

Turbocoating S.p.A.

*Model of Organization,
Management, and Control*

*D.Lgs. n. 231/2001
TI-MOGC-001 Ver. 2.0*

Release 2.0

Approved by the BoD of Turbocoating S.p.A. on 05 December
2016

REVIEWS OF THE MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL UNDER D.LGS. N. 231/2001-

Release	Document update	Date
1.0	First adoption of the Model of Organization, Management, and Control under D.Lgs. n. 231/2001	26/05/2015
2.0	Update of the Model of Organization, Management, and Control under D.Lgs. n. 231/2001 with reference to: <ul style="list-style-type: none">- organization and management changes within the Company;- company management systems respectively ISO 9001-, EN 9100- and ISO 14001- certified;- statutory amendments by the Law maker falling with liable offences.	05/12/2016

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PARTE GENERALE

1 INTRODUCTION

This document constitutes the Model of Organization, Management and Control (hereinafter the "Model") adopted by the Board of Directors of Turbocoating SpA (hereinafter also "Turbocoating" or the "Company") dated 26 May 2015 in order to prevent the risk of committing the offences referred to in Legislative Decree. n. 231/2001.

The recipients of this Model are all those working to achieve the Company objectives and therefore the members of both corporate bodies and *management*, employees and any third party making business with the company (trade *partners*, suppliers and consultants, customers).

2 THE LEGISLATIVE DECREE N. 231/2001

2.1 Policy on the Administrative responsibility of bodies and corporations under Legislative Decree D.Lgs. n. 231/2001

Legislative Decree n. 231 of 8 June 2001, on the "*Policy on the administrative responsibility of corporate bodies, companies and associations with or without legal status*" (hereinafter the "Decree"), pursuant to art. 11 of act n. 300 of 29 September 2000, governing the **responsibility** of bodies related to the commission or attempted commission of certain offences ("offence assumption") to the benefit or to the advantage of the bodies themselves.

It is a responsibility which, although defined administrative, shall fall within the criminal cases as:

- a) it follows the commission of offences;
- b) verification of responsibility takes place in the context of the criminal trial;
- c) provides for the application of sanctions set forth in the criminal justice system.

This responsibility is added to that of the person who has committed or attempted to commit materially the offence. The body can therefore be declared liable even if the individual who committed the crime is not chargeable or was not identified, or the offense is extinguished for a reason other than amnesty.

Offences pursuant to the Decree are summarized in the chart below:

Offences	D.Lgs. n. 231/2001
Offences of misappropriation of funds, fraud against the State or a public body or to obtain public funds and computer fraud against the State or a public body	art. 24
Extortion, undue induction to give or promise utility and corruption	art. 25
Forgery of currency, public credit cards, revenue stamps and instruments or identifying marks	art. 25-bis
Corporate crime and corruption between individuals	art. 25-ter
Acts of terrorism or subversion of democracy	art. 25-quarter
Female genital mutilation	art. 25-quater1

Offences	D.Lgs. n. 231/2001
Crimes against individuals	art. 25- <i>quinquies</i>
Market abuse crimes and administrative offences ¹	art. 25- <i>sexies</i>
Manslaughter and serious or grievous bodily harm committed in violation of regulations on the protection of health and safety at work	art. 25- <i>septies</i>
Receiving, laundering and use of money, goods or assets of illicit origin, as well as self laundering	art. 25- <i>octies</i>
Computer crimes and illegal data	art. 24- <i>bis</i>
Organized crime	art. 24- <i>ter</i>
Crimes against industry and trade	art. 25- <i>bis1</i>
Violation of copyrights	art. 25- <i>novies</i>
Inducing not to make statement or make false statements to the Judicial Authority	art. 25- <i>decies</i>
Environmental crimes	art. 25- <i>undecies</i>
Employment of illegally staying third-country nationals	art. 25- <i>duodecies</i>
Transnational crimes	See Note 2

The **prerequisites** for a company to incur that responsibility are:

- a) that a person who holds a position of representation, administration and management of the company or of one of its business units with financial and functional autonomy, or a person who exercises de facto the management and control of the company (*senior position*), or a person who is subject to the direction and supervision of a top level manager (*non senior position*) has committed an offence under the Decree;
- b) that the offence was committed in the interest or benefit of the body;
- c) that the unlawful act committed by individuals constitutes an expression of the company policy, or results from a "faulty organization".

It is noted that the company responsibility arises only when carrying out certain types of misconduct by persons linked in various ways to the company and only in the event that the alleged misdeed was carried out in the interest or benefit of the company. Therefore, not only where the unlawful conduct has resulted in a benefit, either of asset or non asset origin, but even if, in the absence of such a material result, the criminal act is carried out to the interest of the company.

In case of commission or attempted commission of the assumed offences, the Decree introduced an autonomous liability of the Company, complementing the criminal responsibility of the person who committed the offence. Therefore, in addition to the sanctions against the person who committed the act, the following **sanctions can be imposed on the Company** which are proportionate to the offence committed:

- fines up to 1,549 thousand euros, without prejudice to provisions governing *market abuse*, of art. 25-*sexies*, paragraph 2, and more generally, articles 20 and 21 of D.Lgs. n. 231/2001 (continued, plurality of offences);

¹ Including administrative offenses under art. 187-*bis* and art. 187-*ter* of Legislative Decree D.Lgs. n. 58/1998 as amended. (TUF – Consolidated act of Finance).

² ² Being not part of the Decree *corpus*, they are explicitly recalled in Act n. 146 of 16 March 2006 "Ratification and enforcement of Convention and Protocols of United Nations against the transnational organized crime adopted by the General Assembly on 15 November 2000 and 31 May 2001".

- disqualification (applicable even as a precautionary measure) for a period between three months and two years, without prejudice to provisions under art. 16 of the decree, “permanent disqualifications”:
 - disqualification from the working activities;
 - suspension or revocation of permits, licenses, concessions related to the offence;
 - ban on contracting with the Public Administration;
 - exclusion from benefits, loans, grants, subsidies and revocation of those granted;
 - ban on advertising goods and services;
- confiscation of the object of the offence (precautionary seizure);
- Publication of the judgment (in the case of disqualification).

Articles 6 and 7 of the said Decree, while introducing the scheme of responsibility, provide, however, a specific form of **exemption**. In particular, in the case of **offences committed or attempted by persons in senior positions** (art. 6 of the Decree), the company is exempt from liability if it proves that:

- a) the managing body has **adopted** and effectively **implemented**, before the commission of the act, a Model of Organization, Management, and Control suitable for preventing the commission of offences of the type that occurred;
- b) the task of monitoring compliance with the Model and its updating has been entrusted to an **internal and independent organ** with independent powers of initiative and control (**Supervisory Board**);
- c) the Supervisory Board carried out its activities with **due diligence**;
- d) the person who committed the crime **fraudulently breached the provisions of the Model**.

In the case of **offences committed by people in a non-senior position** (Art. 7 of the Decree), the Company is exempt from liability if the senior management has properly fulfilled its obligations of management and supervision. In any event, non-compliance with obligations of management and supervision is excluded if the Company, prior to the commission of the offence, adopted and effectively implemented a Model designed to prevent the commission of offences of the type that occurred.

2.2 Attempted offences

In case of attempted offences³, pursuant to Head I of Legislative decree n. 231/2001 (arts. 24 to 25-*duodecies*), fines and disqualification sanctions are reduced by between a third and a half, while sanctions are not applied should the entities voluntarily prevent the fulfillment of the act or of the event (art. 26 of D.Lgs. n. 231/2001).

³ Under art. 56, par. 1, of criminal code. the responsible of an attempted offence is “The person accomplishing targeted acts clearly aimed at the crime commission...if the action does not complete or the event does not occur”.

2.3 Crimes committed abroad

Pursuant to provisions of art. 4 of D.Lgs. n. 231/2001, the body shall be responsible on the Italian territory of those offences governed by the Decree committed abroad.

Responsibility of the body for offences committed abroad applies:

- i. If the offence committed abroad is perpetrated by a subject who is functionally connected with the body, pursuant to art. 5, paragraph 1, of D.Lgs. n. 231/2001;
- ii. If the headquarters of the body are located in the Italian territory;
- iii. The body shall be responsible only in cases and under conditions set forth under arts. 7, 8, 9, 10 of criminal code. Reference to arts. 7 to 10 of criminal code shall be coordinated with provisions of articles 24 to 25-*novies* of D.Lgs. n. 231/2001, therefore – also in compliance with the principle of legality under arts. 7 to 10 of criminal code, the body shall be responsible exclusively if such liability is provided for by *ad hoc* legislative provisions;
- iv. Provided that cases and conditions of the above articles of the criminal code apply, if the State where the offences has been committed has not yet taken legal action against the body.

2.4 Guidelines of Professional Associations

Article 6, paragraph 3, of D.Lgs. n. 231/2001 states that Models of Organization, Management, and Control can be adopted – in full compliance with paragraph 2 of the Decree – on the basis of codes of conduct established by associations representing bodies, transmitted to the Ministry of Justice that, together with competent Ministries, can make, within a delay of thirty days, remarks on Models suitability for prevention of offences.

In preparing this document, Turbocoating has referred in particular to the “*Guidelines for the construction of Models of Organization, Management, and Control under Legislative Decree 8 June 2001, n. 231*” of Confindustria (General Confederation of Italian Industry) and approved by the Ministry of Justice.

The key points identified by such general Guidelines for the construction of Models can be summarized as follows:

- identification of risk of offences deriving for the corporate activity;
- identification of a Supervisory Body, and of the associated requirements, tasks, powers and information obligations;
- establishment of an in-house control system reasonably able to prevent or reduce the risk of commission of offences, including a system for decision making procedures (adoption of specific protocols/procedures).

With specific reference to the offence of self-laundering introduced into the list of offences under art. 648-*ter*.1 of the Criminal Code, Confindustria, through the circular letter n. 19867 of 12 June 2015, gave some suggestions to harmonize Organization Models while also expressing some perplexity on an extremely extensive application of the rule. In particular, with reference to the issue concerning the types of offences that can be considered as basic offences of the offence assumption, Confindustria stated that source offences should be only those being already assumptions of the administrative responsibility of the bodies. The assumption that all offences falling within our legal system can be considered as basic offences of self-laundering, would mean

to overload the preventive system decided and enforced by the body, therefore voiding both its effectiveness and the possibility to duly update the Model.

On this matter, please refer to the next paragraph 14.2 Risk exposure, included in the Special Part “E” of this Model, on Receiving of Stolen Goods, Laundering and Use of Money, Property or Profits of Illegal Origin and Self-laundering Crimes.

3 MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL OF TURBOCOATING

3.1 General requirements

The goal of Turbocoating is to define and implement an effective **Model of organization, management and control** in order to ensure conditions of **fairness** and **transparency** in the conduct of business and corporate activities, as well as to benefit from the exemption from liability provided for in the Decree (arts. 6 and 7) in the case of commission of offences to the advantage of the Company.

The **purpose** of the model, which has as its primary reference the Group Code of Ethics adopted by the Company, is the establishment of a structured and comprehensive system of procedures and control activities aimed at reducing the risk of offences by persons linked in various capacities to Turbocoating.

The Model adopted by the Company complies with the following requirements:

1. to identify the **activities** where there is a possibility that offences are committed under the Decree ;
2. to schedule **specific procedures** (or protocols) aiming at planning formation and implementation of the company decisions;
3. to identify modes of **management of financial resources** suitable to prevent commission of crimes;
4. to provide for **obligations of notice** to the Supervision Board in charge of monitoring the operation and compliance with the Model;
5. to introduce an in-house **disciplinary system** able to apply sanctions for non-compliance with provisions of the Model.

