Arkad SpA

Model Of Organization, Management and Control According To The Legislative Decree n. 231/2001

Adopted by resolution of the Administrative Body on 09/24/19 and updated with resolution of 07/13/2023

INDEX

ATTACHMENTS

1. RISK ASSESSMENT *(IN ITALIAN)*
2. LIST OF MAIN PROCEDURES AND SPECIFIC OPERATING INSTRUCTIONS OF THE COMPANY
3. LIST OF PREDICATE OFFENCES AND LEGISLATIVE SANCTIONS ACCORDING TO LEGISLATIVE DECREE NO. 231/2001 *(IN ITALIAN)*

DEFINITIONS

ABB
The Company ABB S.p.A. that, until 2nd December 2019, held a stake of 19.90% of the share capital of Arkad S.p.A. and, since 2nd December 2019, it doesn't hold share capital in Arkad S.p.A. anymore.

Arkad S.p.A. or "Society" or "Organization" or "Company"
The Company Arkad S.p.A.

Arkad for Engineering and Constrution Company or Arkad E&C or. Parent Company

The Company Arkad for Engineering and Construction, which holds 100% stake in the share capital of Arkad S.p.A.

Activites considered risky or so-called "risky activities"

The activities considered risky (or "risky activites") derive from the Risk Assessment analysis carried out by the Company and are the sensitive activities with a potential associated risk ("residual risk") thet are relevant. The business activities in which opportunities, conditions and tools for the commission of the Offenses could potentially happen.

Branches

These are the temporary secondary offices "without stable representation" that the Company has set up in Algeria, Saudi Arabia, in the United Arab Emirates and Iraq, in relation to the implementation of specific projects currently in progress in the neighbouring geographical areas.

Bribery

The UK Bribery Act 2010.

CCNL or national collective bargaining agreement

CCNL stands for "Contratto Collettivo Nazionale di Lavoro" that is the national collective bargaining agreement / collective agreement, applicable to the contracts of the Employees of the Company.

Board of Directors or BoD or Management Body

The Board of Directors of Arkad S.p.A.

Code of Conduct

The Code of Conduct adopted by Arkad S.p.A.. The Code of Conduct for employees of the Company is also accompanied by the Code of Conduct for Third Parties.

Contract Workers

The subjects who have collaborative relations with the Company without being bound by subordination, commercial representation and other relationships that are realized in a non-subordinate professional service, both continuous and occasional, as well as those who, by virtue of specific mandates, proxies or powers of attorney, represent the Company towards third parties.

Legislative Decree no. 231/2001 or Decreto Legislativo 231/2001 or Decree

The Legislative Decree 8 June 2001, n. 231 and subsequent amendments, which introduced, into the Italian Set of Laws, the discipline of administrative liability deriving from offenses of legal entities, companies and associations, even without legal status.

Recipients

Individuals to whom the provisions of the Model of Organization, Management and Control of the Company apply.

Employees

All the workers and employees of Arkad S.p.A.

Arkad Group

The Group to which Arkad for Engineering and Construction Company belongs. It is specified here that the management and coordination activity to which Arkad S.p.A. is subject to, it is carried out by Arkad for Engineering and Construction Company, the majority shareholder of Arkad S.p.A..

Model of Organization, Management and Control according to Legislative Drecree 231/2001 or Model of Organization or Model 231 or Model 231/01 or Model

This Model of Organization, Management and Control, of which, among other things, the ethical and behavioral principles contained in the Code of Conduct, the Operating Procedures, the other organizational tools (for example, the organizational charts, the guidelines, service orders, company proxies and all the principles of conduct adopted and operating within the Company, etc…) are also an integral part of the Model, as well as the Disciplinary System.

Supervisory Body or Compliance Supervisory Body or "Organismo di Vigilanza" or "OdV"

Supervisory Body, pursuant to Art. 6 of the Decree, with the task of supervising the functioning and observance of the Model, as well as ensuring its update.

Corporate Bodies or Company Bodies

The Board of Directors and the Board of Statutory Auditors.

Procedures or Operating Procedures or Operating Instructions

The Operating Procedures or Operating Instructions in force and also applicable to Arkad S.p.A., which are considered an integral part of this Model of Organization, Management and Control.

Public Administration or PA

The complex of authorities, bodies and agents to whom the legal system entrusts the care of public interests. They are identified with

- national, EU and international public institutions, intended as organizational structures with the task of pursuing the interests of the community with legal instruments; this public function qualifies also the activity carried out by the members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- public officials, i.e. those who exercise a public legislative function (production of legal rules), judicial (exercise of jurisdictional power), administrative (characterized by the formation or manifestation of the will of the Public Administration or by its conduct / execution by authoritative powers or certifications) (pursuant to Article 357 Italian Criminal Code);
- those in charge with the task of performing a public service, i.e., those who provide a regulated activity in the same form as a public function but characterized by the lack of the typical powers of this public function (pursuant to Article 358 Italian Criminal Code).

Crimes or Offences

The crimes and administrative offenses assumed relevant to the Decree.

Disciplinary System

The Company's Disciplinary System – an integral part of the Model of Organization- aimed at sanctioning the violation of the rules set out in the Code of Conduct, in the Model, in the Procedures and in the Company Regulations.

ADOPTION AND UPDATES OF THE MODEL

Revision	Date	Description	Deliberative Body
0	24th September 2019	Adoption of the Model	Board Of Directors
0.5	3rd April 2020	Formal Review	Board Of Directors (for information)
1	28th December 2020	Update	Board Of Directors
2	13th July 2023	Formal Review	Board Of Directors (for information)

APPOINTEMENT OF SUPERVISORY BODY

Start Date of the Mandate	End / Expiry date of the Mandate	Composition
24th September 2019	24th September 2020	Collegiate
28th December 2020	24th September 2022	Collegiate
25th September 2022	approval of the balance sheet as at 12/12/2024	Monocratic

GENERAL PART

1. INTRODUCTION

1.1. ARKAD S.P.A.

Arkad S.p.A. (hereinafter also the "Company") operates in industry of integrated engineering design services, realizing medium-sized turnkey EPC projects in the Oil & Gas field, with specific competence for *Midstream* plants (stations of compression and pumping, Terminals, *Flowstations*), associated with a strong specialization for *Upstream* plants (Oil and gas separation plants (onshore/offshore), gas treatment plants, water and gas injection plants) and electricity generation.

In particular, the Company's activities are:

- promotion, development, engineering, design, marketing, sales, construction, construction, installation, modification, repair, rehabilitation, maintenance, commissioning and testing, in Italy and abroad, of industrial complexes and plants in general (including production, transport and transformation of energy, petroleum, petrochemical, chemical and exploration, extraction, handling, treatment, pumping, compression, refining, transport and storage of hydrocarbons and fluids in general), infrastructure, auxiliary units and civil works , including parts or subsystems thereof; as well as: the development and use of techniques and procedures related to the industrial activity and building in general;
- development, training and supervision of personnel, with the express exclusion of reserved professional activities;
- execution of drilling, research, exploration and cultivation of oil, gas, endogenous and mineral vapors in general;
- provision of internal services or in favor of other companies belonging to the Arkad Group, necessary for the performance of its industrial and commercial organizational and administrative activities, including the management of human resources, information systems, communications, legal and fiscal support and real estate management;
- purchase, also through Financial leasing, sale, exchange, rent, lease, free loan of real estate, land and buildings both industrial or commercial and civil and the management and administration of real estate owned by the Company, activity carried out not predominantly and for the sole purpose to carry out the main activity.

The Company's Registered Office is located in Milan, via Vittor Pisani n. 16. The Operative-Administrative Headquarters of the Company is located in Sesto San Giovanni, via Luciano Lama n. 33. A satellite office is located in Genoa, via Albareto n. 35.

Arkad S.p.A. also has temporary branch offices (so-called "Branches") located in Algeria (Hydra, Chemin de la Madeleine No. 3, 16053 Hydra), in the United Arab Emirates (Al Reem Island- SNC Abu Dhabi, UAE), in Saudi Arabia (PO BOX 2873 31952, Khobar), in Bulgaria (SHIPKA str 36, Sofia) and in Iraq (Al Kindi M213, Baghdad). The Company also has two local units in Italy, in Ravenna (Via Baiona No. 107) and in Gela (Contrada Piana del Signore No. 1).

The Company was incorporated with a deed of 16th May 2017 under the name Metis Soimi Progetti S.p.A.and subsequently changed its company name in Soimi S.p.A.

On 28th December 2017 the company stipulated with ABB S.p.A. a business unit sale through which ABB S.p.A. has sold to Soimi S.p.A. the business unit called "Kerosene Business", with effect from 31st December 2017.

The perimeter of the business unit is made up of the following four projects (in which the related sites for the construction of the works are currently being implemented):

- Power Plant Upgrade Zirku Island, whose object is the design, construction and commissioning of engineering components to improve efficiency and reduce emissions from the energy plant located in Zirku (Abu Dhabi);
- Tempa Rossa, having as its object the extension of the export terminal of the Taranto's refinery, in Italy, to favor the final transfer of the crude oil extracted from the Tempa Rossa field and transported via an underground oil pipeline to the Taranto's Refinery export terminal;

Concurrently with the purchase of the aforementioned business unit, ABB S.p.A. has transferred the 80.10% shares of Soimi S.p.A. to the company Arkad Engineering & Construction Co..

Following the sale of the business unit and the change of reference shareholder, the Company, on the same date of 28th December 2017, changed its corporate name to "Arkad-ABB S.p.A.".
On 2nd December 2019, ABB S.p.A. exercised the right of withdrawal and Arkad Engineering and Construction Company acquired 19.9% of the shares owned by ABB SpA, as defined by the Sales and Purchase Agreement (put option) relating to the purchase of the EPC business branch from ABB S.p.A. and as also defined by the previously applicable bylaws. Also on 2nd December 2019, the Company changed its corporate name to "Arkad S.p.A.".

The Company has achieved compliance certifications with the following standards:

- UNI EN ISO 9001:2015 (ISO 9001:2015);
- UNI EN ISO 14001:2004 (ISO 14001:2004);
- UNI EN ISO 45001:2018 (ISO 45001:2018).

1.2. SYSTEMS OF MANAGEMENT AND CONTROL OF ARKAD S.p.A.

The Company has entrusted its management to a Board of Directors, composed of the Chairman, three Directors and a Managing Director.

The Company has appointed a Board of Statutory Auditors (composed of three effective members and two alternate members) and an external statutory accounting company in charge of the control.

In addition, the company has appointed four special attorneys to whom specific powers are assigned, based on the functions performed by them.

1.3. RELATIONSHIP WITH FOREIGN LAWS ON MODELS OF ORGANIZATION, MANAGEMENT AND CONTROL

Since Arkad S.p.A. could probably operate in the territory or with counterparts based in the United Kingdom, the regulation under the UK Bribery Act of 2010 could be relevant to the operations carried out therein. This legislation establishes an administrative responsibility for the companies in case of commission of offenses of active or passive corruption of a subject, both public and private, by an actor related to it. In particular, Section 7(2) of the Bribery Act provides for the hypothesis of exclusion of liability for the legal entity (so-called "exempt"), if this proves to have effectively adopted specific procedures aimed at the prevention of crimes, according to the guidelines, from time to time, provided by the British Ministry of Justice.

The Special Section "B" of the Model is dedicated to the Bribery Act.

2. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

2.1. THE CORE PRINCIPLES OF THE LAW

Legislative Decree No. 231 of 8 June 2001 introduced into Italian law the criminal liability of legal entities, companies, and associations, including those without legal personality, (also referred to as "Entities") in the event of commission or attempted commission of several types of crimes or administrative offenses on behalf or for the benefit of the Entity by:

- persons who hold representative, administrative, or management positions at the Entity or one of its financially and functionally autonomous Organizational Units, and by individuals who officially or de facto manage and control it ("Senior Officers");
- persons who are "Subordinate" to the management or supervision of the persons indicated at the preceding bullet point.

The law does not apply to the State, public territorial entities, other non-economic public entities, and the entities that perform constitutionally related functions.

The purpose of the Decree was to align the Italian laws governing the liability of legal entities into compliance with certain international conventions previously signed by Italy[1].

Although lawmakers defined this liability as "administrative", it features aspects of criminal liability, since it is ascertained in the scope of a criminal proceeding, is consequent to the commission of crimes, and requires the application of penalties borrowed from the criminal justice system.

Pursuant to the Decree, the liability of the Entity is in addition to and does not supplant the criminal liability of the perpetrator of the Crime: therefore, both the natural person and the legal entity are subjected to a criminal proceeding.

2.2. THE CRIMES AND ADMINISTRATIVE OFFENCES ENVISAGED BY THE LAW

The administrative liability of entities arises when the Crimes and administrative offenses listed hereunder are committed (or attempted).

2.2.1. Non-compliance with bans (Art. 23 of the Decree)

Violation committed by anyone who, when performing the activity of the entity that has been sanctioned or subjected to a precautionary interdictive measure, violates the obligations or prohibitions associated with those sanctions or measures.

2.2.2. Crimes against the Public Administration and its assets (Articles 24, 25 and 25-*decies* of the Decree)

- Embezzlement (art. 314, paragraph 1, Italian Criminal Code)[2];
- Emblezzled by profit from the error of others (Art. 316-*bis* Italian Criminal Code)[3];
- Embezzlement of public disbursements (Art. 316-*bis* Italian Criminal Code);
- Misappropriation of public disbursements (Art. 316-*ter* Italian Criminal Code);

[1] Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests, the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Communities or the Member States of the European Union, and the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

[2] As introduced into Article 25 of Legislative Decree No. 231/2001 by Article 5, paragraph 1, letter b), n, 2) Legislative Decree of 14th July 2020, n. 75

[3] As introduced into Article 25 of Legislative Decree No. 231/2001 by Article 5, paragraph 1, letter b), n, 2) Legislative Decree of 14th July 2020, n. 75

- aggravated fraud against the State or other public entity or the European Union (Art. 640, paragraph 2, subparagraph 1, Italian Criminal Code);
- aggravated fraud to obtain public disbursements (Art. 640-*bis* Italian Criminal Code);
- computer fraud (Art. 640-*ter* Italian Criminal Code)[4];
- concussion (Art. 317 Italian Criminal Code)[5];
- bribery relating to the exercise of duties (Art. 318[6] Italian Criminal Code);
- bribery relating to an act contrary to official duties (Art. 319 Italian Criminal Code);
- aggravating circumstances (Art. 319-*bis* Italian Criminal Code);
- bribery in judicial proceedings (Art. 319-*ter* Italian Criminal Code);
- unlawful incitement to give or promise benefits (Art. 319-*quater* Italian Criminal Code)[7];
- bribery of a person delegated to perform a public service (Art. 320 Italian Criminal Code);
- penalties for the bribe-giver (Art. 321 Italian Criminal Code);
- incitement to bribery (Art. 322 Italian Criminal Code)[8];
- embezzlement, extortion, unlawful incitement to give or promise benefits[9], bribery and incitement to bribery, abuse of office of members of international courts or the bodies of the European Community or of international parliamentary assemblies or of international organizations and of officials of the European Community and foreign States (Art. 322-*bis* Italian Criminal Code)[10];
- abuse of office bribery (Art. 323 Italian Criminal Code)[11];
- trafficking in unlawful influence (Art.346-*bis* Italian Criminal Code);[12]
- fraud in public supplies (Art. 356 Italian Criminal Code)[13];
- offences indicated in art. 2 of the law of 23 December 1986, n.898[14];
- offence of induction not to report or report mendacious statements to the judicial authority (art. 377-*bis* Italian Criminal Code).

2.2.3. Computer crimes and unlawful processing of data (Art. 24-*bis* of the Decree)[15]

- Digital documents (Art. 491-*bis* Italian Criminal Code)[16];
- unauthorized access to a computer or telecommunications system (Art. 615-*ter* Italian Criminal Code);
- unauthorized possession, distribution and installation of computer equipment, other means or telecommunication systems' access codes (Art. 615-*quater* Italian Criminal Code);
- unauthorized possession, distribution and installation of computer equipment, devices or computer programs for the purpose of damaging or interrupting a computer or a telecommunication system's operations (Art. 615-*quinquies* Italian Criminal Code);

[4] As amended by Law 119 of 15 October 2013 (Urgent measures for security and to combat violence in general and concerning civil defence and the installation of special commissioners to control provincial governments) in force since 16 October 2013.
[5] As amended by Law 6 November 2012, n. 190 (Provisions for the prevention and repression of corruption and illegality in the Public Administration), in force since November 28, 2012.
[6] As amended by Law 9 January 2019, n. 3 (Measures to combat crimes against the public administration, as well as regarding the prescription of the crime and the transparency of political parties and political movements), in force since January 31, 2019.
[7] Introduced by Law 6 November 2012, n. 190.
[8] As amended by Law 6 November 2012, n. 190 (Provisions for the prevention and repression of corruption and illegality in the Public Administration), in force since November 28, 2012.
[9] As amended by Law 190 of 6 November 2012 (Measures for the prevention and repression of corruption and illegality in the Public Administration), in force since 28 November 2012.
[10] As amended by Law 9 January 2019, n. 3 (Measures to combat crimes against the public administration, as well as regarding the prescription of the crime and the transparency of political parties and political movements), in force since January 31, 2019.
[11] As modified by art. 5, paragraph 1, let. B), n, 2) Legislative Decree of 14th July 2020, n.75
[12] Introduced in the list of "predicate" offenses of administrative liability of entities by Law 9 January 2019, n. 3 (Measures to combat crimes against the public administration, as well as regarding the prescription of the crime and the transparency of political parties and political movements), in force since January 31, 2019.
[13] As modified by art. 5, paragraph 1, let. A), n, 2) Legislative Decree of 14th July 2020, n.75
[14] As inserted by art. 5, paragraph 1, let. A), n, 3) Legislative Decree of 14th July 2020, n.75
[15] Introduced by Law no. 48/2008.
[16] As amended by Legislative Decree 15 January 2016, n. 7 (Provisions relating to the repeal of crimes and the introduction of offenses with civil fines, pursuant to article 2, paragraph 3 of the law of April 28, 2014, no. 67).

- wiretapping, blocking or illegally interrupting computer or information technology communications (Art. 617-*quater* Italian Criminal Code);
- installation of devices aimed at wiretapping, blocking or interrupting computer or information technologies communications (Art. 617-*quinquies* Italian Criminal Code);
- damaging computer information, data and programs (Art. 635-*bis* Italian Criminal Code)[17];
- damaging computer information, data and programs used by the Government or any other public Entity or by an Entity providing public services (Art. 635-*ter* Italian Criminal Code)[18];
- damaging computer or telecommunication systems (Art. 635-*quater* Italian Criminal Code)[19];
- damaging computer or telecommunication systems of public interest (Art. 635-*quinquies* Italian Criminal Code)[20];
- computer crime by the certifier of a digital signature (Art. 640-*quinquies* Italian Criminal Code);
- crimes referred to in art. 1, paragraph 11 of the Decree-Law 21th September 2019, n. 105 (crimes relating to the perimeter of national cyber security)[21].

2.2.4. Organized crime offenses (Art. 24-*ter* of the Decree)[22]

- Criminal association (Art. 416 Italian Criminal Code, except paragraph 6);
- criminal association for the purpose of committing the crimes relating to enslavement, slavery, human trafficking and the crimes consisting in violation of the provisions against illegal immigration set out in Art. 12 of Legislative Decree No. 286/1998 (Art. 416, paragraph 6, Italian Criminal Code);
- Mafia-type criminal association (Art. 416-*bis* Italian Criminal Code)
- vote exchange between politicians and the Mafia in elections (Art. 416-*ter* Italian Criminal Code)[23];
- kidnapping for ransom (Art. 630 Italian Criminal Code);
- criminal association for trafficking in narcotics or psychotropic substances (Art. 74, Presidential Decree No. 309 of 9 October 1990);
- illegal fabrication, importation into Italy, sale, transfer, possession, and carrying in public or in a space open to the public of war or war-type weapons or parts of them, explosives, smuggled weapons, and several common guns (Art. 407, paragraph 2, subparagraph a), subindent 5), Italian Criminal Code).

2.2.5. Counterfeiting currency, public debt paper, duty stamps, and identification instruments or badges (Art. 25-*bis* of the Decree)[24]

- Counterfeiting currency, spending and importing counterfeit currency into Italy as part of a conspiracy (Art. 453 Italian Criminal Code);
- alteration of currency (Art. 454 Italian Criminal Code);
- spending and importation into Italy of counterfeit currency without conspiracy (Art. 455 Italian Criminal Code);
- spending counterfeit currency received in good faith (Art. 457 Italian Criminal Code);

[17] As amended by Legislative Decree 15 January 2016, n. 7 (Provisions relating to the repeal of crimes and the introduction of offenses with civil fines, pursuant to article 2, paragraph 3 of the law of April 28, 2014, no. 67).
[18] As amended by Legislative Decree 15 January 2016, n. 7 (Provisions relating to the repeal of crimes and the introduction of offenses with civil fines, pursuant to article 2, paragraph 3 of the law of April 28, 2014, no. 67).
[19] As amended by Legislative Decree 15 January 2016, n. 7 (Provisions relating to the repeal of crimes and the introduction of offenses with civil fines, pursuant to article 2, paragraph 3 of the law of April 28, 2014, no. 67).
[20] As amended by Legislative Decree 15 January 2016, n. 7 (Provisions relating to the repeal of crimes and the introduction of offenses with civil fines, pursuant to article 2, paragraph 3 of the law of April 28, 2014, no. 67).
[21] As provided for in art. 1, paragraph 11-bis of the Decree-Law 21st September 2019, n. 105, converted, with amendments, by Law 18th November 2019, n. 133
[22] Added by Law no. 49/2009.
[23] As amended by Law 7 April 2014, n. 62 (Amendment of article 416-ter of the penal code, concerning the political-mafia electoral exchange), in force since April 18, 2014.
[24] As amended by Legislative Decree 21 June 2016, n. 125 (Implementation of Directive 2014/62 / EU on the protection of the euro and other currencies against counterfeiting by criminal law), in force since 27 July 2016.

- counterfeiting of duty stamps, importation into Italy, purchase, possession or introduction into circulation of counterfeit duty stamps (Art. 459 Italian Criminal Code);
- counterfeiting of watermarked paper used to make public debt paper or duty stamps (Art. 460 Italian Criminal Code);
- fabrication or possession of watermarks or tools used to counterfeit currency, duty stamps, or watermarked paper (Art. 461 Italian Criminal Code);
- use of counterfeit or altered duty stamps (Art. 464 Italian Criminal Code);
- counterfeiting, alteration or use of trademarks or distinctive marks, or of patents, models, and designs (Art. 473 Italian Criminal Code);
- importation into Italy and sale of products with counterfeit marks (Art. 474 Italian Criminal Code).

2.2.6. Crimes against industry and commerce (Art. 25-*bis*.1 of the Decree)[25]

- Interference with the freedom of industry or commerce (Art. 513 Italian Criminal Code);
- illegal competition through threats or violence (Art. 513-*bis* Italian Criminal Code);
- fraud against national industries (Art. 514 Italian Criminal Code);
- fraud in the conduct of commerce (Art. 515 Italian Criminal Code);
- sale of non-genuine foodstuffs as genuine (Art. 516 Italian Criminal Code);
- sale of industrial products with deceptive marks (Art. 517 Italian Criminal Code);
- manufacture and sale of goods made by usurping industrial property rights (Art. 517-*ter* Italian Criminal Code);
- counterfeiting of geographical indications or denominations of origin of agricultural food products (Art. 517-*quater* Italian Criminal Code).

2.2.7. Corporate crimes (Art. 25-*ter* of the Decree)[26]

- False corporate reporting (Art. 2621 Italian Civil Code)[27];
- minor acts (Art. 2621-*bis* Italian Civil Code)[28];
- false corporate reporting of listed companies (Art. 2622 Italian Civil Code)[29];
- obstruction of controls (Art. 2625, paragraph 2, Italian Civil Code);
- undue repayment of contributions (Art. 2626 Italian Civil Code);
- unlawful distribution of profits and reserves (Art. 2627 Italian Civil Code);
- unlawful dealing in the stocks or shares of the company or its parent company (Art. 2628 Italian Civil Code);
- transactions prejudicial to creditors (Art. 2629 Italian Civil Code);
- failure to disclose a conflict of interest (Art. 2629-*bis* Italian Civil Code)[30];
- fictitious capital formation (Art. 2632 Italian Civil Code);
- improper distribution of the company's assets by its liquidators (Art. 2633 Italian Civil Code);
- bribery among private individuals (Art. 2635, paragraph 3, Italian Civil Code)[31];
- incitement to private-to-private corruption (Art. 2635-*bis* Italian Civil Code) [32];
- unlawfully influencing the shareholders' meeting (Art. 2636 Italian Civil Code);

25 Article added by Law no. 99/2009.
26 Added by Legislative Decree 61/2002.
27 As amended by Law 27 May 2015, n. 69 (Provisions relating to crimes against the public administration, associations of the mafia type and false accounting), in force since June 14, 2015.
28 Article added by Law no. 69/2015.
29 As amended by Law 27 May 2015, n. 69 (Provisions relating to crimes against the public administration, associations of the mafia type and false accounting), in force since June 14, 2015.
30 Article added by Law no. 262, Art. 31.
31 Letter s-bis) added by Art. 1, paragraph 77, letter b), law n. 190 of 2012. As amended by Legislative Decree 38/2017 (Implementation of the Council Framework Decision 2003/568 / JHA of 22 July 2003 on the fight against corruption in the private sector) in force since 14 April 2017.
32 Article added by Legislative Decree 38/2017.

- market rigging (Art. 2637 Italian Civil Code);
- obstruction of the duties of the Public Supervisory Authorities (Art. 2638, paragraphs 1 and 2, Italian Civil Code).

2.2.8. Crimes for the purposes of terrorism or subversion of the democratic order (Art. 25-*quater* of the Decree)[33]

- Associations for the purpose of terrorism, including international terrorism, or of subversion of the democratic order (Art. 270-*bis* Italian Criminal Code);
- providing assistance to members (Art. 270-*ter* Italian Criminal Code);
- recruitment for the purpose of terrorism, including international terrorism (Art. 270-*quater* Italian Criminal Code);
- training to perform terrorist activities, including international terrorism (Art. 270-quinquies Italian Criminal Code);
- financing of conduct for the purposes of terrorism (Law No. 153/2016, Art. 270-*quinquies.1* Italian Criminal Code)
- removal of goods or money subject to seizure (Art. 270 *quinquies.2* Italian Criminal Code)
- acts performed for the purpose of terrorism (Art. 270-sexies Italian Criminal Code);
- attack for the purpose of terrorism or subversion (Art. 280 Italian Criminal Code);
- act of terrorism with deadly or explosive devices (Art. 280-*bis* Italian Criminal Code);
- acts of nuclear terrorism (Art. 280 ter Italian Criminal Code)
- kidnapping for purposes of terrorism or for subversion of the democratic order (Art. 289-*bis* Italian Criminal Code);
- seizure for the purpose of coercion (Art. 289-*ter* Italian Criminal Code)[34]
- incitement to commit one of the crimes envisaged in Chapters 1 and 2 (Art. 302 Italian Criminal Code);
- political conspiracy by agreement (Art. 304 Italian Criminal Code);
- political conspiracy by association (Art. 305 Italian Criminal Code);
- armed gang: formation and participation (Art. 306 Italian Criminal Code);
- providing assistance to armed gang members or conspiracy participants (Art. 307 Italian Criminal Code).

2.2.9. Crime of female genital mutilation practices (Art. 25-*quater*.1 of the Decree)[35]

- Female genital mutilation practices (Art. 583-*bis* Italian Criminal Code).

2.2.10. Crimes against the individual (Art. 25-*quinquies* of the Decree)[36]

- Enslaving or keeping persons enslaved (Art. 600 Italian Criminal Code);
- child prostitution (Art. 600-*bis* Italian Criminal Code);
- child pornography (Art. 600-*ter* Italian Criminal Code);
- possession or access to pornographic material (Art. 600-*quater*);
- virtual pornography (Art. 600-*quater*.1 Italian Criminal Code)[37];
- tourism initiatives aimed at exploiting child prostitution (Art. 600-*quinquies* Italian Criminal Code);
- human trafficking (Art. 601 Italian Criminal Code);
- purchasing and selling slaves (Art. 602 Italian Criminal Code);

[33] Added by Law no. 7/2003.
[34] Added by Legislative Decree 21/2018
[35] Article added by Law no. 7/2006.
[36] Article added by Law no. 228/2003.
[37] Added by Art. 10, Law 6 February 2006 n. 38.

- illicit intermediation and exploitation of labor (Art. 603-*bis* Italian Criminal Code) [38];
- solicitation of minors (Art. 609-*undecies* Italian Criminal Code).

2.2.11. Market abuse crimes[39]

Offenses (Art. 25-*sexies* of the Decree) [40]

- Abuse or illicit disclosure of insider information and recommending or inducing another person to commit abuse of insider information (Art. 184, Legislative Decree No. 58 of 24 February 1998 – TUF);
- market manipulation (Art. 185, Legislative Decree No. 58 of 24 February 1998 – TUF).

Administrative Offenses (Art. 187-*quinquies* TUF)[41]

- Prohibition against the abuse of insider information and illicit disclosure of insider information (Art. 14 of Regulation (EU) No. 596/2014);
- prohibition against market manipulation (Art. 15 of Regulation (EU) No. 596/2014).

2.2.12. Crimes of manslaughter and grievous bodily injuries committed with violation of occupational health and safety laws (Art. 25-*septies* of the Decree)[42]

- Manslaughter (Art. 589 Italian Criminal Code)[43];
- grievous bodily injuries (Art. 590 Italian Criminal Code)[44].

2.2.13. Crimes of receiving stolen goods, money laundering, use of money, goods or assets of illegal origin, and self-money laundering (Art. 25-*octies* of the Decree)[45] and offences relating to non-cash means of payment (Art. 25-*octies.*1 of the Decree)

- Receipt of stolen goods (Art. 648 Italian Criminal Code)[46];
- money laundering (Art. 648-*bis* Italian Criminal Code);
- use of money, goods or assets of illegal origin (Art. 648-*ter* Italian Criminal Code);
- self-money laundering (Art. 648-*ter* 1 Italian Criminal Code)[47];
- illegal use and counterfeiting of non-cash means of payment (Art. 493-*ter* Italian Criminal Code);
- possession and distribution of computer equipment, devices or programmes aimed at committing offences involving non-cash means of payment (Art. 493-*quater* Italian Criminal Code);
- cyber fraud aggravated by the carrying out of a transfer of money, monetary value or virtual currency (Art. 640-*ter*, paragraph 2, Italian Criminal Code).

2.2.14. Crimes involving copyright infringement (Art. 25-*novies* of the Decree)[48]

- Making available protected intellectual works in telecommunications networks (Art. 171, paragraph 1, subparagraph a)-*bis* and paragraph 3, Law no. 633/1941);
- crimes concerning software and databases (Art. 171-*bis*, paragraph 1, Law no. 633/1941);

[38] Added by Art. 6, Law 29 October 2016 n. 199.
[39] Article added by no. 62/2005.
[40] As amended by Legislative Decree 10 August 2018 n. 107 (Rules for the adaptation of national legislation to the provisions of EU regulation No. 596/2014, relating to market abuse) in force since 29 September 2018.
[41] As amended by Legislative Decree 10 August 2018 n. 107 (Rules for the adaptation of national legislation to the provisions of EU regulation No. 596/2014, relating to market abuse) in force since 29 September 2018.
[42] Article added by Law no. 123/2007.
[43] Article added by Law no. 3/2018.
[44] Article added by Law no. 3/2018.
[45] Article added by Legislative Decree 231/2007.
[46] As amended by Law 119 of 15 October 2013 (Urgent measures for security and to combat violence in general, and concerning civil defence and the installation of special commissioners to control provincial governments) in force since 16 October 2013.
[47] Article added by Law no. 186/2014.
[48] Article added by Law no. 99/2009.

