafia association made up of three or more persons, as well as those who promote, lead or organise it. Association is

considered Mafioso when those who are part of it make use of the intimidating power of membership and the condition of subjection and conspiracy of silence deriving from it to commit offences, to directly or indirectly acquire the management or in any case the control of economic activities, concessions, permits, contracts and public services or to gain unjust profit or benefits for themselves or others, or to prevent or hinder free voting or to secure votes for themselves or others during elections. The association is considered armed when the participants have the availability of arms or explosives for the achievement of the aim of the association, even if they are hidden or kept in a repository. The provisions of art. 416-bis of the Criminal Code also apply to the Camorra, the 'ndrangheta and other associations, however they may be named locally and include foreign associations, which by availing themselves of the intimidating power of membership pursue aims equivalent to those of Mafia associations.

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

- *Propaganda or incitement to commit a crime of discrimination or violence for reasons of race, ethnicity or religion* (art. 604-bis of the Criminal Code): constituted by the conduct of whoever:
 - a) performs propaganda of ideas founded on racial or ethnic superiority or hate, or instigates others to commit or commits acts of discrimination for reasons of race, ethnic origin, nationality or religion;
 - b) in any way instigates others to commit or commits violence or acts of provocation of violence for reasons of race, ethnic origin, nationality or religion. All organisations, associations, movements or groups with the main aim of inciting others to discriminate or perform violence for reasons of race, ethnic origin, nationality or religion are prohibited.

Those who participate in these organisations, associations, movements or groups, or assist them, shall be punished, for merely participating in or assisting such acts, with a sentence of imprisonment for a period of between six months and four years.

In the Special Part, this document identifies the activities of the Company defined as sensitive as they present an inherent risk of crimes of the types listed here being committed, and sets forth preventative principles and protocols for each of these sensitive activities.

The Company undertakes to constantly assess the importance of possible additional present and future crimes for the purposes of the Model.

5. RECIPIENTS OF THE MODEL

The recipients of the Model are:

- a) all directors and those who carry out, including de facto, functions of representation, management, administration, direction or control in the Company or in an organisationally independent unit of the Company;
- b) Company employees with the status of executive, middle manager, office worker or labourer or due to a para-salaried working relationship (for example

- but not limited to: temporary workers, trainees), also when seconded to other premises of the Company in Italy or abroad in order to perform their activity;
- c) external collaborators, defined as those who, while not functionally linked to the Company by salaried or para-salaried working relationships, based on their contract, act under the direction and surveillance of the Company's corporate management and/or in the name of, or in the interest of the Company (for example but not limited to: procurers, holders, third-party firm consultants and suppliers in general);
 - d) members of the Board of Statutory Auditors.

The Management of the Company, shall assess the types of legal relations which can fall within the category of persons cited in point c), in the light of the type of activity carried out on behalf of or in the interest of the Company. When considered appropriate, contracts which regulate the relations with these persons must provide for special clauses (including express termination clauses) which regulate the legal consequences of non-compliance with the business policies of the Company, the Code of Ethics and this Model, as well as, if appropriate, the obligation to comply with requests for information or to show documents drafted by the Company's Supervisory Body.

In any case, when signing contracts or agreements with all third parties, including those not classed as recipients of the Model according to the above provisions, the Company shall send its Code of Ethics to the same in order to make the counter-party aware of the principles the Company follows in the pursuit of its activity, and so request compliance with them.

All recipients of the Model are required to comply, with the utmost diligence, with the regulations contained in the Model and the procedures for implementing the same.

6. THE MODEL WITHIN THE GROUP

Companies belonging to the Group are defined as all Italian Companies directly controlled by the Company, in accordance with art. 2359 of the Civil Code. The Company shall communicate this Model and all subsequent updates to the Companies belonging to the Group, using the procedures it considers most appropriate.