The principles contained in this Model are mainly intended to ensure a full awareness among employees, corporate bodies, customers, suppliers and contractors that:

- a) the **hypothesis of committing any offence is highly condemned by Turbocoating** also when apparently the latter can get an advantage from such offence;
- b) the adoption of a conduct non-conforming law provisions and company procedures might cause a risk of **criminal consequences relevant not only for the authors of the offence but also for Turbocoating**;
- c) Turbocoating aims at actively censuring any illegal conduct through **constant verification** entrusted to the Supervisory Board and the application of **disciplinary or contract sanctions** for violations of the principles and procedures contained in this Model.

3.2 Preparatory activities for the preparation of the Model

The preparation of the Model must undergo a prior process of *risk assessment* including the following activities:

- identification of potential risks of commission or attempted commission of the offences established by Legislative Decree. n. 231/2001 in the processes managed by the Company ("inherent risk");
- identification of mechanisms adopted by the Company to prevent the commission of offences;
- evaluation of the "residual risk" (determined as inherent level of residual risk in the presence of the adopted mechanisms);
- identification of organizational interventions designed to align, through the strengthening of existing structures, the level of residual risk to the level of risk exposure deemed acceptable by the Company management (risk tolerance), also considering the willingness of Turbocoating to fully comply with the Decree.

The *risk assessment* is an iterative process: in order to promptly update the model the latter should be repeated whenever changes occur in the legislation and in the activity carried out by Turbocoating that can affect the level of exposure to the risk of committing offences.

3.3 Regulating principles of the Model

For the preparation and the implementation of the Model, Turbocoating has established:

- **Rules of conduct** suitable to ensure the performance of company activities in full compliance with laws, regulations and integrity of the company assets;
- A clear-cut and formalized **allocation of powers and responsibilities and authorizing powers**, consistent with the assigned tasks;
- **regulatory documentation** for each individual business activities.

In particular, the **system of proxies and powers of attorney** provides for the following:

- **proxies and powers of signature** assigned are consistent with the organizational position and updated as a result of any changes thereof;
- **powers** indicated in proxies and powers of attorney are **aligned and consistent with the company purposes**;
- **decision-making autonomy and spending power consistent with the function** and appointed tasks are assigned ;
- the powers of the appointee are specified in each proxy together with the name of the person to whom the appointee reports.

The **in-house company** regulations provide for the following:

- definitions and regulation of **modes** and **times** for the performance of the company activities identified as activities likely to entail the risk of offence commission;
- wherever possible, granting an **objective decision making process**;
- definition of activities targeted at **raising awareness and dissemination** of the general principles and specific procedures at any and all levels of the Company, with a view to minimizing the commission of offences under regulatory provisions;
- **separation of functions** is guaranteed, so that the authorization to perform an operation should be under the responsibility of a person other than the one that is in charge of accounting, executing and controlling such operation. Such principles shall include the company objective of effective management of the company activity;
- **traceability of operations** is guaranteed (both operations linked to operational activities and control activities), so that every operation, transaction and/or action can be verified, documented, and consistent;
- development of an effective **system of internal controls** at several levels to provide adequate and timely monitoring of the completeness, accuracy, fairness and accuracy of the information and data disseminated within the Company and outside it, as well as the confidentiality in the transmission of the same data.

3.4 Update, changes and additions to the Model

The model is updated at least annually and in the event of changes occurring in the business organization and/or in the relevant regulatory scenario.

Subsequent substantial modifications of and additions to the Model are the responsibility of the Board of Directors of Turbocoating.

The Company is committed to the timely dissemination of all updates of the Model and Code of Ethics of the Group, to directors, shareholders, members of the Board of auditors, employees and external collaborators, suppliers and customers. Internally, it also organizes the necessary dedicated *training* sessions.

3.5 Principles of the Group non the company administrative responsibility

It should be noted that without prejudice to the autonomous responsibility of each Company belonging to the Unitedcoating Group on the adoption and effective implementation of a Model of Organization, Management and Control pursuant to Legislative Decree. N. 231/2001, Turbocoating exercising its function as parent company, intends to decide, through the preparation of this document, criteria and general guidelines, by also ascertaining consistency of the Models adopted by the Group companies to such criteria and guidelines.

In particular, in order to standardize compliance of Group activities with the Decree, principles are set out below to which all Group companies deciding to adopt their own model and appoint a Supervisory

Board, must stick, each in accordance with their legal autonomy and the principles of fair corporate management:

- Without prejudice to specific situations relating to the nature, type, size of the company or the corporate structure, the organization and/or the articulation of the internal system of proxies and powers of signature that suggest/impose the adoption of different measures, each company of the Group in the preparation of its Model must follow the regulatory principles of the Model of the parent company (refer to paragraph 3.3 "*Regulating principles of the Model*"), as well as the contents of the Group Code of Ethics;
- The draft model prepared by the Group company, is to be transmitted, before approval by their respective governing bodies, to the parent company by giving an accurate indication of the reasons behind any significant departures from the guidelines set by Turbocoating;
- The Group company must promptly provide the establishment of a Supervisory Board, in line with the guidelines provided by the Parent Company in relation to the persons to be appointed;
- The Group company must notify the parent company both the appointment of the Supervisory Board and the adoption of the Model, through the transmission of a copy of the related resolutions of approval, which is addressed, in particular, to the Supervisory Board of the Parent Company;
- Through the activities carried out by its Supervisory Board, the Group company is required to constantly check the effectiveness of the Model adopted over time, by also identifying and satisfying any need for document updating, which may be necessary, as well as to verify strict compliance, reporting also to the Supervisory Board of the Parent Company;
- Prior to the adoption of the Model, the Group company is required to take all appropriate measures for the prevention of illegal behavior.

4 COMPANY DESCRIPTION

4.1 Carried out activity

OMISSIS

4.2 Main corporate functions

OMISSIS

4.3 Governance and Supervisory board

OMISSIS

5 THE SUPERVISORY BOARD

5.1 Requirements and composition of the Supervisory Board

According to the Decree, the supervisory board on the Model must be internal to the Company (art. 6, paragraph 1, letter b) and with independent powers of initiative and control; the Supervisory Board (hereinafter also "SB") is entrusted with the task of supervising the functioning and compliance of the Model and of updating it.

By resolution of May 26, 2015 the Board of Directors of Turbocoating unanimously approved the establishment of the Supervisory Board, whose composition is as follows:

Role in the SB	Position / Post	Name and surname
Chairman	External professional	Avv. Eva Maschietto
Member	Chairman of the Board of Auditors	Avv. Massimo Di Terlizzi
Member	External professional	Dott. Giacomo Parati

The SB members remain in office until the expiry of the BoD which appointed it and in any case until the appointment of the next SB and can be renewed.

The SB members are also entitled to take action separately to enact the decisions taken jointly. The activity of the SB is governed in special regulations formalized and approved by the same supervisory body.

The SB meets at least twice a year; it is validly constituted with the presence of at least two thirds of the members.

The change in the composition of the SB and the revocation of its appointment shall be the responsibility of the Board of Directors.

The SB shall have the following characteristics:

- **independence and autonomy** from the top executives of the Company, in order to ensure impartiality and the ability to operate even when the Board is called to monitor the application of the Model by the top executives. In order to meet the requirement of autonomy and independence the internal members of the SB shall not be part of business areas at risk of committing offences and the post of Chairman of the SB shall be assigned to an external member. It is not possible to appoint as external member people who:
 - directly or indirectly control the company or may have a remarkable influence on it;
 - are or have been during the three previous years, significant representatives⁴ of the Company, of other Companies of the same Group or of a company controlling it or able to have a remarkable influence on the company;
 - directly or indirectly, have, or have had during the previous year, a significant trade, financial, or professional relation with the company or any other company of the same

⁴ "significant representatives" are: the president of the company, the chairman of the board of directors, executive directors and managers with strategic responsibilities.

Group or with a subject controlling the Company or who is able to have a remarkable influence on it;

- are partners or directors of a company or an body belonging to the *network* of the company in charge of the audit activities;
- are members of the family of a person who is in a situation as such indicated above.
- **professionalism**, to ensure the ability to act in a context that requires outstanding ability in the identification, assessment and management of risks and analysis of procedures, as well as skills in business organization, finance and management, health and safety at work and law; that is to say specialized techniques specific to those who perform control and consultancy activities;
- **continuous action**, to ensure constant and effective monitoring of the risk of commission of offences and updating of the Model.

In order to effectively exercise its function and promote continuity of its action, the board shall be entitled with autonomous spending power, suitable to every hypothesis of extraordinary, urgent and confidential interventions. Any use of the *budget* must be notified in a specific notice to the Board of Directors.

In accordance with the principles set forth in the Decree, the SB may resort to external professionals (third parties having the specific skills required for the best execution of the assignment) for technical tasks, or to perform control activities to support the action of the SB, which owns exclusive overall responsibility for supervising the Model.

5.1 Causes of ineligibility and disqualification as a member of the Supervisory Board

Causes of ineligibility and disqualification as a member of the SB:

- prosecution under the Code of Criminal Procedure, in relation to an offence (or attempted offence) provided by Articles. 24 and subsequent of the Decree; to this end, any amendments and/or additions to the offences covered by the Decree are immediately and automatically incorporated into this model;
- be recipient of precautionary measures, of coercive or disqualifying type, for an offence (committed or attempted) provided by Articles. 24 and subsequent of the Decree;
- having been sentenced, even if not by final judgment, to a punishment involving debarment, even temporary, from public office or disqualification from managerial positions of legal entities and companies. The plea bargain is the equivalent of a conviction;
- having been sentenced, even if not by final judgment, for at least six months imprisonment for one of the offences set forth under Royal Decree RD n.267 of 16 March 1942, or for a crime against the public administration, against public faith, against property, against the public economy or tax matters. The plea bargain is the equivalent of a conviction;
- having been sentenced, even if not by final judgment, for one of the offences covered by Title XI of Book V of the Civil Code. The plea bargain is the equivalent of a conviction;
- having undergone, definitively, one of the precautionary measures provided for by art. 10, paragraph 3 of Law 31 May 1965, n. 575, as replaced by art. Law No. 3 of 19 March 1990, n. 55 as amended;

- being the spouse or a relative within the third degree of consanguinity of employees or member of the staff, at any title, of managers (having a subordinate employment contract or a consultancy contract), directors and auditors of the Company or of a company of the Group;
- being a partner of the Company or of one of the Group companies, also indirectly or with a participation exceeding 5% of the company share capital;
- limited to the third party members, not to be linked, or not have been linked in the past five years, by contracts of ongoing supply of services with the Company or Group companies, that can reasonably compromise their autonomy and independence;
- having been disqualified, debarred or flanked by a Court-Appointed Limited Guardianship;
- having missed without justification at least three SB meetings.

Any member of the SB, being in a condition of ineligibility or disqualification, must immediately notify the Board of Directors.

Without prejudice to the above cases, the Board of Directors may nevertheless consider ineligible or withdraw from office the person against whom criminal proceedings have been initiated for those offences, committed or attempted, provided by Articles 24 and subsequent of the Decree, as well as for intentional crimes, committed or attempted, committed with violence or with threat to people or crimes, committed or attempted, against property, committed with violence or fraud, or for corporate offences or for certain of the offences referred to in Royal Decree RD , n. 267 of March 16, 1942.

The SB or one of its members may also be revoked, by decision of the Board of Directors, for failure to fulfill its obligations as set out below, or for any behavior highly prejudicial to the principles of impartiality, fairness and transparency related to the performance of the assignment or related to the Company activity, or for the loss of the so called integrity requirements.

Members of the SB may resign from office at any time, upon notice sent by registered mail to the Board of Directors; the withdrawal becomes effective after thirty days from receipt of this notice.

In case of revocation, the Board of Directors appoints immediately a new member, while, in case of withdrawal, it will appoint the new member within thirty days from receipt of withdrawal and, anyway, upon the next meeting. Where the revocation or withdrawal relates to individual members of the SB, the newly appointed members shall remain in office until the end of effectiveness of the Body, while, where it affects the SB as a whole, the new Board will be effective for the normal three-year term.