- crimes concerning creative works intended for use in radio, television, and cinema production or literary, scientific and didactic works (Art. 171-*ter*, Law no. 633/1941);
- violations against SIAE (Art. 171-*septies*, Law no. 633/1941);
- fraudulent unscrambling of restricted-access audiovisual transmissions (Art. 171-*octies*, Law no. 633/1941).

2.2.15. Offenses against the environment (Art. 25-*undecies* of the Decree)[49]

These are offenses envisaged by the Italian Criminal Code and special laws. In particular, in connection with commission of the offenses envisaged in the Italian Criminal Code:

- environmental pollution (Art. 452-*bis* Italian Criminal Code)[50];
- environmental disaster (Art. 452-*quater* Italian Criminal Code)[51];
- offenses of negligence against the environment (Art. 452-*quinquies* Italian Criminal Code)[52];
- trafficking and abandoning highly radioactive material (Art. 452-*sexies* Italian Criminal Code)[53];
- aggravating circumstances (Art. 452-*octies* Italian Criminal Code)[54];
- activities organized for the illegal trafficking of waste (Art. 452-*quaterdecies* Italian Criminal Code)[55];
- killing, destruction, capture, removal, or possession of specimens of protected wild animal or plant species (Art. 727-*bis* Italian Criminal Code);
- destruction or damage of the habit in a protected site (Art. 733-*bis* Italian Criminal Code).

In reference to the crimes envisaged in Legislative Decree No. 152/2006 "Environmental regulations":

- discharges of industrial waste water containing hazardous substances; discharges on the ground, underground, and in groundwater; discharge into the sea by ships or aircraft (Art. 137);
- unauthorized waste management activities (Art. 256, paragraph 1, subparagraphs a) and b) and paragraphs 3, 5 and 6);
- contamination of the ground, underground, surface waters or groundwater (Art. 257);
- violation of reporting and recordkeeping obligations (Art. 258, paragraph 4, second sentence);
- illegal waste trafficking (Art. 259, paragraph 1);
- false information about the nature, composition, and chemical and physical characteristics of the waste when preparing a waste analysis certificate; uploading on the SISTRI system of a false waste analysis certificate; omission or fraudulent alteration of the paper copy of the SISTRI form – waste transport movement area (Art. 260-*bis*);
- sanctions (Art. 279, paragraph 5).

Pursuant to Decree Law no. 136 of 10 December 2013, converted into Law no. 6 of 6 February 2014, the new Art. 256-*bis* entitled "Illegal burning of waste" was added to the text of Legislative Decree no. 152 of 3 April 2006, which imposes criminal penalties on:

- anyone who starts a fire in waste that has been abandoned or dumped haphazardly;
- anyone or dumps or abandons waste, or uses it in cross-border trade depending on its subsequent legal burning.

While this law is not specifically cited in Art. 25-*undecies*, it is especially relevant in terms of administrative liability since, when the aforementioned offense is committed (or attempted), it triggers the liability – which is independent

[49] Article added by Legislative Decree121/2001.
[50] Article added by Law no. 68/2015.
[51] Article added by Law no. 68/2015.
[52] Article added by Law no. 68/2015.
[53] Article added by Law no. 68/2015.
[54] Article added by Law no. 68/2015.
[55] Article added by Legislative Decree 21/2018. Effective April 6, 2018.

of that of the perpetrators – of the owner (natural person) of the enterprise or of the person in charge of the activity, however it is organized, due to omission supervision, and providing for imposition of the bans envisaged in Art. 9, paragraph 2, of the Decree.

In regard to commission of the crimes envisaged in Law no. 150/1992 "Regulations for the control of crimes associated with the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and regulations for the sale and possession of live specimens of mammals and reptiles that might constitute a hazard for public health and safety":

- the import, export or re-export, sale, possession for the purpose of sale, transport, etc. in violation of the provisions of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as subsequently implemented and amended, for specimens of the species listed in Annex A of the Regulations, as amended (Art. 1, paragraphs 1 and 2);
- the import, export or re-export of specimens, under any customs system, without the prescribed certificate or license (etc.) in violation of the provisions of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as subsequently implemented and amended, for specimens of the species listed in Annexes B and C of the Regulations, as amended and unless the act constitutes the most serious offense (Art. 2, paragraphs 1 and 2);
- possession of live specimens of mammals and reptiles issuing from reproduction in captivity that constitute a public health and safety, except as envisaged in Law 157/1992 (Art. 6, paragraph 4);
- counterfeiting or alteration of certificates, licenses, import notices, declarations, reports of information for the purpose of obtaining a license or a certificate, use of counterfeit or altered certificates or licenses (offenses envisaged in the Italian Criminal Code and cited by Art. 3-*bis*, paragraph 1).

In connection with commission of the offenses envisaged in Law 549/1993 "Measures to protect ozone in the stratosphere and the environment":

- cessation and reduction of the use of harmful substances (Art. 3, paragraph 6).

In connection with commission of the offenses envisaged in Legislative Decree no. 202/2007 "Implementation of Directive 2005/35/EC concerning the pollution caused by ships and consequent penalties":

- intentional pollution (Art. 8, paragraphs 1 and 2);
- negligent pollution (Art. 9, paragraphs 1 and 2);

The Decree also cites the criminal offenses envisaged in Art. 3 of Law 549/1993, concerning the offense of cessation and reduction in the use of harmful substances.

2.2.16. Crime of employment of illegal aliens (Art. 25-*duodecies* of the Decree)[56]

- Fixed term and unlimited term employment (Art. 22, paragraph 12-*bis*, Legislative Decree no. 286 of 25 July 1998 – Consolidated Immigration Law);
- criminal association for the purpose of illegal immigration, including aggravated illegal immigration (Art. 12, paragraphs 3, 3-*bis* and 3-*ter*, Legislative Decree no. 286 of 25 July 1998 – Consolidated Immigration Law)[57].

[56] Article added by Legislative Decree109/2012.
[57] Article added by Law no. 161/2017.

2.2.17. Racism and xenophobia (Art. 25-*terdecies* of the Decree) [58]

- Propaganda and incitement to commit crimes on grounds of racial, ethnic, and religious discrimination.

2.2.18. Crimes of fraud in sports competitions and unlawful operation of gambling or betting and games of chance activities by means of prohibited equipment (Art. 25-*quaterdecies* of the Decree)[59]

- Sports Fraud (Art. 1 of Law no. 401 of 13 December 1989);
- unlawful operation of gambling or betting and games of chance activities by means of prohibited equipment (Art. 4 of Law no. 401 of 13 December 1989).

2.2.19. Tax Offences (art. 25-quinquiesdecies of the Decree)[60]

- Fraudulent declaration by use of invoices or other documents for non-existent transactions (Article 2, paragraph 1, Legislative Decree n. 74/2000);
- Fraudulent declaration by use of invoices or other documents for non-existent transactions (Article 2, paragraph 2-bis, Legislative Decree n. 74/2000);
- Fraudulent declaration by other artifice (Art. 3 Legislative Decree n. 74/2000);
- Unfaithful Statement (Art. 4 Legislative Decree n. 74/2000);
- Omitted statement (Art. 5 Legislative Decree n. 74/2000);
- Issuance of invoices or other documents for non-existent transactions (Article 8, paragraph 1, Legislative Decree n. 74/2000);
- Issuance of invoices or other documents for non-existent transactions (Article 8, paragraph 2-bis, Legislative Decree n.74/2000);
- Concealment or destruction of accounting documents (art. 10 Legislative Decree n. 74/2000);
- Undue Compensation (Art. 10-quarter, Legislative Decree n. 74/2000);
- Fraudulent tax evasion (art. 11 Legislative Decree n. 74/2000).

2.2.20. Smuggling (art. 25-*sexiesdecies* of the Decree)

Legislative Decree n. 75/2000 provided for the introduction in Legislative Decree n. 231/2001 of Article 25-*sexiesdecies,* which provides for the administrative liability of the entity for the commission of the offences set out in Presidential Decree n. 43 of 23rd January 1973 (containing the so-called Consolidated Act on Customs Laws). In particular, following the decriminalisation implemented by Legislative Decree n. 8/2016, the offences provided for by the Consolidated Act on Customs Laws enlist:

(i) the cases of smuggling according to Art. 282 et seq. if the amount of border duties due exceeds € 10.000,00;

(ii) the cases of smuggling under Art. 282 et seq. when accompanied by one of the circumstances set out in Art. 295 of Presidential Decree No. 43/1973;

(iii) the offences of smuggling of foreign processed tobacco (according to Article 291-*bis* of Presidential Decree No. 43/1973) and criminal association for the purpose of smuggling foreign processed tobacco (according to Article 291-*quarter* of Presidential Decree No. 43/1973)

---

58 As amended by Legislative Decree 1 March 2018 n. 21 (Provisions implementing the principle of delegation of the code reserve in criminal matters pursuant to Art. 1, paragraph 85, letter q), of the law of 23 June 2017, no. 103) in force since April 6, 2018.

59 *Article added by Law 39/2019. Effective May 17, 2019.*

60 This case was introduced into the list of predicate offences by Decree Law no. 124 of 26th October 2019, containing "Urgent provisions on tax matters and for unavoidable needs" (so-called Tax Decree), later converted into Law no. 157/2019. Subsequently, this case was amended by Legislative Decree of 14/07/2020, no. 75 as implementation of EU Directive n. 2017/1371 on the fight against fraud affecting the financial interests of the Union through criminal law.

(iv) recidivism of smuggling (under Art. 296 of Presidential Decree No. 43/1973).

More specifically:

- Smuggling in the movement of goods across land borders and customs areas (Art. 282 Presidential Decree n. 43/1973);
- Smuggling in the movements of goods across border lakes (Art. 283 Presidential Decree n. 43/1973);
- Smuggling in the maritime movement of goods (Art. 284 Presidential Decree 43/1973);
- Smuggling in the movements of goods by air (Art. 285 Presidential Decree 43/1973);
- Smuggling in non-customs zones (Art. 286 Presidential Decree 43/1973);
- Smuggling for undue use of goods imported with customs facilities (Art. 287 Presidential Decree 43/1973);
- Smuggling in customs warehouses (Art. 288 Presidential Decree 43/1973);
- Smuggling in cabotage and circulation (Art. 289 Presidential Decree 43/1973);
- Smuggling in the export of goods eligible for duty drawback (Art. 290 Presidential Decree 43/1973);
- Smuggling of foreign tobacco products (Art. 291-*bis* of Presidential Decree 43/1973);
- Criminal association for the purpose of smuggling foreign tobacco products (Art. 291-*quarter* of Presidential Decree 43/1973);
- Other cases of smuggling (Art. 292 Presidential Decree n. 43/1973)

2.2.21. Offences against the cultural heritage (Art. 25-*septiesdecies* of the Decree) and offences relating to the laundering of cultural goods and the devastation and looting of cultural and landscape heritage (Art. 25-*duodevicies*);

- Theft of cultural goods (Art. 518-*bis* Italian Criminal Code);
- Misappropriation of cultural goods (Art. 518-*ter* Italian Criminal Code);
- Receiving stolen cultural goods (Art. 518-*quarter* Italian Criminal Code);
- Forgery in private contracts relating of cultural goods (Art. 518-*octies* Italian Criminal Code);
- Violations relating to the alienation of cultural goods (Art. 518-*novies* Italian Criminal Code);
- Illegal importation of cultural goods (Art. 518-*decies* Italian Criminal Code);
- Unlawful removal or export of cultural goods (Art. 518-*undecies* Italian Criminal Code);
- Destruction, dispersion, deterioration, defacement, illegal use of cultural or landscape heritage (Art. 518-*duodecies* Italian Criminal Code);
- Counterfeiting of works of art (Art. 518-*quaterdecies* Italian Criminal Code)[61];
- Laundering of cultural goods (Art. 518-*sexies* Italian Criminal Code);
- Devastation and looting of cultural and landscape heritage (Art. 518-*terdecies* Italian Criminal Code).

2.2.22. Transnational Crimes (Art. 10 – Law no. 146 of 16 March 2006)

The following crimes constitute predicated offenses for the administrative liability of entities if they are committed on a translational basis:

- criminal association (Art. 416 Italian Criminal Code);
- Mafia-type criminal association (Art. 416-*bis* Italian Criminal Code);

[61] As amended by Law No. 22 of 9th March 2022.

- criminal association for the purpose of smuggling foreign processed tobacco (Art. 291-*quater* of the consolidated law promulgated with Presidential Decree no. 43 of 23 January 1973);
- criminal association for the purpose of trafficking in narcotics or psychotropic substances (Art. 74 of the consolidated law promulgated with Presidential Decree no. 309 of 9 October 1990);
- provisions against illegal immigration (Art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, of the consolidated law enacted with Legislative Decree no. 286 of 25 July 1998);
- inducement not to make or to make false statements to judicial authorities (Art. 377-*bis* Italian Criminal Code);
- aiding a fugitive (Art. 378 Italian Criminal Code).

The crimes and administrative offenses listed above may result in the administrative liability of the Entity having its head office in Italian territory, even if they are committed outside Italy[62].

Special Part "A" illustrates the crime "families" that were considered when mapping the activities. The crimes not specifically mentioned in Special Part "A" are still covered by the Code of Conduct and the General Part of the Model.

2.3. THE PENALTY FRAMEWORK ENVISAGED BY THE DECREE

The administrative penalties imposed by the Decree on Entities are:

- monetary penalties;
- bans;
- confiscation of the price or profit resulting from the Crime;
- publication of the conviction.

The monetary penalties are applied whenever the liability of the legal entity is ascertained. They are determined by the criminal court judge using a "quota" based system. Within the range of the minimum and maximum number of quotas indicated by lawmakers for each Crime, and the value to be assigned to each one according to the economic and financial conditions of the entity, the criminal court judge sets the amount of the monetary penalties to be imposed on the Entity, and referring to specific parameters such as the seriousness of the act, the degree of responsibility of the enterprise and the activity operated by it to eliminate or attenuate the consequences of the act and to prevent the commission of other unlawful acts.

Bans may be applied for certain types of Crime and in more serious cases. These consist of:

- a ban on operating the business activity;
- suspension and/or revocation of the authorizations, licenses, or concessions that served to commit the unlawful act;
- ban on contracting with the Public Administration (except to obtain the benefits of a public service);
- exclusion from benefits, loans, contributions, or subsidies and possible revocation of those already granted;
- ban on advertising goods or services.

The bans are not applied (or are revoked, if they have already been applied on a precautionary basis) if the Entity has, before the trial court proceeding is declared open:

- paid compensation for the damage or remedied it;
- eliminated the harmful or hazardous consequence of the Crime (or at least endeavoured to do so);
- provided the Judicial Authorities with the profit of the Crime for its confiscation;

[62] Article 4 of Legislative Decree 231/2001 prescribes the following under the heading "offences committed abroad": "1. in the cases and at the conditions prescribed in Articles 7, 8, 9 and 10 of the Italian Criminal Code, those entities that have their head office on Italian territory shall also be liable for the offences committed abroad, provided that the State where the act was committed does not prosecute them. 2. In the cases where the law requires that the perpetrator be punished on request by the Minister of Justice, action is taken against the entity only if the request is made against that entity".

- eliminated the organizational deficiencies that caused the Crime, by adopting organizational models that can prevent the commission of new Crimes.

Furthermore, according to the provisions of paragraph 1-bis of Article 17 of the Decree introduced by Decree-Law No. 2 of 2023, disqualification sanctions cannot be applied when they jeopardise the continuity of the activity carried out in industrial establishments or parts thereof declared to be of national strategic interest according to Article 1 of Decree-Law No. 207 of 3 December 2012, converted, with amendments, by Law No. 231 of 24 December 2012, if the entity has eliminated the organisational deficiencies that led to the offence through the adoption and implementation of organisational models capable of preventing offences of the kind that have occurred. The organisational model is always considered suitable for preventing offences of the kind that have occurred when, in the context of the procedure for recognition of national strategic interest, measures have been adopted to achieve, also through the adoption of organisational models, the necessary balance between the requirements of continuity of production activity and safeguarding employment and the protection of safety in the workplace, health, the environment and any other legal assets damaged by the offences committed. . Confiscation consists in acquisition of the price or profit of the Crime by the State or the acquisition of amounts of money, goods, or other assets whose value is equivalent to the price or profit of the Crime. Nevertheless, it does not include that part of the price or profit of the Crime that can be returned to the damaged party. The confiscation is always ordered in the judgment of conviction.

Publication of the judgment may be ordered when the Entity is subjected to a ban. The judgment is published by being posted in the municipality where the Entity has its head office and by publication on the website of the Ministry of Justice.

2.4. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL AS AN EXEMPTION FROM LIABILITY

The Decree provides that the Company cannot be penalized if it has adopted and effectively implemented adequate organization, management, and control model that can prevent commission of the Crimes that have occurred, notwithstanding the personal liability of the individual who committed the Crime.

Therefore, lawmakers attributed the organization, management and control model of the Company that adequately prevent the risk and which have been adopted and effectively implemented as grounds for exemption from liability. The Decree also specifies the requirements that the models have to meet.

In particular, Article 6 of the Decree provides that the Model has to satisfy the following requirements for that purpose:

- identify the activities in relation to which the Crimes envisaged in the Decree can be committed;
- provide specific protocols designed to plan the training and implementation of the entity's decisions in relation to the Crimes to be prevented;
- identify financial resource management procedures that can prevent the commission of those Crimes;
- impose disclosure obligations on the Body assigned responsibility to monitor the functioning of and compliance with the models;
- introduce an adequate disciplinary system to penalize infringement of the measures indicated in the Model.

If the Crime is committed by senior management, i.e. the individuals who hold the representative, administrative, or management authority of the entity or one of its organizational units possessing financial and functional autonomy, and by persons who, inter alia de facto, manage and control it, the Entity is not liable if it proves that:

- before the act was committed, the Management Body adopted and effectively implemented a Model capable of preventing Crimes of the sort that occurred;
- the task of monitoring the functioning of and compliance with the Model and to update it was assigned to a Body of the Entity granted independent powers of initiative and control;
- the individuals committed the Crime by fraudulently evading the Model;
- the control Body did not fail to or inadequately supervise compliance with the Model.

If, instead, the Crime is committed by persons subject to the management or supervision of one of the aforementioned individuals, the legal entity is liable if commission of the Crime was made possible by non-compliance with the management and supervision obligations. In any case, such non-compliance is excluded if the Entity, before commission of the Crime, adopted and effectively implemented a Model that could prevent Crimes of the sort that occurred.

3. THE MODEL OF ARKAD S.p.A.

3.1. STRUCTURE OF THE MODEL

The control culture is very much alive at Arkad S.p.A., and not for the purpose of repression but especially as an opportunity for continuous improvement of the activity aiming at achieving economic and ethical goals.

Arkad S.p.A. has striven to adopt its own Directives, Operating Procedures, and General Instructions that constitute a structured system of directives, procedures, and operating instructions pursuing full compliance with the ethical rules in the conduct of its affairs – by establishing a web of specific protective measures appropriate to its own situation, both in view of perfecting its operational practices and obtaining quality certifications and, in particular, in view of combatting and preventing the predicate offences cited by Legislative Decree 231/2001, which can harm the image and reputation of the Company and indirectly cause damage to Arkad E&C and its corporate group.

The Company has adopted a Code of Conduct and Code of Conduct of Third Parties. To assure compliance with the provisions of those codes, and the provisions illustrated in this Model, a disciplinary system has been established to punish any violation of the rules that have been mentioned.

In implementation of the procedures contained in the "Guidelines for the construction of Organization, Management and Control Models pursuant to Legislative Decree no. 231/2001" of Confindustria, the system of signature authority is based on specific authorization criteria and is regulated by specific company operating practice that establishes mutual internal controls that can prevent the concentration of powers in just one function and/or individual.

As part of the preparation of this Arkad S.p.A. Model, this document has specifically adopted the following after an assessment of the areas of company activity that are effectively exposed to the risk of commission of the predicate offences envisaged in Legislative Decree no. 231/2001:

- Operating Instructions and Procedures;
- occupational safety management system;
- environmental management system;
- quality certificates obtained by the Company.

This Model is comprised of a General Part and two Special Parts. These Parts describe the general functioning of the Model and indicate the activities at risk, the principles of conduct, and the essential details of the control principles adopted by the Company.

The following are also a part of the Model:

- the *Risk Assessment – Gap Analysis* document prepared on the basis of paragraph 3.5 of this General Part (Appendix 1 – *Risk Assessment*);
- the Procedures and other company provisions containing additional instructions for application of the Model (procedures, other application measures, and specific disclosure obligations). Reference is made to the lists of these provisions (Appendix 2 – List of Principal Operating Procedures and Specific Instructions Adopted by the Company).

3.2. AIMS AND OBJECTIVES PURSUED WITH ADOPTION AND CONTINUOUS UPDATES TO THE MODEL

The decision to adopt an Organization, Management, and Control Model stems from the primary intention of raising the awareness of all the parties that interact with the Company concerning the adoption of proper conduct to avoid the commission of Crimes. Moreover, it is also fundamentally important for Arkad S.p.A. to protect its own reputation and the interests and expectations of its various stakeholders (shareholders, employees, suppliers, etc.).

So, with the adoption of this Organization Model, the Company aims to:

- make everyone who works in the name and on behalf of the Company aware, and especially those who work in the "sensitive areas", that if the provisions of the Model are violated, they could commit offenses subject to criminal penalties on themselves, and administrative penalties that can be inflicted on the Company;
- make those persons aware that the aforementioned illegal conduct is forcefully condemned by the Company, since said acts are always and in any event contrary to the law, the company culture, and the ethical principles adopted as the Company's own guidelines in its business activity;
- allow the Company to intervene promptly to prevent or combat the commission of Crimes or at least significantly reduce the damage caused by them;
- improve the corporate governance and reputation of Arkad S.p.A..

The preparation of this Model is also based on the Guidelines issued by Confindustria on 7 March 2002, as amended over time (the most recent update was made in March 2014).

3.3. THE RECIPIENTS OF THE MODEL

The following must comply with the principles and provisions of this document:

- the persons who hold representative, administrative, or management functions at Arkad S.p.A. or one of its financially and functionally independent organizational units;
- any person subject to the management or supervision of one of the persons mentioned above.

The persons who have been identified as such are referred to herein as "Recipients".

3.4. "CONSTRUCTION" OF THE MODEL AND UPDATES TO IT

The work performed to prepare the Model involved:

- identification of sensitive sectors/activities/areas, in reference to the Crimes cited in Legislative Decree no. 231/2001, through analysis of the corporate documents provided by the Company (e.g. articles of association, chamber of commerce certificate of registration, etc.);
- analytical examination of sensitive areas, with an abstract illustration of the procedures and tools by means of which the Crimes covered by the Decree could be committed by the company, its management bodies, its employees and, in general, by the persons envisaged in Article 5 of the Decree (inter alia, through meetings and discussions with the affected persons);
- identification of the existing internal rules and protocols, whether or not they have been formalized, in reference only to the areas identified as being at risk of a Crime;
- definition of standards of behavior and control, for those activities deemed appropriate for regulation;
- regulation of the financial resource management procedures that can prevent the commission of Crimes;
- selection of the party delegated to supervise the functioning and updating of this Model (the "Supervisory Body") and the reporting system by and of the Supervisory Body itself;
- adoption of the Operating Procedures, which complement the Company Code of Conduct and the Code of Conduct of Third Parties, and the previously implemented Operating Procedures;

- establishment of an adequate disciplinary system to punish both infringement of the measures indicated in the Model and violations of the Code of Conduct.

The process for updating the Model instead consists of a periodic review of it according to:

- changes in the organization or activities;
- statutory changes affecting Legislative Decree no. 231/2001, the new contributions made by case law, the guidelines of the association representing the Company (Art. 6, paragraph 3, Legislative Decree no. 231/2001), the applicable standards, and the contributions made by legal theory concerning the administrative liability of entities or the corporate organizational changes that have transpired in the meantime;
- the needs for improvement that arise in response to proposals by members of the Company organization or in the findings made by the Supervisory Body.

3.5. RISK ASSESSMENT DOCUMENT

The sensitive activities and the Activities at Risk of the Company have been identified in accordance with the provisions of the Decree and the procedures outlined in the preceding paragraph, in light of the current operations of Arkad S.p.A..

The principal corporate areas and processes that may represent the opportunity or ways by which that the predicate offenses of relevance to the Decree can occur are identified in a special activity matrix, which is constantly updated during the continuous Risk Assessment process of the corporate organization (Appendix 1 – Risk Assessment).

3.6. APPROVAL OF THE MODEL, AMENDMENTS

The organization, management, and control model is a document issued by the Management Body.

Therefore, the substantial amendments to this Model are made by the Board of Directors of Arkad S.p.A., inter alia on the basis of information provided by the Company Supervisory Body.

The Board of Directors of the Company also takes decisions on implementation of the Model, through evaluation and approval of the actions necessary to implement its constitutive elements.
The Supervisory Body of Arkad S.p.A. is responsible for supervising the functioning of and compliance with the Model. The Supervisory Body is also assigned responsibility for updating the Model.

3.7. PROTOCOLS FOR TAKING AND IMPLEMENTING DECISIONS AIMED AT PREVENTING ALL THE CRIMES COVERED BY THE MODEL

The following Protocols constitute effective principles for prevention of all the crimes covered by the Model:

- the Code of Conduct (together with the Code of Conduct of the Third Parties): it contains the ethical principles – such as fairness, fidelity, integrity, and transparency – that must inspire behavior in the conduct of business and, in general, performance of all forms of the corporate activity, for the good operation, trustworthiness, and positive reputation of the Company;
- the verifiability, traceability, consistency, and appropriateness of every transaction: there must be adequate documental support for every transaction and on the basis of which controls may be performed at all times to determine the characteristics and reasons of the transaction and identify who authorized, executed, recorded, and verified the transaction itself;
- the separation of functions ("*segregation of duties principle*"): the system must guarantee application of the segregation of duties principle, according to which the authorization to execute a transaction has be given

under the responsibility of a person other than the one who records it in the accounts, operationally executes, or supervises the transaction;

- the establishment of approved multilevel systems ("*four eyes principle*"): the completion of a transaction – according to its economic relevance and the practical impact that could result from it – is subject to obtaining at least two levels of approval;
- the documentation of controls: the system of control has to document (possibly through the drafting of reports) the performance of controls, including supervision;
- the organizational system – the organizational charts: the corporate organizational chart defines the line bodies, which are assigned decision-making responsibility for the organizational structure according to the hierarchical level, and staff bodies that are assigned advisory, supporting, standardization, and support functions for the activities of the line bodies;
- the organizational system – the system of delegations of authority and powers of attorney: in principle, this has to be characterized by "security" components intended to prevent Crimes.

  A "mandate" is construed to be the internal document assigning functions and duties, as reflected in the system of organizational communications. "Power of attorney" means the unilateral legal instrument with which the company grants third parties powers to enter into binding agreements.

  A "general power of attorney" is granted to the heads of a corporate function who need an adequate extension of authority as necessary to perform their duties and as consistent with the management powers assigned to the holder through the "mandate".

  Arkad S.p.A. has in place a power delegation system that establishes the process for forming and implementing the intentions of the company with the following premises:

  - satisfaction by the mandate of real organizational needs, not intended only to take away the responsibilities of the directors;
  - capacity and technical-professional fitness of the mandatary to discharge his/her duties;
  - absence of technical interference by the person delegating authority and ignorance of the mandatary's non-compliance;
  - certain evidence of the mandate: precise and unavoidable internal rules specifically and exactly regulating the contents of the mandate must exist, in addition to the grant and publication of that mandate, in accordance with the provisions of the Operating Procedures applying to the specific area of responsibility;
- the organizational system – the *job descriptions* (also called *"Role & Responsability"*): these indicate the purpose of the position, the principal areas of responsibility, the reference organization, the principal relations of the role, and its operational scope.

More specific protocols are indicated in the Chapters of the Special Part and in the List of Principal Specific Operating Procedures and Instructions of the Company (Appendix 2). The principles of conduct and control and the provisions indicated in reference to a specific Chapter in the Special Part (group of crimes) are also often specifically effective in the prevention of crimes indicated in other Chapters, even when the same provisions are not cited in those chapters or in reference to them.

3.8. FINANCIAL RESOURCE MANAGEMENT PROCEDURES

In the management of the financial resources available to the Company, and particularly in order to prevent the crimes that may be committed by using those resources for illegal purposes or in illegal ways (crimes listed in the Special Part):

- only those persons possessing an appropriate power of attorney may be authorized to manage and move cash flows;
- all payments must be made on the basis of invoices that are managed on the system with the relevant orders and, in any event, be approved by the requesting function that certifies that the service or transaction was completed and consequently authorizes payment;
- in practice, no cash payments are allowed, except for those payments of trivial value (stamps, etc.);
- limits must be imposed on the independent use of financial resources, through the definition of quantitative limits consistent with the roles and organizational responsibilities assigned to the individual persons;
- all cash flows must be carried out with traceable tools.

The Recipients who, due to their own responsibility or their own function, are involved in the management of cash flows, have to:

- operate in compliance with the Code of Conduct and applicable laws and regulations;
- justify the use of financial resources and attest to their relevance and appropriateness;
- guarantee the traceability of the phases of the decision-making process concerning the financial relationships with third parties, by archiving the relevant documentation attesting to the transactions;
- ensure that all the orders on the current accounts registered in the name of the company, and the payments made in different ways (e.g. with non-transferable checks, company credit cards), are adequately documented and authorized according to the existing system of mandates.

In connection with those activities, it is prohibited to:

- make/receive payments in cash or with other non-traceable payment instruments for amounts exceeding Euro 300.00 (except in extraordinary circumstances, where the limit is raised to Euro 1,000.00, as specifically approved by the *Chief Financial Officer*);
- make/receive inadequately documented payments;
- create funds to cover unjustified payments (in whole or in part);
- make/receive payments for which the fairness of the agreed consideration has not been attested.

More specific protocols may be indicated in the Chapters of the Special Part and in the List of Principal Specific Operating Procedures and Instructions of the Company (Appendix 2).

4. THE SUPERVISORY BODY OF ARKAD S.p.A. (OR "ORGANISMO DI VIGILANZA" OR "OdV")

Article 6, paragraph 1, subparagraph b) of Legislative Decree no. 231/2001 clarifies as the necessary condition for exemption from administrative liability that the Entity must set up a Supervisory Body within the Company, with "the task of monitoring the functioning of and compliance with the models and to update them". It also has to be provided with independent powers of initiative and control" aimed at assuring effective and efficient implementation of the Model.

Starting from 25th September 2022 and until the date of the ordinary meeting which will be called for the approval of the financial statements for the financial year ending on 31st December 2024, the Board of Directors has decided to provide Arkad S.p.A. with a Supervisory Body in a monocratic composition. The remuneration of the SB member is determined by the Board of Directors upon appointment and for the entire term of office.

4.1. REQUIREMENTS OF THE SUPERVISORY BODY

The Company believes that it is especially important for the Supervisory Body to be chosen in full compliance with the guidelines given in the Decree and with the guidelines of the leading industry associations. The prerequisites of the Supervisory Body as indicated as follows.