The Companies belonging to the Group shall autonomously adopt, under their own responsibility, their own Model of Organisation, Management and Control, having identified their activities at risk of crime, considering the nature and type of activity carried out as well as the size and structure of their own organisation. When preparing their model the Companies belonging to the Group shall follow the example of the principles of this Model and incorporate its content, unless the analysis of their activities at risk highlights the need or the advisability to adopt different or further specific measures of prevention compared to those indicated herein. Until their own Model has been adopted, the Companies belonging to the Group shall guarantee that they will prevent acts of crime being committed using appropriate organisational and internal control measures.

The Model and all its subsequent updates shall be communicated by the companies belonging to the Group to the Supervisory Body of the Company, which shall relate them to the Board of Directors in the annual report cited in paragraph 7 below.

7. SUPERVISORY BODY

7.1 Role and powers

For the implementation of the Decree the Company has established a special board (“Supervisory Body”, henceforth also “SB”) with the task of continuously monitoring the effective functioning of and compliance with the Model, as well as proposing updates.

The SB exercises its functions with autonomy and independence, as well as adequate professionalism with regard to the control of the risks related to the specific activity performed by the Company and the related legal profiles.

The Supervisory Body has the task of constantly monitoring:

- the **compliance** with the Model by all recipients defined in paragraph 5 above;
- the **appropriateness** of the Model in relation to its effective ability to prevent the committing of the crimes cited in the Decree;
- the **effective implementation** of the requirements of the Model during the performance of the activities of the Company;
- the **updating** of the Model, the implementation and effective functionality of the proposed solutions (**follow-up**) if there is a need to adjust the Model to changes in the corporate structure and organisation, the regulatory framework of reference, or other important events.

The Supervisory Body has autonomous powers of initiative and control, such as to allow the effective exercising of the functions provided for in the Model as well as by subsequent provisions or procedures undertaken in order to implement the same. No management, decision-making, organisational or disciplinary powers can be attributed to the Supervisory Body in relation to the performance of the Company’s activities even when acting as a delegate.

In coordination with the various competent corporate functions, the Supervisory Body has the task of:

- periodically checking the correctness and completeness of the mapping of the activities at risk, adjusting this to cover any changes in the business activities and/or the company structure;
- ensuring that the corrective actions necessary to render the Model adequate and effective are undertaken promptly;
- gathering, formulating and storing all relevant information received from the function managers, as a privileged source of information on the level of implementation of the Model;
- performing or having others perform, under its own direct responsibility and surveillance, periodic inspection activities aimed at verifying the provisions set forth in the Model;

- updating the list of information necessary to ensure that its surveillance activities are properly conducted;
- promoting staff training initiatives about the purposes and contents of the Model.

The Supervisory Body has autonomous spending powers based on an annual budget approved by the Board of Directors following a proposal from the same Board; for the three years of the appointment, the annual budget was determined by the resolution of the board meeting of 26th June 2015 which appointed the Supervisory Body. The Supervisory Body can use resources that exceed its spending powers in the event of exceptional and urgent situations, with the obligation to notify the Board of Directors accordingly at the next meeting.

7.2 Requirements

All members of the Supervisory Body must have the necessary professionalism, honourableness, independence, functional autonomy and competence needed to carry out of the tasks assigned by the Decree and must be able to ensure continuity of action.

The autonomy and independence of the individual members of the Supervisory Body are determined based on the function carried out by and the tasks attributed to the same, identifying from whom and what they must be autonomous and independent in order to carry out such tasks. As a result each member must not have decision-making, operational and management roles such to compromise the autonomy and independence of the entire SB. In any case the autonomy and independence requirements require the members not to find themselves in even a potential position of conflict of personal interest with the Company.

More particularly, the independence requirements of the members of the SB must comply with the following principles:

- the members must not be linked to the Company by a continuous relation of remunerated provision of services, unless they are employees of the Company, or to be more precise by other relations of a financial nature which could reasonably compromise their independence;
- the members must not have, nor have had, financial or family relations with the Company or persons linked with it that could bias their independent judgement;
- the members must not be in any other situation of evident or potential conflict of interest.