5.2 Responsibility of the Supervisory Board

The SB is entrusted with the following tasks:

- a) **Monitoring adequacy and effectiveness of the Model;**
- b) **Promoting** knowledge and timely implementation of the principles of the Model and of the Code of Ethics of the Group by identifying with the support of relevant corporate Posts the most adequate **training and communication interventions;**
- c) **Supervising compliance with the Model** from all employees, Corporate boards, business partners and external collaborators of the Company:
 1. planning all supervisory activities;

2. carrying out controls (both planned and not planned) on the activities or operations identified in the areas implying some risks and formalizing them (checking updating and compliance with the in-house corporate regulations, the system concerning proxies and powers of attorney as to consistency and responsibility as well as appointed powers and performed activities, the knowledge of the Model etc.);
 3. conducting regular meetings with the Board of Directors, the internal supervisory board and the independent auditors, in order to discuss, verify and report on the activities of the Company *compliance* with the Decree;
 4. promoting meetings with the Board of Directors, whenever it is appropriate to examine or intervene to discuss matters pertaining to the operation and effectiveness of the Model;
- d) **promoting implementation of disciplinary action** in case of ascertained violations of the Model;
- e) taking care of the **Model update**:
1. considering cooperation with the competent Functions, the preparatory initiatives to update the Model;
 2. assessing organization/management changes and legislative updates of rules in force as far as their impact on the Model is concerned;
 3. providing appropriate measures in order to keep updated the mapping of areas at risk;
 4. proposing to the Board of Directors, the changes to the model made necessary by significant violations of the requirements, by changes to the organization, by legislative interventions that require adjustment or the actual/attempted commission of offences;
 5. arranging the execution of risk analysis in the case of new elements or the occurrence of objective need to carry out a new risk assessment;
- f) **ensuring a flow of information to the heads of the Company** (Board of Directors and Managing Director), through the preparation and distribution of specific periodic reporting;
- g) **setting up an effective and efficient system of internal communication** in order to have information under the Decree reported (eg: flow of information on a regular basis or upon the occurrence of certain events, forwarded by the corporate Functions, report of any possible violation and/or non-compliance with the Model).

In order to fulfill the above requirements the Board is **entitled** to:

- **enact internal rules designed** to regulate the activity of the Board (“Regulations”). These provisions, which must be adequately justified (eg. Urgency or opportunity) will be issued independently by the Supervisory Board, but shall not be in conflict with this Model or with the rules of the Company;
- **unrestricted access to and notice of those corporate data** the Board may deem relevant to carry out their activity;
- **resort to external professionals** (third parties who possess the specific skills required for the efficient execution of the assignment) for technical tasks, or to perform verification activities to support the action of the SB, which has overall responsibility for the supervision of the Model;
- **require that any corporate Function provides timely information**, data and/or news likely to identify issues related to the various business activities, relevant pursuant to Legislative

Decree L n. 231/2001, as well as verify the effective implementation of the Model by corporate organizational structures.

5.3 *Flows of information to the Supervisory Board*

For utmost operating efficiency, the Supervisory Board must be granted access without restrictions and without prior notice to all company information that the same deems relevant to its activities.

Article 6, paragraph 2, letter d) of the Decree, sets forth **compulsory information to the Supervisory Board** so that this body can monitor the functioning and compliance with the Model.

It is mandatory for the whole Model recipients to communicate promptly to the SB information regarding:

- **Any information on the commission or attempted commission or the reasonable belief of commission or attempted commission of offences** under D.Lgs. n. 231/2001, including the initiation of a judicial proceeding to the recipients of the Model for offences regulated by the Decree;
- **Any violation** of the rules of conduct or procedure of this **Model**, as well as **the corporate regulation** to which such document refers and the Group code of Ethics.
- **measures and/or information from any Judicial Authority**, evidencing that investigations for offences under the Decree have been carried out in which the Company may be involved;
- **requests for legal assistance** made by employees in the event of judicial proceedings against them under the Decree;
- any **notice** evidencing **acts or omissions contrary to the rules established by the Decree**;
- **disciplinary proceedings** and any sanctions imposed against employees or the dismissal of such proceedings and the reasons thereof;
- **any report** prepared by the Heads of the corporate Functions in the performance of the entrusted activities which evidenced **facts, acts, events or omissions with profiles of criticality** to the provisions of the Decree;
- **initiation of any inspection at the Company premises by representatives of Public Bodies** and – joined to a subsequent communication downstream the associated release - reports prepared by the Public Bodies (regardless of the fact that such inspections evidenced criticalities or not);
- any **change to the company organization-management structure**, to the company activities, to the system adopted for powers of proxy and signature, and the corporate regulation.

The Supervisory Board can be addressed through the dedicated reserved email:

odv231@turbocoating.it

or postal mail at the following address:

Organismo di Vigilanza di Turbocoating S.p.A.
Via Mistrali, 7
43040 Rubbiano di Solignano (PR)

It is noted that through a specific service order, the Company prescribes to anyone who is not part of the SB the prohibition of opening the physical mail addressed to this body and the simultaneous obligation to inform the same to provide timely instructions to relay the received mail (address and mode of transmission), in order to fully guarantee respect for the principle of confidentiality of information

The following provisions apply in case of notice to the SB:

- information must be collected and investigated about the commission, or reasonable belief of commission of offences, or about conduct generally inconsistent with the code of conduct prescribed by this Model;
- If an employee wishes to report a violation (or suspected violation) of the Model, the same employee must notify directly the Supervisory Board;
- The SB **investigates and evaluates the reports** received, and promotes, if deemed necessary, the **implementation of appropriate measures** consistent with the provisions of the disciplinary system adopted by the Company with reference to Legislative Decree. N. 231/2001;
- **those reporting in good faith** will be **protected against any form of retaliation, discrimination or penalization** and in any case the **confidentiality** of the such reporting people will be assured, without prejudice to the legal obligations and protection of the rights of the company or persons accused wrongly and / or in bad faith.

5.5 Periodical Reporting to the Board of Directors

In order to fully guarantee the SB full autonomy and independence, the SB shall report directly the BoD:

- By written report, on the status of implementation of the Model, with particular reference to the outcomes of supervisory activity carried out during the year and the work required for the implementation of the Model;
- transmitting the annual audit plan prepared for the current year (*Audit Plan*).

The SB may be convened at any time by the Board of Directors to report on particular events or situations concerning the effectiveness and efficiency of the Model; the SB may also at any time ask to be heard by the Board of Directors when deemed appropriate to ask for an examination or intervention by the board on the adequacy of the Model.

All information and reports referred to in this Model must be retained by the SB in a special file (electronic or paper) for a period of ten years.

6 INFORMATION AND DISSEMINATION OF THE MODEL

6.1 Information and training of employees

For the purpose of the effectiveness of this model, Turbocoating main goal is to ensure proper understanding and dissemination of the rules of conduct contained therein to employees. This objective applies to **all corporate resources, both those already in the company and those to be included in the organization**. The level of training and information is implemented with a different degree of detail in relation to the different level of involvement of the resources in the processes at risk.

The information and training system is supervised and integrated by the activity carried out in this field by the Supervisory Board and with the heads of the company functions from time to time involved in the application of the Model; special attention should be given to the training of employees in a senior position.

The adoption of this Model and subsequent updates will be communicated to all employees at the time of their approval by the Board of Directors

Turbocoating also delivers to new employees an information pack, through which they are informed of details of primary importance. This information pack contains, in addition to the documents normally delivered to the new employee, the Group Code of Ethics and a presentation explaining the Model with indications of where to be able to see the contents.

The employee is required to issue to Turbocoating a signed declaration certifying receipt of the information pack and knowledge of the main elements of the Model and the commitment to comply with requirements.

The **formation** and dissemination activity on Legislative Decree. N. 231/2001 is differentiated, as to contents and method of delivery, according to the qualification of the recipients, the risk level of the area in which they operate, the possible attribution of functions to represent the Company. At the end of each training session a questionnaire shall be filled out by all participants to assess effectiveness of such **training sessions**.

6.2 Dissemination to suppliers, customers, and external professionals

Following the implementation of the Code of Ethics and of Model by the Board of directors, any third party (trade partners, customers, suppliers and consultants) must be informed of the policies, and measures adopted by Turbocoating for the prevention of risks of offences under D.Lgs. n. 231/2001.

To this end, the Company shall notify counterparts of adoption of such documents, made available as annexes to the notice and/or through the publication of such documents on its website (full version of the Code of Ethics of the Group and an extract of the Model) while asking the respect of provisions with reference of each individual competence.

7 THE SANCTIONING SYSTEM

The definition of a **system of penalties** (inflicted with the violation and intended as a deterrent) applicable to infringements of the rules of conduct imposed by the Model, efficiency of the activity of supervision of the SB (Supervisory Board) and aims to ensure their effectiveness. The definition of a disciplinary system is, in fact, in accordance with art. 6, paragraph 1, letter e) of the Decree, an essential requirement for the exemption with respect to the liability of the Company.

The application of the disciplinary system and the relevant sanctions is independent of the conduct and outcome of legal proceedings initiated by judicial authorities if the censurable conduct also integrates a relevant offence under the Decree. In fact, the rules of conduct imposed by the Model are assumed by the company independently whether any conduct could determine the offence and that the judicial authorities intend to prosecute the offence.

In the defining the penalty system, the following factors must be taken into account:

- the system must operate according to the **principle of gradualness** by inflicting sanctions commensurate with the position held by the person responsible for the infringement, the infringement and the impact that this entails in terms of risk exposure of the Company;
- the system cannot disregard the **observance of the legislation in force**, especially the art. 2106 of the Civil Code (Disciplinary).

In case of violation of the Model, an assessment procedure of the responsibilities of the employee concerned is started by the Head of the "HR". If an actual violation owing to the employee's responsibility emerges from the activity of verification, then the disciplinary sanctions identified in compliance with the principle of gradualness are imposed. In any case, the results of the verification procedure are promptly communicated to the SB.

7.1 Measures against employees

Article 6 of D.Lgs. n. 231/2001 sets forth the adoption of a disciplinary system to sanction any violation of the Model.

In compliance with such provision the Company has adopted the disciplinary system described below, which has been defined in compliance with the relevant regulation in force.

The following measures shall be inflicted to any employee who infringes provisions of the Model, according to the seriousness of such infringement:

1. **verbal warning**;
2. **written warning**;
3. a **fine** not exceeding the amount of three hours of regular pay;
4. **suspension from work without pay** for up to three days to the utmost;
5. disciplinary **dismissal with notice**;
6. disciplinary **dismissal without notice** and with the other **terms of reasons and law**.

They shall incur a **verbal reprimand** in case:

- they violate the internal procedures established by this Model (e.g. they not abide by the prescribed procedures, they fail to give notice to the Supervisory Board, they fail to carry out

the checks required by the procedures, etc...) or they adopt a behaviour that does not comply with the requirements of the Model whilst carrying out activities in areas at risk, recognizing in such behaviour a "non-observance of the provisions made known by the Company through the instructions of services or other appropriate means".

In a **written reprimand** in case:

- they repeatedly violate the internal procedures established by this Model or they adopt again and again a behaviour that does not comply with the requirements of the Model whilst carrying out activities in areas at risk, even before those faults have been individually assessed and notified, having to recognise the repeated execution of the "non-observance of the provisions brought to the attention of the Company through the instructions of services or other appropriate means" in such behaviours.

A **fine not exceeding 3 hours of hourly wage calculated on the minimum standard wages** in case:

- they negligently perform the internal procedures established by this Model or they adopt a behaviour that does not comply with the requirements of the Model whilst carrying out activities in areas at risk, recognizing the establishment of a situation of danger for the integrity the Company's assets in those behaviours or the accomplishment of acts contrary to its interests also derived from a "non-observance of the provisions made known by the Company through the instructions of services or other appropriate means".