Autonomy and Independence

The Body must remain untouched by any form of interference and pressure by senior operational management and not be involved in any way in the performance of operating activities and management decisions. The Supervisory Body must not be placed in a position where it has a conflict of interest, and no operational duties must be assigned to it that might undermine its independence. The Supervisory Body must report to the highest-ranking operational officer and must not be subject to the hierarchical control of the top management of the Company or the persons holding operational powers within the Company. Moreover, the Supervisory Body must have free access to all the functions of the Company, without the need for any prior authorization, in order to obtain all information or data deemed necessary to perform the duties envisaged in Legislative Decree no. 231/2001.

Professional expertise

The Body must possess the tools and techniques necessary for actual and effective performance of the assigned activity. The professionalism and authoritativeness of the Supervisory Body are then connected with their professional experience. In that sense, the Company believes that it is particularly important to examine the curricula vitae of the possible candidates and their previous work experience, privileging those candidates who have accumulated specific professional expertise in inspection and consulting activities. These characteristics, combined with autonomy and independence, guarantee the objectivity of their opinion.

Continuity of action

The Supervisory Body continuously performs the activities necessary for monitoring the Model with adequate effort and investigative powers as necessary, normally meeting once every quarter.

4.2. CAUSES FOR INELIGIBILITY, FORFEITURE, AND SUSPENSION OF THE MEMBERS OF THE SUPERVISORY BODY

Ineligibility

The Board of Directors has specifically stated the following causes of ineligibility for the members of the Supervisory Body who will hold that position over time.

The following cannot be elected and, if elected, will forfeit office:

- those who have been convicted on a non-final basis, or with a judgment applying a sentence on request ("plea bargain") and even if with the sentence being conditionally suspended, without prejudice to the effects of rehabilitation:
  a. to imprisonment for no less than one year for one of the offenses envisaged in Royal Decree no. 267 of 16 March 1942;
  b. to imprisonment for no less than one year for one of the Crimes envisaged by the laws that govern banking, financial, movable property, and insurance activities, and by market, securities and payment instrument regulations;
  c. to imprisonment for no less than one year for crimes against the public administration, against public trust, against public property, against the public economy, and for tax offenses;
  d. to imprisonment for no less than two years for any intentional offense;
  e. for one of the crimes envisaged by Title XI of Book Five of the Italian Civil Code and as reformulated by Legislative Decree no. 61/2002;
  f. for an offense that involves and has involved being sentenced to prison and from which derives the ban, either temporary or permanent, from public offices, or temporary ban from the top management offices of the legal entities and companies;
  g. for one or more Crimes, including those that are mandatorily imposed by the Decree, even with convictions to serve terms shorter than those indicated at the preceding points;
- those on whom one of the prevention measures envisaged in Art. 10, paragraph 3, of Law no. 575 of 31 May 1965, as substituted by Article 3 of Law no. 55 of 19 March 1990, as amended, has been imposed on a final basis;
- those on whom the incidental administrative penalties envisaged in Art. 187-*quater* of Legislative Decree no. 58/1998 have been imposed.

The members of the Supervisory Body must self-certify with a substitute affidavit that they are not in any of the aforementioned conditions, while specifically promising to report any changes in the contents of those statements.

Dismissal

The possible dismissal of one of the members of the Supervisory Body must be resolved by the Management Body and may be ordered exclusively for reasons connected with grave breaches of the accepted mandate, including violations of the privacy obligations listed hereunder, and also for the causes of forfeiture listed hereunder.

Forfeiture

The members of the Supervisory Body also forfeit their position when, after their appointment:

- they are sentenced on a final basis or with plea bargaining for one of the offenses listed at items a, b, c, d, e, f, g of the aforementioned causes of ineligibility;
- when they have violated the confidentiality obligations strictly connected with performance of their mandate.

Suspension

The members of the Supervisory Body are suspended from their functions if:

- they are convicted on a non-final basis for one of the offenses listed at items a, b, c, d, e, f, g of the aforementioned conditions of ineligibility;
- a personal precautionary measure is applied to them;
- one of the prevention measures envisaged in Art. 10, paragraph 3, of Law no. 575 of 31 May 1965, as substituted by Article 3 of Law no. 55 of 19 March 1990, as amended, is provisionally applied to them.

4.3. DUTIES OF THE SUPERVISORY BODY

The Supervisory Body has the following duties:

- monitor compliance with and the functioning of the Model;
- update it.

These duties are performed following the grant of spending authority, which allows use of an adequate annual budget so that the Body can perform its own functions.

The Board of Directors of Arkad S.p.A. believes that the Supervisory Body nonetheless has the power to commit resources that exceed its own spending authority when their use is necessary to address exceptional and urgent situations. In these cases, the Supervisory Body must inform the Board of Directors of the Company without delay.

To perform its assigned duties, the Supervisory Body may draw on the assistance of all Company functions or, under its own direct supervision and responsibility, the assistance of external consultants.

The Supervisory Body:

- monitors the effectiveness of the Model, and in particular verifying the consistency of the Model itself and the actual rules adopted in the areas of the Activities at Risk;
- periodically verifies that all corporate Functions involved in the identified Activities at Risk comply with the Model, to ascertain compliance with the defined rules and proper functioning of the established protections;
- monitors so that all of the persons working at the Company in any capacity comply with the Code of Conduct and all of its provisions;
- verifies that the Model continues to satisfy the requirements for its soundness and functionality over time and reports to the Board of Directors about any opportunities to update and improvement the Model, considering evolution of the law and case law, and also in consequence of changes in the Organization and the observed operating procedures of the Model;
- monitors the proper functioning of the control activities for each area at risk, promptly reporting anomalies and dysfunctions in the Model after comparison with the affected corporate Functions;
- supervises distribution of the Code of Conduct and Model to the Recipients, inter alia with the aid of the corporate intranet, and on request by the delegated Functions, supports informational initiatives.

4.4. REPORTING ACTIVITY OF THE SUPERVISORY BODY

To guarantee its full autonomy and independence in the performance of its own functions, the Supervisory Body reports directly to senior management of the Company and informs them about implementation of the Model and the emergence of any criticalities, through two lines of reporting:

- the first, contingent one, when specific needs arise, to the Chairman of the Board of Directors and the General Manager of the Company;
- the second, on a half-yearly basis, through a written report to the Board of Directors, also containing the updated register of findings made during the period, which must punctually indicate the activity performed during the period, in terms of controls carried out and results achieved, and any suggestions for updates to the Model.

Every year, the Supervisory Body will also have to prepare the calendar of activities planned for the following period.

However, the Supervisory Body may perform inspections that are not scheduled in the action plan ("surprise inspections") in the area of sensitive corporate activities and if it deems necessary for the performance of its own functions.

The Supervisory Body may ask to speak to the Board of Directors whenever it deems appropriate.

On the other hand, the Supervisory Body may be called at any time by the Board of Directors to report on specific events or situations related to the functioning of and compliance with the Model.

The aforementioned meetings must be recorded in minutes and a copy of the minutes must be kept by the Supervisory Body (and by the bodies that are involved from time to time), in accordance with the procedures illustrated in the following paragraph.

4.5. DISCLOSURE OBLIGATIONS OF THE SUPERVISORY BODY

In accordance with the provisions of Art. 6, paragraph 2, subparagraph d) of Legislative Decree no. 231/2001, the Supervisory Body will be the recipient of information flows from all of the corporate functions involved. These flows are aimed at facilitating supervision of the effectiveness of the Model and ascertaining the causes that may make it possible for the types of acts addressed by the Decree to occur.

The Supervisory Body assures the highest level of confidentiality concerning any information received, on penalty of revocation of its mandate and the disciplinary measures set out below, without prejudice to the needs connected with the execution of investigations if the support of consultants outside the Supervisory Body or other corporate structures is necessary.

All information contained in this Model is kept by the Supervisory Body in a special digital and/or paper archive, in compliance with the provisions of Regulation (EU) no. 679/2016 on the processing of personal data ("GDPR"): the records of the Supervisory Body must be kept at the offices of the Company and contained in separate, locked cabinets, accessible only to its members and only for reasons connected with performance of the previously described duties, on penalty of the immediate forfeiture of their position.

The Recipients of this Model, and particularly the Function Heads in their own area of responsibility, are also required to transmit to the Supervisory Body information concerning the following matters, for example:

- orders and/or news from criminal investigation department bodies or from any other authority, from which the performance of investigations is inferred, inter alia against unknown persons for the types of Crimes envisaged by the Decree and concerning the Company;
- visits, inspections, and audits undertaken by competent entities (regions, regional entities, and local entities) and, on their conclusion, any findings and penalties imposed;
- requests for legal assistance made by persons inside the Company, in the event of legal proceedings being launched for one of the Crimes envisaged in the Decree;
- reports prepared by the corporate bodies as part of their control activity, revealing criticalities with respect to the rules of the Decree;
- periodically, news concerning the effective implementation of the Model at all corporate Functions involved in the identified Activities at Risk;
- periodically, news about effective compliance with the Code of Compliance at all levels of the Company;
- information on the evolution of the identified Activities at Risk;
- the system of mandates and powers of attorney adopted by the Company;
- indicators of risk or compliance in reference to each chapter of Special Part "A".

Every report will have to be delivered to the Supervisory Body of Arkad S.p.A. in detail and in writing, via e-mail to the address (*"OdV address"*): **odv@arkadspa.com** .

5. COMMUNICATION, TRAINING, AND DISTRIBUTION

5.1. GENERAL PROVISIONS

The Company intends to guarantee proper and thorough knowledge by everyone who works either inside or for Arkad S.p.A., of the Code of Conduct, of the Model, of the contents of the Decree, and of the obligations stemming from it, inter alia via messages that are repeated over time.

The training and information activities are managed by the Human Resources Function, assisted by the Supervisory Body and in close coordination with the heads of the Functions involved in application of the Model.

5.2. INITIAL DISTRIBUTION

This Model is distributed to all Company human resources in an official message sent by the Chairman of the Board of Directors of the Company.

An information kit is distributed to new hires. The kit contains the Code of Conduct and the corporate Organization Model, and assure that the new hires possess the knowledge considered to be of primary importance. Moreover, the Supervisory Body supports the Human Resources Function in the initial activity of providing specific information about the Model, consistently with the responsibility of the position that the human resource will assume.

All subsequent changes and information concerning the Model will be transmitted to Company employees through official information channels.

5.3. TRAINING

Participation in the training activities designed to disseminate knowledge of the rules contained in the Decree, the Organization, Management and Control Model, and the Code of Conduct must be considered mandatory. The contents and presentation of the courses will take into account the Recipient's title, the level of risk of the area in which they operate, and whether or not representative functions have been assigned to them in that ambit.

Unjustified absence from the training sessions is considered a disciplinary violation, in accordance with the provisions of the Disciplinary System summarized as follows.

The Company expects to provide training courses that illustrate the following according to a modular approach:

- the statutory and regulatory context;
- the Code of Conduct and the Organization, Management and Control Model adopted by the Company, inclusive of the General Part and the Special Part;
- the role of the Supervisory Body and the duties assigned to it by the Company.

The Supervisory Body verifies that the quality of the training programs is adequate and that they are effectively implemented.

A specific section of the corporate intranet dedicated to this topic is established and periodically updated, so that the persons interested in obtaining real time information about any changes, additions, or implementations of the Code of Conduct and the Model.

The training programs and contents of the information notes must be transmitted to the Supervisory Body.

5.4. DISCLOSURE TO "THIRD PARTY RECIPIENTS"

The Company requires that even "Third Party Recipients are familiar with and comply with the Model. Its letters of mandate to external parties (Consultants, Contract Workers, Customers, Suppliers of goods or services, and those who are periodically envisaged as its Recipients), contain enclosures with special memoranda on application of the Organization, Management and Control Model and compliance with the Code of Conduct.

Moreover, express cancellation clauses are included in the agreements signed by the Company, which explicitly refer to compliance with the provisions of the Model and the Code of Conduct.

6. WHISTLEBLOWING

After Law no. 179 of 30 November 2017, entitled "Provisions for the protection of whistleblowers of offenses or irregularities that they learn about in a public or private work relationship" came into force, the Models must also require:

- one or more channels allowing the persons indicated in Art. 5, paragraph 1, subparagraphs a) and b), to present, in protection of the entity's integrity, detailed reports of illegal conduct relevant to this decree and based on precise and consistent elements of fact, or violations or the entity's organization and management model, which they learn about in the course of their functions; these channels guarantee the confidentiality of the whistleblower's identity during management of the report;
- at least one alternative reporting channel that can guarantee, with information technology techniques, the confidentiality of the whistleblower's identity;
- the prohibition of direct or indirect acts of reprisal or discrimination against the whistleblower for reasons directly or indirectly connected with the report;
- in the disciplinary system adopted pursuant to paragraph 2, subparagraph e), penalties against those who violate the whistleblower's protection measures, and those who maliciously or negligently file reports that turn out to be unfounded.

Arkad S.p.A. has adopted specific measures to implement these statutory requirements, establishing a special line for the management of whistleblower reports (even anonymously) -accessible from the Company's public website- pursuant to Law no. 10 of 30 November 2017.

7. DISCIPLINARY SYSTEM

7.1. GENERAL ASPECTS

The establishment of a Disciplinary System that can punish non-compliance with the rules indicated in the Model is a necessary condition imposed by Legislative Decree no. 231/2001, Art. 6, paragraph 2, subparagraph e), for the exemption of Entities from administrative liability and to guarantee the effective and efficient adoption of the Model itself.

The system itself is aimed at penalizing violation of the principles and obligations of conduct set out in this Model. Such violations constitute in themselves damage to the relationship of trust established between the affected individual and Arkad S.p.A., regardless of the external importance of those acts. The imposition of disciplinary penalties for violation of the principles and rules of behaviour indicated in the Model is done regardless of whether any criminal proceeding is undertaken and the outcome of the consequent trial for commission of one of the illegal acts envisaged by the Decree.

After the violation of the Model is notified to the Supervisory Body, an investigation procedure is initiated, in compliance with the provisions of the national collective bargaining agreement applicable to the employee. This investigation procedure is conducted by the Supervisory Body itself, in coordination with the Functions in charge of levying disciplinary penalties, in light of the gravity of the conduct, whether or not the perpetrator is a repeat offender, or the degree of guilt.

The Supervisory Body does not have disciplinary powers. Consequently, in regard to verification of the aforementioned infractions, the disciplinary proceedings, and the levying of penalties, the powers already granted to the delegated Functions remain unchanged. Consequently, those Functions proceed to impose penalties consistently, impartially, and uniformly, in proportion to the respective violation of the Model and in accordance with the applicable provisions of employment relationship regulations However, the Supervisory Body is responsible for monitoring the Disciplinary System in regard to the infracts in question, in cooperation with the Functions in charge of the Company.

The penalty measures for the different types of workers are illustrated as follows.

7.2. PENALTIES ON NON-EXECUTIVE EMPLOYEES

The acts of employees in violation of the individual rules of conduct set out in this Model, in the Code of Conduct, in the Procedures, and in the corporate protocols adopted by the Company are defined as "disciplinary infractions".

The penalties that may be imposed on employees are adopted in compliance with the procedures envisaged by applicable law.

Specific reference is made to the categories of facts that may be penalized according to the existing penalty system, i.e. the contractual rules set out in the applicable national collective bargaining agreement, which is brought to the awareness of all Recipients, inter alia through posting on Company bulletin boards, as required under Art. 7, paragraph 1, of Law no. 300/1970 – Workers Statute.

In application of the principle of proportionality, the following disciplinary penalties are envisaged according to the gravity of the committed infraction. In particular, the type and amount of the penalties will also be applied according to:

- the intentionality of the acts or the degree of negligence, imprudence, or carelessness, inter alia in reference to the foreseeability of the event;

- Employee's overall conduct, particularly whether or not he/she has committed any disciplinary infractions in the past;
- organizational position of the persons involved in the acts constituting the violation and other particular circumstances accompanying the disciplinary violation.

Oral reprimand

This applies in the case of the most minor violations of the principles and rules of conduct envisaged in this Model, with that conduct being correlated with a minor violation of contractual rules or the directives and instructions issued by management or superiors.

Written reprimand

This applies in the case of violation of the principles and rules of conduct envisaged in this Model, as compared with non-compliant or inadequate behaviour that, while no longer minor, is still not grave, with that conduct being correlated with a non-serious violation of the of contractual rules or the directives and instructions issued by management or superiors.

Fine of no more than 3 hours of hourly pay calculated according to the minimum wage schedule

This applies in the case of repetition of the violations indicated at the preceding point.

Suspension from work and pay for a maximum of 3 days

This applies in the case of more serious violations than the infractions indicated at the previous point.

Disciplinary termination with notice

This applies in the case of serious and/or repeated violation of the rules of conduct and Procedures contained in the Model and which do not conflict with the law and contractual provisions.

Disciplinary termination without notice

This applies when an act is intentionally committed in conflict with the rules of this Model and which, although it can only be perceived as a predicate offense for one of the Crimes punished under the Decree, damages the trust characterizing the employment relationship or is so serious as not to allow its continuation even on a provisional basis.

The following intentional acts are subject to imposition of the aforementioned penalty:

- preparation of incomplete or untrue documentation;
- failure to prepare the documentation required by the Model;
- violation or evasion of the control system imposed by the Model, in any way that this is done, including the theft, destruction, or alteration of the documentation related to the Procedure, the obstruction of controls, impeded access to the information and documentation by the persons responsible for the controls or decisions.

7.3. PENALTIES ON SENIOR MANAGERS

Violation of the principles and rules of conduct contained in this Model by senior managers, or the adoption of conduct not in compliance with the cited requirements, will be subject to disciplinary measures that are modulated according to the gravity of the committed violation, in accordance with the national collective bargaining agreement for the senior managers of industrial firms applied by the Company. Termination is envisaged for the most serious cases, considering the special trust relationship binding the senior managers and the Employer.

The following also constitute disciplinary violations:

- failure by senior managers to monitor proper application of the rules contained in the model by their hierarchical inferiors in the Company;
- violation of the reporting obligations to the Supervisory Body in regard to the commission or attempted commission of the relevant Crimes;
- violation of the rules of conduct contained there by the senior managers themselves;
- the commission of acts during performance of their respective duties that is inconsistent with the conduct that is reasonably expected of a senior manager, in terms of the position he/she holds and the degree of autonomy accorded to him/her.

7.4. PENALTIES ON DIRECTORS AND MEASURES AGAINST THE STATUTORY AUDITORS

The Shareholders' Meeting may apply all appropriate measures allowed under the law on a Director who has committed a violation of this Model, including the following penalties, which are determined according to the gravity of the act and the guilt, and its consequences are:

- a formal written reprimand;
- a monetary penalty equal to the amount of two to five times the amount of the monthly remuneration.

If these consist of violations that could constitute cause for dismissal, the Shareholders' Meeting takes the measures falling under its own responsibility and handles the other matters envisaged by law.

If a member of the Board of Statutory Auditors commits a violation, the Supervisory Body must immediately give a written report of this fact to the Board of Directors.

If these consist of violations that could constitute cause for dismissal, the Board of Directors shall call the Shareholders' Meeting.

7.5. PENALTIES ON NON-EMPLOYEES

Every violation of the requirements contained in the Model by Consultants, Contract Workers, Suppliers, and the persons who are periodically designated as its "Recipients", is penalized by the competent bodies in accordance with internal company regulations, as provided by the contractual clauses included in the relevant agreements, and in any case, with the application of conventional penalties, which may also include automatic cancellation of the agreement (pursuant to Art. 1456 Italian Civil Code), without prejudice to compensation for damage.

7.6. PENALTIES RELATED TO WHISTLEBLOWING

Penalties are provided in connection with the whistleblowing reports described in Chapter 6 of this Model:

- on those who violate the measures protecting the whistleblower;
- on those who make malicious or grossly negligent reports that turn out to be unfounded.

SPECIAL PART "A"

The crimes envisaged in Legislative Decree no. 231/2001

1. INTRODUCTION

In light of the articulated structure and specific characteristics of the Company, among the crimes that trigger liability on under Legislative Decree no. 231/2001, those that are actually relevant to the Company itself were identified. That analysis revealed certain cases of risk connected with corporate activities that are considered sensitive.

The following section lists the individual offenses envisaged in Articles 24 et seq. of the Decree and the individual crimes that, even if they are not contained in Legislative Decree no. 231/2001, are specifically cited by that law, and whose occurrence constitutes a "premise" for the administrative liability of the Company.

To improve the effectiveness of the analysis and to simplify reading, the crimes of interest to the Company have been grouped into uniform areas and divided into Chapters.

A number of comments on the possible instances of the criminal activity follow a description of the statutory provision.

At the end of the description, every Chapter contains the scope for commission of the crimes and the principles of control and/or conduct that the Company must follow to prevent commission of the crimes envisaged in the Decree. This is followed by the mandatory flows of information to the Supervisory Body.

2. MANAGEMENT OF THE OBLIGATIONS AND PROHIBITIONS UNDERLYING THE PENALTIES AND ANY MEASURES LEVIED BY THE COMPANY PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

2.1. ANALYSIS OF THE RISKS, PRINCIPLES OF CONDUCT AND CONTROL, AND DISCLOSURE OBLIGATIONS

The aim of this Chapter of the Special Part is to prevent the crimes envisaged in Articles 24 et seq. of Legislative Decree no. 231/2001. If a complaint has been raised against the Company pursuant to the Decree and a penalty or precautionary measure has consequently been applied to it, the Board of Directors:

- will identify the corporate activities in relation to which violation of the specific bans and applied precautionary measures might occur;
- will revise the protocols and other measures of the model, including the disclosure obligations to the Supervisory Body in response to the risks envisaged in the preceding point;
- will appoint a head for the proceeding assigned to coordinate prompt implementation of the protocols and other measures indicated in the preceding point, with the obligation of periodically reporting to the Board of Directors and the Supervisory Body on the status of that implementation.

3. CRIMES AGAINST THE PUBLIC ADMINISTRATION AND ITS ASSETS AND THE CRIME OF INDUCEMENT NOT TO MAKE OR TO MAKE FALSE STATEMENTS TO JUDICIAL AUTHORITIES

3.1. OBJECTIVES OF THE CHAPTER

The aim of this Chapter of the Special Part is to illustrate the responsibilities, criteria, and rules of conduct which the Recipients of the Model, as defined in the General Part, have to follow when managing the activities at risk connected with the types of crimes envisaged in Articles 24, 25, and 25-*decies* of Legislative Decree no. 231/2001, in accordance with the principles of maximum transparency, timeliness, and collaboration, and the traceability of the activities.
Specifically, this Chapter of the Special Part aims to:

- indicate the principles of conduct and control that the Recipients must follow in correct application of the requirements of the Model;
- support the heads of the corporate Functions and the Supervisory Body in performing their control, monitoring, verification, and supervisory activities.

3.2. CRIMES AGAINST THE PUBLIC ADMINISTRATION AND ITS ASSETS (ARTICLES 24 AND 25 OF THE DECREE)

3.2.1. Embezzlement (Art. 314, first paragraph of the Italian Criminal Code)

The Offence is committed when the public official or a public service provider, having by reason of his office or service the possession or otherwise availability of money or other movable property of others, illegitimately appropriates it. The offence entails the liability of the Company according to Legislative Decree 231/2001 only in cases where it results in an offense to the financial interests of the European Union.

3.2.2. Embezzlement through profit from the error of others (art. 316 of the Italian Criminal Code)

The Offence is committed when the public official or a public service provider, in the performance of his or her duties or service, taking advantage of the error of others, unduly receives or retains, for himself or a third party, money or other benefits. The offence entails the liability of the Company according to Legislative Decree 231/2001 only in cases where it results in an offence against the financial interests of the European Union.

3.2.3. Embezzlement of public disbursements (Art. 316-*bis* Italian Criminal Code)

The Offence exists when a person extraneous to the Public Administration after having legitimately received contributions, grants, loans, soft mortgages or other disbursements of the same kind, however denominated, from the Italian State or the European Union, the amounts received are not used for their earmarked purposes (in fact, this act consists of having converted all or part of the amount received; no importance is ascribed to the fact that the planned activity was still performed).

3.2.4. Misappropriation of public disbursements (Art. 316-*ter* Italian Criminal Code)

The Offence exists when – through the use or submission of false statements or documents or attesting to untrue things or through the omission of required information – contributions, financing, subsidies, subsidised loans or other payments of the same type granted or disbursed by the State, other public entities or the European Union are improperly obtained, for oneself or for others.
The use made of the disbursed funds is absolutely irrelevant, since the Offence is consummated at the time when the financing is obtained.

This Offence is residual with respect to the more serious Offence of defrauding the State, in the sense that it is charged only in the cases where the act does not meet the test for aggravated fraud to receive public funding (Article 640-*bis* Italian Criminal Code).

3.2.5. Concussion (Art. 317 Italian Criminal Code)

The Offence exists when a public official or public service provider, abusing his/her position or powers, forces someone illegally to give or promise to give money or other benefits to him/her or a third party.
Abuse of powers exists when such powers are exercised outside the cases established by laws, regulations, and service instructions or without the prescribed forms, or when such powers, although forming part of those vested in the public official, are used to achieve illicit purposes.

3.2.6. Bribery relating to the exercise of duties (Articles 318 and 321 Italian Criminal Code)

The Offence is committed when a public official, or a public service provider illegally receives money or other benefits for himself/herself or for a third party or accepts a promise therefor in exchange for the performance of his/her functions or powers.
In the case of improper bribery, therefore, the activity of the public official or a public service provider is abstractly in accordance with the public interest: what is intended to be punished is exclusively the so-called commercialisation of the public function.
Bribery occurs when the parties, being on an equal footing with each other, enter into a genuine agreement, unlike extortion, which instead presupposes the exploitation by the public official or public service appointee of his position of superiority to which corresponds a situation of subjection in the private party.

By way of example, the offence could arise where a Company representative offers a sum of money to a public official in order to systematically speed up the administrative authorisation procedures falling within the competence of the office to which the public official belongs.

3.2.7. Bribery relating to an act contrary to official duties (Articles 319 Italian Criminal Code)

This Offence is committed when a public official or a public service provider receives compensation in cash or other benefits for himself/herself or for a third party and which is not owed to him/her or accepts a promise therefor in exchange for not performing or delaying or for having not performed or delayed an official act, or for performing or having performed an act contrary to his/her official duties The counterpart for the act contrary to official duties may be either financial or of a different nature.
In the case of bribery under art. 319 of the Italian Criminal Code, the public official, or a public service provider accepts remuneration in exchange for performing an act contrary to his duties (such as, for example, the public official who accepts money to ensure the award of a tender to one of the competitors, sacrificing the public interest).

By way of example, the offence could be committed in the event that a Company representative, in breach of the recruiting procedures in force or in the absence of the required qualifications, offers a job position to a person recommended by a public official in exchange for the public official performing an act contrary to his office and intended to affect the interests of the Company (e.g., the settlement without any remarks of a tax inspection).

3.2.8. Bribery in judicial proceedings (Articles 319-*ter*, paragraph 2, and 321 Italian Criminal Code)

The Offence might exist in the case where the company is party to a judicial proceeding and, to obtain an advantage in the proceeding itself, corrupts a public official (not only a magistrate, but also a court clerk or other official). The Offence in question is punished more severely than simple corruption.
The offence could be committed, by way of example, if a senior member of the Company were to offer money to a witness to make false statements in the context of criminal proceedings involving the Company.

3.2.9. Unlawful incitement to give or promise benefits (Art. 319-*quater* Italian Criminal Code)

The Offence is committed in the case where, by abusing his/her position or powers, the public official or public service provider induces someone illegally to give or promise money or other benefits to him/her or a third party, unless the act constitutes a more serious offence. The person who gives or promises money or other benefits is also punished[63].
The type of offence in question here is different from the offence of extortion due to the absence of clearly coercive behaviour by the public official or the public service provider, since the target of the offence still enjoys a certain "freedom" (at least partial) of choice.
For example: an employee, solicited by a public official, agrees to pay a sum of money to obtain an undue advantage in favour of the Company.

3.2.10. Penalties for the bribe-giver (Art. 321 Italian Criminal Code)

The penalties imposed in the first paragraph of Article 318, in Article 319, in Article 319-bis, in Article 319-ter, and in Article 320 in relation to the aforementioned scenarios envisaged in Articles 318 and 319 also apply to anyone or gives or promises money or other benefits to a public official or public service provider.

3.2.11. Incitement to bribery (Art. 322 Italian Criminal Code)

This offence is committed by anyone who offers or promises money or other benefits that are not owed to a public official or public service provider so that they perform their functions or exercise their powers if the offer or promise is not accepted.
This offence is committed by anyone who offers or promises money or other benefits that are not owed to a public official or public service provider if the offer or promise are made to induce the official or the provider not to perform or delay performance of one of his official duties, or to perform an act contrary to his duties, if the offer or promise is not accepted.
A public official or public service provider commits the offence if he/she solicits a promise or gift of money or another benefit to perform his/her functions or powers, or for the purposes indicated in Art. 319 Italian Criminal Code (i.e., for performing an act contrary to his duties, or for the omission or delay of an act of his office).

3.2.12. Embezzlement, concussion, unlawful incitement to give or promise benefits[64], bribery and incitement to bribery, abuse of office, of members of international courts or the bodies of the European Community or of international parliamentary assemblies or of international organizations and of officials of the European Community and foreign States (Art. 322-bis Italian Criminal Code)

The predicate offences of embezzlement, concussion, unlawful incitement to give or promise benefits, abuse of office, bribery and incitement to bribery also exist when they are committed against:

[63] The offence in question here complements the measures prescribed for bribery and extortion. Since November 2012, it was included in the list of crimes envisaged by Legislative Decree 231/2001 with the publication in the Official Gazette (no. 265 of 13 November 2012) of Law 190 of 6 November 2012, "Measures for the prevention and repression of bribery and illegality in the public administration".
[64] As amended by Law 190 of 6 November 2012 (Measures for the prevention and repression of corruption and illegality in the Public Administration), in force since 28 November 2012.

- members of the European Commission, the European Parliament, the European Court of Justice, and the European Court of Auditors;
- officials and agents hired under contract pursuant to the Staff Regulations of Officials of the European Union or the rules applicable to agents of the European Union;
- persons seconded by the Member States or any public or private entity at the European Union who perform functions corresponding to those of officials or agents of the European Union;
- members and employees of entities established on the basis of Treaties establishing the European Communities;
- those who perform functions or activities in other Member States of the European Union that correspond to those of public officials or public service providers;
- judges, prosecutors, assistant prosecutors, officials and agents of the International Criminal Court, persons seconded by the signatory States of the Rome Statute of the International Criminal Court that perform functions corresponding to those of the officials or agents of the Court itself, members and employees of entities established on the basis of the Rome Statute of the International Criminal Court;
- the persons who perform functions or activities corresponding to those of the public officials and public service providers in public international organisations;
- the members of international parliamentary assemblies or an international or supranational organisation and the judges and officials of international courts;
- the persons who exercise functions or activities corresponding to those of public officials and public service providers within non-EU States, when the act affects the financial interests of the Union.

The provisions of Article 319-quater, paragraph 2, Article 321, and Article 322, paragraphs 1 and 2, apply if the money or other benefit is given, offered or promised:

- to the persons indicated in paragraph 1 of this article;
- the persons who perform functions or activities corresponding to those of the public officials and public service providers in other foreign States or public international organisations.

The persons indicated in the first paragraph are assimilated with public officials if they perform corresponding functions, and to public service providers in the other cases.
The offence could be committed, for instance, if an employee offered money or other benefits to a foreign public official to obtain authorisation to operate in that jurisdiction.