The Supervisory Body must have, through its members, adequate technical-professional skills for the functions it is called upon to perform. Therefore the SB must be formed of persons with adequate professionalism in the fields of economics, law and analysis, control and management of corporate risks. More particularly the Supervisory Body must have the specialised technical capacities necessary for carrying out control and consulting activities.

Lastly, the Supervisory Body shall constantly perform the activities necessary for the surveillance of the Model, with adequate commitment and with the necessary powers of investigation.

Continuity of action must not be understood as meaning “incessant efficiency”, since such an interpretation would necessarily call for a Supervisory Body solely internal to the organisation, when instead, such a situation would lead to a reduction of the indispensable independence that must typify the Supervisory Body. Continuity of action entails that the activity of the SB must not be limited to periodic meetings of its members, but must be organised according to an activity plan and the constant carrying out of actions for the monitoring and analysis of the organisation’s preventive control system.

All members of the Supervisory Body are required not to be in any of the conditions of ineligibility and/or incompatibility stated below:

- to have been subjected to preventive measures ordered by the courts in accordance with Law 1423 of 27th December 1956 (‘Preventive measures towards persons who pose a high risk to security’) or Law 575 of 31st May 1965 (‘Provisions against the Mafia’);
- 444 and following of the Code of Criminal Procedure, including with a conditionally suspended sentence, except in the event of rehabilitation:
 - for one or more criminal offences of those peremptorily provided for in Legislative Decree 231/2001;
 - for any offence with criminal intent whatsoever;
- to be prohibited, incapacitated, or to have been bankrupt or convicted, including with a non-definitive sentence, to a punishment which entails prohibition, including temporary prohibition, from public offices or unfitness to carry out managerial offices.

The occurrence of even one of the aforesaid conditions determines the condition of ineligibility for the office of member of the SB.

7.3 Appointment, replacement and termination of office of members of the SB

The SB is appointed by the Board of Directors with a motivated provision, which acknowledges the existence of the requirements of eligibility and independence, autonomy, honourableness, professionalism and competence of each member.

In order to ensure the real autonomy and independence of the Supervisory Body of the Company, it is composed in collective form by a minimum of three members, including:

- one belonging to the Company staff, not responsible for operating functions;
- two who do not belong to the Company staff; should these be directors, only if they are not responsible for operating functions and only if they have the requirements pursuant to paragraph 7.2.

If not already expressly stated by the Board of Directors which appoints the SB, the Supervisory Body itself shall appoint a Chairman from its members, to whom it may in any case delegate specific functions.

When formally accepted by the appointed person, the assignment is notified on all corporate levels by means of a specific internal communication.

The SB remains in office until the term of office of the Board of Directors which appointed it expires. The members of the SB can be re-elected.

In the event of just cause or the impossibility to carry out its functions or the arisen lack of the typical requirements of a member of the SB, the Board of Directors shall terminate the appointment providing an adequate reason for doing so, and at the same time arrange to replace the member who has become ineligible. The following conditions are legitimate grounds for terminating the office for just cause:

- loss of the eligibility requirements cited in paragraph 7.2 above;
- non-fulfilment of the obligations connected with the task assigned, including the lack of good faith in the exercising of the assignment;
- unjustified absence at more than two meetings of the SB.

In addition to the loss of the eligibility requirements, the following constitute causes for the forfeiture of the position:

- renunciation;
- death or arisen incapacity or impossibility to carry out the assignment.

Each member of the Board may withdraw from the position at any time by submitting written, motivated notice to the Board of Directors. The resigning member shall remain in office until the Board of Directors has provided for the appointment of a replacement, whose office will expire at the same time as those of all the other members.

The Chairman of the Supervisory Body is obliged to notify promptly the Board of Directors of the occurrence of any of the cases giving rise to the need to replace a member of the Board.

7.4 Information flows to and from the Supervisory Body

The Supervisory Body shall report to the Board of Directors regarding the implementation of the Model, the emerging of any critical situations, the requirement for any updates and adjustments of the Model and the reporting of any ascertained breaches.

In cases of urgency the SB shall also report to the Chairman of the Board of Statutory Auditors.