Suspension from work without pay for up to three days in case:

- they violate the internal procedures established by this Model or they adopt a behaviour that does not comply with the requirements of the Model whilst carrying out activities in areas at risk, as well as committing acts contrary to Turbocoating's interests, thus causing damage to the Company or exposing it to an objective situation of danger to the integrity of the assets of the Company, recognising the establishment of a situation of danger for the integrity the Company's assets in those behaviours or the accomplishment of acts contrary to its interests also derived from a "non-observance of the provisions made known by the Company through the instructions of services or other appropriate means".

Dismissal for misconduct under article 10, and notably **disciplinary dismissal with notice** in case:

- they adopt a behaviour that does not comply with the requirements of the Model whilst carrying out activities in areas at risk and unequivocally aimed at engaging in improper conduct relevant under the Decree, recognising the establishment of a significant damage or a situation considerably detrimental to the Company in such behaviour.

Disciplinary dismissal without notice in case:

- they adopt a behaviour that does not clearly comply with the requirements of the Model whilst carrying out activities in areas at risk and such as to determine the concrete application of measures provided for in the Decree to the Company, recognising the accomplishment of "such acts as to drastically lose all confidence towards them in the Company", that is the occurrence of misconducts described in the aforesaid paragraphs with the determination of a serious prejudice to the Company.

The system of penalties set forth against the employees is completed by the possibility for the Company to provide for reductions in variable compensation granted to employees commensurate with the seriousness of any behaviour not in line with the Code of Ethics of the Group and the Model.

The disciplinary system shall be regularly verified and assessed by the responsible of the Human Resources Function who shall be the ultimate responsible of actual application of disciplinary measures outlined on communication of the SB and after consulting the corporate top management.

7.2 Measures against Managers

In case of violation by the managers of Turbocoating of the procedures set forth in this Model or the adoption of a behaviour not complying with the requirements of the Model in carrying out activities related to the risk areas, the Company shall apply the most appropriate measures against the people responsible in accordance with the provisions of applicable regulation for the executives of companies producing goods and services.

Sanctions will be commensurate with the level of responsibility of the manager, the existence of any previous disciplinary action against the same, the intentionality of his/her behaviour, and the seriousness of the his/her behaviour, meaning the level of risk which the Company can reasonably be deemed exposed to under and for the purposes of the Decree, as a result of the blamed conduct.

7.3 Measures against Directors

In case of violation of the current regulations in force, the Model, the Code of Ethics of the Group or the company's internal regulations by the Directors of the Company, the Supervisory Board shall notify the entire Board of Directors and the internal control body, which will undertake to take the most appropriate measures.

The **penalties applicable against the Directors** are commensurate with the seriousness of the offence committed. The following sanctions can be applied to the Directors:

- verbal warning;
- written warning;
- fine ranging from 2,000 euros to 30,000 euros;
- revocation of one or more proxies;
- the removal from office in cases where the violation is so serious as to irreparably compromise the relationship of trust between the Director and the Company.

It being understood that the sanctions provided for by the Civil Code can be applied by convening the Shareholders' Meeting to propose the revocation of the Article 2383, par. 3 c.c. ("Appointment and removal of Directors") and any action for damages (e.g.: in the presence of a criminal proceedings against the Director in connection with offences under the Decree no. 231/2001).

The sanctions provided for by the Company to its own Directors in case of violations of the Model constitute a distinct and independent system with respect to the penalties provided for by the regulations in force. Therefore, it is assumed that upon appointment the Director contractually commits to abiding by the provisions of the Model and being subject to the sanctions set out therein ("conventional sanctions").

7.4 Measures against Statutory Auditors

In case of violation of the Model by one or more Auditors, the Supervisory Board shall notify the entire Board of Auditors and the Board of Directors, which will take the most appropriate measures.

The penalties applicable against the Auditors are commensurate with the seriousness of the offence committed. The following sanctions can be applied to the Auditors:

- verbal warning;
- written warning;
- fine ranging from 1,000 euros to 15,000 euros;
- the removal from office in cases where the violation is so serious as to irreparably compromise the relationship of trust between the Auditor and the Company.

It being understood that the sanctions provided for by the Civil Code can be applied by convening the Shareholders' Meeting in order to adopt the most appropriate measures provided for by the law.

The Board of Directors may immediately suspend the defaulting Auditor from the mandate pursuant to art. 2400, par. 2 cc ("Appointment and termination of office of the Board of Auditors") while waiting for the measures decided by the Shareholders' Meeting.

In the case of serious violations committed by Auditors enrolled in the register of auditors in accordance with art. 2397 c.c. ("Composition of the Board"), the Company will also notify the Competent Bodies of the update of the relevant Official Register.

Regarding the system of sanctions adopted by the Company against the Auditors, the considerations made in the previous paragraph with reference to the "conventional" nature of the penalties provided remain valid.

7.5 Measures against third parties

The Company may ask any third party making business with the company (business *partners*, customers, suppliers and consultants), to subscribe **specific contract clauses to commit to respect**, with special reference to each individual competence, the contents of the **Model** and of the **Code of Ethics of the Group** and to **promptly notifying any anomaly** found as far as the compliance with the Legislative Decree no. 231/2001 is concerned, **under penalty of termination of the contract relationship** by right pursuant to Art. 1456 of the Civil Code, **that is the exercise of the right to terminate such relationship without notice**. They remain subject to any claim for damages, if their censurable conduct causes material damage to the Company, as in the case of the application to the Company of the measures provided for in the Decree by the court.

8 INTEGRATION BETWEEN MODEL AND CODE OF ETHICS OF THE GROUP

Although the Model, for the purposes that it intends to pursue in implementing the provisions contained in the Decree, presents a different scope than the Code of Ethics of the Group adopted by the Company, the rules of conduct contained in the two documents are integrated with each other.

According to that perspective, in fact:

- the **Code of Ethics of the Group** is an instrument adopted independently and which can be generally applied by the companies belonging to the Unitedcoatings Group in order to express the values and principles of "business ethics" acknowledged by the Group to be complied with by the main key *stakeholders* (directors, shareholders, customers, contractors, employees, suppliers, banks);
- the **Model of Organization, Management and Control** instead, responds to specific requirements of D.Lgs. n. 231/2001, aimed at preventing the committing of certain types of crimes (for actions that, committed to the Company's advantage, may entail an administrative liability in accordance with the provisions of the Decree).

9 SPECIAL SECTIONS

This Model contains a Special Section for each category of offence assumption provided for in the Decree for which risk profiles have emerged in the field of *risk assessment* activities.

The goal of the Special Sections is to provide all recipients of the Model with Rules of conduct aimed at preventing the committing of offences they take into account.

Special Sections include:

- a) the list of **offence assumptions** covered and regulated by the Decree;
- b) the description of the **risk exposure** of the Company;
- c) the representation of **business areas exposed to risk**;
- d) the **general principles of conduct** to be followed to prevent the risk of committing offences;
- e) the **business processes exposed to risk** and the **specific procedures** that recipients are required to comply with in order to correctly apply the Model;
- f) the **information flows** towards the Supervisory Board, aimed at ensuring a constant monitoring of the processes exposed to risk.

Each Special Section expressly prohibits all company representatives (e.g.: employees, directors, auditors) from:

- behaving in such a way that one of the offence assumptions might be committed;
- having a conduct which, although it does not constitute criminal offence in itself, it can become potentially risky;
- violating the general principles of conduct and specific procedures provided for in each Special Section.

It should be noted that the documents summarized below represent **common documents** for Turbocoating to each Special Section and all sensitive processes identified during the *risk assessment*.

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Based on the assessments carried out as part of *risk assessment* activities prior to the drafting of this Model, the Company is exposed to the potential risk of the committing of the following categories of offences:

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10 SPECIAL SECTION “A” – CRIME AGAINST HEALTH AND SAFETY AT WORK

This Special Section "A" governs the conducts established by the directors, executives, employees, employees and agents, as well as by suppliers and third parties who work with the Company in carrying out the processes at risk, in order to prevent the committing of crimes in the field of health and safety at work.

The offences contained in this Special Section are governed by art. 25-*septies* of the Decree.

10.1 Offence Assumptions

Art. 25-*septies* of Legislative Decree no. 231/2001 includes the following offences provided for in the Criminal Code:

- **Art. 589 Criminal Code (c.p.) – Manslaughter:**
 - a) **committed in violation of the provisions of art. 55 of Legislative Decree no. 81/2008 -** Offence that arises if one is responsible for causing the death of a person, in case of failure to carry out the risk assessment, failure or partially failure to formalize or update the Risk Assessment Document (DVR), that is failure to appoint the Head of Service Prevention and Protection (RSPP);
 - b) **committed in violation of the rules on health and safety at work -** Offence that arises if one is responsible for causing the death of a person, in violation of safety rules.
- **Art. 590 Criminal Code (c.p.) - Personal Injury or Grievous Bodily Harm committed in violation of regulations on the protection of health and safety at work -** Offence that arises if one causes a personal injury, in violation of safety rules.

Fines from 100 up to 1,000 shares (from 25.8 thousand euros to 1,549 thousand euros) and disqualification sanctions pursuant to art. 9, paragraph 2 of the Decree no. 231/2001, for a period ranging from three months to a year are set forth for the Company.

10.2 Risk exposure of the Company

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10.3 General rules of conduct

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10.4 Processes at risk and specific procedures

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10.5 Information flows to the Supervisory Board

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11 SPECIAL SECTION "B" – ENVIRONMENTAL OFFENCES

This Special Section "B" governs the conducts established by the directors, executives, employees, employees and agents, as well as by suppliers and third parties who work with the Company in carrying out the processes at risk, in order to prevent the committing of **environmental crimes**.

This Special Part makes special reference to both offence assumptions governed by art. 25-*undecies* of D.Lgs. n. 231/2001, and the offence of waste illegal burning.

The offence assumptions contained in this Special Section are governed by art. 25 *undecies* of the Decree.

11.1 Offence Assumptions

Art. 25-*undecies* of the Leg. Decree no. 231/2001 includes the following offence provided for in the criminal code:

- **Art. 727 – bis Criminal Code (c.p.) - Killing, destruction, catching, taking, possession of specimens of protected wild fauna and flora species** - Unless the act constitutes a more serious offence, anyone who - except in cases permitted - kills, captures or holds specimens of a protected wild animal species⁵. Whoever - except in cases permitted - destroys, removes or holds specimens of a protected wild plant species.
- **Art. 733-bis Criminal Code (c.p.) - Destruction or deterioration of *habitat* within a protected site** – Whoever - except in cases permitted - destroys a habitat within a protected site ⁶ or anyhow deteriorates it, thus compromising its conservation status.
- **Art. 137, paragraphs 2, 3, 5, 11 and 13 of Law No. 152/2006 - Unauthorised discharge or in violation of the law or of the required authorisations** – Pursuant to Decree no. 231/2001, as regards water pollution, the following major infringement assumptions (and therefore punishable either by way of gross negligence or intent) included in the Consolidated Environmental Act are identified:
 - the discharge, without the authorization or with a suspended or revoked authorization, of industrial wastewater containing hazardous substances (art. 137 paragraph 2);
 - the discharge of industrial wastewater in violation of the provisions contained in the authorization or in violation of the limits set by the ATO Authority (Art. 137, paragraph 3) and the tabular limits (also imposed by local authorities or by the competent ATO) for certain substances (Art. 137, paragraph 5 first period);
 - the discharge of industrial wastewater in violation of tabular limits for certain especially dangerous substances (art. 137 paragraph 5 second period);
 - dumping on the ground (or in the surface layers of the soil), in the underground or in groundwater (art. 137 paragraph 11);

⁵ Protected wild animal or plant species are those listed in Annexe IV of Directive 92/43/EC and Annexe I to Directive 2009/147/EC.

⁶ "*Habitat* within a protected site" means any *habitat* of species for which an area is classified as a special protection area under Article 4, paragraphs 1 and 2 of Directive 2009/147/EC, or any natural *habitat* or a *habitat* of species for which a site is designated as a special area of conservation pursuant to art. 4, paragraph 4 of Directive 92/43/EC.