3.2.13. Trafficking in unlawful influence (Art. 346-*bis* Italian Criminal Code)[65]

The statute punishes anyone who, by exploiting or claiming to have existing or alleged relations with a public official or public service provider, unlawfully makes someone give or promise to give money or other benefits to himself/herself or others, as the price for his/her own unlawful mediation with a public official or public service provider or to remunerate that official or provider in the performance of his/her functions or powers.

The offence of trafficking in unlawful influence therefore occurs where the agent:

- does not have actual influence over a public official or a public service provider, but boasts of it in order to obtain from the private individual an undue benefit, in return for a false promise to exercise influence that in reality does not exist; orhaving a real capacity to influence a public person – makes an agreement with the private individual to exercise such undue influence, receiving in return the payment of a sum of money

[65] The offence was introduced as one of the predicated offences with Law 3 of 9 January 2019 (Measures to combat offences against the public administration and concerning the statute of limitations and the transparency of political parties and movements).

or a utility, which is not intended for the public agent but only for the mediator and represents the price of the mediation itself; or

- having a real capacity to influence a public subject – makes an agreement with the private party to exercise such undue influence, receiving in exchange the payment of a sum of money or a benefit, which is at least in part also intended for the public agent, but in a situation in which the mediator has not yet acted vis-à-vis the public subject (who therefore remains unaware of and uninvolved in the unlawful agreement: otherwise, in fact, one would already be in a situation of actual corruption).

3.2.14. Abuse of office (art. 323 Italian Criminal Code)

The offence is committed when the public official or public service appointee, in the performance of his or her duties or service, in violation of specific rules of conduct expressly provided for by law or by acts having the force of law and from which there is no margin of discretion, or by omitting to abstain in the presence of his or her own interest or that of a close relative or in other prescribed cases, intentionally procures for himself or others an unjust financial advantage or causes unjust damage to others (also not exclusively of a patrimonial nature).
Therefore, the rule punishes, for example, a public service provider who, in the exercise of his activity, does not refrain from acting in spite of a so-called conflict of interest in order to procure – even indirectly – an unfair financial advantage for the Company, or causes damage to a competing company.
The offence entails the liability of the Company according to Legislative Decree 231/2001 only in cases where:

- one of the persons referred to in Article 5, paragraph 1 of Legislative Decree 231/2001 contributes to the offence committed by the public official or a public service provider, by actively instigating or facilitating the latter in the commission of the abuse;
- results in an offence against the financial interests of the European Union.

3.2.15. Fraud in public supplies (art. 356 Italian Criminal Code)

The Offence is committed when a person commits fraud in the execution of supply contracts or in the fulfilment of the other contractual obligations arising from the conclusion of public supply contracts. Therefore, the provision punishes all conduct characterised by evasion of contractual obligations towards the State or other public entity. According to the most recent interpretative orientation, in order for the offence to exist, it is necessary for the breach to manifest a certain gravity, i.e. to be capable of affecting the conduct of the relationship with the Public Administration. Unlike in the case of the offence of fraud, on the other hand, it is not necessary for the conduct to have misled the principal of concealed defects in the supply, the supplier's bad faith in the performance being sufficient.

3.2.16. Fraud against the State or another public entity of the European Union (Art. 640, paragraph 2, subparagraph 1, Italian Criminal Code)

The Offence is committed when ruses or tricks are used to mislead and cause harm to the State (or to another Public Entity or the European Union) and thereby realise an unfair profit.
For example, the Offence may be committed when, in the preparation of documents or data for participation in tender procedures, untrue information is provided to the Public Administration (e.g. supported by counterfeit documentation), in order to be awarded the contract itself.

3.2.17. Aggravated fraud to obtain public disbursements (Art. 640-*bis* Italian Criminal Code)

The Offence exists when the fraud is perpetrated to obtain public funding unlawfully, including public subsidies.

This case may occur when ruses or tricks are used, for example by communicating untrue data or preparing false documentation, to obtain public financing.

3.2.18. Computer fraud against the State or another Public Entity (Art. 640-*ter* Italian Criminal Code)

The Offence is committed when, by altering the functions of an information system or data transmission system or by manipulating the data contained in them, unfair profit is realised by causing harm to others. An aggravating factor exists when the act is committed through theft or unlawful use of the digital identity.
In practice, it may involve the offence in question if, once financing is obtained, the information system is breached to enter an amount for the financing that is higher than the legitimately obtained one.

3.2.19. Fraud against the European Agricultural Guarantee Fund and the European Agricultural Development Fund (Article 2 of Law no. 898 of 23 December 1986)

When a fact does not constitute the most serious offence provided for by article 640-bis of the Criminal Code. (aggravated fraud to obtain public disbursements), the Offence in question is committed by any person who, by exposing false data or news, unduly obtains, for himself or others, aid, awards, indemnities, refunds, contributions or other disbursements to be paid in full or in part by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

3.3. CRIME OF INDUCEMENT NOT TO MAKE OR TO MAKE FALSE STATEMENTS TO JUDICIAL AUTHORITIES (ART. 25-*DECIES* OF THE DECREE)

3.3.1. Inducement not to make or to make false statements to judicial authorities (Art. 377-*bis* Italian Criminal Code)

The Offence is committed when someone uses violence, threats, or an offer or promise of money or another benefit to induce another person not to make statements or to make false statements to the judicial authorities when that latter person has been asked to make statements that can be used in a criminal proceeding and when that person has the right not to respond[66], unless the act constitutes a more serious offence.

3.4. PRINCIPLES OF CONDUCT AND CONTROL

The following list contains a number of principles that must be considered applicable to the Recipients, as defined in the General Part of the Model.
In particular, it is prohibited to engage in acts or participate in the commission of acts that might be crimes as defined in Articles 24, 25, and 25-*decies* of Legislative Decree no. 231/2001, as cited hereinabove.
It is also prohibited to violate the principles and rules set out in the Code of Conduct, the Operating Procedures, and in this Chapter of the Special Part.

3.4.1. Management of commercial activities and participation in tenders

Given the nature of the services provided by Arkad S.p.A., also and particularly in regard to public entities or private entities with public participation, commercial activities, negotiations, and participation in tenders might pose risks of commission of Crimes against the Public Administration.

[66] These are individuals named as suspects (or defendants), heir immediate family members granted the right not to respond under the law, pursuant to Article 199 199 Italian Criminal Code, and the individuals named as suspects (or defendants) for a connected or related offence, provided taht they have not already become witnesses.

In particular, the management of these activities might abstractly pose risks if a subordinate or a senior officer of Arkad S.p.A., acting alone or through an intermediary, offers or promises money or other benefits that are not owed in order to obtain a procurement contract to:

- directors, general managers, managers in charge of preparing the company accounting documents, statutory auditors, and liquidators of companies or private entities who, acting directly or through an intermediary, solicit or receive, for themselves or others, money or other benefits not owed, or accept a promise for the same, to perform or omit an act in violation of their official obligations or obligations of fidelity;
- anyone who performs management functions (other than those that specifically pertain to the aforementioned persons) who, acting directly or through an intermediary, solicits or receives for himself/herself or for others, money or other benefits not owed, or accepts a promise for the same, to perform or omit an act in violation of their official obligations or obligations of fidelity;
- persons subject to the management or supervision of the persons mentioned above.

The following examples represent indicators of anomaly:

- anomalous cash payments;
- payments that transit through other countries, for example: goods or services intended to be used in country "A" and executed through shell companies in country "B";
- particularly high percentage commissions either for agents and/or representatives or commissions divided between separate accounts registered in the name of or connected with the same persons (frequently in different jurisdictions);
- high value gifts;
- acceptance of contracts that are unfavorable to the Organization or with anomalous terms or periods of enforceability;
- disapplication of normal competitive selection procedures;
- disappearance/deletion of documents pertaining to the competitive selection;
- disapplication of ordinary procedures for the selection/transformation into contracts of relations with business partners;
- payments of (or provisions of funds to pay) expenses of any kind and amount, or school tuition on behalf of third parties.

Together with the Code of Conduct, Arkad S.p.A. has implemented a series of Operating Procedures to guarantee that the processes used to prequalify customers, the participation in tenders, negotiations with customers (direct or indirect), and the formulation of offers are made with the participation of different functions – assigned segregated roles and with approval authority set at different authorization levels – as revealed by the procedures cited in Appendix 2.

3.4.2. Management of administrative obligations and related inspection activities

The management of relations with entities belonging to the Public Administration, administrative obligations and the related inspection activities might pose risks in connection with the commission of Crimes against the Public Administration and its assets, if a subordinate or senior officer of Arkad S.p.A. offers or promises money or other benefits to a public official or a public service provider for the performance, delay, or omission of an official act by that official or in the case of aggravated fraud against the State involving public disbursements[67].

[67] The management of relations with the Public Administration could pose the risk of a charge being raised for the offence of self-money laundering. Therefore, the safeguards provided in the Special Part of this chapter are extended to cover that risk. The activity might pose risks associated with the aforementioned crime in the case where, for example, a senior officer or subordinate in the Company, after having committed or conspired to commit fraud against the State (for having misled a public official with ruses or deception – for example, the counterfeiting or alteration of documents prepared for the Public Administration – to realize wrongful profit at the expense of the Public Administration), used, substituted, transferred, to economic,

The management of administrative obligations might pose the risk of trafficking in unlawful influence if, for example, a senior officer or subordinate of Arkad S.p.A. promises money or other benefits to a consultant who claims to have relations with the public entity delegated to handle the matter, as the price for his/her unlawful intermediation aimed to obtaining the quickest or safest processing of the necessary administrative obligations.
The recipients who, on the basis of their own mandate or their own function, are involved in managing relations with the Public Administration or with the Authorities are required to:

- assure that the aforementioned relationships occur in absolute compliance with:
  - the law;
  - applicable regulations;
  - the principles of fidelity, fairness, and clarity;
- assure that relationships with officials in the Public Administration are handled exclusively by the persons possessing the appropriate powers;
- in the event of inspections, guarantee that at least two employees of the Company participate at the meetings;
- assure the traceability of the relationships maintained with the Public Administration through the preparation and archiving of an internal memorandum about the meeting with members of the Public Administration, to be sent after each meeting (or at least summarizing all the meetings in a quarterly report) to his/her own hierarchical superior;
- report without delay to one's own hierarchical superior and to the Supervisory Body any acts committed by those that deal with the public counterparty which seek to obtain favors, illegal gifts of money or other benefits, inter alia to third parties, and any problem or conflict of interest that arises in connection with the relationship with the Public Administration;
- assure that the documentation to be sent to the Public Administration is prepared by persons having expertise in such activities and who have been identified in advance;
- if the documentation to be sent to the Public Administration is produced entirely or partly with the support of third parties (e.g. engineering firms, architectural firms, technical experts, etc.), guarantee that they are always selected in compliance with the provisions of the section "Management of purchases of goods and services" in this Special Section;
- before being forwarded to the Public Administration, submit to the Legal Representative or to persons possessing adequate powers, according to the existing system of powers of attorney and mandates, the documentation to be sent to verify their validity, completeness, and veracity.

It is prohibited to do the following in connection with the aforementioned activities:

- to have relations with Officials of the Public Administration or public officials without the presence of at least one other person, if possible, and without guaranteeing traceability, as clarified above;
- to make promises or unlawful gifts of money or other benefits (e.g. hiring, assignments of professional, commercial, or technical mandates) to public officials or public service providers or persons close to the latter;
- to give in to referrals or pressure by public officials or public service providers to accept gifts, handouts, or other benefits from them;
- to give or promise to consultants that enjoy or claim to have existing or alleged relationships with a public official or a public service provider, money or other benefits as the price of the unlawful intermediation with a public official or public service provider, or to remunerate him/her in connection with the performance of his/her functions or powers;
- to make untrue representations by submitting documents that are entirely or partly untrue or by failing to submit true documents;

financial, entrepreneurial or speculative activities, the money, goods, or other benefits resulting from the commission of that offence, in such a way as materially to prevent identification of their criminal origin.

- to engage in deceptive conduct with the Public Administration so as to induce it to commit evaluative errors during analysis of requests for authorizations and similar requests.

In accordance with the principle of segregation of the activities performed by Company employees, it is also noted that in procedures to receive public financing, Company Employees must comply with the provisions of the Operating Procedures pertaining to the specific area of responsibility that define the guidelines which must be followed in preparing and submitting the paperwork for the application for national and European Public Financing so as to implement adequate controls and checks designed to prevent the crimes connected with the illegal receipt of public financing.

3.4.3. Management of relations with the Judicial Authority

The management of relations with the Judicial Authorities might pose risks of committing the Crime of inducement not to make or to make false statements to the Judicial Authorities themselves, in the case where an Employee of Arkad S.p.A. who is charged or investigated in a criminal proceeding is induced to make false statements (or to refrain from making statements) to avoid greater involvement by the Company.
The management of relations with the Judicial Authority might pose risks in connection with the crime of trafficking in unlawful influence in the case where, for example, a senior officer or subordinate of Arkad S.p.A. promises money or another benefit to a lawyer or a consultant who claim to have relationships with the Judicial Authorities, as the price for his/her unlawful intermediation.
When performing all the operations connected with the management of relations with the Judicial Authority, in addition to the set of rules contained in this Model, the Recipients have to be familiar and comply with the following:

- in relations with the Judicial Authorities, the Recipients must provide active assistance and make true, transparent, and exhaustively representative statements of the facts;
- in relations with the Judicial Authorities, the Recipients and, in particular, those who are suspects or defendants in a criminal proceeding, including a connected one, inherent in the work activity performed at the Company, have to freely express their own representations of the facts or exercise their legal right not to respond;
- all Recipients must promptly inform the Supervisory Body, by means of the existing communication tools in the Company (or with any communication tool, provided that this be in accordance with the principle of traceability), of all acts, summons to testify and/or judicial proceeding (civil, criminal, or administrative) that involves them in any way with the performed work activity or otherwise pertaining to it;
- the Supervisory Body must be able to obtain full knowledge of the proceeding under way, inter alia through participation in meetings about the relevant proceedings or otherwise in preparation for the Recipient's own defense, inter alia when those meetings envisaged the participation of external consultants.

In connection with these acts, it is prohibited to:

- coerce or incite, in any form and in any way, in the misunderstood interest of the Company, the Recipients' intention to respond to the Judicial Authorities or to exercise their right not to respond;
- accept money or other benefits in relations with the Judicial Authority, inter alia through the consultants of the Company itself;
- incite the Recipient to make untrue statements in relations with the Judicial Authority;
- give or promise money or other benefits to lawyers or consultants who enjoy or claim to have existing or alleged relations with a public official or public service provider as the price for illegal intermediation with the Judicial Authorities, or to remunerate the Judicial Authorities in connection with the performance of their functions or powers.

3.4.4. Hiring and management of employees and the bonus system

The hiring of employees might pose risks of crimes against the Public Administration if the Company hires a new employee, "close" to a public official or public service provider, to perform a corrupt activity or otherwise obtain favourable treatment in connection with the public official's responsibilities.

The bonus system might instead pose risks related to crimes against the Public Administration if the Company pays the employee bonuses/cash incentives that are deliberately disproportionate to his/her own role/responsibilities, to provide the employee with funds to be used for bribery.

The Recipients involved in the management of hiring and the bonus system must:

- act in accordance with the principle of meritocracy in connection with the real needs of the Company;
- perform hiring activities that can guarantee that the choice of candidates is made on the basis of technical and attitudinal fitness evaluations and, particularly in regard to the employees of the Company establishments and work sites, request that a medical examination be performed by the Company doctor to verify the candidate's fitness to perform his/her future duties[68];
- when the initial recruitment is made, consult the criminal record and pending charges certificate;
- if recourse is made to an outsourcer, use the employment agencies entered in the register kept at the Ministry of Labor and Social Policies;
- assure the existence of documentation attesting that the recruitment and hiring procedures were performed correctly, in accordance with the Operating Procedures pertaining to the specific area of responsibility;
- in reference to the hiring of citizens from other countries:
  - verify that they possess a regular residency permit allowing them to work (not expired or revoked or cancelled);
  - verify that, in the case of an expired residency permit, a renewal request has been submitted by the legal deadline (documented by the relevant postal receipt);
  - request the submission of a document attesting to the "suitability of housing", which must be officially issued by the Municipality of residence of the person in question and which must assure that he/she effectively lives in a room, if applicable, shared with an appropriate number of persons according to the structure of the habitation;
- monitor the validity of the documents of Employees who are citizens of other countries and remind them to renew those documents at least one month before the expiration date indicated on the residency permit;
- give new hires a copy of the Code of Conduct (together with this Model), which must be read, understood, and formally accepted by everyone;
- do whatever is necessary to assure working conditions in the Company that respect personal dignity, equal opportunity, and an adequate work environment, as envisaged in the Code of Conduct;
- assure that the definition of the economic conditions is consistent with the position held by the candidate and his/her assigned responsibilities/duties.

These practices are also followed in the branches of the Company where, after the recruitment process, the agreement is made between Arkad S.p.A. and the employee in compliance with local law, and is signed by the employee, the Branch manager, the HR manager at headquarters, and the General Manager.

It is prohibited to do the following in connection with the aforementioned activities:

- practice favoritism;
- hire employees, even with temporary contracts, without complying with applicable social security, tax, insurance, immigration, and other laws;

[68] In this regard, see Legislative Decree 81/2008, Article 41, paragraph 2, sub-paragraph a), which in regard to health monitoring, prescribes that this activity also include "preventive care medical examinations to confirm the absence of contraindications for the worker's assigned job, in order to assess his fitness to perform the specific duties".

- hire or promise to hire employees of the Public Administration (or their relatives, kin, friends, etc.) who have participated in authorization processes of the Public Administration or inspections of the Company;
- promise or grant promises of hiring/career promotion to human resources who are close to or approved by public officials, when this does not comply with the real needs of the company and is inconsistent with the principle of meritocracy;
- pay Employees bonuses tied to individual performance and not their result, following the principles used to assign them. The HR Manager always endeavors to assure the highest possible degree of uniformity and standardization of bonuses and raises for the Employees of Arkad S.p.A..

3.4.5. Management of expense accounts

The management of expense accounts might pose risks of crimes against the Public Administration and its assets in the case where, for example, a senior officer of the Company approves expense reimbursements that are not owed or for higher amounts, in order to create funds to be used for bribery.

The Company Employees have to comply exactly with the provisions of the Operating Procedures prepared and implemented for adoption of this Model (and also aimed at regularizing the practices followed for the reimbursement of incurred travel expenses – "*Business Travel policy*"), pertaining to the specific area of responsibility.

The Human Resources Department employees must:

- verify that the expenses incurred by the Employees:
  - are pertinent to performance of the work activity and adequately documented with the attachment of valid tax receipts;
  - fall within the spending limits set for each type;
  - comply with the directives of the aforementioned Operating Procedures;
  - were approved in advance by the applicant's operating supervisor;
- after receiving the Hierarchical Superior's authorization, check the completeness of the data and then record the expenses in the accounts and subsequently reimburse them.

In connection with the cited activities, it is prohibited to reimburse expenses that:

- are not adequately justified according to the type of activity performed;
- are not supported by valid tax receipts;
- are not shown in the expense account;
- are not covered by the Operating Procedures pertaining to the specific area of responsibility.

3.4.6. Management of events, gifts, and sponsorships[69]

The management of events, gifts, and sponsorships might pose risks related to crimes against the Public Administration and its assets if, for example, a senior officer of the Company gives presents or donations worth a significant amount to persons belonging to the Public Administration in order to commit bribery or, moreover, in the case where the Company sponsors events organized by others at unusual prices, in order to provide the latter with funds to be used for bribery.

The management of events, gifts, and sponsorships might pose risks in relation to the crime of trafficking in unlawful influence when, for example, a senior officer or subordinate of Arkad S.p.A. offers gifts to or sponsors events for a consultant who claims to have relations with a public entity delegated to handle a matter for Arkad S.p.A., as the price of his/her own illegal intermediation.

The Recipients involved in the management of events, gifts, and sponsorships have to comply with the procedures set out in this Chapter of the Special Part, existing provisions of law, and the rules of conduct cited in the Code of Conduct.

In those situations where it is common practice to give presents in the context where the Recipients work, the proposer must behave in compliance with the Code of Conduct. It is also necessary to submit a report to the Supervisory Body and, in any event, the offered gifts must be adequately documented so that it may verify them.

It is prohibited to:

- promise or give presents and donations to Italian or foreign public officials, including sponsorships, for purposes that are not institutional, or service related;
- offer or promise gifts or free services outside of what is allowed in company practice and exceeding normal courtesy practice;
- accord benefits of any kind to representatives of the Italian or foreign Public Administration (e.g. hiring, assignments of professional, commercial, or technical work to individuals who are particularly close to the Public Administration) that might have the same consequences as envisaged in the preceding point;
- offer or promise, either directly or indirectly, to public officials or their family members any form of gift or free service that might appear connected with the business relationship with the Company, or aimed at influencing their independence of judgment, or induce them to assure any kind of advantage for the Company;
- promise or grant contributions for sponsorships to assure the Company improper competitive advantages or for other unlawful purposes;
- promise or grant contributions for sponsorships connected with the conclusion of a direct or indirect business transaction.

[69] This area is also at risk of offences committed by criminal organisations, and is covered by the protections contained in this Special Part Chapter.

3.4.7. Management of purchases of goods and services (including the suppliers of waste and septic tank sewage transport and/or disposal)[70]

The management of purchases of goods and services might pose risks of Crimes against the Public Administration if a senior officer of the Company purchases products from a supplier that is close to or otherwise indicated by a public official in order to obtain a wrongful advantage for the Company.

The management of purchases of goods and services might pose risks related to the trafficking of unlawful influence in the case where, for example, a senior officer or a subordinate of Arkad S.p.A. promises money or other benefits to a consultant who claims to have relations with the public entity delegated to manage the matter, as the price for his/her own unlawful intermediation.

In the management of its relations with suppliers, Arkad S.p.A. introduces contractual clauses specifying:

- that the firm in question declares that it is familiar with and complies with the provisions of Legislative Decree no. 231/2001, and that it complies with the principles of the Code of Conduct and the Code of Conduct for Third Parties;
- that the firm in question declare, when possible, that it has taken all necessary measures and precautions to prevent the aforementioned crimes, having equipped its own business organization with internal procedures and systems that are entirely adequate to prevent those crimes;
- that the firm in question declares that it exclusively employs personnel hired with a regular employment agreement, in compliance with social security, tax, insurance, and immigration laws;
- that the untruthfulness of the aforementioned declarations constitutes serious breach of its obligations, pursuant to Art. 1455 Italian Civil Code.

If these clauses are not accepted by the counterparty, the Company shall advise the Supervisory Body of this by sending an e-mail summarizing the reasons given.

The Recipients, who are in any way, involved in the aforementioned areas at risk must:

- operate in compliance with the Code of Conduct, the Operating Procedures pertaining to the specific area of responsibility, applicable laws and regulations, and comply with any internal rules and/or practices for the selection and management of suppliers;
- establish efficient, transparent, and collaborative relationships, maintaining an open and frank dialogue consistent with best commercial practice;
- obtain the collaboration of suppliers in constantly assuring the most convenient relationship between quality, cost, and delivery times;
- demand application of the contractually envisaged conditions;
- periodically check the commercial and professional reliability of suppliers and consultants in creating a special master list through which to make requests for specific documentation, as indicated by the Procedure to the specific area of responsibility;
- guarantee the traceability of the supplier selection process, through the formalization and archiving of the supporting documents;
- check the regularity of payments, in reference to the perfect match between the recipients/ordering parties and the counterparties that were actually involved;
- issue the payment orders, commitments, and Company guarantees in favor of third parties only after receiving authorization by persons holding adequate powers;

[70] This area is also at risk of manslaughter and personal injury committed in violation of occupational health and safety laws, and which are covered by the protections contained in this Special Part Chapter.

- assure that all transactions and acts executed directly by the Purchasing/Procurement Function, or by other specifically delegated persons, are carried out within the limits of the granted powers (including those limited with the power of attorney Table, which is of merely internal relevance);
- set clear and unequivocal references to proper use of the information technology tools in the possession of its Employees;
- verify the correspondence between the received merchandise and what was effectively ordered, as possible;
- apply an adequate system of disciplinary sanctions that take into account the peculiar gravity of the violations envisaged in the preceding points, as better specified in Chapter "6. Disciplinary System," of the General Part of this Organization, Management and Control Model.

In connection with the aforementioned acts, it is prohibited to:

- make inadequately documented payments;
- create funds with wholly or partly unjustified payments;
- make payments to suppliers that are not adequately justified in the context of the contractual relationship established with them and pay them compensation that is not adequately justified in terms of the type of work to be performed and locally applicable practice;
- give or promise money or another benefit to suppliers or consultants who enjoy or claim to have existing or alleged relationships with a public official or a public service provider, as the price for their illegal intermediation with the public officials or to remunerate them in connection with exercise of their functions or powers.

3.4.8. Selection and management of collaborators, agents, and depositaries

The selection and management of collaborators, agents, and depositaries might pose risks of crimes against the Public Administration if a senior officer of the Company makes sham contracts or contracts at deliberately inappropriate values with those persons in order to create funds for bribery.

The Recipients who, on the basis of their own mandate or own function, are involved in the selection of collaborators, agents, and depositaries must:

- operate in compliance with the Code of Conduct, applicable laws and regulations, and comply with internal rules and/or customers for the selection and management of collaborators, agents, and depositaries;
- verify the commercial and professional reliability of those categories of persons to create a special master file through, for example, the request for:
  - personal information (identification document, tax code, and residence);
  - chamber of commerce registration certificate, anti-Mafia self-declaration or substitute declaration for the criminal record and certificate of pending charges in the case of natural persons;
  - general information (financial statements, brochures, etc.) attesting to the commercial capacity of the counterparty;
- guarantee the traceability of the selection process for any collaborators, agents, and depositaries, inter alia through the formalization and archiving of the supporting documents.

In its management of relations with these parties, the Company must add contractual clauses specifying:

- that the collaborator/agent/depositary declares that he/she has seen and is familiar with the contents of the Organization, Management and Control Model, General Part, prepared pursuant to Legislative Decree no. 231/2001, and complies with the principles of the Code of Conduct adopted by the Company;
- that the collaborator/agent/depositary declare, when possible, that he/she has taken all necessary measures and precautions to prevent the aforementioned offenses, having equipped its own corporate organization with internal procedures and systems that are fully adequate for that prevention;

- that the untruthfulness of those statements constitutes a serious breach of obligations pursuant to Art. 1455 Italian Civil Code.

If those clauses are not accepted by the collaborator/agent/depositary, the Company must notify the Supervisory Body of this by sending an e-mail summarizing the reasons given.

The management of relations with agents is governed by procedure PO-100-06 – "Agency Agreements", while the operational procedures for managing consultancy services are governed by procedure PO-700-07 – "Consultancy Services".

3.4.9. Management of Intercompany relationships

Arkad S.p.A. provides to Arkad E&C with its own personnel by virtue of a special *Intragroup service agreement* concluded with it. The services are always provided in compliance with the provisions of the Code of Conduct and the Model.
If the Company asks one of its own subsidiaries to comply with rules that are new or different than those contained in this Model, those entities will comply with them only after having requested and obtained the favorable opinion of the Supervisory Body on the fitness of those internal regulations to prevent the crimes and administrative offenses envisaged in the Decree.

3.5. INFORMATION FLOW TO THE SUPERVISORY BODY

The Recipients of this Model who, in the performance of their own activity, have to manage activities affected by Articles 24, 25, and 25-*decies* of Legislative Decree no. 231/2001, shall give the Supervisory Body written information about what is discussed in that Chapter, using the specific "Supervisory Body Information Flow Forms" available through the specific communication channels activated by the Company.
Reference is made to Chapter 6 of the General Part in regard to the whistleblowing reports.

4. COMPUTER CRIMES, UNLAWFUL PROCESSING OF DATA, AND CRIMES INVOLVING COPYRIGHT INFRINGEMENT

4.1. OBJECTIVES OF THE CHAPTER

The aim of this Chapter of the Special Part is to illustrate the responsibilities, criteria, and rules of conduct which the Recipients of the Model, as defined in the General Part, have to follow when managing the activities at risk connected with the types of crimes envisaged in Articles 24, 25, and 25-decies of Legislative Decree no. 231/2001, in accordance with the principles of maximum transparency, timeliness, and collaboration, and the traceability of the activities.
Specifically, this Chapter of the Special Part aims to:

- indicate the principles of conduct and control that the Recipients must follow in correct application of the requirements of the Model;
- support the heads of the corporate Functions and the Supervisory Body in performing their control, monitoring, verification, and supervisory activities.

4.2. COMPUTER CRIMES AND UNLAWFUL PROCESSING OF DATA (ART. 24-*BIS* OF THE DECREE)

4.2.1. Digital documents (Art. 491-*bis* Italian Criminal Code)

This provision punishes forgery of public digital documents that have probative force, extending application of the provisions governing forgery of documents (forgery and falsification) to forgery of digital documents.
The purpose of the statute is to protect public trust through protection of the probative force of digital documents.

4.2.2. Unauthorized access to a computer or telecommunications system (Art. 615-*ter* Italian Criminal Code)

This statute protects computer and online privacy, i.e. the confidentiality of data stored on information systems or transmitted with online systems. It envisages two distinct forms of criminal acts: unlawful access to an information or online system protected by security measures, and the continued presence on that system of someone against the express or tacit wishes of the person entitled to exclude him.
An information system is the set of physical elements (hardware) and abstract elements (software) that compose a processing device. A telematic system is any communication system where the exchange of data and information is managed with information and telecommunications technology.
A break-in occurs when the perpetrator unlawfully penetrates both the hardware and software protection barriers. The law does not require that the perpetrator acquires all or a significant portion of the data stored on the breached system. Consummation of the offence only requires that the perpetrator penetrate the protection barriers and begin to acquire the data stored on the system.

4.2.3. Unauthorized possession, distribution and installation of computer equipment, other means or telecommunication systems' access codes (Art. 615-*quater* Italian Criminal Code)

The provisions punishes anyone who, in order to procure a profit for himself or for others or to cause damage to others, unlawfully obtains, possesses, produces, reproduces, disseminates, imports, communicates, delivers, makes available to others or installs equipment, instruments, parts of equipment or instruments, codes, passwords or other means suitable for access to a computer or telecommunication system of others protected by security measures, or in any case provides indications or instructions suitable for the aforesaid purpose.

4.2.4. Unauthorised possession, distribution and installation of computer equipment, devices or computer programs for the purpose of damaging or interrupting a computer or a telecommunication system's operations (Art. 615-*quinquies* Italian Criminal Code)

The statute aims to preserve the proper functioning of information technologies. It punishes the acts of anyone who possesses, obtains, produces, reproduces, imports, disseminates, installs, communicates, delivers or, regardless, provides other equipment, devices, or computer programs, for the purpose of unlawfully damaging an information or telematic system, the information, data or programs contained on it or pertaining to it, or facilitate the total or partial interruption or alteration of its functions.
The reference is, inter alia, to viruses, programs that can modify or delete the data of an information system.

4.2.5. Wiretapping, blocking or illegally interrupting computer or information technology communications (Art. 617-*quater* Italian Criminal Code)

The statute in question protects the privacy of digital communications or the right to exclusive knowledge of their content, both against unlawful interception and revelation of unlawfully obtained content.
Alternatively, the criminalised activity consists in the fraudulent interception, obstruction or interruption of communications between information systems.