In particular, it shall promptly inform the Board of Directors of facts relevant to its office or of any urgent critical situations regarding the Model which have emerged during its surveillance activity.

The Board of Directors and the Board of Statutory Auditors have the power to convene the SB at any time to request the information under their respective jurisdiction. The SB must periodically draft, at least annually, a written report for the Board of Directors which must at least contain the following information:

- a summary of the activities and controls carried out during the year by the SB, with express indication of any critical situations noted;
- possible problems concerning the lack, incompleteness or difficulty of implementing the operating procedures for the accomplishment of the regulations of the Model;
- new sensitive activities not provided for in the Special Part of this Model, in the context of which one of the crimes provided for by the Decree may be committed;
- an account of the reports received from internal and external persons regarding alleged breaches of the Model, and the outcome of the checks carried out based on said reports;
- all disciplinary procedures and penalties applied by the Company for breaches of the Model or to the procedures for its implementation;
- an overall assessment of the functioning and effectiveness of the Model with any proposals of additions, corrections or changes to its form and content;
- any changes to the regulatory framework which require the Model to be updated;
- an account of the expenses sustained;
- the expense budget for the following year.

The Board of Directors may from time to time request that the report contain additional information to that stated above.

All **recipients of the Model**, as stated in paragraph 5 above, are required to cooperate with a view to ensuring the full and effective accomplishment of the Model by immediately reporting any news of an alleged crime or an alleged breach of the Model or of the procedures laid down for its accomplishment.

In compliance with the provisions of the Decree (art. 6, paragraph 2, point d), the following obligatory information flows to the SB are envisaged in particular:

- the **corporate bodies** are required to communicate to the Supervisory Body all useful information for the performance of the activities that control and verify compliance with the Model, to guarantee its functioning and proper implementation;
- the **managers of the functions** affected by the sensitive activities are required to communicate in a periodic or at minimum six-monthly report to the Supervisory Body all useful information for the carrying out of the control and checking activity on the compliance with the Model, the degree of accomplishment of the prevention protocols for the activities at risk for which they have jurisdiction, as well as provide a motivated indication of any need for changes to the aforesaid protocols. The SB may from time to time request that the report contain additional information to that stated;
- the **Human Resources manager**, within the limits of the knowledge gained during the performance of his activity, is always required to communicate the following information to the SB:

- any breaches and/or reports of anomalous facts or actions committed by Company personnel which he has become aware of;
- penalties and disciplinary procedures launched for all breaches;
- filing provisions for these procedures with the related reasons;
- any changes in the corporate activity or organisation;
- any problems which have arisen regarding the means of implementation of the procedures provided for in the Model or adopted when implementing or in light of it and in the Code of Ethics;
- the results of any inspection and control activities carried out;
- requests for information or clarification made to the function by the Board of Statutory Auditors or the auditing company or the company management, which may have importance for the purposes of the proper application of the Model;
- **employees** and all **external collaborators** who are recipients of the Model according to the provisions of paragraph 8 below, are required to report, any potential breaches of the Model or the procedures established for its implementation as well as all other information useful for controlling and checking the appropriateness of the Model.

The Supervisory Body must receive the following specific information flows:

- all facts or news related to events that could determined the organisation's liability pursuant to art. 6, paragraphs 2-*bis*, 2-*ter* and 2-*quater* of Legislative Decree 231/2001, the so-called whistleblowing, regulated by paragraph 8 below;
- the initiation of legal proceedings against managers of employees accused of committing crimes pursuant to Legislative Decree 231/2001;
- any decisions to make changes to the company structure;
- provisions and news from the Magistracy, from judicial police forces or any other authorities, regarding the performance of investigations, also on unknown people, in any case concerning Lamberti S.p.A. for the crimes envisaged by the Decree;
- news related to the disciplinary procedures launched with reference to breaches of the Model and any penalties applied, or the provisions for filing said proceedings.