- dumping into marine waters from ships or aircraft (art .137, paragraph 13).
- **Art. 256 Leg. Decree no. 152/2006 - Unauthorized waste management**, such as: collection, transport, recovery, disposal, trade and brokerage of waste without the required authorization, registration or communication, implementation or management of an unauthorized landfill, execution of prohibited activities of waste mixing and temporary storage at the place of production of hazardous medical waste.
- **Art. 257 Leg. Decree no. 152/2006 - Reclamation of sites**, with special reference to soil, subsoil, surface water or groundwater pollution with concentrations exceeding the risk threshold.
- **Art. 258 Leg. Decree no. 152/2006 - Breach of the obligations of communication, keeping of mandatory registers and forms**, with reference to those companies which collect and transport their own non-hazardous waste set out in Article 212, paragraph 8, which do not join the waste traceability control system (SISTRI) by choice referred to in Article 188-*bis*, paragraph 2, letter a), and transport the waste without the form referred to in Article 193, that is they report incomplete or inaccurate data in the form.
- **Art. 259 Leg. Decree no. 152/2006 - Illegal trafficking of waste**, such as shipment of waste which constitutes illegal trafficking pursuant to art. 2 of the Regulation (EEC) 1st February 1993, no. 259, or shipment of waste listed in Annex II of the aforesaid regulation in violation of Article. 1, par. 3, letters a), b), c) and d) of the Regulation.
- **Art. 260 Leg. Decree no. 152/2006 - Organized activities for the illegal trafficking of waste**. Such crime is committed when in order to obtain an unfair profit, through several operations and the setting up of means and continuing organized activities, a person hands over, receives, transports, exports, imports, or otherwise illegally handles large amounts of waste.
- **Art. 260-*bis* Leg. Decree no. 152/2006 - Computer system of waste traceability control**. Offence committed by a person who, in the provision of a certificate of analysis of waste used under SISTRI, provides false information on the nature, composition and the chemical and physical characteristics of waste or enter a false certificate into data to be provided to enable the traceability of waste. Moreover, the offence is made by the carrier who fails to accompany the transport of waste with the paper copy of the "Sistri - Handling Area" sheet, and - where necessary on the grounds of the regulations in force - with a copy of the certificate of analysis that identifies the characteristics of the waste, as well as by the carrier that accompanies the transport of waste with a paper copy of the "Sistri - Handling Area" unlawfully altered.
- **Art. 279 Leg. Decree no. 152/2006 - Infringement of the emission limit values** – Exceeding the emission limit values which also determines exceeding the air quality limit values set forth in the regulations in force.
- **Art. 1, 2, 3a and 6 Act no. 150/1992 - Violations relating to the international trade of endangered plant and animal species, and the rules for the marketing and possession of live specimens of mammals and reptiles that pose a hazard to health and public safety** – anyone who, in violation of the provisions of the Regulation (EC) no. 338/97 of 9th December 1996 and its subsequent implementations and amendments, for specimens of species listed in Annexes A, B and C of the same Regulation, as amended:
 - a) imports, exports or re-exports specimens, under any customs procedure, without the prescribed certificate or license, that is with a certificate or license not valid under Article 11, second paragraph, of the Regulation (EC) no. 338/97 of 9th December 1996 and its subsequent implementations and amendments;

- b) fails to comply with the requirements aimed at protecting the specimens, specified on a permit or certificate issued in accordance with the Regulation (EC) no. 338/97 of 9th December 1996 and its subsequent implementations and amendments and the Regulation (EC) no. 939/97 of 26th May 1997 as amended;
- c) uses the aforementioned specimens differently from the instructions contained in the authorizations or certificates issued together with the import license or certified later;
- d) transports or makes transit - also on behalf of third parties - specimens without the required license or certificate issued in compliance with the Regulation (EC) no. 338/97 of 9th December 1996 and its subsequent implementations and amendments, and the Regulation (EC) no. 939/97, of 26th May 1997 as amended, and, in the case of export or re-export from a third contracting Country of the Convention of Washington, issued in accordance therewith, that means without satisfactory proof of their existence;
- e) trades artificially propagated plants contrary to the provisions established under Article 7, paragraph 1, letter b) of the Regulation (EC) no. 338/97 of 9th December 1996 and its subsequent implementations and amendments, and the Regulation (EC) no. 939/97 of 26th May 1997 as amended;
- f) holds, uses for profit, buys, sells, displays or holds for sale or for commercial purposes, offers for sale or otherwise hands over specimens without the required documentation.

Anyone is forbidden to possess any live specimens of mammals and reptiles of the wild species and live specimens of mammals and reptiles from reproductions in captivity that pose a danger to the public health and safety.

- **Art. 3 Act no. 549/1993 - Termination and reduction of the use of ozone-depleting substances** – The production, consumption, import, export, possession and sale of ozone-depleting substances in Table A enclosed to the Act are governed by the provisions of the Regulation (EEC) no. 594/91, as amended and supplemented by the Regulation (EEC) no. 3952/92. From the date of entry into force this Act prohibits the authorization of systems which include the use of the substances listed in Table A attached to the Act, without prejudice to as provided for by the Regulation (EEC) no. 594/91 as amended and supplemented by the Regulation (EEC) no. 3952/92. The decree of the Minister for the Environment, jointly issued with the Ministry of Industry, Trade and Crafts, based on a proposal by the National Agency for the Environmental Protection established the date until which the use of substances listed in Table A enclosed to the Act is still allowed, recovered and returned to the titre, for the maintenance of equipment and systems already sold and installed on the date when the law was enforced. Production, use, marketing, import and export of substances listed in Table B enclosed to the Act end on 31st December 1999. Within one year from the date this Act has come into force, the decree of the Minister for the Environment, jointly issued with the Ministry of Industry, Trade and Crafts, based on a proposal by the National Agency for the Environmental Protection, identified the essential uses of the substances contained in the aforesaid table B for which derogations from the provisions of this paragraph can be granted. Until the date established by the decree of the Minister for the Environment, jointly issued with the Ministry of Industry, Trade and Crafts, based on a proposal by the National Agency for the Environmental Protection, the use of substances listed in Table B enclosed to the Act is still allowed, recovered and returned to the titre, for the maintenance of equipment and systems. Those companies that wish to stop the production and the use of the substances listed in Table B enclosed to the Act at least two years before the expiry of the deadline of 31st December 1999 referred to in paragraph 4 may enter into framework agreements with the Ministry of Industry, Trade and

Crafts and the Ministry of the environment, in order to take advantage of incentives referred to in art. 10.

- **Articles 8 and 9 Leg. Decree no. 202/2007 – Malicious and negligent pollution caused by the dumping of pollutants at sea by ships** - The Captain of a ship sailing under any flag, as well as the crew members and shipowner, in the event the violation occurred with their complicity and/or cooperation, who maliciously violate the provisions of Article 4.

Offences introduced by Law n. 68/2015:

- **Art. 452 bis c.p. – Environmental pollution** – anyone who causes an impairment or a significant and measurable deterioration to: 1) water or air, or big or remarkable portions of soil and subsoil ; 2) ecosystem, biodiversity, also agricultural, flora or wildlife shall be punished. When pollution is produced in a protected natural area or in an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraint, or is produced against protected animal or plant species, the penalty is increased;
- **Art. 452 quater c.p. - Environmental disaster** - Whoever, in violation of law, causes an environmental disaster shall be punished. Environmental disaster is alternatively: 1) the irreversible alteration of an ecosystem balance; 2) an alteration which is particularly onerous to eliminate (can only be eliminated through exceptional measures; 3) an offence against public safety objectively assessed on the basis of the extent of the impairment or of the number of people offended or exposed to danger. When the disaster is produced in a protected natural area or in an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraint, or is produced against protected animal or plant species, the penalty is increased;
- **Art. 452 quinquies c.p. – Negligent offences against the environment** – Whenever one of the offences under articles 452 bis and 452 quater is committed by negligence, penalties set forth in the above articles shall be decreased by one to two thirds;
- **Art. 452 sexies c.p. – Trafficking and abandonment of highly radioactive material** - Unless the offence constitutes a more serious crime, whoever unlawfully sells, purchases, receives, transports, imports, exports, provides to others, holds, transfers, abandons or unlawfully disposes of highly radioactive material shall be punished;
- **Art. 452 octies c.p. – Criminal conspiracy aggravated by the fact of targeting the commission of environmental offences** – Whenever conspiracy under art. 416 (criminal conspiracy) targets, in an exclusive or shared way, the commission of one of the offences under this title, penalties set forth under such art. 416 are increased. Whenever conspiracy under art. 416 bis (mafia association) targets the commission of one of the offences under this title or management or control of economic activities, concessions, authorizations, bids or public services relating to the environment, penalties set forth under art. 416 bis shall be increased.

In relation to offences referred to in art. 25-undecies, fines from 100 up to 1,000 shares (from 25,8 thousand Euros to 1,549 thousand Euros) and disqualification sanctions, if provided for, for a period of at least three months shall be applied. The body, authority or one of its organisational units may also be permanently banned from activity, if they are permanently organised with the sole or main purpose of allowing or facilitating the illegal trafficking of waste or malicious pollution caused by the dumping of pollutants at sea by ships.

As anticipated in the opening section of this Special Section on environmental protection, the **offence of illegal burning of waste** is also governed and pointed out. It was introduced in the Leg. Decree no. 152/2006, art. 256-*bis* by the Law Decree of 10th December 2013, no. 136, entitled "Urgent measures designed to tackle environmental and industrial emergencies, and to promote the development of the affected areas", converted with amendments into the Act of 8th February 2014, no. 6.

Although this offence is not specifically recalled by the Leg. Decree no. 231/2001, it should be duly taken into account nevertheless, as it includes an aggravating circumstance in case such crime is committed within the activity of a company or an otherwise organised activity, and the acknowledgement by the company's owner of being liable for failing to supervise and the relevant enforcement of the disqualification sanctions under article 9, paragraph 2 of the Leg. Decree no. 231/2001.

- **art. 256-*bis*, paragraphs 1, 2, 3 Leg. Decree no. 152/2006 – Illegal burning of waste**

1. Unless the fact constitutes a more serious offence, anyone who sets fire to waste dumped, that is deposited uncontrollably in unauthorised areas will be punished with imprisonment from two to five years. In the event that hazardous waste is set on fire, the punishment applied is imprisonment from three to six years. The person responsible is required to restore the condition of the premises, indemnify the environmental damage and to pay, even by way of recourse, the costs for cleaning up.
2. The same penalties shall be applied to anyone who behaved as referred to in Article 255, paragraph 1, and who committed criminal offence referred to in Articles 256 and 259 depending on the subsequent illegal combustion of waste.
3. The penalty is increased by one-third if the offence referred to in paragraph 1 is committed as part of an enterprise or otherwise organised activity. The company's owner or manager of the organised activity is also responsible for failing to supervise the conduct of the perpetrators of the crime related to the company or the activity itself; the penalties provided for in Article 9, paragraph 2, of the Leg. Decree no. 231/2001 shall be applied to the aforementioned business owners or activity managers.

11.2 *Risk exposure of the Company*

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11.3 *Geneal rules of conduct*

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11.4 *Processes at risk and specific procedures*

OMISSIS

11.5 *Information flows to the Supervisory Board*

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12 SPECIAL SECTION “C” – OFFENCES AGAINST THE PUBLIC ADMINISTRATION

This Special Section "C" governs the conducts established by the directors, executives, employees, employees and agents, as well as by suppliers and third parties who work with the Company in carrying out the processes at risk, in order to prevent the committing of **offences against the Public Administration**.

The offence assumptions contained in this Special Section are governed by Articles 24 and 25 of the Decree.

The articles of the Criminal Code which respectively define the figure of "public official" and "person in charge of the public service" are written below for greater clarity.

Art. 357 Criminal code (c.p.) – Notion of public official

“For the purposes of the criminal law, public officials are those who perform a public legislative, judicial or administrative function.