4.2.6. Unauthorised possession, dissemination and Installation of devices and other means aimed at wiretapping, blocking or interrupting computer or information technologies communications (Art. 617-*quinquies* Italian Criminal Code)

The law protects the legal interest of the privacy of information or news transmitted online or processed by individual information systems.
The Offence is consummated through the implementation of equipment that can intercept, obstruct, or interrupt information system or online communications.

4.2.7. Damaging computer information, data and programs (Art. 635-*bis* Italian Criminal Code)

The statute punishes anyone who destroys, damages, deletes, alters or suppresses information, data and computer programs.
The penalty is increased if the act is committed with personal violence or with threats or abuse of one's position as system operator.

4.2.8. Damaging computer information, data and programs used by the Government or any other public entity or by an entity providing public services (Art. 635-*ter* Italian Criminal Code)

The statute punishes the behaviour of anyone who commits acts intended to destroy, damage, delete, alter or suppress information, data and computer programs used by the State or another public entity or pertaining to them or otherwise of public utility.
The penalty is increased if the act causes the destruction, damage, deletion, alteration or suppression of the data or computer programs.
The penalty is also increased if the act is committed with personal violence or with threats or abuse of one's position as system operator.

4.2.9. Damaging computer or telecommunication systems (Art. 635-*quater* Italian Criminal Code)

The statute punishes acts designed to destroy or damage the information or telematic systems of someone else (or obstruction of their operation), accomplished through destruction and damage to the information, data and programs, or penetration or unauthorised transmission of them.
The penalty is increased if the act is committed with personal violence or with threats or abuse of one's position as system operator.

4.2.10. Damaging computer or telecommunication systems of public interest (Art. 635-*quinquies* Italian Criminal Code)

The statute punishes the same conduct described at the preceding point, committed to damage publicly used information or telematic systems.
The penalty is increased if the act causes the destruction of or damage to the publicly used information or telematic system (or if it is rendered wholly or partly unusable).
The penalty is also increased if the act is committed with personal violence or with threats or abuse of one's position as system operator.

4.3. CRIMES INVOLVING COPYRIGHT INFRINGEMENT (ART. 25-*NOVIES* OF THE DECREE)

These are offences envisaged by Law 633/1941 for copyright protection, as described below.

4.3.1. Making available protected intellectual works in telecommunications networks (Law no. 633 of 22 April 1941, Art. 171, paragraph 1, subparagraph a-*bis*) and paragraph 3)

This statute represses the acts of those who, without being entitled to, for any reason and in any form, provides the public with a protected intellectual work, or part of it, by placing it on a system of telematic networks through connections of any kind.
Aggravation of the penalty is allowed if the act is committed on a work by somebody else not intended for publication, or through usurpation of paternity of the work, deformation, mutilation or other modification of the work itself, if it offends the author's honour and reputation.
Pursuant to the second paragraph, the offence can be extinguished by paying, before the trial proceeding begins or before the criminal sentence is issued, an amount corresponding to half of the maximum monetary fine established in paragraph 1, in addition to the costs of the proceeding.
This article criminalises "peer-to-peer" activity[71], although it only refers to the uploading of protected intellectual works onto internet, and not also to subsequent acts of sharing and dissemination by which anyone may access the works placed on the telematic network.
The object of protection is represented by the protected intellectual works, to be construed, according to the definitions:

- Article 1 of Law 633/1941, according to which: "Creative works of literature, music, the figurative arts, architecture, theater and cinematography are protected under this law, regardless of their manner or form of expression. Computer programs are also protected as literary works pursuant to the Berne Convention for the Protection of Literary and Artistic Works, ratified and rendered enforceable with Law 399 of 20 June 1978, and the databases which in consequence of the choice or arrangement of material constitute an intellectual creation by the author"[72];

[71] Peer-to-peer is the exchange of protected works executed on file-sharing systems, where each user is both a downloader and uploader, since it automatically shares the files that are downloaded even during the download phase.
[72] Article 2 specifies which works are protected, providing that "In particular, the protection covers: 1) literary, dramatic, scientific, educational and religious works, both in written and oral form; 2) musical works and compositions, with our without words, music drama works and musical variations that constitute original works in themselves; 3) choreographic and pantomime works, whose outline is set in writing or otherwise; 4) works of sculpture, painting, drawing, engraving and similar figurative arts, including set design; 5) architectural drawings and works; 6) silent or talking movies, provided that they are not simple documentation protected by the provisions of Chapter 5, Title 2; 7) photographic works, provided that they are not simple

- Article 2575 Italian Civil Code, according to which: "Copyright covers[73] creative works of science, literature, music, the figurative arts, architecture, theater and cinematography, regardless of their manner or form of expression".

4.3.2. Crimes concerning software and databases (Law no. 633 of 22 April 1941, Art. 171-*bis*)

The statutory provision in question envisages to criminal scenarios:

- the first paragraph prescribes punishment for anyone who, for a profit, duplicates computer programs or, for the same purpose, imports, distributes, sells, keeps for commercial or business reasons or leases programs contained on media not marked by the Società Italiana degli Autori ed Editori (SIAE). The same acts are also prosecuted if they involve any means used solely to allow or facilitate the arbitrary removal or functional avoidance of devices applied for the protection of a computer program;
- the second paragraph prescribes punishment for anyone who, for a profit, reproduces on media without the SIAE mark, transfers to other media, distributes, communicates, presents or shows in public the content of a database or executes the download or reuse of the database in violation of statutory provisions, or distributes, sells, or leases a database.

4.3.3. Crimes concerning creative works intended for use in radio, television, and cinema production or literary, scientific and didactic works (Law no. 633 of 22 April 1941, Art. 171-*ter*)

The first paragraph of the statute in question punishes a series of acts committed for non-personal use to make a profit. The following acts are punished in particular:

- the unlawful duplication, reproduction, transmission or broadcasting to the public by means of any process of all or part of of an intellectual work intended for television, cinema, sale or rental, disks, tapes or analogue media or all other media containing phonograms or videograms of assimilated musical, cinema or audiovisual works or sequences of moving images;
- the unlawful reproduction, transmission or broadcasting to the public by means of any process of literary, dramatic, scientific or educational, musical or dramatic musical, or multimedia works in whole or in part, even if they are included in group or composite works or in databases;
- except in the cases of conspiracy in duplication or reproduction, the importation into Italy, the possession for sale or distribution, the distribution, marketing, rental or sale for any reason, public screening, television broadcast by means of any process, radio broadcast, playing in public the unlawful duplications or reproductions as mentioned above;
- the possession for sale or distribution, marketing, sale, rental, transfer for any reason, public screening, radio or television broadcasting by means of any process, of videocassettes, music cassettes, any media containing phonograms or videograms of musical, cinema or audiovisual works or sequences of moving images, or other media to which must be affixed the SIAE mark in accordance with copyright law, but which lack that mark or bear a counterfeit or altered mark;

photographs protected by Chapter 5 of Title 2; 8) computer programs, in any form that they are expressed, provided that they be original as the result of the author's intellectual creation. The protection provided under this law excludes the ideas and principles at the basis of any element in a program, including those at the basis of its interfaces. The term "program" also includes the preparatory material for designing the program itself; 9) the databases indicated in paragraph 2 of Article 1, construed as anthologies of works, data, or other independent elements that are systematically or methodically arranges and individually accessible through electronic devices or otherwise. The protection of databases does not extend to their content and leaves existing rights on that content unprejudiced; 10) the works of industrial design that feature a creative character and artistic value by themselves".

[73] The content of copyright is defined by Article 2577 Italian Civil Code, which provides that "The author has the exclusive right to publish the work and use it economically in all forms and ways, within the limits and for the effects established by law. Even after assignment of the rights envisaged in the preceding paragraph, the author may claim authorship of the work and object to any deformation, mutilation or other modification of the work itself, that might prejudice his honour or reputation" and Article 12 of Law 633/1941, which provides that the author has the exclusive right to publish the work and economically use the work within the limits set by law.

- the retransmission or broadcasting via any means of an encrypted service received through devices or parts of devices that can be used to decode conditional access broadcasts, in the absence of any agreement with the legitimate distributor;
- the importation into Italy, the possession for sale or distribution, the distribution, sale, rental, transfer for any reason, commercial promotion, installtion of devices or special decoding components that provide access to an encrypted services without paying the fee owed;
- the fabrication, importation, distribution, sale, rental, transfer for any reason, publication for sale or rental, possession for commercial purposes of equipment, products, or components or the provision of services whose main purpose or commercial use is to avoid effective technological prevention measures or which were principally designed, produced, adapted or realised with the purpose of making it possible or facilitating avoidance of the aforementioned measures;
- the unlawful removal or alteration of electronic ifnormation that identify the work or protected material, and the author or any other rights holder pursuant to copyright law, or the distribution, importation for distribution, radio or television broadcasting, communication or provision to the public of works or other protected materials from which the aforementioned electronic information has been removed.

The second paragraph of the statute in question instead punishes:

- the unlawful reproduction, duplication, transmission, broadcasting, sale, marketing, transfer for any reason, or importation of over fifty copies or specimens of works protected by copyright and associated rights;
- the communication to the public for gain and in violation of the provisions governing the right to communicate the work to the public, through connections of any kind, of an intellectual work protected by copyright, or a part of it[74];
- Commission of an act envisaged in paragraph 1 by anyone who operates the activities of reproduction, distribution, sale, marketing, or importation of copyright protected works and associated rights in the form of a business;
- the promotion or organisation of the illegal activities envisaged in the first paragraph.

The third paragraph envisages an attenuating factor if the act is especially tenuous, while the fourth paragraph envisages several incidental penalties, i.e. publication of the conviction, the banning from a profession or art, the temporary ban on holding management positions in legal entities and companies, and the suspension for one year from the concession or authorisation of radio and television broadcasting for the operation of productive or commercial activity.

4.3.4. Violations against SIAE (Law no. 633 of 22 April 1941, Art. 171-*septies*)

The statute in question also prescribes application of the penalty imposed for the acts envisaged in paragraph 1 of Article 171-*ter* for:

- the producers or importers of media that do not have to bear the SIAE mark and which do not provide SIAE with the data necessary for unequivocal identification of those media within thirty days after they are placed on sale or imported to Italy;
- anyone who falsely declares that they have satisfied the obligations of the copyright law and associated rights.

4.3.5. Fraudulent unscrambling of restricted access audiovisual transmissions (Law no. 633 of 22 April 1941, Art. 171-*octies*)

[74] This conduct is very similar to the conduct envisaged in Article 171, paragraph 1, sub-paragraph a-*bis*), but is distinguished from the latter by envisaging the specific wrongdoing of acting for profit and communication to the public in lieu of providing it.

The statute in question represses the acts of those who, for fraudulent purposes, places on sale, imports, promotes, installs, modifies, or publicly or privately uses devices or parts of devices intended to decrypt conditioned access audiovisual transmissions made over the air, via satellite, via cable, in analogue and digital format. Conditioned access means all the audiovisual signals transmitted by Italian or foreign broadcasters in such a format as to render them visible exclusively to closed groups of users selected by the party that broadcasts the signal, regardless of the imposition of a fee for the use of that service.

Although this case features aspects that overlap with those envisaged in Article 171-*ter*, paragraph 2, sub-paragraph f), the are different from each other for a series of reasons:

- the penalty imposed by Article 171-*octies* is more serious than the one imposed by Article 171-*ter* (the same prison term, but with a higher fine): therefore, this does not trigger the clause that excludes the first offence if the act constitutes a more serious offence;
- the criminalised acts do not perfectly overlap with each other;
- the wrongdoing is different, since it requires profit motive for the offence envisaged in Article 171-*ter* and the fraudulent purpose for the offence envisaged in Article 171-*octies*;
- the type of broadcasting is at least partly different, since Article 171-*ter* refers to broadcasts to those who pay an access fee, while Article 171-*octies* refers to broadcasts aimed at selected user regardless of whether a fee is paid.

4.4. PRINCIPLES OF CONDUCT AND CONTROL

The following list contains several principles that must be considered applicable to the Recipients, as defined in the General Part of the Model.

In particular, it is prohibited to engage in conduct or participate in the commission of acts that might involve the crimes envisaged in Articles 24-*bis* and 25-*novies* of Legislative Decree no. 231/2001 cited hereinabove.

It is also prohibited to violate the principles and rules contained in the Code of Conduct and Operating Procedures pertaining to the specific area of responsibility.

In regard to the Crime of copyright infringement, reference is also made to Directive 2004/48/EC (interposed in Italy with Legislative Decree no. 140/2006) on the enforcement of intellectual property rights (more commonly known as the "Enforcement Directive"), which aims to reinforce the protection of copyright, software, patents, models, trademarks, names, domain names, and industrial secrets in all Member States. This law also impacts the Copyright Law (LdA) and Intellectual Property Code (CPI) in force in Italy.

4.4.1. Management of the information system and installation of protected software

During the course of normal company activities, the computer crimes listed hereinabove might be committed and, more in particular, those involving the alteration of documents valid as evidence[75], the management of access to internal information systems or the information systems of third party competitors, and the spread of unlawful viruses or programs.

The computer network is managed directly by the Information Technology Function ("IT") of Arkad S.p.A., which is also managed by means of the services of external qualified suppliers, which defines all the computer security policies, while also assigning accesses to the system.

To monitor these risks:

- the centralized application servers are hosted in dedicated, secure rooms;

[75] This expression must be construed, inter alia, as the administrative acts performed by using a computer and regulated by laws that assign probative effect to information technology records (Presidential Decree 600/1973); the acts of the Public Administration prepared with automated information systems; the acts recorded on optical media.

- access to those rooms is reserved to the personnel of the IT Function, the System Administrators, and a limited number of qualified employees;
- the IT personnel are also users with powers to operate on the IT system and on SAP (for which specific authorizations are envisaged);
- the current system administrator is an internal function of Arkad S.p.A.;
- the access and logs of the users having system administrator powers are tracked;
- a formal request has to be submitted by the Human Resources Function (HR Tool) for every new user, by using a computer tool;
- before delivery of their personal access credentials (i.e. user ID and password expiring at least once every quarter), the Employees are given the aforementioned company policy on security, rights, and restrictions of the information system;
- the rights associated with every type of user, and the restrictions, are personalized according to the resource being referred to;
- in the event of termination or resignation, the Human Resources Function formalizes the request for cancelation of the user by using special online channels;
- the IT Function performs periodic scans both of the devices, to check what programs are installed and the associated licenses held, and the users that are no longer used;
- the information system is protected by firewalls and antivirus/antispam software that is periodically updated;
- the IT function coordinates with the identified External System Administrators to manage the file servers with the backup functions;
- the information system is also centralized for the use of services by the local Branches, where use of the devices and information systems is conditioned on compliance with the same procedures implemented at the main administrative headquarters;
- if, during the activity performed in collaboration with Arkad S.p.A., third parties (e.g. outside consultants and/or professionals who collaborate temporarily with or at the Company on a specific project) ask to use the Company network, they are made to sign agreements to comply with the procedures and policies adopted by the Company that normally contain clauses indemnifying Arkad S.p.A. (these clauses to hold the Company harmless against liability are also added to agreements for the creation of separate networks connected to the Company network).

The Recipients who are involved in management of the information systems due to their own position or their own function or mandate, must:

- use the assigned information technology resources exclusively to perform their own activity;
- carefully store their own credentials for access to the Company information systems, preventing others from learning them;
- update their passwords as frequently as requested;
- guarantee the traceability of the produced documents by filing the various versions of the documents or otherwise guaranteeing mechanisms for tracking the changes;
- assure file protection mechanisms such as passwords and the conversion of documents into non-modifiable format;
- comply with the procedures adopted by the Company to protect the system.

In connection with these activities, it is prohibited to:

- use computer resources (e.g. fixed or portable personal computers) assigned by the Company for purposes unrelated to work;
- alter public or private electronic documents used as evidence;

- access, without authorization, an information or online system or stay on one against the express or tacit wishes of the party entitled to deny it (this prohibition includes access both to internal information systems and to the information systems of competing public or private entities in order to obtain information about commercial or industrial developments);
- obtain, reproduce, distribute, communicate, or provide others with codes, passwords, or other means suitable to access another party's information or online system protected by security measures, or to provide adequate information or instructions for a third party to access another party's information system protected by security measures;
- obtain, produce, reproduce, distribute, communicate, deliver or, regardless, provide others with equipment, devices, or computer programs for the purpose of wrongfully damaging an information or online system, the information, data, or programs contained on it or pertaining to it, or to facilitate the total or partial interruption and alteration of its function (the prohibition includes the transmission of viruses for the purpose of damaging the information systems of competing entities);
- intercept, impede or unlawfully interrupt computer or online communications;
- destroy, deteriorate, delete, alter, or suppress information, data, and computer programs (the prohibition includes the unauthorized intrusion into the information system of a competing company, for the purpose of altering the latter's information and data);
- destroy, deteriorate, delete, alter, or suppress information, data, and computer programs used by the State or another public entity or pertaining to them or otherwise of public utility;
- destroy, damage, render entirely or partially unserviceable, or seriously obstruct the functioning of information or online systems owned by other parties;
- destroy, damage, render entirely or partially unserviceable, or seriously obstruct the functioning of information or online systems used by the public;
- install programs in addition to those existing and/or authorized by the IT Function.

The IT Function:

- may request information and explanations from all corporate functions and everyone who is handling or has handled the sensitive operation;
- verify, within the limits of its responsibility, that the service orders and corporate procedures implement the principles and rules of prevention indicated below;
- promptly inform the Supervisory Body of significant facts or circumstances found during performance of the Sensitive Activities in its area of responsibility;
- guarantee the flow of information to the Supervisory Body.

The control measures listed above are also applied by the Company to prevent crimes involving copyright infringement.

Moreover:

- the licenses of information systems and widely used applications installed on the processors are managed by the IT Function;
- the requests for update, change, or installation of new applications on the processors are authorized exclusively by the IT Function;
- the purchase and management of the licenses for the software requested by the individual Employees who need to acquire the application for a specific purpose is delegated to the IT Function.

In addition to the aforementioned rules, the Company:

- implements rules of conduct that prohibit senior officers and subordinates from engaging in any conduct that might harm third party intellectual property rights in the course of their own work and/or through the use of Company resources;
- assure that unauthorized downloads, copies, and storage on any media of information contained in databases is prevented through the adoption of adequate technological devices and organizational tools for technical reasons; moreover, even printing certain types of documents considered "sensitive" must be prohibited;
- the Company assures the progressive establishment of technological tools that prevent all persons, senior officers and subordinates, excluding only those holding specific authorization for technical reasons, access to certain websites included on a "black list".

In connection with these activities, it is prohibited to:

- engage, as part of their own work activities and/or by using Company resources, in any sort of acts that could harm third party intellectual property rights;
- bring into Italy, possess for sale, sell, or otherwise place in circulation for the purpose of realizing profit therefrom, goods/works made by usurping third party copyrights or patents;
- distribute intellectual property or parts thereof over online networks;
- duplicate, import, distribute, sell, lease, publish/transmit to the public, possess for a commercial purpose, or otherwise profit from computer programs, databases, literary, musical, multimedia, cinematographic, or artistic works for which the obligations deriving from copyright law and the rights connected with its exercise have not been satisfied.

4.4.2. Purchase and use of programs and original works protected by copyright

In connection with the purchase of programs and original works protected by copyright, the Recipients must comply with the provisions of the Special Part of this Organization, Management Control Model in the section "Selection and management of suppliers of goods and services". Moreover, the Recipients must:

- constantly verify that unauthorized software that is included in a black list updated by the IT Function is not present on corporate devices;
- provide the corporate devices that are in one's possession so that any inspections by authorized personnel may be performed.

In connection with these activities, it is prohibited to:

- engage, as part of their own work activities and/or by using Company resources, in any sort of acts that could harm third party intellectual property rights;
- bring into Italy, possess for sale, sell, or otherwise place in circulation for the purpose of realizing a profit therefrom, goods/works made by usurping third party copyrights or patents;
- duplicate, import, distribute, sell, lease, publish/transmit to the public, possess for a commercial purpose, or otherwise profit from computer programs, databases, literary, musical, multimedia, cinematographic, or artistic works for which the obligations deriving from copyright law and the rights connected with its exercise have not been satisfied.

4.4.3. Management of the corporate website and informational material

The Recipients who, in consequence of their own position or of their own function or mandate, are involved in management of the corporate website and informational material must:

- guarantee that the use of any material that might be covered by intellectual property rights complies with the provisions of law (particularly in regard to copyright laws) and contract;

- assure that the texts, tables, and other illustrations taken from magazines, manuals, or works are faithfully reproduced in whole (within the limits imposed by law or contract), with exact identification of the source.

As part of these activities, it is prohibited to:

- distribute an original work or part of it over online networks;
- use corporate assets to commit acts that violate copyright protection;
- permit citations that, when taken out of their original context, may be partial and/or contradict the author's intentions.

4.5. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who, in the course of their own work, have to manage activities subject to the provisions of Articles 24-*bis* and 25-*novies* of Legislative Decree no. 231/2001, shall provide the Supervisory Body with written information about the matters discussed in this Chapter, by using the specific "Supervisory Body Information Flow Forms" available through the specific communication channels activated by the Company.
Reference is made to Chapter 6 of the General Part in regard to whistleblowing reports.

5. CORPORATE CRIMES

5.1. OBJECTIVES OF THE CHAPTER

The aim of this Chapter of the Special Part is to illustrate the responsibilities, criteria, and rules of conduct which the Recipients of the Model, as defined in the General Part, have to follow when managing the activities at risk connected with the types of crimes envisaged in Articles 24, 25, and 25-decies of Legislative Decree no. 231/2001, in accordance with the principles of maximum transparency, timeliness, and collaboration, and the traceability of the activities.
Specifically, this Chapter of the Special Part aims to:

- indicate the principles of conduct and control that the Recipients must follow in correct application of the requirements of the Model;
- support the heads of the corporate Functions and the Supervisory Body in performing their control, monitoring, verification, and supervisory activities.

5.2. CORPORATE CRIMES (ART. 25-*TER* OF THE DECREE)

5.2.1. False corporate reporting (Art. 2621 Italian Civil Code)

The statute punishes the directors, general managers, managers in charge of preparing the company accounting documents, the statutory auditors and liquidators who, to obtain an unfair profit for themselves or for others, in the financial statements, in the reports or in the other corporate communications addressed to the shareholders or the public and as mandated by law, knowingly affirm untrue material facts or omit material facts whose publication is mandated by law and concerning the assets, liabilities, earnings, losses and financial position of the company or group to which it belongs in such a way as to mislead others.
This offence also consists in the false information provided or omissions made in regard to the assets owned or managed by the company on behalf of third parties.

5.2.2. Minor acts (Art. 2621-*bis* Italian Civil Code)

This concerns the acts envisaged in Article 2621 Italian Civil Code (punished with a reduced penalty as compared with the one envisaged for false corporate communications), considering the nature and dimensions of the company and the manners or effects of the conduct.
Unless they constitute a more serious offence, the same penalty is applied as the one indicated hereinabove when the acts envisaged in Article 2621 Italian Civil Code concern companies that do not exceed the limits indicated in paragraph 2, article 1, of Royal Decree 267 of 16 March 1942[76].
In that case, the offence may be prosecuted when the Company, the shareholders, the creditors or the other recipients of the corporate communication lodge a complaint.

[76] The limits imposed in Article 1, paragraph 2 of Royal Decree 267/1942 concerning the combined fulfilment of the following requirements:
a) assets totalling an aggregate annual amount not higher than three hundred thousand euro;
b) gross revenues totalling an aggregate annual amount not higher than two hundred thousand euro;
c) payables, including those not yet due, not exceeding one hundred fifty thousand.

5.2.3. Obstruction of controls (Art. 2625 Italian Civil Code)

The offence of obstruction of controls is committed when, through the concealment of documents or other suitable ruses, the performance of audit activities legally assigned to the shareholders and other corporate bodies is prevented or simply obstructed[77].
Liability for the offence is considered ascribable to the Company solely in the event that the obstruction or simple obstacle caused harm to the shareholders, given the explicity reference only to the second paragraph of that provision, as contained in Legislative Decree 231/2001.

5.2.4. Undue repayment of contributions (Art. 2626 Italian Civil Code)

This offence concerns the acts of directors who, except in the cases of legitimate reduction of share capital, return, either actually or falsely, contributions to the shareholders or release them from the obligation of making them, thereby reducing the solidity and effectiveness of the share capital to secure the rights of creditors and third parties.

5.2.5. Unlawful distribution of profits and reserves (Art. 2627 Italian Civil Code)

This offence involves the acts of directors who pay out dividends or advance dividends on profits that have not actually been realised, and which are allocated by law to the reserves.
This offence might also be committed through the distribution of reserves, including those not created with profits, which cannot legally be distributed.

5.2.6. Unlawful dealing in the stocks or shares of the company or its parent company (Art. 2628 Italian Civil Code)

The offence consists of the acts of directors through the acquisition or subscription, outside of the cases allowed by law, of treasury shares or units or shares or units in the parent company in such a way as to damage the solidity of share capital and reserves that cannot be distributed by law.

5.2.7. Transactions prejudicial to creditors (Art. 2629 Italian Civil Code)

The transactions prejudicial to creditors consist of the acts of directors who, in violation of creditor protection laws, carry out reductions of the share capital or mergers with other companies or demergers, damaging the creditors.

5.2.8. Fictitious capital formation (Art. 2632 Italian Civil Code)

The offence involves the acts of directors or contributing shareholders who, entirely or partly create the share capital fictitiously through assignments of shares or units that together exceed the amount of share capital, mutual subscription of shares or units, significant over-valuation of contributions of assets in kind or of receivables or of the company capital in the event of transformation.

5.2.9. Improper distribution of the company's assets by its liquidators (Art. 2633 Italian Civil Code)

This offence is consummated with the distribution of company assets among the shareholders before payment of the company creditors or accrual of the amounts needed to satisfy them, and which causes harm to the creditors. The perpetrators are the liquidators. The offence may be extinguished by paying compensation to the creditors before the trial.

[77] As amended by Article 37, paragraph 35, sub-paragraph a) of Legislative Decree 39 of 27 January 2010. The new offence of obstruction of control by independent auditors is regulated by Article 29 of Legislative Decree 39/2010, which is not expressly cited by Legislative Decree 231/2001.

5.2.10. Bribery among private individuals (in the cases envisaged in Art. 2635 Italian Civil Code, paragraph 3)

This is the predicate offence for the administrative liability of entities pursuant to Legislative Decree 231/2001 in the event that someone, even through an intermediary, offers, promises, or gives unowed money or other benefits to:

- directors, general managers, managers in charge of preparing the company accounting documents, statutory auditors and liquidators of private companies or entities that, even through an intermediary, solicit or receive, for themselves or others, unowed money or other benefits, or accept a promise of the same in order to perform or not to perform an act in violation of their official duties or obligations of fidelity;
- anyone who performs management functions (different from those of the aforementioned persons) that, even through an intermediary, solicit or receive, for themselves or others, unowed money or other benefits, or accept a promise of the same in order to perform or not to perform an act in violation of their official duties or obligations of fidelity;
- persons subject to the management or supervision of one of the parties mentioned hereinabove.

The offence could occur, for instance, if a Company employee offered money or another undue benefit to a bank official to obtain credit lines in favour of the company, in violation of the bank's internal procedures.

5.2.11. Incitement to private-to-private corruption (Art. 2635-*bis* Italian Civil Code)

This is the predicate offence for the administrative liability of entities pursuant to Legislative Decree 231/2001 in the event that someone offers or promises unowed money or other benefits to directors, general managers, managers in charge of preparing the company accounting documents, statutory auditors and liquidators of private companies or entities, and to those who perform management functions at those entities and companies, so that they will perform or not perform an act in violation of their official duties or obligations of fidelity, if the offer or promise is not accepted.
This is a further increase in the legislative response to the seriousness of the offence of bribery as it is also intended to punish the offer/solicitation that is not accepted and does not result in a corrupt agreement.

As in Art. 2625, this also includes the hypothesis that the same persons "solicits" for themselves or others, including through an intermediary, the promise or giving of money/utilities and that the solicitation is not accepted. This is a retreat of the moment of consummation from the conclusion of the corrupt agreement.

5.2.12. Unlawfully influencing the shareholders' meeting (Art. 2636 Italian Civil Code)

The offence is consummated when anyone, with sham or fraudulent acts, determines the majority at the shareholders' meeting, for the purpose of obtaining an unfair profit for themselves or someone else.
It should be recalled that the entity can be held liable only when the acts envisaged in the article examined here can be realised on behalf of the entity itself. This makes it hard to allege the offence in question, which is normally realised to favour the interests of the party and not of the party involved.

5.2.13. Market rigging (Art. 2637 Italian Civil Code)

Commission of this offence entails requires that false news be disseminated, or sham transactions or other ruses are carried out such as could actually cause a significant alteration in the price of unlisted financial instruments or for which an application for listing on a regulated market has not been submitted, or significantly to impact public faith in the financial stability of banks or banking groups.

5.2.14. Obstruction of the duties of the public supervisory authorities (Art. 2638 Italian Civil Code)

This offence is committed when certain persons (directors, general managers, statutory auditors, liquidators of companies or entities and, in general, the parties subject to legally mandated public supervisory authorities) declare, in the communications to the public supervisory authorities that they are legally bound to submit, false material facts, even if they are the object of evaluations, or which totally or partially conceal, by fraudulent means, facts that they were required to report concerning the assets, liabilities, earnings, losses, or financial position of the company, even if the information concerns assets owned or managed by the company on behalf of third parties. In this case, the offence is consummated if the criminal act aims specifically to obstruct the activity of public supervisory authorities.
The offence responds to the need to coordinate and harmonise the numerous hypotheses (of criminal conduct) of false communications to supervisory bodies, of obstructing the performance of functions, of omitted communications to the authorities. According to the legislator, the criminal protection of corporate information is thus completed, in this case in its destination to the sectoral supervisory authorities.
The offence is also committed, independently of the aim pursued by those same parties, but only if the activity of the public supervisory authority is effectively obstructed by the actions of the aforementioned parties, regardless of what they are, including omissions.

5.2.15. False or omitted declarations for the issue of the preliminary certificate envisaged by the implementing legislation of Directive (EU) 2019/2121 of the European Parliament and of the Council of 27th November 2019 (i.e. by Art. 29 of Legislative Decree 19/2023).

This is the offence introduced into the catalogue of predicate offences of the administrative liability of entities and, in particular, into Article 25-ter of the Decree, by Article 55 of Legislative Decree 19/2023, on "Implementation of Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019 amending Directive (EU) 2017/1132 as regards cross-border transformations, mergers and divisions".

Considering that Article 29 of Legislative Decree 19/2023 provides that, in order to certify the proper performance of the acts and formalities preliminary to the completion of a cross-border merger involving an Italian company, it is necessary for a notary public to issue a so-called preliminary certificate, the offence in question may be committed in the event that a Key Person or Subordinate of the Company, in order to make it appear that the conditions for the issue of such certificate have been fulfilled, draws up wholly or partly false documents, alters true documents, makes false declarations or omits relevant information, in the interest or to the advantage of the entity.
In this case, a pecuniary sanction of between one hundred and fifty and three hundred shares is applied to the entity.

5.3. PRINCIPLES OF CONDUCT AND CONTROL

The following list contains several principles that must be considered applicable to the Recipients, as defined in the General Part of the Model.
In particular, it is prohibited to engage in conduct or participate in the commission of acts that might involve the crimes envisaged in Article 25-*ter* of Legislative Decree no. 231/2001 cited hereinabove.
It is also prohibited to violate the principles and rules contained in the Code of Conduct, the Operating Procedures, and this Chapter of the Special Part.