8. WHISTLEBLOWING

With Law no. 179 of 30 November 2017 which sets forth "provisions for the protection of those who report crimes or irregularities that have come to their knowledge within the scope of a public to private working relationship", the Legislator, in an attempt to harmonise the provisions set forth for the public sector with the above-mentioned Law, introduced specific instructions for the recipient organisations of Legislative Decree 231/2001 and added three new paragraphs to art. 6 of the same, namely 2-*bis*, 2-*ter* and 2-*quater*. In particular, art. 6 envisages:

- At paragraph 2-*bis* that Models of Organisation, Management and Control must envisage:
 - one or more channels that enable the parties indicated in art. 5, paragraph 1, points a) and b), to act by way of safeguard to the company's integrity in submitting documented reports of unlawful conduct relevant to the Decree,

and based upon precise and consistent factual evidence, or of breaches of the organisation's model of organisation and management that have come to their knowledge by reason of the duties performed; these channels shall guarantee that confidentiality of the whistleblower's identity is maintained during the activities carried out to manage the report;

- at least one other reporting channel, with information technology equally capable of ensuring that the whistleblower's identity remains confidential;
 - acts of retaliation or discrimination against the whistleblower, for reasons directly or indirectly linked to the reporting, are prohibited;
 - the disciplinary system set forth pursuant to paragraph 2, point e) provides for sanctions against any person who breaches the measures protecting the whistleblower and any whistleblower who acts wilfully, or with gross negligence, in making a report that turns out to be unfounded.
- At paragraph 2-ter it envisages that the adoption of discriminatory measures against the whistleblowers defined in paragraph 2-bis may be reported to the national labour inspectorate, so that it may act as it deems fit, either by the whistleblower or by a trade union identified by the whistleblower;
 - Paragraph 2-quater expressly rules that any retaliatory or discriminatory dismissal of a whistleblower shall be considered null and void. Changing the tasks of a whistleblower, pursuant to art. 2103 of the Civil Code, and any other retaliatory or discriminatory acts carried out on the whistleblower shall also be considered null and void.

Additionally, the above-mentioned article sets forth that, in case of disputes related to the application of disciplinary penalties, demotions, dismissals, transfers or subjecting the whistleblower to other organisational measures, which have negative effects on the working conditions, the onus is on the employer to prove that such measures have been adopted for reasons not related to the whistleblowing.

The Law on whistleblowing introduces to the Italian legal system a set of rules geared to improving the effectiveness of the tools for counteracting phenomena of bribery, as well as to better protect whistleblowers, by promoting use of the tool for reporting unlawful behaviours or breaches of the models of organisation, management and control, and placing on the employer the onus to prove - in case of disputes related to the application of prohibitory penalties, demotions, dismissals, transfers or the subjecting of the whistleblower to other organisational measures subsequent to the act of whistleblowing, with direct or indirect negative effects on the working condition - that these measures are adopted for reasons other than the whistleblowing (so-called "inversion of the onus on the whistleblower to prove the report").

8.1 Whistleblowing procedure

It should be noted that the Company, since it first adopted the Model of Organisation, Management and Control, and in the absence of a specific official set of rules, until the Law on whistleblowing was introduced, always focused particularly closely on the subject of these reports, also regulating the relative flows of information, as envisaged by paragraph 7.4.

In order to implement the changes made to art. 6 of Legislative Decree 231/2001 and to ensure the effectiveness of the whistleblowing system, the Company has taken steps to adopt a specific procedure for managing reports of crimes and irregularities on the part of the employees, directors and member of the company bodies, as well as third parties.

The Lambert whistleblowing procedure is geared to regulating, incentivising and protecting those who, when carrying out their working tasks, come across a crime or irregularity in the workplace significant for the purposes of Legislative Decree no. 231/2001 and decides to report it.

The reports can be about:

- for one or more criminal offences among those peremptorily provided for in Legislative Decree 231/2001;
- behaviours which do not constitute any kind of crime, but have occurred by contravening rules of ethics and good conduct, procedures, protocols or the provisions contained within the Model of Organisation, Management and Control, or the Code of Ethics of Lamberti S.p.A.