For the same purposes the administrative function governed by public law and authoritative acts and characterised by the formation and manifestation of the will of the Public Administration or its unfolding through authoritative and certification powers is public”.

Art. 358 Criminal code (c.p.) – Notion of person in charge of public service

“For the purposes of the criminal law, the people entrusted with a public service are those who have a public service for whatever reason.

Public service means an activity governed in the same manner as a public function, but characterised by a lack of powers typical of the latter, and excluding the performance of simple tasks of order and the provision of merely material work”.

12.1 Offence Assumptions

Art. 24 of Legislative Decree. N. 231/2001 includes the following offences under the Criminal Code (C.P.):

- **Art. 316-bis C.P. - Embezzlement of State property** – The considered offence stems from the situation whereby a public body provides a defendant with a sum of money for the realization of works of public interest. Under Article 316-bis of the criminal code this offence is committed by whoever, being outside the Public Administration, and having obtained from the State, from another public body or the European Community subsidies or funding for the realization of works or for the performance of activities of public interest, does not use such funds for such activities.
- **Art. 316-ter C.P. - Misappropriation of funds from the State** – This offence stems from the situation whereby public funding is obtained by the defendant by submitting false documentation or by omitting to submit required information. The Company will be held accountable in front of a criminal court should the alleged misdeed be put in place by its officials, who thus obtained for the company funds to which it was not entitled.
- **Art. 640 C.P. paragraph 2, no.1) - Fraud against the State or other public body** - The crime of fraud is perpetrated when a defendant intentionally deceives someone in order to obtain for

himself or a third party unlawful profit to the detriment of the deceived person. Pursuant to Legislative Decree n. 231/2001 the offence is perpetrated if committed -or an attempt to commit it is made- against the State or another public body. The cases related to such offences may be numerous: employees and officers of the Company may supplement the present case in various ways.

- **Art. 640-bis C.P. - Aggravated fraud to obtain public funds** - Condition of the crime is that the fraud relates to the provision of funds, loans, soft loans and other funding granted by the State, public bodies or the European Community. Please refer to the cases provided for by Articles. 316-ter and 640 of the Criminal Code. As an example refer to frauds perpetrated to the detriment of social security organizations, or local administrations or divisions of these, through false statements or other fraudulent conducts.
- **Art. 640-ter C.P. - Computer fraud against the State or another public entity** - The present case is aimed at counteracting cases of illicit enrichment obtained through fraudulent use of a computer system, a phenomenon that occurs whenever the regular processing of data is manipulated in order to obtain, as a result of the manipulation of the processing, a transfer of assets or an undue profit to the detriment of the State or other public body. The offence consists in a defendant altering the operation of a computer system, without being entitled to do that, by thus altering data, information or programs contained in the system or relevant thereto, in order to obtain for themselves or for a third party an unfair profit to the detriment of the State or other public body.

Art. 25 of Legislative Decree. N. 231/2001 includes the following offences under the Criminal Code:

- **Art. 317 C.P. - Extortion** - This offence is committed by the public official who, by abusing his or her powers, forces someone to unduly give or promise to him or to a third party either pecuniary benefits or other benefits.
- **Art. 318 C.P. - Corruption in the exercise of public functions (bribery)** - This offence is committed by the public official who, in the exercise of its functions or powers, unduly receives for himself/herself or for a third party, pecuniary benefits or other benefits, or accepts a promise for them. Both the briber and the bribed public official shall be pursued.
- **Art. 319 C.P. - Corruption constituting an act contrary to official duty** - The offence occurs when a public official receives, either for himself/herself or for a third party, pecuniary benefits or other benefits, or accepts a promise for them, in order to omit or delay or for omitting or delaying an act of his office, or in order to perform or for performing an act contrary to his/her official duty.
- **Art. 319-bis C.P. - Aggravating circumstances** - The penalty shall increase if the offence relates to the awarding of state employment, salaries or pensions, or the stipulation of contracts involving the Public Administration to which the public official belongs.
- **Art. 319-ter C.P. - Corruption in judicial proceedings** - It is different from the previous ones due to the specific intent. The offence would be committed should a company engaged in a process the failure of which could entail for them a serious financial loss decide to bribe the appointed judge in order to achieve a favorable result.
- **Art. 319-quater C.P. - undue induction to give or promise benefits** - This offence is committed by a public official or civil servant who, abusing his or her powers, induces someone to unduly give or promise him/her or a third party, either money or other benefits. The person who gives or promises pecuniary benefits or other benefits shall also be punished.

- **Art. 320 C.P. - Bribery of a public servant** - The provisions of Articles 318 and 319 shall apply also to a public servant.
- **Art. 322 C.P. - Incitement to corruption** - This offence may relate to an official act and in this case it is committed by any person who offers, confers, or agrees to confer any undue pecuniary benefit or other benefits upon a public officer or public servant, for the exercise of their functions or powers, provided that the offer or promise is not accepted. The offence may also relate to an act contrary to official duties, in which case it is committed by any person who offers, confers, or agrees to confer any undue pecuniary benefit or other benefits upon a public officer or public servant, to induce him to omit or delay an official act or service, provided that the offer or promise is not accepted.
- **Art. 322-bis C.P. — Embezzlement⁷, extortion, undue induction to give or promise benefits, corruption and incitement to corruption of members of the International Criminal Court or the European Community bodies and officials of the European Communities and of foreign states** - This article also extends all the mentioned crimes to all of the members of the ICC or of the bodies of the European Communities, and to officials of the European Communities and foreign states.

The Company shall be sanctioned with fines ranging from 100 to 800 shares (from 25,800 Euros to 1,239,000 Euros) and disqualification sanctions pursuant to art. 9, paragraph 2 of the Legislative Decree. n. 231/2001, for a period ranging from three months to two years.

⁷ Under Article. 314 C.P. the crime of embezzlement is committed when a person in a position of trust such as a public official or civil servant misappropriates another's money or property on the grounds of his/her position.

12.2 Risk exposure of the Company

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12.3 General rules of conduct

OMISSIS

12.4 Processes at risk and specific procedures

OMISSIS

12.5 Information flows to the Supervisory Board

OMISSIS

13 SPECIAL SECTION "D" - CORPORATE CRIME

This Special Section "D" intends to regulate the conduct and actions put in place by administrators, managers, employees, collaborators, as well as by suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent the commission of **corporate crimes**.

The offences contained in this Special Section are governed by art. 25-ter of the Decree.

13.1 Offence Assumptions

Article. 25-ter of Legislative Decree. N. 231/2001 includes the following offences under the Civil Code:

- **Art. 2621 cc - False corporate communications** - It is a crime of tangible danger that occurs through provision in corporate communications required by law and addressed to shareholders or the public, of material facts that are untrue or still subject to evaluation or through omission of information the disclosure of which is required by law on the economic situation, assets and liabilities, or financial position of the company or of the group to which it belongs, in order to deceive either the shareholders or the public, by misleading them, in order to achieve an undue profit.
- **art. 2621 bis c.c. – Minor offences** –The present case constitutes a mitigating circumstance in the commission of false corporate communications referred to in Article 2621 of the Civil Code, if the facts set forth therein are minor offences, considering the nature and size of the company and the manner or the effects of the conduct.
- **Art. 2622 cc - False corporate communications to the detriment of the company, its shareholders or creditors** - The offence will occur in the presence of financial losses to the company, its shareholders or creditors, in the event that the Company's directors provide in the financial statement facts that are untrue or still subject to evaluation or through omission of information the disclosure of which is required by law on the economic situation, assets and liabilities, or financial position of the company or of the group to which it belongs, in order to deceive either the shareholders or the public, by misleading them, in order to achieve an undue profit.

The following companies are equivalent to the above-mentioned companies:

- 1) companies issuing financial instruments for which a request for admission to trading on a regulated market, either the Italian market or one of another EU country, has been received;
- 2) companies issuing financial instruments entitled to trading in a multilateral system of Italian negotiation;
- 3) companies controlling companies issuing financial instruments entitled to trading on a regulated market, either the Italian market or one of another EU country;
- 4) companies that resort to public saving or otherwise manage it.

Provisions above applies also when false communications or omissions relate to assets owned or managed by the Company for any third party.

- **Art. 2625 cc - Obstruction of control** - The offence is committed by Directors who by concealing documents or with other suitable devices, prevent or otherwise obstruct the performance of control activities legally attributed to shareholders or other corporate bodies.

- **Art. 2626 cc - Undue repayment of capital contributions** - The offence punishes a conduct which might damage the company, since indeed it amounts to an attack to the share capital to the benefit of shareholders.
- **Art. 2627 cc - Illegal distribution of dividends and reserves** - The offence consists in subtracting part of the share capital from which, by law, is its natural destination, i.e. being used as the ultimate instrument for the **achievement of corporate profit and as a guarantee for creditors**.
- **Art. 2628 cc - Illegal transactions involving shares or shares of the parent company** – this article is intended to protect the integrity and effectiveness of share capital and reserves which are not distributable by law. Although there is not an absolute ban on the *buy-back* operations, the current legislation reveals the distrust of the legislators with regard to these practices.
- **Art. 2629 cc - Transactions to the detriment of creditors** - The crime occurs when the corporate creditors suffer damage resulting from the reduction of the share capital, ensuing from either mergers with other companies or demergers which take place in violation of the provisions of the law (offence) and to the detriment of creditors.
- **Art. 2629-bis of the Civil Code - Failure to disclose a conflict of interest** - The crime occurs when the director or member of the management board of a company with shares listed on Italian regulated markets or on other European Union member state markets or highly disseminated among the public violates the obligations under Articles 2391 c.c. ie when one of the above mentioned persons in a given transaction has, on his/her behalf or on behalf of third parties, an interest being in conflict with that of the company, and does not give due notice to the other directors and does not abstain from participating in deliberations concerning the transaction itself, causing damage to the Company or to any third parties.
- **Art. 2632 c.c. - Fictitious capital formation** - This offence occurs in the event that the directors and contributing shareholders fictitiously form or increase the company's capital by allocating shares or shares to an extent greater than the amount of total capital, mutual subscription of stocks or shares, overvaluation of contributions of assets in kind or credits or company assets in the event of transformation.
- **Art. 2633 c.c. - Unlawful distribution of company assets by liquidators** - The offence can be committed by the liquidators of the Company which, distributing company assets among shareholders before paying creditors or setting aside the money needed to pay them, cause detriment to the creditors.
- **Art. 2635 c.c. - Bribery among private individuals** – This offence is committed by any person who offers, confers, or agrees to confer any pecuniary benefit or other benefits upon directors, general managers, managers responsible for preparing corporate accounting documents, auditors, liquidators or persons subject to their direction and supervision by getting them to do or omit acts in violation of the obligations inherent to their office or in violation of obligations of loyalty causing prejudice to the society which they work for.
- **Art. 2636 c.c. - Unlawful influence over the shareholders' meeting** - The crime occurs when the defendants resorting to simulated acts or fraud succeed in achieving the majority in the meeting in the aim of obtaining for themselves or for others an unfair profit. This offence can be committed by anyone ("common crime"), and then also by people which is not involved with the company.

- **Art. 2637 cc - Market manipulation** - The crime is accomplished through the dissemination of false news or through operations or artifices which might cause a significant change in the price of financial instruments not listed.
- **Art. 2638 cc - Obstruction to the performance of the public supervisory authorities duties**
 - This offence can be committed by the directors, general managers, auditors and liquidators of companies or bodies and other persons subjected by law to the public supervisory authorities, or having obligations with respect to them, who in the communications to the aforesaid authorities as required by law, in order to hinder the exercise of their supervisory functions, provide material facts that are untrue, or still subject to evaluation, on the economic, assets and liabilities or financial position of those submitted to supervision or, to the same end, conceal by other fraudulent means, in whole or in part, facts that should have been communicated.

The Company will be sanctioned with fines from 100 up to 800 shares (from 25,800 Euros to 1,239,200 Euro), while no disqualification is provided for.