5.3.1. Preparation of the financial statements

The activities connected with preparation of the financial statements might pose risks associated with the commission of corporate Crimes if the Company directors, for example but not limited to the following:

- in the financial statements, enter non-existent items or items having a value different from their real one;
- alter the accounting data contained on the information system.

On a preliminary basis, the Company, acting through its own Finance function:

- runs a monthly check of its management accounts;
- has commissioned the Board of Statutory Auditors to verify the formal and substantiative fairness of administrative activity, and it has designated the Board of Statutory Auditors as a qualified interlocutor with the Supervisory Authorities and the independent auditor. The Board of Statutory Auditors currently performs its activity through direct audits and the acquisition of information from members of the Administrative Bodies and representatives of the independent auditor. On the other hand, the Board of Statutory Auditors has not been assigned the functions for statutory audits of the accounts, which are performed instead by the independent auditor, which has been specifically assigned for this purpose.

Those Recipients who, on account of their own position or their own function or mandate, are involved in the preparation of the annual financial statements and its appendices must:

- act fairly, transparently, and cooperatively in compliance with the law, the applicable accounting principles and internal procedures, in all of the activities performed in connection with preparation of the financial statements and the other corporate disclosures and tax returns, in order to provide the shareholders and third parties with true and fair information about the profit and loss, assets and liabilities, and financial position of the Company;
- comply with the rules for clear, correct, and complete entries in the accounts of Company operations;
- measure and record the income statement and balance sheet items on a reasonable and prudent basis, while clearly illustrating in the relevant documents the criteria that governed calculation of the asset's value;
- assure compliance with the rules governing the separation of duties among the person who executed the transaction, the person who records it in the accounts, and the person who audits them;
- strictly comply with all the rules imposed by law to protect the integrity and existence of the equity capital, in view of not impairing the guarantees given to creditors and third parties in general;
- manage documents, reports, and other memoranda fairly and with sufficient detail, while documenting the activities performed and assuring that they are kept safely through archiving;
- guarantee continuous alignment between the assigned user profiles and the positions held by individuals in the Company, in accordance with the principle of the integrity of data and traceability of accesses and subsequent changes;
- base relationships with the Supervisory Authorities and Tax Authorities on maximum transparency, collaboration, and availability, in full compliance with the institutional role held by them, relevant existing laws, general principles, and the rules of conduct cited in the Code of Conduct and in this Special Part. Therefore, the Recipients must promptly fulfil the requirements issued by those Authorities and the obligations imposed by them;
- manage the fulfillment of obligations towards the Public Administration, Supervisory Authorities, and Tax Authorities, and preparation of the relevant documents in compliance with existing provisions of law, general principles, and the rules of conduct cited in the Code of Conduct and in this Special Part;
- fulfil the obligations towards the Supervisory Authorities and the Tax Authorities with maximum diligence and professionalism, so as to provide clear, accurate, complete, faithful and true information, in order to avoid conflicts of interest and otherwise provide timely disclosure in the most appropriate ways;
- assure that the documents to be sent to the Supervisory Authorities and Tax Authorities is produced by persons with relevant expertise who have been identified in advance;

- issue timely, fair, true, and complete disclosures as required by applicable law, regulations, and corporate rules to the supervisory or control authorities or bodies, the market or shareholders.

In connection with the aforementioned activities, it is prohibited to:

- perform acts intended to give misleading information about the Company, by not providing an accurate view of its profits and losses, assets and liabilities, and financial position;
- omit legally required data and information about the profits and losses, assets and liabilities, and financial position of the Company;
- return contributions to shareholders or release them from the obligation of making those contributions, except in the case of legitimate reductions in the equity capital;
- allocate the profits (or advances on the profits) not effectively realized or allocated by law to the legal reserve, and distribute reserves that by law must not be distributed;
- carry out reductions in the equity capital, mergers or demergers in violation of the laws protecting creditors;
- carry out fictitious formation or increases in the equity capital in any way whatsoever;
- distribute the company assets among shareholders during liquidation but before payment of the corporate creditors or allocation of the amounts necessary to satisfy them;
- alter or destroy financial and accounting documents and information available on the internet through unauthorized accesses or other actions suitable for this purpose;
- submit untrue reports and returns to the Supervisory Authorities and the Tax Authorities, by presenting documents that are partly or wholly untrue.

To prevent and/or mitigate the risk of commission of the aforementioned Crimes, several Operating Procedures have also been issued and with which the Company must comply, just like all the Recipients of the Model.

5.3.2. Management of relations with the Board of Statutory Auditors and the other Company Control Bodies

The management of relations with the Board of Statutory Auditors and the Company Control Bodies might pose the risk of committing the Crime of obstructing control on behalf of the Company, if the inspection and audit functions assigned to those company Bodies is prevented or even merely obstructed (e.g. through partial or total concealment of documents or information concerning its own profits and losses, assets and liabilities, or financial position).
The head of the Finance function must:

- behave fairly, honestly, and cooperatively with the aforementioned persons, allowing them to perform their inspection and audit activities;
- assure the regular functioning of the Company and Company Bodies, guaranteeing and facilitating all forms of internal control of corporate management as required by law, and free and fair voting by the shareholders' meeting;
- keep track of the documents requested by the control bodies and what has been delivered;
- communicate without delay to the Supervisory Body any problems revealed during performance of those activities, for example, conduct inconsistent with the behavior envisaged in the Code of Conduct and what is envisaged in this Special Part of the Model.

As part of that conduct, it is prohibited to obstruct the control activities of the Statutory Auditors and the other Company Control Bodies:

- by concealing the documents needed to perform the required control activities by the Shareholders, Statutory Auditors, and other institutional Control Bodies;
- by providing documentation containing unclear, inaccurate, or incomplete information;
- by engaging in conduct that obstructs performance of the control activities by the Statutory Auditors and other institutional Control Bodies.

5.3.3. Management of corporate assets

By virtue of its corporate purpose, the activities it performs, and the services it provides, the Company has a limited quantity of proprietary assets. Nevertheless, the Recipients who, on account of their own position or their own function or mandate, are involved in the management of company assets must comply with the following in the event of disposal/scrapping of company assets of any magnitude and for any function:

- fill out the proper authorization forms, indicating at the least:
  - the registration number of the asset;
  - the reason for the disposal;
  - the net book value and the realization value, plus the historic cost;
- send the aforementioned documentation to the designated company supervisors to obtain their signature;
- issue a regular transport document with specific indication of the reason;
- issue a regular sales invoice;
- in the case of sale of equipment, plant, and machines that can be reused – accompany the asset to be sold with the certificates of compliance with occupational health and safety laws in accordance with current provisions;
- in the case of sale/scrapping of computer material, for example PCs, tables, etc. – remove the data and, in any event, take appropriate measures to prevent unauthorized access to personal data;
- in the case of scrapping – consign the asset to third parties who are authorized pursuant to current waste disposal laws to perform these activities on behalf of others and, in this case, proving with the identification form that the assets were destroyed;

- send all the prepared documents to the delegated function for the necessary reviews and proper accounting of the disposal.

5.4. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who have to manage activities covered by Art. 25-*ter* del Legislative Decree no. 231/2001 in the course of their own work shall provide the Supervisory Body with written information about what is discussed in the Chapter itself, using the specific "Supervisory Body Information Flow Forms" available on the specific communication channels activated by the Company.
Reference is made to Chapter 6 of the General Part in regard to whistleblowing reports.

6. ORGANIZED CRIME OFFENSES, COUNTERFEITING CURRENCY, PUBLIC DEBT PAPER, DUTY STAMPS, AND IDENTIFICATION INSTRUMENTS OR BADGES, AND CRIMES OF RECEIVING STOLEN GOODS, MONEY LAUNDERING, USE OF MONEY, GOODS, OR ASSETS OF ILLEGAL ORIGIN, AND SELF-MONEY LAUNDERING AND OFFENCES RELATING TO NON-CASH PAYMENT MEANS

6.1. OBJECTIVES OF THE CHAPTER

The aim of this Chapter of the Special Part is to illustrate the responsibilities, criteria, and rules of conduct which the Recipients of the Model, as defined in the General Part, have to follow when managing the activities at risk connected with the types of crimes envisaged in Articles 24-*ter*, 25-*bis*, 25-*octies* and 25-*octies*.1 of Legislative Decree no. 231/2001, in accordance with the principles of maximum transparency, timeliness, and collaboration, and the traceability of the activities.

Specifically, this Chapter of the Special Part aims to:

- indicate the principles of conduct and control that the Recipients must follow in correct application of the requirements of the Model;
- support the heads of the corporate Functions and the Supervisory Body in performing their control, monitoring, verification, and supervisory activities.

6.2. ORGANIZED CRIME OFFENSES (ART. 24-*TER* OF THE DECREE)

6.2.1. Crimes of illegal fabrication, importation into Italy, sale, transfer, possession, and carrying in public or in a space open to the public of war or war-type weapons or parts of them, explosives, smuggled weapons, and several common guns (Art. 407, paragraph 2, subparagraph a), number 5 Italian Criminal Code.)

6.2.2. Criminal association (Art. 416 Italian Criminal Code)[78]

The statute punishes anyone who promotes, establishes or organises associations of three or more individuals for the purpose of committing crimes.

6.2.3. Mafia-type criminal association (Art. 416-*bis* Italian Criminal Code)

The statute punishes anyone who belongs to a mafia-type association formed of three or more individuals.

Mafia-type organisation is when its members make use of the intimidating force of the association bond and of the condition of subjugation and the code of silence deriving therefrom to commit offences, to directly or indirectly acquire the management or control of economic activities, concessions, authorisations, contracts and public services or to obtain unjust profits or advantages for themselves or others, or in order to prevent or hinder the free exercise of the vote or to procure votes for themselves or others during elections.

6.2.4. Vote exchange between politicians and the Mafia in elections (Art. 416-*ter* Italian Criminal Code)

[78] As amended by Law 172 of 1 October 2012, ratifying and executing the Convention of the European Council for the protection of minors against exploitation and sexual abuse (Lanzarote, 25 October 2007), published in Official Gazette no. 235 of 8 October 2012 and in force since 23 October 2012.

The statute punishes anyone who accepts the promise of procuring votes by means of mafia-type techniques in exchange for the payment or promise of payment of money or other benefits. The person who promises to procure votes with the methods described in the preceding paragraph is also punished.

6.2.5. Kidnapping for ransom (Art. 630 Italian Criminal Code)

The offence is consummated when someone kidnaps a person for the purpose of realising an unfair profit from it for himself/herself or for others as the price of release.

6.2.6. Criminal association for trafficking in narcotics or psychotropic substances (Art. 74 of Presidential Decree no. 309/1990)

The statute punishes anyone who promotes, establishes, manages, organises or finances associations of three or more individuals for the purpose of committing crimes envisaged in article 73 of Presidential Decree 309/1990.

6.3. CRIMES OF COUNTERFEITING CURRENCY, PUBLIC DEBT PAPER, DUTY STAMPS, AND IDENTIFICATION INSTRUMENTS OR BADGES CRIMES OF RECEIVING STOLEN GOODS, MONEY LAUNDERING, USE OF MONEY, GOODS OR ASSETS OF ILLEGAL ORIGIN (ART. 25-*OCTIES* OF THE DECREE) AND OFFENCES OF RECEIVING, LAUNDERING AND USING MONEY, GOODS AND BENEFITS OF UNLWAFUL ORIGIN, AS WELL AS SELFLAUNDERING (ART. 25-*OCTIES* OF THE DECREE) AND OFFENCES RELATING TO NON-CASH PAYMENT INSTRUMENTS (ART. 25-*OCTIES* OF THE DECREE)

6.3.1. Counterfeiting currency, spending and importing counterfeit currency into Italy as part of a conspiracy (Art. 453 Italian Criminal Code)

The statute punishes 1) anyone who counterfeits Italian or foreign currency used as legal tender inside or outside Italy; 2) anyone who in any way alters genuine currency, by giving it the appearance of having a higher value; 3) anyone who, not having participated in the counterfeiting or alteration, but by acting in concert with those who did so or with an intermediary, imports into Italy or possesses or spends or otherwise places counterfeit or altered currency in circulation; 4) anyone who, for the purpose of placing it in circulation, acquires or otherwise receives counterfeit or altered currency from the person that counterfeited or altered it.

6.3.2. Alteration of currency (Art. 454 Italian Criminal Code)

The statute punishes anyone who alters currency of the quality indicated in the preceding article, reducing its value in any way or, in regard to the currency altered in that way, commits any of the acts listed at numbers 3) and 4) of the aforementioned article.

6.3.3. Spending and importation into Italy of counterfeit currency without conspiracy (Art. 455 Italian Criminal Code)

This offence is committed, outside of the cases envisaged in the preceding two articles, imports into Italy, acquires or possesses counterfeit or altered currency, to place it in circulation or spends it or otherwise places it in circulation, is subject to the penalties set in those articles, reduced by one third to one half.

6.3.4. Spending counterfeit currency received in good faith (Art. 457 Italian Criminal Code)

The statute punishes anyone who spends or otherwise places counterfeit or altered currency in circulation after having received it in good faith.

6.3.5. Counterfeiting of duty stamps, importation into Italy, purchase, possession, or introduction into circulation of counterfeit duty stamps (Art. 459 Italian Criminal Code)

The provisions of Articles 453, 455 and 457 Italian Criminal Code also apply to the counterfeiting or alteration of duty stamps and the importation into Italy or the acquisition, possession and placement in circulation of counterfeit duty stamps. For the application of criminal law, duty stamps are construed to be "carta bollata" (stamp-impressed paper), "marche da bollo" (duty stamps), and the other cash equivalents that are treated equally with those pursuant to special laws.

6.3.6. Counterfeiting of watermarked paper used to make public debt paper or duty stamps (Art. 460 Italian Criminal Code)

This is committed by anyone who counterfeits the watermarked paper used to make public debt paper (Art. 458, paragraph 2, Italian Criminal Code) or duty stamps (Art. 459, paragraph 2, Italian Criminal Code), or acquires, possesses, or sells such counterfeit paper.

6.3.7. Fabrication of possession of watermarks or tools used to counterfeit currency, duty stamps, or watermarked paper (Art. 461 Italian Criminal Code)

The statute punishes anyone who makes, purchases, possesses or sells watermarks or tools used exclusively to counterfeit or alter currency (Art. 458 Italian Criminal Code), duty stamps (Art. 459, paragraph 2, Italian Criminal Code) or watermarked paper.

6.3.8. Use of counterfeit or altered duty stamps (Art. 464 Italian Criminal Code)

This is committed by anyone who, while not having participated in the counterfeiting or alteration, uses counterfeit or altered duty stamps.

6.3.9. Counterfeiting, alteration or use of trademarks or distinctive marks, or of patents, models, and designs (Art. 473 Italian Criminal Code)

This offence is committed by anyone who, while being able to know of the existence of the industrial property right, counterfeits or alters domestic or foreign trademarks and distinctive marks of intellectual works or industrial products or anyone, without having participated in the counterfeiting or alteration, muses those counterfeited or altered trademarks or marks.
It is also committed by anyone who counterfeits or alters Italian or foreign patents, designs or industrial prototypes or, without having participated in the counterfeiting or alteration, uses those counterfeited patents, designs or prototypes.
The envisaged cases are punishable on condition of compliance with the rules of internal laws, European Union regulations and international conventions on the protection of intellectual or industrial property.

6.3.10. Importation into Italy and sale of products with counterfeit marks (Art. 474 Italian Criminal Code)

This offence is committed by anyone who, apart from the cases of participation in the offences envisaged in Art. 473 Italian Criminal Code, imports into Italy industrial products bearing counterfeited or altered Italian or foreign trademarks or other distinctive marks for the purpose of profit.
It is also committed by anyone who, apart from the cases of participation in the counterfeiting, alteration, importation into Italy, owns for sale, places on sale or otherwise places the aforementioned products in circulation in order to profit therefrom.
The envisaged cases are punishable on condition of compliance with the rules of internal laws, European Union regulations and international conventions on the protection of intellectual or industrial property.

6.3.11. Receipt of stolen goods (Art. 648 Italian Criminal Code)

The statute punishes anyone who purchases, receives, conceals, or intervenes in the purchase, receipt or concealment of money or things resulting from any crime. These acts are aimed at realising a profit in favour of the perpetrator himself/herself or of a third party. An aggravating factor is envisaged if the act concerns money or other things resulting from aggravated robbery, aggravated extortion, or aggravated theft. In order the receipt of stolen

goods to exist, the perpetrator must not have participated in commission of the offence from which came the received money or things.

6.3.12. Money laundering (Art. 648-*bis* Italian Criminal Code)

Money laundering occurs whenever someone substitutes or transfers money, goods or other benefits resulting from an offence or a contravention punishable by imprisonment of a maximum of more than one year or a minimum of six months, or commits it in connection with other transactions. In order for the act to be relevant, it has to be such as to hinder identification of the illicit origin of the money, assets, or other benefits. As in the case of receiving stolen goods, money laundering exists when the perpetrator has not participated in the crime from which the money, goods or other benefits originate.
The activity of "substitution" includes all activities aimed at impacting the criminal acts, by separating all possible connections with the offence. The actual operational procedures may consist in bank, financial or commercial transactions, through which the economic benefits of illegal origin are exchanged with others that have legal origins, or with the exchange of currency with other currency, with foreign currency speculation, investment of the money in government securities, shares, etc.

6.3.13. Use of money, goods or assets of illegal origin (Art. 648-*ter* Italian Criminal Code)

The offence of use of money punishes anyone who, except in the cases of participation in the crime and not including the cases of receiving stolen gods and money laundering cited hereinabove, uses money, assets, or other benefits originating from crime in economic or financial activities or from a contravention punishable by imprisonment of a maximum of more than one year or a minimum of six months.
The punishable act is described with the verb "use", which does not have a precise technical meaning and ends up having a particularly broad scope, with it being possible to adapt it to any form of use of money, assets or other benefits resulting from crime, independently of any objective or useful result for the agent.

6.3.14. Self-money laundering (Art. 648-*ter*.1 Italian Criminal Code)

Self-money laundering is committed when anyone, having committed or participated in the commission or an offence committed with criminal intent, uses, replaces or transfers the money, assets or other benefits originating from commission of that crime in economic, financial, business or speculative activities, in such a way as effectively to obstruct identification of their illicit origin.
Outside of the foregoing cases, no punishment is prescribed for those acts where the money, assets or other benefits are intended for merely personal use or enjoyment.

6.3.15. Illegal use and counterfeiting of non-cash means of payment (Art. 493-*ter* Italian Criminal Code)

The offence referred to in Art. 493-ter of the Italian Criminal Code takes place when a stolen, counterfeited or falsified payment mean is used – or in any case unlawfully obtained – or is falsified; the term payment mean includes not only credit and payment cards, but also any means of payment – including intangible instruments – other than cash, including electronic money, virtual currencies (so-called "cryptocurrency", including so-called "bitcoin") and payments made via mobile phones. For example, the offence could theoretically occur if a Company employee improperly (i.e. without being authorised to do so) uses credit or payment cards (or any other similar document authorising the withdrawal of cash or the purchase of goods or the provision of services, or any other non-cash means of payment) to make a purchase in the interest of or for the benefit of the Company.

6.3.16. Possession and distribution of computer equipment, devices or programmes aimed at committing offences involving non-cash means of payment (art. 493-*quater* Italian Criminal Code)

The offence referred to in Art. 493-quarter of the Italian Criminal Code anticipates the threshold of protection with respect to the offence of undue use and falsification of payment instruments, in that it provides for the punishability of the mere possession and possible dissemination of equipment, devices or computer programmes aimed at committing offences relating to the aforementioned payment instruments.

6.3.17. Cyber fraud aggravated by the carrying out of a transfer of money, monetary value or virtual currency (Art. 640-*ter,* paragraph 2, Italian Criminal Code)

Lastly, the hypothesis of aggravated computers fraud referred to in the second paragraph of Art. 640-*ter* of the Italian Criminal Code covers the conduct of a person who commits the offence of computer fraud by producing a transfer of money, monetary value or virtual currency. For example, an employee of the Company who is an expert in information technology and virtual currency, in order to obtain a cost saving for Arkad S.p.A., commits computer frauds against a third party of the Company who is the recipient of an online payment, by producing a transfer of money or virtual currency which he then transfers back to Arkad S.p.A. as a donation.

6.4. PRINCIPLES OF CONDUCT AND CONTROL

The following list contains several principles that must be considered applicable to the Recipients, as defined in the General Part of the Model.
In particular, it is prohibited to engage in conduct or participate in the commission of acts that might involve the crimes envisaged in Articles 24-*ter,* 25-*bis*, 25-*octies and 25-octies.1* of Legislative Decree no. 231/2001 cited hereinabove.
It is also prohibited to violate the principles and rules contained in the Code of Conduct, the Operating Procedures, and this Chapter of the Special Part.

6.4.1. Management of the purchases of goods and services

The management of purchases of goods and services might pose risks in related to the crimes of receiving stolen goods, money laundering, or use of money, goods or assets of criminal origin, if a senior officer of the Company purchases goods of illegal origin.
The activity also might pose risks of the crime of self-laundering if, for example, suppliers dedicated to the issuance of invoices or other documents for non-existent transactions in order to evade income tax or value added tax, thereby allowing the Company to create illegal funds to be used, substituted, or transferred to economic, financial, entrepreneurial, or speculative activities, in such a way as effectively to obstruct identification of the criminal origin.
In the management of its relationships with suppliers, the Company introduces contractual clauses specifying that:

- the company in question declares that it is familiar with and complies with the provisions of Legislative Decree no. 231/2001, and complies with the principles of the Code of Conduct and the Code of Conduct for Third Parties;
- the company in question declares, when possible, that it has taken all necessary measures and precautions to prevent the aforementioned crimes, having equipped its own corporate organization with internal procedures and systems that are fully adequate to prevent those crimes;
- the company in question declares that it exclusively employs personnel hired with a regular employment agreement, in compliance with social security, tax, insurance, and immigration laws;

- the untruthfulness of the aforementioned declarations constitutes a serious breach pursuant to Art. 1455 Italian Civil Code

If those clauses are not accepted by the counterparty, the Company shall inform the Supervisory Body of this by sending an e-mail summarizing the reasons given.

The Recipients who are involved in any way in the risk areas outlined above must:

- operate in compliance with the Code of Conduct, the Operating Procedures pertaining to their specific area of competence, applicable laws and regulations, and comply with any rules and/or internal practices for the selection and management of suppliers;
- establish efficient, transparent, and collaborative relations, maintaining an open and frank dialogue consistent with best commercial practice;
- obtain the collaboration of suppliers in constantly assuring the most convenient relationship between quality, cost, and delivery times;
- demand application of the contractually envisaged conditions;
- periodically check the commercial and professional reliability of suppliers and consultants and create a special master list through the request for specific documentation;
- guarantee the traceability of the supplier selection process, through the formalization and archiving of the supporting documents (as also guaranteed by the Operating Procedures);
- check the regularity of payments, in terms of the full correspondence between the recipients/ordering parties and counterparties effectively involved;
- issue payment orders, commitments, and the release of guarantees of the Company in favor of third parties only after authorization by persons holding adequate powers to do so;
- assure that all transactions and acts carried out directly by the Purchasing Function, or by other specifically delegated persons, are executed within the limits of the granted powers;
- make clear and unequivocal references to the proper use of the computer tools possessed by its own Employees;
- verify that the received merchandise corresponds to what was effectively ordered, as far as possible;
- apply an adequate system of disciplinary sanctions that take into account the peculiar gravity of the violations indicated at the preceding points, as better specified in Chapter "7. Disciplinary System" of the General Part of this Organization, Management, and Control Model;
- not to make improper use, not being the holder, of credit or payment cards, or any other similar document enabling the withdrawal of cash or the purchase of goods or the provision of services, or any other non-cash means of payment.

In connection with the aforementioned activities, it is prohibited to:

- make inadequately documented payments;
- create funds with wholly or partly unjustified payments;
- perform services for suppliers that are inadequately justified in the context of the contractual relationship established with them and pay them compensation that is not adequately justified in terms of the type of work to be performed and current local practice.

6.4.2. Selection and management of collaborators, agents and depositaries

The selection and management of collaborators, agents, and depositaries might pose risks of crimes related to Organized Crime offenses if a senior officer of the Company makes sham contracts or contracts at deliberately inappropriate values with those persons in order to create funds for bribery.

The Recipients who, on the basis of their own mandate or own function, are involved in the selection of collaborators, agents, and depositaries must

- operate in compliance with the Code of Conduct, applicable laws and regulations, and comply with internal rules and/or customers for the selection and management of collaborators, agents, and depositaries;
- verify the commercial and professional reliability of those categories of persons to create a special master file through, for example, the request for:
  - personal information (identification document, tax code, and residence);
  - chamber of commerce registration certificate, anti-Mafia self-declaration or substitute declaration for the criminal record and certificate of pending charges in the case of natural persons;
  - general information (financial statements, brochures, etc.) attesting to the commercial capacity of the counterparty;
- guarantee the traceability of the selection process for any collaborators, agents, and depositaries, inter alia through the formalization and archiving of the supporting documents.

In its management of relations with these parties, the Company must add contractual clauses specifying:

- that the collaborator/agent/depositary declares that he/she has seen and is familiar with the contents of the Organization, Management and Control Model, General Part, prepared pursuant to Legislative Decree no. 231/2001, and complies with the principles of the Code of Conduct adopted by the Company;
- that the collaborator/agent/depositary declare, when possible, that he/she has taken all necessary measures and precautions to prevent the aforementioned offenses, having equipped its own corporate organization with internal procedures and systems that are fully adequate for that prevention;
- that the untruthfulness of those statements constitutes a serious breach of obligations pursuant to Art. 1455 Italian Civil Code.

If those clauses are not accepted by the collaborator/agent/depositary, the Company must notify the Supervisory Body of this by sending an e-mail summarizing the reasons given.

The management of relations with agents is governed by procedure PO-100-06 – "Agency Agreements", while the operational procedures for managing consultancy services are governed by procedure PO-700-07 – "Consultancy Services".

6.4.3. Management of Intercompany relations

Arkad S.p.A. provides Arkad Group services with its own personnel by virtue of a special *Intragroup* service agreement concluded with it.
The services are always provided in accordance with the provisions of the Code of Conduct and the Model.
.

6.5. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who have to manage activities covered by Articles 24-*ter*, 25-*bis* and 25-*octies* of Legislative Decree no. 231/2001 in the course of their own work shall provide the Supervisory Body with written information about what is discussed in the Chapter itself, using the specific "Supervisory Body Information Flow Forms" available on the specific communication channels activated by the Company.
Reference is made to Chapter 6 of the General Part in regard to whistleblowing reports.

7. CRIMES AGAINST INDUSTRY AND COMMERCE

7.1. OBJECTIVES OF THE CHAPTER

The aim of this Chapter of the Special Part is to illustrate the responsibilities, criteria, and rules of conduct which the Recipients of the Model, as defined in the General Part, have to follow when managing the activities at risk connected with the types of crimes envisaged in Articles 24, 25, and 25-decies of Legislative Decree no. 231/2001, in accordance with the principles of maximum transparency, timeliness, and collaboration, and the traceability of the activities.
Specifically, this Chapter of the Special Part aims to:

- indicate the principles of conduct and control that the Recipients must follow in correct application of the requirements of the Model;
- support the heads of the corporate Functions and the Supervisory Body in performing their control, monitoring, verification, and supervisory activities.

7.2. CRIMES AGAINST INDUSTRY AND COMMERCE (ART. 25–*BIS.1* OF THE DECREE)

7.2.1. Interference with the freedom of industry or commerce (Art. 513 Italian Criminal Code)

The statute punishes anyone who uses violence against things or fraudulent means to prevent or interfere with the operation of an industry or trade, if the act does not constitute a more serious offence. In order to commit the offence, it is not necessary that the fraudulent means or violence (in the sense of damaging, transforming or changing use of the thing) cause the actual hindering or disturbance of the exercise of the industry or trade, but it is sufficient that they are abstractly capable of endangering them. It is necessary, however, to prove that such hindrance or disturbance was the aim of the fraudulent or violent conduct of the agent.
Example: the Company inserts in the source code of its internet site, through which it advertises its products, keywords directly referable to the company of a competitor, so as to exploit its commercial notoriety to make its site and products are visible on search engines.

7.2.2. Illegal competition through threats or violence (Art. 513–*bis* Italian Criminal Code)

The offence is committed if, in the operation of a commercial, industrial, or productive activity, competitive acts are performed with violence or threats. It is not necessary that competition is jeopardised, since it is sufficient that the agent engages in violent or threatening conduct – towards his direct competitor, his customers or third parties – capable of endangering competition. The commission of the offence may result in the application to the liable company under Legislative Decree No. 231/2001 not only of pecuniary sanctions but also of disqualification sanctions.
Example: the Company, by means of threats or continuous violence – consisting in the systematic transfer of personnel – attempts to force or even coerces a competitor to exit the market.

7.2.3. Fraud against national industries (Art. 514 Italian Criminal Code)

The statute also punishes anyone who, by placing on sale or otherwise placing industrial products in circulation on domestic or foreign markets with counterfeited or altered names, trademarks or distinctive marks and causes harm to Italian industry. The harm to the national industry, in terms of damage to its image, must be directly caused by the conduct of putting counterfeit products on sale or in circulation by the agent. The commission of the offence may lead to the application to the liable company under Legislative Decree No. 231/2001 not only of pecuniary sanctions but also of interdiction sanctions.

7.2.4. Fraud in the conduct of commerce (Art. 515 Italian Criminal Code)

The statute punishes anyone who, in the operation of a commercial activity or a store open to the public, delivers a movable thing to the buyer different from the declared or agreed one, in origin, provenance, quantity or quality, if the act does not constitute a more serious offence.

The offence differs from fraud in that it is not necessary for the buyer to be misled by artifice or deception, the mere delivery of a good other than that originally agreed being sufficient. Moreover, the offence does not only offend the assets of the customer buying the goods, but also the reputation and trade name of the manufacturer of the originally agreed goods (if different from the seller). As a consequence of the fact that the offence offends a multiplicity of patrimonial spheres, it is not relevant to its actual commission that the movable goods delivered to the buyer has, in reality, an economic value equal to or greater than that of the different movable goods originally agreed upon. It is also not relevant, for the purposes of mitigating the agent's liability, whether the pecuniary damage cause is small.

In order to constitute the offence, it is indispensable: (i) that the goods delivered are actually different in terms of their essence, quality, quantity, origin (geographical place of production) or provenance (from a particular producer), and (ii) that the contract (possibly also oral) and/or the advertising message set out the characteristics that later turned out to be absent in the goods actually bought and sold. The offence is aggravated if the good bought and sold is a "valuable" object. Finally, it is not necessary for the good to have been offered to the public or to have been sold to a multiplicity of customers, since even a single private negotiation is sufficient to constitute the offence.

Example: the Company delivers to a customer a consignment of products having technical characteristics that differ from those represented to the customer in a commercial presentation or, in any case, expressly agreed in the contract (subject of specifications), concluded in writing or orally. The fact that the technical differences do not affect or only marginally affect the actual economic value of the battery is not relevant to the commission of the offence or its seriousness.

7.2.5. Sale of industrial products with deceptive marks (Art. 517 Italian Criminal Code)

The statute punishes anyone who places on sale or otherwise places in circulation intellectual works or industrial products with Italian or foreign names, trademarks or distinctive marks that can deceive the buyer in regard to the origin, provenance or quality of the work or product, if the act is not envisaged as an offence by another provision of law. It is not necessary for actual damage to occur, but it is sufficient that the product offered for sale or put into circulation bears signs likely to mislead the average buyer as to the quality, provenance or origin of the product.