Instead, matters of a personal nature significant for the whistleblower, retaliations or cases regarding the regulation of the working relationship or relations with the whistleblower's superiors or colleagues will not be eligible for reporting.

The reports must provide elements that enable the competent parties to proceed in carrying out all due and appropriate checks and investigations (art. 6 paragraph 2-*bis*, Legislative Decree no. 231/2001).

Anonymous reports will also be taken into account, provided that they contain sufficient details and evidence to back them up, and that they concern crimes or irregularities considered as serious.

The recipients of the reports, identified by the Company, are:

- the **Whistleblowing Committee**, composed of the Head of the Internal Audit function and the Human Resources Manager;
- the **members of the Supervisory Body**.

Reports can be made and sent:

- To the specific email address set up for this purpose **whistleblowing@lamberti.com**;
- in writing to the address via Marsala, 38/D, 21013 Gallarate (VA);
- to the address of the Supervisory Body **OdV@lamberti.com**.

The Company and the recipients of the reports shall act in such a way as to protect the whistleblowers from any type of retaliation or discrimination, occurring for reasons directly or indirectly linked to the reporting.

In order to promote the use of the internal whistleblowing systems and to favour the dissemination of a culture of legality, the Company shall clearly, accurately and fully illustrate the internal whistleblowing procedure adopted to its employees.

9. INFRA-GROUP RELATIONS

The performance of services by the Company to companies belonging to the Group, which can concern the sensitive activities stated in the Special Part of the Model, must be regulated by a written contract which shall be communicated to the Supervisory Body of the Company.

The contract for the provision of services cited in the point above must provide for:

- the obligation of the beneficiary company of the service to ensure the truthfulness and completeness of the documents or information communicated to the Company, for the purposes of performing the requested services;
- the power of the Supervisory Body of the Company to request information from the Supervisory Body about the company which is the beneficiary of the service, for the purposes of ensuring that it carries out its functions properly when supplying the services requested of the Company;
- the power of the Supervisory Body of the company which is the beneficiary of the service to request information from the Supervisory Body of the Company, or to be more precise – subject to the consent of the latter – from the functions of the Company, for the purposes of ensuring the proper performance of its surveillance function;
- express termination clauses which punish any breaches of contract of the company supplying the service with regard to the principles cited in the Decree and the Code of Ethics of the Company.

When allocating the services, in addition to the Code of Ethics, the Company shall comply with the provisions of the Model and the procedures established for its implementation. When the services provided are classed as sensitive activities not contemplated by this Model, following the proposal of the SB the Company shall equip itself with rules and procedures which are adequate and appropriate for preventing the committing of crimes.

10. PENALTY SYSTEM

10.1 General principles

The Company acknowledges and declares that the preparation of an adequate Penalty System for the breach of the rules and provisions contained within the Model and in the relative company protocols, as well as the Law on whistleblowing, is a requisite for ensuring the effectiveness of the Model mentioned above.

Indeed, in this regard, articles 5 paragraph 2 point e) and 7, paragraph 4 point b) of the Decree envisage that the Models of Organisation and Management must “introduce a disciplinary system fit to punish failure to comply with the measures stated in the Model”, respectively for the top management figures and the parties under their management.

The Company punishes any behaviour that contrasts the law as well as the Model,

the Code of Ethics and the company protocols and procedures, including when this behaviour is in the interest of the Company, or to be more precise, is geared to obtaining a benefit for the same.

In compliance with the provisions of the Decree, the Company shall provide for the adoption of a disciplinary system capable of punishing any non-compliance with the Model, the Code of Ethics, and the company protocols and procedures on the part of their recipients. As detailed below, the penalties provided for shall be imposed in application of the provisions of the Model, in compliance with the disciplinary system already provided for by the internal disciplinary regulations and the applicable collective national labour contracts.

The penalty system, together with the provisions of the Code of Ethics, constitutes an independent system of penalties aimed at strengthening compliance with, and the effective implementation of, this Model and all the internal regulations which constitute its implementation.

The disciplinary measures for breach of the corporate rules of conduct are applied regardless of the outcome of any criminal trial or other civil, administrative or tax proceedings which may have arisen for the same fact.