13.2 Risk exposure of the Company

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13.3 General rules of conduct

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13.4 Processes at risk and specific procedures

OMISSIS

13.5 Information flows to the Supervisory Board

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14 SPECIAL SECTION “E” – RECEIVING OF STOLEN GOODS, LAUNDERING AND USE OF MONEY, PROPERTY OR PROFITS OF ILLEGAL ORIGIN AND SELF-LAUNDERING CRIMES

This Special Section "E" is intended to govern the behaviors and actions put in place by administrators, managers, employees, collaborators, as well as of suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent the commission of the **offences of receiving stolen goods, laundering and using money, property or profits of illicit origin, as well as the crime of self-laundering.**

The offences contained in this Special Section are governed by art. 25-*octies* of the Decree.

14.1 Offence Assumptions

Article. 25-*octies* of Legislative Decree. N. 231/2001 refers to the following offences under the Criminal Code (C.P.):

- **Art. 648 C.P. – Receiving of Stolen Goods** - The crime occurs when the defendant in order to obtain for oneself or others a profit, purchases, receives or hides money or property deriving from any crime, or meddles in their purchasing, receiving or concealing.
- **Art. 648-*bis* C.P. - Laundering** - The crime occurs when the defendant substitutes or transfers money, property or other profits deriving from intentional criminal acts, or carries out other operations, so as to prevent the identification of their criminal origin.
- **Art. 648-*ter* C.P. - Use of money, goods or assets of illegal origin** - The crime occurs when the defendant uses in economic or financial activities money, property or other profits resulting from criminal acts.

Law n. 186/2014 “*Provisions on the inflow of capitals held abroad as well as for the strengthening of the fight against tax evasion. Provisions on self-laundering*” introduced art. 25 of the Decree, the illegal practice of self-laundering (art. 648-*ter*.1 c.p.):

- **Art. 648-*ter*.1 – Self-laundering** - The crime occurs when the defendant, having participated in committing an intentional crime, uses, replaces, transfers or uses in economic, financial, entrepreneurial or speculative activities, money, property or other profits by the commission of this crime, so as to concretely hinder identification of their criminal origin.

The first paragraph of art. 648 *ter*.1 of the Criminal Code provides that the individual who commits a self-laundering offence shall be punished by imprisonment from two to eight years and a fine from 5,000 to 25,000 euros

The second paragraph of the same article states that imprisonment from one to four years and a fine from 2,500 to 12,500 euros is inflicted if money, property or other benefits derive from the commission of a non negligent offence punished with imprisonment up to maximum five years.

The third paragraph of art. 648 *ter*.1 of the Criminal Code, also states that in any case penalties set forth in the first paragraph apply whenever the money, property or other benefits derive from an offence committed under terms and goals of article 7 of D.L. 13 May 1991, n. 152, derived from amended L. 12 July 1991, n. 203, as amended.

The article also states that:

- Without prejudice to cases described in paragraphs above, conducts by which money, property or benefits are intended for mere personal use or enjoyment shall not be punished.
- The penalty shall be increased if the acts are committed in the exercise of a banking or financial or other professional activity.
- The penalty shall be reduced up to half for those who effectively cooperate to prevent that conducts are brought to further consequences or to provide the evidence of the crime and the identification of property, money and other benefits coming from the offence.
- The last paragraph of article 648 reported below shall apply: “...Provisions under this article apply also when (648 bis) the author of the offence from which money or property come, is not chargeable (85) or prosecutable (46, 379, 649) or in the absence of a condition of admissibility (336-346 c.p.p.) related to such offence.”

The Company shall be sanctioned with fines from 200 to 1,000 shares (from 51,600 Euros to 1,549,000 Euros) and disqualification sanctions pursuant to art. 9, paragraph 2 of the Decree. N. 231/2001, for a period of three months to two years.

14.2 Risk exposure of the Company

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14.3 General rules of conduct

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14.4 Processes at risk and specific procedures

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14.5 Information flows to the Supervisory Board

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15 SPECIAL SECTION "F" –ORGANIZED CRIME OFFENCES

This Special Section "F" is intended to govern the conduct of the directors, managers, employees, collaborators, as well as of suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent the commission of **organized crime offences**.

The offences contained in this Special Section are governed by art. 10 of Law 146/2006 "Ratification and implementation of the Convention and Protocols of the United Nations Convention against Transnational Organized Crime, adopted by the General Assembly on Nov. 15, 2000 and May 31, 2001".

15.1 Offence assumptions

Article. 24-ter of Legislative Decree. N. 231/2001 includes the following offences under the Criminal Code (C.P.):

- **Art. 416 C.P. - Criminal conspiracy** - Association created by three or more persons to commit multiple crimes.
- **Art. 416-bis C.P. – Mafia-like organization** – Mafia-like organization formed by three or more people. The organization can be defined of the mafia type when its members makes use of the force of intimidation of the associative bond and of subjection and conspiracy of silence to commit crimes, to acquire directly or indirectly the management or control of economic activities, concessions, authorizations, contracts and public services or to realize profits or unfair advantages for themselves or others or to prevent or obstruct the free exercise of the vote, or to procure votes for themselves or others on elections.
- **Art. 416-ter C.P. – Vote buying** - Obtaining, on the occasion of elections, the promise to procure votes for themselves or others as per the Mafia approach in exchange for money or the promise of money or other benefits. In case of commission of such offence, the penalty applies not only to those who accept the promise of procuring votes but also to those who promise to procure votes.
- **Art. 630 C.P. - Kidnapping for the purpose of robbery or extortion** - Kidnapping of a person in order to obtain, for themselves or others an unfair profit (the ransom) as the price of freedom.
- **Art. 74 of the Consolidated Act as per Presidential Decree 309/1990 - Conspiracy for illicit trafficking of narcotic drugs or psychotropic substances** - Association created by three or more people in order to grow, produce, manufacture, extract, refine, sell, or offer to sell, assign, distribute, trade, transport, procuring for others, send, or shipping in transit, deliver for whatever purpose narcotic or psychotropic substances.
- **Art. 407 of Code of Criminal Procedure** - Illegal manufacture, introduction into the State, sale, transfer, possession and carrying in public places or open to the public of weapons of war or warlike or parts thereof, explosives, clandestine weapons and more common firearms.

The Company shall be sanctioned with fines from 300 to 1,000 shares (from 77,400 Euros to 1,549,000 Euros) and disqualification sanctions pursuant to art. 9, paragraph 2 of the Decree. N. 231/2001, for a period of one year up to permanent disqualification (whenever the goal of the body is the commission of the above offences).

15.2 *Risk exposure of the Company*

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15.3 *General rules of conduct*

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15.4 *Processes at risk and specific procedures*

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15.5 *Information flows to the Supervisory Board*

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16 SPECIAL SECTION "G" – TRANSNATIONAL CRIMES

This Special Section "G" is intended to govern the conduct of the directors, managers, employees, collaborators, as well as of suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent the commission **transnational crimes**.

The offences contained in this Special Section are governed by art. 10 of Law 146/2006 "Ratification and implementation of the Convention and Protocols of the United Nations Convention against Transnational Organized Crime, adopted by the General Assembly on Nov. 15, 2000 and May 31, 2001".

16.1 Offence Assumptions

For greater clarity, it is to be pointed out that by transnational crime we mean an offence which involves an organized criminal group:

- is committed in more than one State;
- or, is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;
- is committed in one State but involves an organized criminal group engaged in criminal activities in more than one State;
- is committed in one State but has substantial effects in another State.

Article. 10 of Law 146/2006 includes the following offences under the Criminal Code:

- **Crimes of association:**
 - **Art. 416 C.P. - Criminal conspiracy** - Association created by three or more persons to commit multiple crimes.
 - **Art. 416-bis C.P. – Mafia-like organization** – Mafia-like organization formed by three or more people. The organization can be defined of the mafia type when its members makes use of the force of intimidation of the associative bond and of subjection and conspiracy of silence to commit crimes, to acquire directly or indirectly the management or control of economic activities, concessions, authorizations, contracts and public services or to realize profits or unfair advantages for themselves or others or to prevent or obstruct the free exercise of the vote, or to procure votes for themselves or others on elections.
 - **Art. 291-*quater* of the Consolidated Act as per the Presidential Decree DPR no. 43/1973** - Criminal conspiracy for foreign tobacco smuggling.
 - **Art. 74 of the Consolidated Act as per the Presidential Decree DPR no. 309/1990** - Conspiracy for the illicit trafficking of narcotic drugs or psychotropic substances.

- **Offences relating to the trafficking of immigrants:**
 - **Art. 12 Legislative Decree no. 286/1998 - Provisions against illegal immigration** - Offence committed by the defendant who, in order to make profit even indirectly, commits acts aimed at enabling the entry of anybody in the State in violation of the provisions of the said Consolidated Act, or at enabling the illegal entry into another State which the person is not a citizen of or has not permanent residency in.

- **Crimes of obstruction of justice:**
 - **Art. 377-bis C.P. - Incitement not to make statements or to make false statements to the Judicial Authority** - Offence committed by the defendant who, through violence or threats or offers or promises of money or other benefits, incites the witness called to testify before the court in a criminal case not to make statements or to make false statements, when the witness has the right to remain silent.
 - **Art. 378 C.P. - Aiding and abetting** - Offence committed by the defendant who, following the occurrence of a crime for which the law prescribes the death penalty or life imprisonment or imprisonment, and with the exception of the cases of conspiracy to the crime, helps someone to elude the investigations Authority, or elude inspections.

The Company shall be fined fines from 100 to 1,000 shares (from 25,800 Euros to 1,549,000 Euros) and disqualification sanctions (with the exception of crimes of obstruction of justice, which will only be sanctioned through a fine) ranging from three months to up to permanent disqualification (whenever the goal of the body is the commission of the above offences).

16.2 *Risk Exposure of the Company*

OMISSIS

16.3 *General rules of conduct*

OMISSIS

16.4 *Processes at risk and specific procedures*

OMISSIS

16.5 *Information flows to the Supervisory Board*

OMISSIS

17 SPECIAL SECTION "H" –FORGERY OF WRITTEN INSTRUMENTS OR COUNTERFEIT MARKS

This Special Section "H" is intended to govern the conduct of the directors, managers, employees, collaborators, as well as of suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent forgery **of written instruments or counterfeit marks**.

The offences contained in this Special Section are governed by art. 25-*bis* of the Decree.

17.1 Offence Assumptions

Article. 25-*bis* of the Legislative Decree. N. 231/2001 includes the following offences under the Criminal Code:

- **art. 453 c.p. – Counterfeiting of money, spending and introduction into the State, upon agreement, of counterfeit money**– shall be punished with imprisonment from three to twelve years and a fine ranging from 516 euros to 3,098 euros:
 - a) anyone who counterfeits national or foreign money, which are legal tender in the State or abroad,
 - b) anyone who in any way alters genuine money to give them the appearance of a higher value;
 - c) anyone who despite being not an actor in the counterfeiting or alteration has agreed with such actors or an intermediary to introduce into to the State territory [c.p. 4] or to hold or spend or otherwise circulate counterfeit or altered money ;
 - d) anyone purchasing or anyhow receiving counterfeit or altered money from a counterfeiter or from an intermediary for the purpose of circulation.
- **art. 454 c.p. – Alteration of money** – Anyone altering money under article above, therefore altering their value, or with reference to the altered money, being liable of the commission of one of the offences under n. c) and d) of such article, shall be punished with imprisonment from one to five years and a fine between 103 and 516 euros.
- **art. 455 c.p. – Spending and introduction into the State, without agreement, of counterfeit money** – Anyone, out of the cases set forth in the two articles above, introducing into the State territory, purchasing or holding counterfeit or altered money for the purpose of their circulation, or spending or otherwise circulating them, shall be punished pursuant to such articles with applied penalties being reduced from one third to half.
- **art. 457 c.p. – Spending of counterfeit money received in good faith** – Anyone spending or anyhow circulating counterfeit or altered money received in good faith shall be punished with imprisonment up to six months or a fine up to 1,032 euros.
- **art. 459 c.p. – Counterfeiting of revenue stamps, introduction into the State, purchase, possession or circulation of counterfeit stamps** – Provisions of articles 453, 455 and 457 also apply to counterfeiting or alteration of revenue stamps and introduction into the State territory, or purchase, possession and circulation of counterfeit revenue stamps, stamped paper, tax stamps, stamps and other equivalent stamps.
- **art. 460 c.p. – Counterfeiting of watermarked paper used for the manufacturing of legal tender or revenue stamps** – Anyone counterfeiting watermarked paper used to manufacture

legal tender or revenue stamps, or purchasing, possessing, or alienating such counterfeit paper shall be punished, without prejudice to any punishment in case of a more serious offence, with imprisonment from two to six years and a fine from 309 to 1,032 euros.