Example: the Company offers for sale products made abroad with the wording "Made in Italy".

7.2.6. Manufacture and sale of goods made by usurping industrial property rights (Art. 517–*ter* Italian Criminal Code)

The law punishes those who, while being able to know of the existence of a title of industrial property, makes or industrially uses, introduces into the territory of the State, holds for sale, offers for sale (retail) or puts into circulation, objects or other goods made by pirating the industrial property title or infringes it, without prejudice to the application of Article 473 Italian Criminal Code (counterfeiting, alteration, or use of trademarks or distinctive marks or patents, prototypes or designs) and Article 474 Italian Civil Code (importation into Italy and trade in false products).
Example: the Company sells product with a brand name similar, but not identical, to that of a famous competitor.

7.3. PRINCIPLES OF CONDUCT AND CONTROL

The Company has adopted and obtained certification of its quality management systems compliant with UNI EN ISO 9001/2008 standards. Therefore, the policy, the manual, the procedures, the operating instructions, the forms, and the tables prepared for the Quality Management System have to be considered an integral part of this Model.
Several practices whose application has to be guaranteed by the Company are listed as follows:

- comply with the principles of fair competition contained in the Code of Conduct;
- refrain from making agreements or engaging in acts aimed at reaching agreement with competitors on the price or component of the price of the services provided, or to limit market access by another competitor or to divide up the markets and sources of supply;
- implement an internal control system that calls for, inter alia, the definition of appropriate corrective and/or preventive measures when situations of non-compliance with the law are found.

In particular, it is prohibited to engage in conduct or participate in the commission of acts that might involve the crimes envisaged in Articles 25-*bis.1* of Legislative Decree no. 231/2001 cited hereinabove.
It is also prohibited to violate the principles and rules contained in the Code of Conduct, the Operating Procedures, and this Chapter of the Special Part.

7.4. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who have to manage activities covered by Art. 25-*bis.1* in the course of their own work shall provide the Supervisory Body with written information about what is discussed in the Chapter itself, using the specific "Supervisory Body Information Flow Forms" available on the specific communication channels activated by the Company.
Reference is made to Chapter 6 of the General Part in regard to whistleblowing reports.

8. CRIMES OF MANSLAUGHTER AND GRIEVOUS BODILY INJURIES COMMITTED WITH VIOLATION OF OCCUPATIONAL HEALTH AND SAFETY LAWS

8.1. OBJECTIVES OF THE CHAPTER

The aim of this Chapter of the Special Part is to illustrate the responsibilities, criteria, and rules of conduct which the Recipients of the Model, as defined in the General Part, have to follow when managing the activities at risk connected with the types of crimes envisaged in Articles 24, 25, and 25-decies of Legislative Decree no. 231/2001, in accordance with the principles of maximum transparency, timeliness, and collaboration, and the traceability of the activities.
Specifically, this Chapter of the Special Part aims to:

- indicate the principles of conduct and control that the Recipients must follow in correct application of the requirements of the Model;
- support the heads of the corporate Functions and the Supervisory Body in performing their control, monitoring, verification, and supervisory activities.

8.2. CRIMES OF MANSLAUGHTER AND GRIEVOUS BODILY INJURIES COMMITTED WITH VIOLATION OF OCCUPATIONAL HEALTH AND SAFETY LAWS (ART. 25-*SEPTIES* OF THE DECREE)

8.2.1. Manslaughter (Art. 589 Italian Criminal Code)[79]

This is committed by anyone who negligently causes a person's death[80]. This offence may be a source of administrative liability for the entity if committed in violation of the rules on the protection of health and safety at the workplace. The offence could occur, by way of example, if the Company rents a building to extend its premises, immediately uses it as a workplace, postpones bringing certain installations up to standard and, as a result of this, a fire occurs due to a malfunction of an installation and an Employee dies.

8.2.2. Grievous bodily injuries (Art. 590, paragraph 3, Italian Criminal Code)[81]

This is committed by anyone who causes serious personal injury or grievous bodily harm to others.
The personal injury is serious (Art. 583 Italian Criminal Code, paragraph 1) if:

- the act causes a disease that endangers the life of the harmed person, or a disease or incapacity to perform ordinary occupations for more than forty days;
- the act permanently impairs a sense or organ.

The personal injury is grievous (Art. 583 Italian Criminal Code, paragraph 2) if it causes:

- a disease that is definitely or probably incurable;
- the loss of a sense;
- the loss of a limb, or a mutilation that renders the limb useless, or the loss of use of an organ or capacity to procreate, or a permanent and serious speech impediment;
- the deformation or permanent disfigurement of the face.

This offence may also be a source of administrative liability for the entity if committed in violation of the rules on the protection of health and safety at the workplace.

[79] Article modified with Law 11 January 2018, n. 3
[80] Or for negligence, imprudence, inexperience or failure to comply with laws, regulations, orders or disciplines.
[81] Article modified with Law 11 January 2018, n. 3

8.3. PRINCIPLES OF CONDUCT AND CONTROL

8.3.1. Application of occupational health and safety procedures

The Company has prepared a Risk Assessment Document pursuant to Art. 28 of Legislative Decree 81 of 9 April 2008, and appointed its own Head of the Prevention and Protection Service ("RSPP").

According to the combination laid out by art. 2087 c.c. and 28 of D.lgs. 81/2008 the Company protects the worker with regard not only to the risks involved in the proper accident area ("safety risks") but also to the identification, evaluation and mitigation, within the Risk Assessment Document ("DVR"), of those risks outside of work in relation to criminal activities committed by third parties ("security risks").

The safety risk assessment documentation includes: a) the identification of roles, responsibilities, competency requirements and the need for training of the personnel responsible for identifying the risk; b) the indication of the evaluation procedure, with the specific identification of the methodology adopted; c) identifying responsibilities for verifying, approving and updating the contents of risk assessment documents; d) the figures involved in the hazards identification and the risks assessment processes (e.g. Competent Physician, Workers' Representatives for Security and the Environment, Security Manager, etc.); e) the identification of the tasks performed by the workers; f) the list of prevention and protection measures and the personal protective equipment (PPE) to be adopted as a result of the assessment; g) the programme of measures deemed appropriate to ensure that safety and health levels are improved over time.

In relation to security risks, the Company also evaluates the potential and peculiar environmental risks related to the characteristics of the country in which the work performance will have to be carried out; as an example, the so-called "aggravated generic risks", linked to the geopolitical situation of the country (e.g. civil wars, attacks, etc.) and the health conditions of the geographical context of reference, not considered abstractly, but that have a reasonable and concrete opportunity to manifest themselves in relation to the work done.

The Company has set up a system of delegations of authority that make it possible to define the responsibilities, tasks, and powers of the other individuals assigned to work in the occupational health and safety system.

The Recipients, as defined hereinabove, and all the persons having responsibility in management of the obligations imposed by occupational health and safety law, must work in compliance with the Code of Conduct and applicable laws and regulations to guarantee, each within the limits of their own responsibility:

- the definition of targets for worker health and safety and the continuous identification of hazards;
- an adequate level of information/training for Employers and suppliers/contractors on the health and safety management system set up by the Company and the consequences resulting from non-compliance with the provisions of law and the rules of conduct and control implemented by the Company;
- the prevention of major accidents, injuries, illnesses, and the management of emergencies;
- the adequacy of human resources – in terms of their number and professional qualifications – and materials as necessary to achieve the targets set by the Company for worker health and safety;
- the application of disciplinary measures in the event of violation of the principles of conduct defined and communicated by the Company, in accordance with the disciplinary system envisaged in the Organization, Management and Control Model adopted by the Company and to which reference is made.

For example, violations of the obligations set out in Legislative Decree no. 81/2008 constitute disciplinary infractions and infringement, according to which the workers must:

- obey the orders and instructions issued by the Employer/Functional Representatives, the senior managers and supervisors, for group and individual protection;
- appropriate use of the protection devices provided to them;
- immediately report to the Employer/Functional Representatives, senior managers or supervisors on any deficiencies in the aforementioned tools and devices, and any hazardous condition that they learn about,

acting directly in urgent cases and within the limits of their own responsibilities and possibilities and without prejudice to the obligation stated hereunder to eliminate or reduce serious and impending hazards, reporting them to the workers safety representative;
- not remove or modify the safety, warning, or control devices without authorization;
- not perform actions or manoeuvres on their own initiative if they do not fall under their own responsibilities or may compromise one's own safety and that of other workers;
- participate in the education and training programs organized by the Employer, which may also be provided by accredited outside consultants.

In general, all Recipients of the Model must comply with Company rules to preserve the health and safety of workers and promptly report to the identified organizational units according to predefined procedures, any risk or hazard warning signs (e.g. near-accidents), accidents (regardless of their seriousness), and violations of company rules.
The Recipients are prohibited to:

- engage in, collaborate, or prompt the commission of acts that, if taken individually or all together, directly or indirectly constitute some of the crimes considered hereinabove (Art. 25-*septies* of Legislative Decree no. 231/2001);
- commit or prompt the commission of violations of the principles of conduct and control of the Model and the company rules covering occupational health and safety management.

8.3.2. Implemented principles of control

The Company dedicates great attention to compliance with occupational health and safety laws, also and especially in regard to the performance of work at construction sites where projects are currently being executed (as specified in paragraph 1.1 hereinabove). Moreover, the system has been implemented and certified as a safety management system in compliance with the ISO 45001:2018 standard.
Therefore, all activities that impact occupational health and safety are governed by specific procedures implemented for the occupational safety management system, which are an integral part of this Model.

The Recipients involved in the management of these activities must guarantee, to the extent of their individual responsibilities, performance of the controls envisaged, inter alia, in the HSSE – Health, Safety and Environment Management System Manual and all procedures mentioned therein.

Identification of the managers, specification of emergency management powers

The persons who have been granted safety, accident prevention, and health powers must exercise in their area of responsibility all of the aforementioned powers and satisfy all the obligations imposed by safety, accident, and environmental health laws and regulations applicable to the Company.
Moreover, working with the support of the Heads of the Prevention and Protection Service, these individuals define the roles, responsibilities, and powers of those who manage, perform, and audit activities that impact health and safety risks.
Moreover, the Company:

- has implemented an emergency management plan;
- has identified an emergency response team, both in the event of fire and to provide first aid.
- In addition, the Company has formally designated a Security Manager under the HSSE Function, which has been assigned a power of attorney related to the support functions in the assessment and mitigation of security risks, under Art. 28 and ss. of D.lgs. 81/2008.

Definition of the workers safety and health objectives, continuous assessment of risks, and maintenance activity

With the support of the Head of the Prevention and Protection Service, the Employer must:

- define the objectives and programs for continuous improvement of the health and safety prevention and protection conditions;
- periodically perform a formal analysis of the existing environmental risks and impact. The risk assessment has to be repeated whenever organizational and operating changes occur, and also whenever technical changes are made, and must describe the prevention and protection measures and the individual protection devices in addition to the program of measures deemed appropriate for implementing effectively realizable measures to reduce the magnitude of the identified risks. A Risk Assessment Document is prepared on those matters specifically pertaining to the risk assessment activity, using the methods and criteria specified in the document itself and with the content mandated by law. The aforementioned document examines the individual areas where the relevant activities for the protection of worker hygiene, health, and safety are performed.
- carry out a specific risk assessment related to the local geopolitical context through the adoption of procedures and information notes that, in relation to the health and safety of people working in foreign countries, through modalities, roles and responsibilities: a) in the area of the assessment of health and security risks and the threat of territorial context, through such quantitative-quantitative methodologies; b) for the provision of information on the risks of the country of residence, in terms of safety and security; c) for the update of the information database according to the evolution of the country's territorial and socio-cultural context; d) for the granting of the employer's travel authorisation; (e.g.) for the definition of special health and security provisions (e.g. use of armoured vehicles, rules of behaviour, vaccines and prophylaxis, personal hygiene and nutrition, etc.); f) in relation to the traceability of travel in the country and on-site contacts; g) in cooperation with the armed forces and police in the host country;
- identify by name the supervisor or supervisors for the performance of supervisory activities in the field of safety according to Art. 19 of Legislative Decree 81/2008 (obligation introduced by Law 251/2021 converting Legislative Decree 146/2021, the so-called Tax-Labor Decree).

According to the provisions of Art. 37, paragraph 7, of Legislative Decree 81/2008, as last amended by Law 215/2021, the employer, like managers and supervisors, must receive adequate and specific training and periodic updating in relation to their duties in the field of occupational health and safety.

The adequacy of the Risk Assessment Document is constantly monitored by the Prevention and Protection Service on the basis of reports received by the service itself and, in any case, it is periodically revised and updated in the case of:

- significant changes to plant and equipment;
- organizational changes or new corporate provisions;
- new statutory provisions;
- results of the health monitoring which indicate the need for changes;
- major accidents;
- in any event, at least once annually.

Training and information about Employee health and safety

Without prejudice to any of observations made in the introduction, the Employer/Functional Representatives shall do the following with the support of the human resources department and the Head of the Prevention and Protection Service to:

- organize continuing education/training programs to the workers, including seasonal workers;
- organize and provide specific training programs for workers.
- Specific training and information activities are aimed at staff with various capacities employed abroad.

These activities, coordinated by the HSSE Function and provided with the support of specialized providers, cover both safety and security issues and aim to mitigate the risks to which travelling staff are potentially exposed, particularly in critical areas.
Moreover, the Company has recently adopted procedures specifically targeting employee training.

With the support of the Head of the Prevention and Protection Service, the Employer/Functional Representatives does/do the following:

- during the selection process, assess the suppliers' capacity to guarantee protection of the health and safety both of the workers employed by the supplier to perform the requested work and the workers of the Company (the QHSSE Department even participates in the selection of suppliers for specific assessment of compliance with the current laws applicable to the protection measures implemented by them);
- formally transmit to the suppliers the rules of conduct and control adopted by the Company and defined in this Model.

Health monitoring

The Employer/Functional Representatives, acting with the support of the Head of the Prevention and Protection Service, have responsibility for monitoring the performance of health monitoring by the Competent Physicians, providing them with adequate spaces for performance of their own responsibilities and archiving of the documentation produced by that activity.
Provided that this not be done in disregard of legally mandated assessments, the Competent Physicians are responsible for assessing the adequacy and possibly updating the monitoring program together with the HSSE Department on the basis of any supervening needs.
In particular, all employees are subject to medical screening. The Competent Physicians will screen the temporary works regardless of the duration of the existing relationship. The temporary work also has the right to undergo medical examinations at the end of the relationship. This activity must be targeted according to the activities performed and consequent risks run by the Employees.
The results of the medical analyses are formalized in fitness/unfitness opinions.

Periodic audits of the safety management system

The safety management system calls for the adoption and application of procedures for systematic periodic assessments of the major accident prevention policy and the effectiveness and adequacy of the System, inter alia with the employees having the possibility of reporting any anomalies and/or actions to be taken (at periodic construction site meetings).
The Head of the Prevention and Protection Service guarantees the execution of periodic safety management audits, performed by the internal function of the Company or an engaged external party specializing in the rules of conduct and control defined in the Model.
The Employer/Functional Representatives:

- approve the annual audit plan, which must mandate actions to verify legal and regulatory compliance and proper implementation by all members of the organization;
- verify the report on audit activities, particularly analyzing the findings made (non-compliance and/or comments) and the associated action plan (defined by the audited area/department with the assistance of the person who conducted the audits), which indicate the measures necessary to eliminate the discovered instances of non-compliance, the person responsible for their implementation, and the corresponding timelines;
- approve the action plan:

- every year the Employer/Functional Representatives conduct a review of the safety policy implemented by the firm;
- the Management review is performed in accordance with applicable company procedures;
- all the Recipients involved in safety management inform the Supervisory Body of anomalous situations or those which ae not compliant with what is defined in the Code of Conduct and in this Chapter of the Special Part.

The Recipients will guarantee, with each one acting for the parts under their own responsibility, the documentability of the implemented process, keeping available all documentation necessary for this purpose at the convenience of the Supervisory Body.

8.3.3. Management of supplier relationships and management of procurement, work or supply agreements

The Employer/Functional Representatives involved in the management of suppliers, procurement, work or supply agreements must:

- comply with the principles of conduct contained in the Special Part Chapter "Crimes against the Public Administration and its assets and the crime of inducement not to make or to make false statements to judicial authorities";
- assess, during the selection process, the capacity of the contracting firms or freelancers to guarantee protection of the health and safety both of the workers employed by them and those of the Company;
- verify the technical and professional fitness of the contracting firms or freelancers to perform the work assigned with a procurement contract or a work or supply agreement, in accordance with the terms and conditions set out in Art. 26, paragraph 1 of Legislative Decree 81/2008;
- provide the aforementioned persons with detailed information about:
  - specific risks existing in the space where they are working;
  - prevention and emergency measures implemented in connection with their own activity;
- Prepare a "Single Document on the Interference Risk Assessment" ("Documento Unico di Valutazione dei Rischi da Interferenze" – DUVRI) for the purpose of:
  - cooperating in implementation of the workplace risk prevention and protection measures impacting the work activity covered by the agreement;
  - coordinate the prevention and protection measures taken against the risks to which workers are exposed, exchanging information with each other, inter alia to eliminate the risks due to interference with the work performed by the different companies involved in performance of the work as a whole;
- guarantee that the aforementioned agreements indicate the costs associated with occupational safety, particularly in regard to the work connected with the specific contract and construction sites;
- formalize and track the audits performed on the mandatory documentation – pursuant to applicable laws and regulations – when the contractors enter Company offices or construction sites.

8.4. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who have to manage activities covered by Art. 25-*septies* of Legislative Decree no. 231/2001 in the course of their own work shall provide the Supervisory Body with written information about what is discussed in the Chapter itself, using the specific "Supervisory Body Information Flow Forms" available on the specific communication channels activated by the Company.
Reference is made to Chapter 6 of the General Part in regard to whistleblowing reports.

9. ENVIRONMENTAL CRIMES

Although the Company has obtained UNI EN ISO 14001:2004 (*Environmental Management System*) certification, it does not manage or dispose of wastes in the course of the activities it performs for its own contract customers, since the Contractor itself, in its capacity as owner of the project (of the plant and the construction site), assumes responsibility for that organization (in this regard, see the stipulated procurement contracts). Therefore, the risk of commission of the crimes indicated in Art. 25-*undecies* of the Decree is insignificant.

10. CRIMES AGAINST THE INDIVIDUAL (ART. 25-*QUINQUIES* OF THE DECREE)

10.1.1. Enslaving or keeping persons enslaved (Art. 600 Italian Criminal Code) [82]

This offence is committed by anyone who exercises powers corresponding to property rights or anyone who enslaves keeps a person in a condition of continuous subjection, forcing that person to perform work or sexual services or begging or services that involve exploitation.

10.1.2. Child prostitution (Art. 600-*bis* Italian Criminal Code)

This offence is committed by anyone who induces a person under the age of eighteen to engage in prostitution or who encourages or exploits that minor's prostitution.
This offence is committed by anyone who performs sexual acts with a person aged between fourteen and sixteen, in exchange for money or other economic benefits, unless the act constitutes a more serious offence.

10.1.3. Tourism initiatives aimed at exploiting child prostitution (Art. 600-*quinquies* Italian Criminal Code)

This offence is committed by anyone who organises or promotes trips aimed at enjoying child prostitution or including such activity.

10.1.4. Illicit intermediation and exploitation of labor (Art. 603-*bis* Italian Criminal Code)

The statute punishes anyone who:

- recruits labourers for the purpose of using them to work for others under exploitative conditions, taken advantage of the workers' neediness;
- uses, hires or employees labourers, inter alia through the intermediation activity mentioned at point 1), by subjecting the workers to exploitation and taking advantage of their neediness.

An aggravating factor is added if the acts are committed with the use of violence or threats.

The indicia of exploitation are:

- the repeated payment of compensation in a manner that is clearly inconsistent with national or territorial collective bargaining agreements made by the most representative labour organisations at the national level, or in any event disproportionate to the quantity and quality of work performed;
- the repeated violation of work hour rules, rest periods, weekly rest, mandatory leave, and holiday leaves;
- the existence of violations of occupational health and safety laws;
- the subjection of workers to degrading working conditions, surveillance methods or housing situations.

10.1.5. Solicitation of minors (Art. 609-*undecies* Italian Criminal Code)

This offence is committed by anyone who, in order to commit the offences envisaged in Articles 600, 600-*bis*, 600-*ter* and 600-*quater*, even if they concern the pornographic material regulated in Article 600-*quater.1*, 600-quinquies, 609-*bis*, 609-*quater*, 609-*quinquies* and 609-*octies*, seduces a minor less than sixteen years old. Seduction means an act aimed at winning the minor's trust through ruses, blandishments or threats made by, inter alia, using the internet or other means of communication.

[82] The enslavement of or keeping persons enslaved occur when the act is carried out by means of violence, threat, deceipt, abuse of authority, or exploitation of a situation of physical or mental inferiority or a situation of need, or through the promise or giving of an amount of money or other benefits to those with authority over the person.

10.2. CRIME OF EMPLOYMENT OF FOREIGN WORKERS WITHOUT PROPER RESIDENCY PERMITS (ART. 25-*DUODECIES* OF THE DECREE)

10.2.1. Measures against illegal immigration (Legislative Decree no. 286, Art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, of 25 July 1998)

Unless the act constitutes a more serious offence, the statute punishes anyone who, in violation of the provisions of the consolidated law, promotes, manages, organises, finances or carries out the transport of foreigners on Italian territory or commits other acts intended to procure their illegal entry into Italy, or into another country of which the person is not a citizen or does not have permanent residency if:

a) the act involves the entry or illegal stay in Italy of five or more persons;
b) the transported person was exposed to mortal danger or risk to his/her safety in order to obtain that person's entry or illegal stay;
c) the transported person was subjected to inhuman or degrading treatment in order to obtain that person's entry or illegal stay;
d) the act was committed by three or more persons in concert with each other or by using international transportation services or counterfeited or altered or illegally obtained documents;
e) the perpetrators dispose of weapons or explosives.

The penalty is increased if the acts listed above are committed with the commission of two or more of the acts indicated at points a), b), c), d) and e).

The penalty is also increased if the acts listed in the first paragraph:

- are committed to recruit people to be used in prostitution or otherwise sexual or work exploitation or concern the entry of minors to be used in illegal activities to promote their exploitation;
- are committed to profit from them, even indirectly.

Aside from the cases stated here, and unless the fact constitues a more serious offence, anyone is punished who, in order to realise unfair profit from the illegal status of the foreigner or in connection with the activities punished pursuant to this article, facilitates the stay of these individuals in Italy in violation of the provisions of Legislative Decree 286 of 25 July 1998. The penalty is increased when the act is committed in concert by two or more people, or involves the stay of five or more people.

10.2.2. Fixed term and indefinite term employment (Legislative Decree no. 286, Art. 22, paragraph 12-*bis* of 25 July 1998)

The act is committed when the Employer employs workers:

- without a permit to stay ("permesso di soggiorno");
- whose permit to stay has expired and its renewal was not requested by the legal deadline;
- whose permit to stay has been revoked or annulled.

The aforementioned offence entails the administrative liability envisaged in the Decree when:

- the hired workers exceed a total of three;
- consist of minors who are not of working age;
- the intermediated workers are exposed to situations of grave risk, concerning the characteristics of the services to be performed and the work conditions.

10.3. FEMALE GENITAL MUTILATION PRACTICES (ART. 25-*QUATER.1* OF THE DECREE)

10.3.1. Female genital mutilation practices (Art. 583-*bis* Italian Criminal Code)

The statute punishes anyone who, when there is no therapeutic necessity to do so, causes mutilation of the female genital organs and anyone, when there is no therapeutic necessity to do so, causes, in order to impair sexual functions, injuries to the female genital organs different from those indicated in the first paragraph, and from which derives a physical or mental illness.

10.4. CRIMES MOTIVATED BY RACISM AND XENOPHOBIA (ART. 25-*TERDECIES* OF THE DECREE)

10.4.1. Recruitment and management of employees Propaganda and incitement of commit crimes motivated by racial, ethnic, and religious discrimination (Art. 604-*bis* Italian Criminal Code)

Unless the act constitutes a more serious offence, the statute punishes:

a) anyone who propagandises ideas based on racial or ethnic superiority, or instigate the commission of or commits acts of discrimination for racial, ethnic, national or religious reasons;
b) with imprisonment from six months to four years anyone who, in any way, instigates to commit or commits violence or acts provoking violence for racial, ethnic, national or religious reasons.

The statute also authorises the ban on the organisation, association, movement or group whose own objectives includes incitement to commit discrimination or violence for racial, ethnic, national or religious reasons. Moreover, propaganda or instigation and incitement are also punished when they are committed in such a way as to generate the real risk of spreading, are based entirely or partly on the denial, serious minimisation, or justification of the Holocaust or crimes of genocide, crimes against humanity, and war crimes, as defined in Articles 6, 7 and 8 of the International Criminal Court.

10.5. PRINCIPLES OF CONDUCT AND CONTROL

The following list contains several principles that must be considered applicable to the Recipients, as defined in the General Part of the Model.
In particular, it is prohibited to engage in conduct or participate in the commission of acts that might involve the crimes envisaged in Art. 25-*duodecies* of Legislative Decree no. 231/2001.
It is also prohibited to violate the principles and rules contained in the Code of Conduct, the Operating Procedures, and this Chapter of the Special Part

10.5.1. Selection and management of employees

The recruitment of employees might pose the risk of employing citizens of other countries who do not have proper residency permits, in the case where the Company Employer hires foreign works without a residency permit.
The Human Resources Function must:

- when outside firms are used, use employment agencies entered in the register kept at the Ministry of Labor and Social Policies;
- guarantee the existence of the documentation attesting to the proper performance of the recruitment and hiring procedures, in compliance with the provisions of the recruitment process guidelines;
- in reference to the employment of citizens of other countries:

  - verify that they possess a valid residency permit that allows them to work (not expired, revoked, or cancelled);
  - verify that, in the case of an expired residency permit, a renewal request was submitted by the legal deadline (as documented by the relevant postal receipt).
- monitor the validity of the documents of Employees who are citizens of other countries and remind them to renew them at least one month before the expiration date indicated in the residency permit.

In connection with those activities, it is prohibited to hire employees, even with temporary employment agreements, without complying with applicable social security, tax, and immigration laws, etc.

10.5.2. Management of supplier relationships and management of procurement, work or supply agreements

The management of supplier relationships and the management of procurement, work, or supply agreements might abstractly pose risks connected with the crime of employing foreign citizens without valid residency permits in the case where, for example, the Employer uses suppliers that employ foreign citizens who do not have a residency permit.

The Employer/Functional Representatives involved in management of this activity must include specific clauses in the contracts with the aforementioned suppliers, requiring that:

- the company in question declares its familiarity and compliance with the provisions of Legislative Decree no. 231/2001, and complies with the principles of the Code of Conduct;
- the company in question declares that it exclusively employees personnel hired with a regular employment agreement, in full compliance with applicable social security, tax, insurance, and immigration laws;
- if it uses outside agencies, the company in question declares that it exclusively uses employment agencies entered in the register kept at the Ministry of Labor and Social Policies, and from which it requests evidence of the payment of tax withholding and social security contributions ("Certificate of Social Security Compliance", or "DURC" – "Documento Unico di Regolarità Contributiva");
- the untruthfulness of the aforementioned declarations constitutes serious breach, pursuant to Art. 1455 Italian Civil Code.

If these clauses are not accepted by the counterparty, the Company must report this to the Supervisory Body by sending an e-mail summarizing the given reasons.

The Employer/Functional Representatives must:

- comply with the principles of conduct contained in the section on "Management of purchases of goods and services";
- request from the contractors or freelancers the following documents in relation to the work to be assigned under a procurement contract work or supply agreement:
  - a copy of the residency permit/permanent residency permit of the employed citizens of other countries;
  - in the case of an expired residency permit, a postal receipt attesting to submission of the renewal request by the legal deadline;
  - in case of employees recruited from employment agencies, a copy of the evidence of payment of withholding tax and social security contributions.

10.6. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who have to manage activities covered by Articles 25-*quinquies* and 25-*duodecies* of Legislative Decree no. 231/2001 in the course of their own work shall provide the Supervisory Body with written

information about what is discussed in the Chapter itself, using the specific "Supervisory Body Information Flow Forms" available on the specific communication channels activated by the Company.
Reference is made to Chapter 6 of the General Part in regard to whistleblowing reports.

11. TAX OFFENCES (ART. 25-*QUINQUIESDECIES* OF THE DECREE)

11.1. OBJECTIVES OF THE CHAPTER

The aim of this Chapter of the Special Part is to illustrate the responsibilities, criteria, and rules of conduct which the Recipients of the Model, as defined in the General Part, have to follow when managing the activities at risk connected with the types of crimes envisaged in Articles 25-*quinquesdecies* of Legislative Decree no. 231/2001, in accordance with the principles of maximum transparency, timeliness, and collaboration, and the traceability of the activities.
Specifically, this Chapter of the Special Part aims to:

- indicate the principles of conduct and control that the Recipients must follow in correct application of the requirements of the Model;
- support the Supervisory Body and managers of the corporate Functions in performing their control, monitoring, verification, and supervisory activities.

11.2. TAX CRIMES (ART. 25-*QUINQUIESDECIES* OF THE DECREE)

11.2.1. Fraudulent Declaration using invoices or other documents for non-existent transactions (Legislative Decree no. 74/2000, art. 2, paragraphs 1 e 2-*bis*)

The case of the first paragraph punishes anyone with imprisonment from four to eight years for evading income or value-added taxes, using invoices or other documents for non-existent transactions, indicates in one of the declarations relating to those taxes' fictitious passive elements.
The case in paragraph 2-bis provides that, if the amount of fictitious liabilities is less than one hundred thousand euro, imprisonment applies from one year and six months to six years.

11.2.2. Fraudulent declaration through other artifices (Legislative Decree no. 74/2000, art. 3)

The rule provides that, outside of the Article 2 cases, anyone is punished by imprisonment from three to eight years, who, in order to evade income or value-added taxes, performing transactions that are either objectively or subjectively simulated or using false documents or other fraudulent means to obstruct the investigation and to mislead the financial administration, indicates in one of the declarations relating to those taxes, active elements for less than the actual amount or fictitious liabilities or fictitious receivables and withholding, when, together:

a) with regard to each of the individual taxes, the tax evaded is higher than to thirty thousand euro;
b) the total amount of assets subtracted from the tax, including by means of fictitious liabilities, is more than five per cent of the total amount of the assets indicated in the declaration, or at least more than one million and five hundred thousand euro, or still if the total amount of credits and fictitious withholdings decreased tax is more than five percent of the amount of the tax itself or in any case to thirty thousand euro.

In addition, the fact is considered to be committed by using false documents when such documents are recorded in mandatory accounting records or are held for testing purposes against the financial administration.

For the purposes of applying the provision of paragraph 1 (i.e. first period), the mere violation of the billing and annotation obligations of active elements in accounting records or the mere indication in invoices or annotations of lower active items than the real ones, are not considered fraudulent.

11.2.3. Unfaithful Statement (Legislative Decree no. 74/2000, art. 4)

The offence is as a result of whether a person, in order to evade income or value-added taxes, indicates in one of the annual declarations relating to those taxes, elements of assets for an amount less than the actual amount or non-existent passive elements, when, together:

a) The tax evaded is higher than one hundred thousand euro in relation to each of the individual taxes;
b) The total amount of active elements subtracted from tax, including by means of indication of non-existent liabilities, is more than ten percent of the total amount of the assets indicated in the declaration, or, in any case, is more than two million euro.