For example, the following types of behaviour constitute disciplinary infractions:

- breach, also with omissive behaviour and in cooperation with others, of the principles and procedures provided for by this Model or established for its implementation;
- the drafting of untruthful documents, also in cooperation with others;
- facilitation of the drafting of untruthful documents by others;
- the failure to draft the documents required by this Model or by the procedures established for its implementation;
- removal, destruction or alteration of the documents connected with the procedure geared to elude the control system provided for by the Model;
- hindrance of the surveillance activity of the SB or the persons it avails itself of;
- prevention of access to the information and documents requested by the persons in charge of checking the procedures and decisions;
- the carrying out of any other conduct whatsoever capable of eluding the control system provided for by the Model;
- the implementation of actions or behaviours not compliant with the terms set forth by the Law on whistleblowing pursuant to Law 179/2017 as amended.

All breaches of the Model or the procedures established for its implementation, by whomever committed, must be immediately communicated in writing to the Supervisory Body, subject to the procedures and the provisions within the jurisdiction of the holder of disciplinary power.

The reporting duty bears upon all recipients of this Model.

In the event of reports of alleged breaches, the Supervisory Body shall become active immediately to start the necessary checks to assess the truth of that stated in the reports. The gathering of information by the Board shall be carried out ac-

ording to methods which guarantee the subsequent confidential and classified handling of the content of the reports. In no event shall the Board communicate names or circumstances which may spread knowledge of the source of the information received. The Board shall make every effort to store documents related to the reporting in secure and inaccessible places.

Having assessed the breach, the SB shall immediately inform the holder of disciplinary power, who shall start the ordinary disciplinary procedure, for the notification and the possible application of penalties.

Penalties for breaches of the regulations of this Model shall be adopted by the corporate bodies or functions found to have jurisdiction for this by virtue of the powers and assignments conferred on them by law, the Articles of Association, the internal regulations of the Company, and the collective national labour contracts.

10.2 Recipients of penalties and disciplinary measures

Compliance with the regulations of the Model is mandatory, within employment contracts of any type and nature, including those with executives, project workers, and part-time workers, as well as collaboration contracts which fall within so-called para-salaried employment.

The Model constitutes a set of rules with which the salaried personnel must comply, also pursuant to the provisions of the respective collective national labour contracts, on the subject of rules of behaviour and disciplinary measures. Therefore breach of the provisions of the Model and its implementation procedures entails the application of the disciplinary procedure and the related penalties, in accordance with the law and the cited collective national labour contracts. Specific penalties are, however, envisaged for members of the corporate bodies.

Depending on the status or position held within the Company, rather than in the case of third parties or contractual counter-parties, the disciplinary system is delineated in the following way:

- *Employees with the status of labourer, office worker and middle manager:* the disciplinary system is applied in compliance with art. 7 of Law 300 of 20th May 1970 (the Workers' Statute) and the collective national labour contracts in force for employees.
- *Executives:* the disciplinary system is applied in compliance with the law and the applicable collective national labour contract. When notice is served, the revocation of possible proxies assigned to the person concerned may be decided.
- *Directors:* the Supervisory Body must immediately send a written communication to the Board of Directors and the Board of Statutory Auditors of every possible breach of the Model committed by members of the Board of Directors. Concerning Directors who have committed a breach of the Model or the procedures established for its implementation, the Board of Directors can apply all and any appropriate actions allowed by law, including the following penalties, established depending on the seriousness of the fact and the per-

petrator's awareness of it, as well as the consequences which have ensued for the Company:

- formal written warning;
- pecuniary penalty of an amount up to five times the remuneration calculated on a monthly basis;
- total or partial revocation of the powers granted.

When a Director's breach is such as to compromise the Company's trust in him, the Board of Directors shall convene a Meeting and propose the revocation of his office for just cause.