- **art. 461 c.p. – Manufacturing or possession of watermarks or tools used to counterfeit money, revenue stamps or watermarked paper** – Anyone manufacturing, purchasing, possessing or alienating watermarks, IT software or tools exclusively destined to the counterfeiting or alteration of money, revenue stamps or watermarked paper shall be punished, without prejudice to any punishment in case of a more serious offence, with imprisonment from one to five years and a fine from 103 to 516 euros. The same penalty applies in case conducts under paragraph one relate to hologram or other parts of the money whose main aim is to guarantee protection against counterfeiting or alteration.
- **art. 464 c.p. – Use of counterfeit or altered revenue stamps** – Anyone, although being not an actor in the counterfeiting or alteration, using counterfeit or altered revenue stamps, shall be punished with imprisonment up to three years and a fine up to 526 euros. If values were received in good faith, the penalty under art. 457 shall be reduced by one third.
- **art. 473 c.p. – Counterfeiting, alteration or use of distinctive signs, intellectual property or industrial products** – Anyone who, being aware of the existence of industrial property, counterfeits or alters either national or foreign distinctive marks or signs of industrial products, or anyone who, despite not aiding to the counterfeiting or alteration, uses such counterfeit or altered marks or signs, shall be punished with imprisonment from six months to three years and a fine ranging from 2,500 euros to 25,000 euros. A sentence to imprisonment from one to four years and a fine of 3,500 euros to 35,000 euros shall be inflicted to anyone who counterfeits or alters industrial patents, foreign or national industrial designs or makes, or, despite not aiding in the counterfeiting or alteration, uses of such patents, counterfeit or altered designs or makes. The offences provided by the first and second paragraphs are punishable under the condition that they are pursuant to the regulations of the internal laws, community regulations and international conventions on the protection of intellectual or industrial property.
- **art. 474 c.p. – Introduction into the State and marketing products bearing false signs** – With the exception of the cases of conspiracy to the crimes provided by art. 473, anyone who introduces in the territory of the State, in order to make profits, industrial national or foreign products bearing counterfeit or altered marks or other distinguishing marks, shall be punished with imprisonment from one to four years and a fine ranging from 3,500 euros to 35,000 euros. Excluding the cases of conspiracy to the crime of counterfeiting, alteration, introduction into the territory of the State, anyone who sells, puts on sale or puts into circulation in order to earn profits the products mentioned in the first paragraph shall be punished with imprisonment up to two years and a fine of up to 20,000 Euros. The offences provided by the first and second paragraphs are punishable under the condition that they are pursuant to the regulations of the internal laws, community regulations and international conventions on the protection of intellectual or industrial property.

The Company shall be sanctioned with fines from 100 up to 800 shares (from 25,800 euros a 1.239.200 euros) and disqualification sanctions as per art. 9, paragraph 2 of the Decree. N. 231/2001, for a period not exceeding one year.

17.2 Risk Exposure of the Company

OMISSIS

17.3 General rules of conduct

OMISSIS

17.4 Processes at risk and specific procedures

OMISSIS

17.5 Information flows to the Supervisory Board

OMISSIS

18 SPECIAL SECTION "I" – CRIMES AGAINST INDUSTRY AND COMMERCE

This Special Section "I" is intended to govern the conduct of the directors, managers, employees, collaborators, as well as of suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent the commission of **crimes against industry and commerce**.

The offences contained in this Special Section are governed by art. 25-*bis* 1 of the Decree.

18.1 Offence Assumptions

Art. 25-*bis* 1 of Legislative Decree. N. 231/2001 includes the following offences under the Criminal Code:

- **art. 513 c.p. – Disturbed freedom of industry or trade** - Use of violence or fraudulent means to prevent or disturb the exercise of industry or commerce.
- **art. 513-*bis* c.p. – Unlawful competition through the use of threats or violence** – Performance of acts of competition through the use of violence or threats in the exercise of a commercial, industrial, or production activity.
- **art. 514 c.p. – Fraud against national industries** - Sale or circulation on domestic or foreign markets of industrial products, with counterfeit or altered brands, trademarks or distinctive signs, causing harm to the domestic industry.
- **art. 515 c.p. – Fraudulent trading** - Delivery to the buyer of a good instead of another, or of a good the origin, source, quality or quantity of which is different from that stated or agreed in the course of a commercial activity, or in a shop open to the public.
- **art. 516 c.p. – Sale of non-genuine foods as genuine** - sale or otherwise trading in non-genuine food items as genuine.
- **art. 517 c.p. – Sale of industrial products with misleading signs** - sale or otherwise circulation of industrial property or products, with national or foreign names, trademarks or signs being likely to mislead the purchaser about the origin, provenance or the quality of the property or product.
- **art. 517-*ter* c.p. – Manufacture and sale of goods made in violation of industrial property rights**- Manufacture or industrial use of objects or other goods produced by violating industrial property rights.
- **art. 517-*quater* c.p. – Counterfeiting of protected geographical indications or denominations of origin of food products** - Counterfeiting or alteration of protected geographical indications or denominations of origin of food products.

The Company shall be sanctioned through fines from 100 up to 800 shares (from 25,800 euros to 1,239,000 euros) and disqualification sanctions as per art. 9, paragraph 2 of the Decree. N. 231/2001, for a period of three months to two years.

18.2 Risk exposure

OMISSIS

18.3 General Rules of Conduct

OMISSIS

18.4 Processes at risk and specific procedures

OMISSIS

18.5 Information flows to the Supervisory Board

OMISSIS

19 SPECIAL SECTION "L" – CYBERCRIME AND ILLEGAL DATA PROCESSING

This Special Section "L" is intended to govern the conduct of the directors, managers, employees, collaborators, as well as of suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent the commission of **cybercrime and illegal data processing crimes**.

The offences contained in this Special Section are governed by Article 24-*bis* of the Decree.

19.1 Offence Assumptions

Article. 7 of Law 48/2008, "Ratification and implementation of the Convention of the Council of Europe on Cybercrime, signed in Budapest on 23 November 2001, and rules of internal adaptation", introduced art. 24-*bis* of the Legislative Decree. N. 231/2001: "Computer crimes and illegal data processing", which refers to the following articles of the Criminal Code:

- **art. 491-*bis* c.p. – Forgery of electronic documents** - Crime of counterfeiting or alteration of public or private computer documents which have probative value.
- **art. 615-*ter* c.p. – Unauthorized access to a computer or telematics system** - The crime occurs when an unauthorized person breaks into a computer or telematics system protected by security measures or remains within the system against the express or implied will of whoever has the right to ban it.
- **art. 615-*quater* c.p. – Illegal possession and diffusion of access codes to computer or telematics systems** – The offence occurs when a defendant, in order to make a profit for themselves or others, or to cause damage to others, illegally procures, reproduces, spreads, communicates or delivers codes, passwords or other means of access to a computer or telematics system protected by security measures, or in any case provides indications or instructions suitable for this purpose.
- **art. 615-*quinquies* c.p. – Distribution of equipment, devices or programs intended to damage or bring a computer or telematics system to crash** - The crime occurs when a defendant, in order to illegally damage a computer or a telematics system, information, data, or programs contained in them or relevant thereto or to promote the crash, either total or partial, or alteration of its operation, procures, produces, reproduces, imports, disseminates, communicates, delivers or otherwise, makes available to others specific equipment, devices, or computer programs.
- **art. 617-*quater* c.p. – Tapping, prevention or interruption of computer or telematics communications** – The crime occurs when a person fraudulently taps communications relative to a computer or telematics system or between multiple systems, or hinders or stops communications, and when a person reveals, through any means of information to the public, in whole or in part, the content of these communications.
- **art. 617-*quinquies* c.p. – Installation of equipment designed to tap, prevent or interrupt computer or telematics communications** - The offence is committed when a defendant, except in cases permitted by law, installs equipment designed to intercept, prevent or interrupt communications relating to a computer system or between multiple systems.
- **art. 635-*bis* c.p. – Damage to computer information, data and programs** – The crime occurs when a person destroys, damages, cancels, alters or suppresses computer information, data or

programs of others. In case of committing such an offence through the use of violence or threat to the other person or by abusively acting as systems operator, the penalty is imprisonment from one to four years and is automatically prosecuted.

- **art. 635-ter c.p. – Damage to computer information, data and programs used by the State or other public body or of public utility** - The crime occurs when a person destroys, damages, cancels, alters or suppresses computer information, data or programs used by the State or other public body or relevant to them, or of public utility.
- **art. 635-quater c.p. – Damage to computer or telematics systems** - The offence is committed if a defendant acting as per art. 635-bis, or by the introduction or transmission of data, information or programs destroys, damages or makes useless, in whole or in part, computer or telematics systems of others or seriously hampers their functioning.
- **art. 635-quinquies c.p. – Damage to computer or telematics systems of public utility** - The offence is committed if the act as per art. 635 quater is intended to destroy, damage, make, in whole or in part, unusable public utility computer or telematics systems or seriously hampers their functioning.
- **art. 640-quinquies c.p. – Computer fraud by the subject providing electronic signature certification services** - The crime occurs when the body providing certification services for electronic signature, in order to procure for themselves or others an unfair profit, or to cause damage to others, violates the obligations imposed by law concerning the issue of a qualified certificate.

The Company shall be sanctioned with fines from 100 to 500 shares (from 25,800 euros to 774,500 euros) and disqualification sanctions as per art. 9, paragraph 2 of the Decree. N. 231/2001, for a period of three months to two years.

19.2 *Risk exposure*

OMISSIS

19.3 *General principles of conduct*

OMISSIS

19.4 *Processes at risk and specific procedures*

OMISSIS

19.5 *Information flows to the Supervisory Boards*

OMISSIS

20 SPECIAL SECTION "M" - INCITEMENT NOT TO MAKE DECLARATIONS OR TO MAKE FALSE DECLARATIONS TO JUDICIAL AUTHORITIES

This Special Section "M" intends to regulate the conduct and actions put in place by administrators, managers, employees, collaborators, as well as by suppliers and third parties who work with the Company in the organization of the processes at risk, in order to prevent the commission of the **crime of incitement not to make declarations or to make false declarations to the Judicial Authority**.

The offences contained in this Special Section are governed by art. 25-*decies* of Decree.

20.1 Offence Assumptions

Art 25-*decies* of Legislative Decree. N. 231/2001 includes the following offences under the Penal Code:

- **art. 377-bis c.p. – Incitement not to make statements or to make false statements to the Judicial Authority** - Offence committed by the defendant who, through violence or threats or offers or promises of money or other benefits, incites the witness called to testify before the court in a criminal case not to make statements or to make false statements, when the witness has the right to remain silent.

The Company shall be sanctioned with fines from 100 up to 500 shares (from 25,800 euros to 774,500 euros).

20.2 Risk exposure

OMISSIS

20.3 General principles of conduct

OMISSIS

20.4 Processes at risk and specific procedures

OMISSIS

20.5 Information flows to the Supervisory Board

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21 RECAP TABLE PROCESSES / OFFENCES

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