- *Auditors*: the Supervisory Body must give the Board of Directors immediate written communication of any breaches committed by members of the Board of Statutory Auditors. In the event of breaches constituting just cause of revocation, the Board of Directors shall convene a Meeting and propose the revocation of the perpetrator's office.
- *External persons and contractual counter-parties who are recipients of the Model*: relations with third parties are governed by appropriate contracts formalized in writing, which must provide for clauses concerning compliance with the fundamental principles of the Model and the Code of Ethics by these external persons. In particular, non-compliance with these principles can lead to the cancellation of the relations for just cause, without prejudice to a possible claim for damages when such behaviour results in concrete damage for the Company. Having consulted the Managing Director and the manager of the department to which the contract or relation refers, with a view to identifying the relations with external persons relevant for the purposes of the Model, the Supervisory Body shall assess the proposed penalty measures to apply to such persons in cases of breach of the provisions of the Model or the procedures established for its implementation. The Supervisory Body shall be promptly informed when facts which can constitute a breach of the Model by these persons occur, provided that they had committed themselves by means of contractual obligations to complying with the Model.

With specific reference to contracts with third parties concerning activities or performances relevant to the health and safety of workers of the Company or of these third parties, the contracts which the Company stipulates shall provide for specific powers of the Company concerning a: i) mechanisms for the detection of breaches of the health and safety workplace regulations, as applied by the Company; ii) consequences related to such breaches, including the application of specific fines and express termination clauses by the Company, on the reaching of pre-established thresholds of fines applied; iii) the right of the Company to suspend the provision of the service by such third parties in the event of breach of the health and safety workplace regulations. Records shall be kept of the application of such measures by the Company, also when qualifying and assessing suppliers.

- *Recipients of whistleblowing reports*: in case of breach of the provisions set forth by the law regarding whistleblowing with the purpose of protecting the whistleblower's identity and person from any acts of retaliation or discrimination, can apply the following penalties to reported perpetrator of the offence:
 - *Supervisory Body*: in case of breach of this Model or the whistleblower's con-

fidential identity by one or more members of the Supervisory Body, the other members of the Body will promptly inform the Administrative Body. The latter, having notified the breach and allowed the breaching party the right to adopt adequate means for defending itself, will apply all appropriate measures, including, for example, revoking the office of the members and consequently appointing new replacements, or revoking the appointment of the entire body and therefore appointing a new Supervisory Body.

- *Whistleblowing Committee*: in case of breach of this Model or of the confidentiality of the whistleblower's identity by the Whistleblowing Committee, the Board of Directors will be informed immediately (in its capacity as recipient of the reports). Having notified the breach and allowed the breaching party the right to adopt adequate means for defending itself, the Board of Directors will take all appropriate steps considering the breaches and conduct which have occurred as well as any further legal provisions.

11. COMMUNICATION AND TRAINING

The external communication of the Model and its inspiring principles is managed by the Administration and Finance Management department, which by means of the methods considered most appropriate (e.g. the company web site, intranet, special brochures etc.) shall ensure the diffusion and communication of the same to the recipients cited in paragraph 5 external to the Company and the community in general.

In addition, for the purposes of ensuring effectiveness of this Model, the Company has the objective of raising awareness of the same and disclosing its contents to all employees and all persons with a management, administration, direction and control function. This objective concerns both the resources already present in the company and those which will be part of it in the future.

The Model shall be communicated by Human Resources Management, by means of the methods considered most appropriate, provided that they are suitable for attesting the effective receipt of the Model by the recipients of the communication.

The Company also undertakes to launch training programmes with the purpose of ensuring effective awareness of the Decree, the Code of Ethics and the Model on the part of all employees and the members of the corporate bodies of the Company. The training shall be structured according to the status of the persons concerned and their degree of involvement in the sensitive activities stated in the Model.

The training initiatives can also be carried out using information technology systems. The training of personnel for the purposes of implementing the Model is managed by Human Resources Management in close collaboration with the Supervisory Body. The recipients' participation in the training courses is mandatory and the Supervisory Body shall verify that they have participated and understood the same.



Lamberti S.p.A. - Via Marsala, 38/d - 21013 Gallarate (VA)
www.lamberti.com