For the purposes of applying the provision of paragraph 1, no account is taken for the incorrect classification, for the evaluation of objectively existing active or passive elements, against which the criteria specifically applied were, however, indicated in the financial statement or in other documentation relevant for tax purposes, for the violation of the criteria in determining the exercise of competence or for the non-inherent nature and the non-deductibility of real passive elements.

Except for the cases referred to in the preceding paragraph, the assessments considered differ less than 10 percent from the correct ones, do not give rise to punishable facts. The amounts included in this percentage are not taken into account in the verification of exceeding the punishability thresholds provided by paragraph 1, letters a) and b).

It should be noted that the offence of making an untrue declaration constitutes a predicate offence for the administrative liability of entities only if it is committed for the purpose of evading value added tax (VAT) in the context of cross-border fraudulent schemes connected to the territory of at least one other Member State of the European Union, from which an overall damage equal to or exceeding ten million euro results or may result.

Therefore, any violations which, although criminally relevant for natural persons, do not exceed the specific punishability thresholds set for administrative offences are not relevant for the liability of entities.

11.2.4. Omitted statement (Legislative Decree no. 74/2000, art. 5)[83]

The offence arises if a person, in order to evade income or value-added taxes, does not make, being obliged, one of the declarations relating to those taxes, when, with reference to each of the individual taxes, the tax evaded is higher than fifty thousand euro.
Anyone who does not submit a withholding agent / tax substitute declaration, despite being obliged, is punishable by imprisonment from two to five years when the amount of unpaid withholdings is more than fifty thousand euro.
For the purposes of the preceding provision, the declaration submitted within ninety days of the deadline or not signed or not written on a printout in accordance with the prescribed model, is not considered omitted.
It should be noted that the offence of making an untrue declaration constitutes a predicate offence for the administrative liability of entities only if it is committed for the purpose of evading value added tax (VAT) in the context of cross-border fraudulent schemes connected to the territory of at least one other Member State of the European Union, from which an overall damage equal to or exceeding ten million euro results or may result.
Therefore, any violations which, although criminally relevant for natural persons, do not exceed the specific punishability thresholds set for administrative offences are not relevant for the liability of entities.

[83] This case, which was introduced in art. 25-*quinquisdecies* of Legislative Decree no. 5, paragraph 1, lett. (c), 1), Legislative Decree of 14 July 2020, No. 75, is only made up of cross-border fraudulent systems and in order to evade value-added tax for a total amount of no less than ten million euro

11.2.5. Issuing invoices or other documents for non-existent transactions (Legislative Decree no. 74/2000, art. 8, paragraphs 1 e 2-bis)

The rule (paragraph 1) punishes with imprisonment from four to eight years anyone who, in order to allow third parties to evade income or value added tax, issues invoices or other documents for non-existent transactions.
If the amount, not corresponding to the truth, indicated in the invoices or documents, per tax period, is less than one hundred thousand euro, the imprisonment from one year and six months to six years will be applied (paragraph 2-bis).

11.2.6. Concealment or destruction of accounting documents (Legislative Decree no.74/2000, art. 10)

The law provides that, unless the fact constitutes a more serious offence, anyone who, in order to evade income or value added tax, or to allow the evasion to third parties, conceals or destroys all or part of the accounting records or documents whose conservation is mandatory, so as not to allow the reconstruction of income or turnover, shall be punished with imprisonment from three to seven years.

11.2.7. Unlawful Compensation (Legislative Decree no. 74/2000, art. 10-*quater*)[84]

The offence is made if an individual does not pay the sums due, using in compensation, under Article 17 of the Legislative Decree No. 241 of 9th July 1997, receivables not due, for an annual amount of more than fifty thousand euro.
Anyone who does not pay the sums due, using in compensation, under Article 17 of the Legislative Decree No. 241 of 9th July 1997, non-existent credits and receivables, amounting to more than fifty thousand euro per year, is punished.
It should be noted that the offence of making an untrue declaration constitutes a predicate offence for the administrative liability of entities only if it is committed for the purpose of evading value added tax (VAT) in the context of cross-border fraudulent schemes connected to the territory of at least one other Member State of the European Union, from which an overall damage equal to or exceeding ten million euro results or may result.
Therefore, any violations which, although criminally relevant for natural persons, do not exceed the specific punishability thresholds set for administrative offences are not relevant for the liability of entities.

11.2.8. Fraudulent deduction from tax payments (Legislative Decree no. 74/2000, art. 11)

Under the first paragraph, anyone is punished by imprisonment from six months to four years in order to evade payment of income or value-added taxes or interest or administrative penalties relating to those taxes of a total amount of more than fifty thousand euro, by simulating alienation or other fraudulent acts on their own or on other goods suitable to render in all or part ineffective the procedure of the compulsory collection. If the amount of the taxes, sanctions and interest exceeds two hundred thousand euro, imprisonment from one year to six years will be applied.
In accordance with the second paragraph, on the other hand, anyone who, in order to obtain for himself or others a partial payment of taxes and relative accessories, indicates, in the documentation presented for the purposes of the tax settlement procedure assets, for an amount lower than the actual amount or fictitious liabilities for a total amount higher than fifty thousand euro, is punished with imprisonment from six months to four years. If the amount referred to in the previous period is higher than two hundred thousand euro, imprisonment from one year to six years will be applied.

[84] This case, which was introduced in art. 25-quinquisdecies of Legislative Decree no. 5, paragraph 1, lett. (c), 1), Legislative Decree of 14th July 2020, No. 75, is only made up of cross-border fraudulent systems and in order to evade value-added tax for a total amount of no less than ten million euro.

11.3. PRINCIPLES OF CONDUCT AND CONTROL

Here below are listed some principles to be considered applicable to the Recipients, as defined in the General Part of the Model.

In particular, it is forbidden to engage in conduct or contribute to conduct behaviors that may fall within the cases referred to in Article 25-*quinquiesdecies* of Legislative Decree 231/2001 above mentioned.

Violations of the principles and rules provided by the Code of Conduct, or the Operating Procedures and in this Special Section are also prohibited.

11.3.1. Managing purchases of goods and services

The management of purchases of goods and services may present risk profiles in relation to the crime of fraudulent declaration through invoices for non-existent transactions and in relation to the crime of fraudulent declaration through other devices.

As previously illustrated in paragraph 6.4.1., in the management of relations with suppliers, the Company introduces contractual clauses that specify:

- the concerned supplier company declares to know and comply with the provisions of Legislative Decree 231/2001, as well as to comply with the principles of the Code of Conduct and the Code of Conduct for Third Parties;
- the concerned supplier company declares, where possible, that it has put in place all the necessary fulfilments and precautions aimed at preventing the above mentioned crimes, having equipped its corporate structure with internal procedures and systems fully adequate for such prevention;
- the concerned supplier company declares that it employs exclusively personnel hired under regular employment contracts, in compliance with social security, tax and insurance regulations;
- that the untruthfulness of the above declarations constitutes a serious breach, pursuant to Article no. 1455 of the Italian Civil Code.

If such clauses are not accepted by the counterparty, the Company shall notify the Supervisory Body by sending an e-mail summarising the reasons given.

Recipients for any reason involved in the areas at risk identified above are obliged to:

- operate in compliance with the Code of Conduct, the Operating Procedures relating to the area of specific competence, the laws and regulations in force and observe any rules and/or habits for the internal selection and management of suppliers;
- establish efficient, transparent and collaborative relations, maintaining an open and clear dialogue in line with the best business practices;
- obtain the collaboration of suppliers in constantly ensuring the most convenient rate between quality, cost and delivery times;
- require the application of the contractual conditions;
- periodically verify the commercial and professional reliability of suppliers and consultants and create a special register by requesting specific documentation;
- guarantee the traceability of the supplier selection process, through the formalisation and archiving of supporting documentation (as also guaranteed by the Operating Procedures);
- verify the regularity of payments, with reference to the full coincidence between recipients/orders and counterparties actually involved;
- make payment instructions, commitments and the issue of guarantees by the Company in favour of third parties only after authorisation by persons with appropriate power of attorneys;
- ensure that all transactions and acts carried out directly by the Purchasing Department, or by other parties expressly delegated, are carried out within the scope of the powers conferred;

- establish clear and unequivocal references to the correct use of the IT tools in the possession of its Employees;
- verify the conformity of the goods received with the goods actually ordered, as far as possible;
- apply an adequate system of disciplinary sanctions that takes into account the particular seriousness of the violations referred to in the previous points, as better specified in Chapter 7 "Disciplinary System" in the General Section of this Organisation, Management and Control Model.

In the context of such behaviour, it is prohibited to:

- make payments not properly documented;
- create funds against unjustified payments (in whole or in part);
- provide services to suppliers that are not adequately justified in the context of the contractual relationship established with them and pay them fees that are not adequately justified in relation to the type of task to be performed and the practices in force locally.

The purchase of goods and services is made through the SAP system. Thanks to the use of this application it is generated:

- a detailed document called "Purchase Request";
- a document defining how to purchase goods or services through the definition of a detailed document called "Purchase Order";
- subsequent checks are provided to verify the concordance between the "Purchase Order" and the good/service purchased;
- the mechanisms by which it is possible to authorise the purchase and the subsequent payment.

For this purpose, the Company has implemented the following procedures: PO-300-01 "Purchase Order Signing Regulations", PO-300-02 "Supplier Qualification & Supplier Performance Evaluation"; PO-300-03 "Purchasing of Materials, Services and Subcontracts". Some purchases - such as, by way of example, those related to contracts for professional services or for the activation of utilities and property leases - are not made following the procedure described above. However, even in these cases prior authorisation is required. The company is implementing a dedicated procedure called "Expense Authorization (AdS)" to provide more details on these purchases.

11.3.2. Suppliers selection and management

The selection of suppliers could give rise to possible risks in relation to the commission of the crime of fraudulent declaration through the use of invoices or other documents for non-existent transactions and the crime of fraudulent declaration through other devices.

The function responsible for selecting suppliers, "Vendor Management", with the support of "Company Assurance" Department, follow the provisions of procedure PO-300-02 "Supplier Qualification & Supplier Performance Evaluation". Thanks to this procedure, it is possible to identify, in the phase prior to issuing the order, the supplier's ability to fulfil the order on the basis of the requests made by Arkad S.p.A., so as to avoid, among other things, the risk of receiving objectively non-existent invoices because of the inadequate supplier's business structure in satisfying the requests of the issued order.

In the initial phase of the selection, the Company also uses databases able to provide evidence of previous penalties for possible suppliers. The Company Assurance Department uses "Onboard" a specific compliance tool of Cribis D&B, in which the various offences/sanctions/information available on the supplier companies are visible.

11.3.3. Selection and management of new customers and partners

The sales activity is preceded by a careful analysis of possible customers, both with regard to the subjective aspects of their reliability and the economic convenience of the sales proposal, which is addressed to them as illustrated in procedure PO-100-02 "Bid preparation", in order to guard against possible disputes for crimes of issuing invoices for

non-existent operations; by way of example, situations may arise in which such new subjects carry out purchase operations for the sole purpose of obtaining VAT credit, without paying the related payment to the supplier (Arkad S.p.A.).

The selection process of such entities includes an assessment phase on their financial conditions.

In the case of new customers, the Regional Manager and/or Regional Business Development functions provide the Proposal Manager with all the information, relating to the customer concerned, collected during the previous stages of the selection process.

In the case of new partners, the Regional Manager function provides the Proposal Manager with all the information collected during the previous phases of the selection process.

In both cases, if necessary, the above mentioned functions proceed with the collection of further information in order to assess more thoroughly the financial position of potential new customers and/or partners.

During the selection phase, the Company Assurance Department makes use of "Onboard", a specificcompliance tool of Cribis D&B, which is also used for the selection of supplier companies, where any crimes/sanctions/information available on potential new customers and/or partners are visible.

11.3.4. Expenses management and the Business Travel policy

The management of expense reports could present risk profiles in relation to the crime of fraudulent declaration through invoices for non-existent transactions in the hypothesis in which, for example, a subject of the Company requests a reimburse and asks for a deduction for expenses not incurred, in order to be able to register fictitious passive items and evade income taxes.

As already explained in paragraph 3.4.5., Employees of the Company are required to strictly comply with the provisions of the Operating Procedures defined and implemented in accordance with the adoption of this Model (also aimed at regularizing the practices followed for the reimbursement of expenses incurred while traveling - "Business Travel Policy") related to the specific area of competence.

The personnel of the Human Resources function are required to:

- verify that the expenses incurred by the Employees:
  - are inherent to the performance of the work activity and adequately documented through the attachment of fiscally valid justifications;
  - fall within the spending limits established for each type;
  - fall within the directives of the aforementioned Operating Procedures;
  - have been previously approved by the applicant's Line Manager;
- check, after having received the authorization of the Line Manager, the completeness of the data by proceeding with the inclusion in the accounting and subsequent payment.

As part of the aforementioned behaviors, it is forbidden to make reimbursement of expenses that:

- are not adequately justified in relation to the type of activity carried out;
- are not supported by fiscally valid justifications;
- are not shown in the expense report;
- do not fall within the provisions of the Operating Procedures relating to the specific area of competence.

In particular, the Human Resources function is responsible for establishing the procedures and internal limits for the management of employee work missions and their approval.

Travel expense reports are managed according to the indications contained in the PO-700-06 procedure called "Business Travel Policy" and the Company is also preparing an additional procedure PO-700-07 "Travel Expense Reports" to further detail the management of the process. The process involves the following functions: the Human Resources function, the Line Manager / responsible person of the cost center, the cost receiver and the "Accounting & Taxation" function, as well as the Travel Arrangers.

Furthermore, the employee, after having reached an agreement with the Line Manager and the Cost Receiver - that is the person who receives the costs of the business trip - must enter the details of the business trip in a specific tool prepared by the Company, HR Management Tool, that is approved by the Line Manager. In addition to this, the Travel Arranger compiles the "Travel Information Sheet" document with travel estimates to be approved in advance by the Line Manager and Cost Receiver plus other approvers based on the travel modalities and the budgeted expense levels. In this way, Arkad S.p.A. undertakes to reimburse the concerned employee only the expenses within the limits established and authorized in advance by the Line Manager and the Cost Receiver.
The double approval system also applies to expenses actually incurred by the employee during the business travel. In this case, in order to obtain reimbursement of these expenses, the employee has the duty to send the supporting documents to the Travel Arranger who draws up the "Travel Expense Report" and carries out the appropriate controls and checks on correspondence with the authorized expenses and of the relationship with the activity carried out by the employee. The Travel Expenses Report must then be duly approved by the Line Manager and the Cost Receiver.
The Human Resources function carries out a further check on the travel expense reports verified on the HR Management Tool.
Before loading the provisional labor cost, the settlement of the payable expense reports is made. Therefore, HR Management Tool generates two distinct files:

- one for external provider to allow the entry of expense report items in the slip;
- one for accounting of expense reports in accounting.

The "Accounting & Taxation" function, on the other hand, automatically records the authorized expense reports on the related accounts.

11.3.5. Managing inbound and outbound invoicing

Invoicing management may present risk profiles in relation to the crime of fraudulent declaration through the use of invoices or other documents for non-existent operations or in relation to the crime of issuing invoices for non-existent operations.
Invoicing management is carried out through the SAP accounting system in accordance with the provisions contained in the procedure PO-010-02 "Account Payables" - in particular Appendix B "Invoice Anomalies - Approval Process - Invoice approval flow and contacts", PO-010-03 "Account Receivable" and procedure PO-010-04 "Bank Accounting". Access to the SAP accounting system is reserved for the Finance function and is managed by the IS Department with the support of the Company Assurance Department.
The operating procedures for loading, checking and paying invoices are governed by procedure PO-010-02 "Account Payables" - in particular Appendix B "Invoice Anomalies - Approval Process - Invoice approval flow and contacts" - and procedure PO-010-04 "Bank Accounting".
Appendix B provides for different levels of approval for the above mentioned activities and, with reference to the payment of invoices, an additional one is added, represented by the approval by the Chief Financial Officer's function.

The operating procedures for issuing invoices are governed by procedure PO-010-03 "Account Receivable".

11.3.6. Managing payments and receipts

The management of payments and collections could present risk profiles in relation to the crime of fraudulent declaration through the use of invoices for non-existent transactions or through the use of other devices.
The payment of invoices for goods and services purchased is preceded by the process "Recording the Entry of Goods in SAP (ERP)" provided in procedure PO-300-09 "Expediting Activities Management" and analytically described in the Best Practice BP-PO-300-09 "ERP-SAP Goods/Service Receiving Registration". With this process, which is managed

by the Post Order Service (POSE) Team, it is essentially verified that the goods have actually arrived at their destination or that the services have actually been provided.
These procedures also indicate how the goods are registered in the SAP system by the POSE Team. In order to proceed with the registration, this Team also manages the collection and archiving of the necessary documentation, using the Expediting function when necessary.
Once the above mentioned checks have been carried out, invoices for goods and services purchased are paid on the basis of the forecasts indicated in procedure P0-10-04 "Bank Accounting". The procedure provides for different workflows and methods depending on whether it is an automatic payment, in which case it is recorded and authorized by the functions with the appropriate powers, or whether it is manual payment, applicable to all those payments not included in the aforementioned procedure.
Finally, the activities related to the receipt, control and recording of invoices are carried out in accordance with procedure PO-010-02 "Account Payables".
The management of proceeds and receipts is followed by the Bank Accounting function in accordance with the provisions contained in procedure PO-010-04 "Bank Accounting".
The Bank Accounting function verifies daily all amounts received by bank transfer to the Company's bank accounts and, at a later date, proceeds to register them by providing the Account Receivable function with all the information necessary to identify the customer concerned, in accordance with the provisions of procedure PO-010-03 "Account Receivable".

11.3.7. Contracts preparation management

The preparation of contracts, formalized in written form, for the establishment of relationships with third parties may present risk profiles in relation to the crime of fraudulent declaration through the use of invoices or other documents for non-existent operations or in relation to the crime of issuing invoices for non-existent operations or in relation to the crime of fraudulent deduction from the payment of taxes.
Contracts with third parties are prepared by the Procurement Department through the use of standard texts approved by the Company of the "Purchase Orders" and "General Terms & Conditions" for the different types of purchases.
In the most complex cases, for the revision of contracts, Arkad S.p.A. takes advantage of the support of the Legal & Contract Management internal function or external consultants.

11.3.8. Management of Intercompany relationships

The management of Intercompany relationships could present risk profiles in relation to the crime of fraudulent declaration through the use of invoices for non-existent operations or through other devices, as well as for the crime of issuing invoices for non-existent operations.
Arkad S.p.A. provides services to Arkad Group with its own personnel, pursuant to a special *Intragroup service agreement*.
The services are always provided in accordance with the provisions of the Code of Conduct and the Model.

11.3.9. Tax Declaration management

Arkad S.p.A. prepares tax declarations on the base of the PO-010-05 document called "Accounting, Budget and Reporting" Procedure (at the moment in phase of finalization) and of all practices consolidated over the years. In particular, the declarations are prepared following the instructions given by "Accounting and Taxation" functions and with an exchange of information between the different business functions. In some cases, as in the preparation of the tax model 770 declaration in the "employee section", the same is prepared by the HR function, which uses an external provider to compile the model.

Once the tax declarations have been prepared, they are signed by the Legal Representative of the Company and sent to an external consultant who deals with the telematics deposit and filing with the competent authorities. The receipt for successful telematics transmission is acquired by procedure.

11.3.10. Financial Statement preparation

The activities related to the preparation of the financial statements could present risk profiles in relation to the commission of the crime of fraudulent declaration through other devices.
As already explained in paragraph 5.3.1., the Company, through its Finance & Administration function:

- carries out monthly audits of the accounts for management purposes;
- has appointed the Board of Statutory Auditors to check the formal and substantial correctness of the administrative activity, as well as appointed the Board itself as a qualified reference point for the Supervisory Authorities and the external auditors. The Board of Statutory Auditors currently carries out direct checks and obtains information from members of the Administrative Bodies and representatives of the independent auditors; the Board of Statutory Auditors is not responsible for the legal audit of accounts, which, on the other hand, is responsibility of the independent auditors appointed for this purpose.

Recipients who, by reason of their office or mandate, are involved in the preparation of the financial statements and related annexes are required to:

- behave correctly, transparently and collaboratively in compliance with the law, applicable accounting principles and internal procedures, in all activities aimed at preparing the financial statements and other corporate communications and declarations required for tax purposes, in order to provide shareholders and third parties with truthful and correct information on the Company's economic, equity and financial situation;
- observe the rules of clear, correct and complete recording in the accounting activity of the facts relating to the management of the Company;
- proceed with the evaluation and recording of economic and equity elements in compliance with the criteria of reasonableness and prudence, clearly illustrating, in the relative documentation, the criteria that guided the determination of the value of the asset;
- ensure compliance with the rules of segregation of duties between the person who carried out the operation, the person who makes the recording in the accounts and the person who carries out the relative control;
- strictly observe all the rules laid down by law to protect the integrity and effectiveness of the share capital, in order not to damage the guarantees of creditors and third parties in general;
- manage documents, reports and other annotations in a correct and sufficiently detailed manner, preserving documentation of the activities and ensuring its preservation through archiving;
- guarantee a continuous alignment between the user profiles assigned and the role played by the subjects within the Company, in compliance with the principle of data integrity and traceability of access and subsequent changes;
- base relations with the Supervisory Authorities and the Tax Authorities on maximum transparency, collaboration and availability, in full respect of the institutional role played by them and the existing legal provisions on the subject, the general principles and rules of conduct referred to in the Code of Conduct and in this Special Section. The Recipients must therefore promptly implement the prescriptions of the same Authorities and the fulfilments required;
- manage the obligations towards the Public Administration, the Supervisory Authorities and the Tax Authorities, as well as the preparation of the relative documentation in compliance with the provisions of the law on the subject and with the general principles and rules of conduct referred to in the Code of Conduct and in the Special Section in question;
- carry out the fulfilments towards the Supervisory Authorities and the Tax Authorities, with the maximum diligence and professionalism, in order to provide clear, accurate, complete, faithful and truthful information, so as to avoid situations of conflict of interest and to provide information in a timely manner and in the manner deemed most appropriate;
- ensure that the documentation to be sent to the Supervisory Authorities and the Tax Authorities is produced by the persons competent in the matter and identified in advance;
- promptly and correctly, truthfully and completely, make the communications required by law, regulations and Company rules in force over time, to the Authorities or Bodies of supervisory or control, the market or Shareholders.

In the context of the aforementioned behaviours, it is forbidden to:

- take actions aimed at providing misleading information with reference to the actual representation of the Company, not providing a correct representation of its economic, equity and financial situation;
- omit data and information required by law on the economic, equity and financial situation of the Company;

- return contributions to shareholders or release them from the obligation to make them, except in cases of legitimate reduction of share capital;
- distribute profits (or advances on profits) not actually earned or allocated by law to reserves, as well as allocate reserves that cannot by law be distributed;
- carry out share capital reductions, mergers or demergers in violation of legal provisions protecting creditors;
- carry out fictitious formation or increase in share capital in any way;
- distribute the company's assets among the shareholders, in the process of liquidation, before paying the company's creditors or setting aside the sums necessary to satisfy them;
- alter or destroy documents and financial and accounting information available on the network through unauthorised access or other actions suitable for the purpose;
- submit untrue declarations to the Supervisory Authorities and to the Tax Authorities, presenting documents in whole or in part that do not correspond to reality.

In order to prevent and/or mitigate the risk of commission of the above-mentioned Offences, specific Operating Procedures have also been issued which the Company must comply with, as well as all model recipients.

11.3.11. Management of manual accounting records

The management of Intercompany relationships may present risk profiles in relation to the crime of fraudulent declaration by using invoices for non-existent operations or through other artifices, as well as for the crime of issuing invoices for non-existent transactions. This task is performed in accordance with the procedure PO-010-05, in phase of finalization, called "Accounting, Budget, and Reporting", and with all the established practices over the years.
The request for manual accounting must be accompanied by the production of a copy of the documentation to support the request, which, for example, can be represented by tax-relevant documents, contracts, legal deeds, minutes of meeting, appraisals, etc.
All collected documentation is appropriately analysed in order to ensure consistency with the request.
Before proceeding with the accounting registration, there are signatures authorized by both the applicants and the Accounting Manager and their delegated collaborators.

11.3.12. Quantification of tax credits

Quantifying tax credits could present risk profiles in relation to the crime of fraudulent declaration through other artifices and for the crime of undue compensation.
The "Accounting & Taxation" function, with the support of the "Insurance and Branch Taxation" function, proposes, on the basis of data provided by the various Company functions, the income of the branches according to Italian Incomes Principles and proposes the tax credit amounts.
The quantification of the tax credit is reviewed by the external tax advisor and is approved by "Accounting & Taxation" function.
In the procedure PO-010-05 "Accounting, Budget and Reporting", in the section dedicated to tax obligations, it will be shown how to validate the tax credits that emerge in the declaration.

11.3.13. Archiving of accounting documents

The filing of tax-relevant accounting documents may present risk profiles in connection with the crime of concealment or destruction of accounting documents.
Arkad S.p.A. stores all documents with tax relevance; in procedure PO-010-05 "Accounting, Financial Statements and Reporting", the methods for filing accounting documents will be indicated.

11.3.14. Transfer/purchase of company assets and extraordinary transactions

The sale and purchase of company assets as well as extraordinary transactions, when made in a fictitious or simulated way, could present risk profiles in relation to the crime of fraudulent declaration through other artifices and the crime of fraudulent tax evasion.
Arkad S.p.A. is drafting a specific procedure PO-010-07 "Fixed Assets", aimed at regulating all activities related to the purchase and disposal of company assets.
With regard to the purchase of fixed assets, the above procedure will include:

- completing of a special form in which future investment projects are defined in detail;
- different levels of approval;
- extra-budget investments involve additional levels of approval;
- opening the asset's master data through assignment and opening of the serial number on the accounting system;
- labelling of assets.

The Company also proceeds to the physical counting of assets at the premises and provides, within the terms of the current law, to print and archive the books and records provided by tax rules.

With regard to the disposal of fixed assets, the procedure will include:

- the collection of the asset's accounting values by indicating in the request the main information related to the asset;
- verifying the match between the label and the SAP serial number;
- the completion of a specific form in which the information about the asset to be dismissed is indicated;
- different levels of approval;
- in case of capital losses on the assets, an additional level of approval;
- the "discharge" of the asset from the asset book/register, recording any capital loss or capital gain.

Any extraordinary transaction, on the other hand, requires approval from the Board of Directors.

In the procedure PO-010-07 will be indicated the activity of checking and validating the value of fixed assets (those at least above a certain value threshold) in order to confirm any capital gains/losses in the realisation of the assets.

11.3.15. Physical transfer of goods without transfer of ownership

The physical transfer of assets without transfer of ownership may present risk profiles in relation to the crime of fraudulent tax evasion.
In the procedure PO-010-05 called "Accounting, Budget and Reporting", it will be indicated how to monitor these situations.

11.4. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who, in the performance of their activities, have to manage relevant activities pursuant to art. 25-*quinquiesdecies* of Legislative Decree 231/2001, shall communicate to the Supervisory Body, in written form, information relating to what is dealt with in the Chapter itself, using the specific "SB Flowsheets" available in the dedicated communication channels activated by the Company.
With regard to whistleblowing, please refer to Chapter 6 of the General Section.

SPECIAL PART "B"

The crimes envisaged in UK Bribery Act 2010

12. UK BRIBERY ACT 2010

12.1. CHAPTER OBJECTIVES

The function of this Chapter of Special Part "B" is a closer examination of the risks related to the commission of offences under the UK Bribery Act 2010.
In relation to the foregoing, the controls/protocols adopted by the Company to have the Corporate Bodies, Employees and/or Collaborators comport themselves in compliance with the provisions of the Organisational Model of Arkad S.p.A. are described in summary form, to prevent and/or reduce the risk of commission of Offences.
Therefore, the following will be indicated on the basis what has been stated above:

- the types of offence covered by the UK Bribery Act 2010;
- the corporate areas and processes at risk of commission of offences in relations with the Public Administration.

12.2. THE OFFENCES COVERED BY THE UK BRIBERY ACT 2010

After being approved on 8 April 2010, the Bribery Act 2010 entered into force on 1 July 2011, introducing for the first time in English law the criminal liability for a company in consequence of bribery offences committed by persons acting in the name and on behalf of the company or for the sole offence of failure to prevent bribery.
It effectively provides integral regulation of corrupt activities between enterprises and public officials/private parties both domestically and internationally, while also introducing the offence of bribery of a foreign public official.
The Bribery Act specifically regulates the following types of offence:

- bribery of other public or private persons (Section 1);
- being bribed by other public or private persons (Section 2);
- bribery of foreign public officials (Section 6);
- failure of commercial organisations to prevent bribery (Section 7).

For this type of offence (whether it targets private individuals or public officials, or whether it involves bribery of other persons or being bribed), the new concept of "improper performance" is introduced, i.e. the acts or omissions that violate an expectation of: (i) good faith or ii) impartiality or iii) position of trust.
The law associates a very broad definition with the concept of "public official", i.e. anyone who holds any legislative, administrative or judicial position, performs a public function, or is an official of an international public organisation[85].
Moreover, in reference to the corruption of a foreign public official, it is required that:

- the person offering the bribe desires to influence the official's performance of his/her functions as public official;
- the aim is to obtain a business advantage;
- the law of the public official's country does not allow him/her to be influenced by offers, promises or gifts.

For example the following cases constitute indicators of anomalies:

- anomalous cash payments:
- exercise of pressure to obtain urgent payments or payments before execution of the transaction;
- payments that pass through other countries, for example: goods or services destined to be used in country "A" and made through a shell company in country "B";
- especially high commission percentages or commissions divided between separate accounts registered in the name of or that can be associated with the same persons (frequently in separate jurisdictions);
- high-value gifts;

[85] The laws says: "anyone who holds a legislative, administrative or judicial position of any kind, exercises a public function or is an official of a public international organization".

- acceptance of contracts unfavourable to the Organisation or with anomalous terms or periods of enforceability;
- unjustifiable preference for a supplier during the negotiations/auction;
- waiving of normal procedures for competitive selection;
- invoices for inflated/excessive amounts agreed in the absence of any reasonable justifications;
- disappearance/cancellation of documents related to the competitive choice;
- disapplication of ordinary procedures for the selection/contractualisation of relationships with business partners;
- payments of (or provision of funds to pay) expenses or school tuition on behalf of third parties.

As envisaged in Italian Legislative Decree no. 231/2001, even in this case the entity does have liability in the event of commission of an offence included among those that have been mentioned and perpetrated by a person who has a qualified relationship with the entity and which pre-dates commission of the offence, provided that there are no organisational models and adequate procedures relieving it of liability. In fact, by adopting appropriate measures, the entity can defend itself by proving that, although corruption has taken place, adequate procedures existed to prevent acts in violation of the statute. To identify those protocols, in March 2011 the UK Ministry of Justice published the "*Guidance about procedures which relevant commercial organisations can put into place to prevent persons associated with them from bribing (Section 9 of the Bribery Act 2010)*". The document, conceived to be a general guideline, contains six principles, each of which features comments and examples, but, on specific instruction by the UK Ministry of Justice, the suggestions contained there cannot be considered immediately and indiscriminately applicable to every situation.

Moreover, Section 14 of the Bribery Act envisages an independent possibility for the liability of entities if it is ascertained that the bribery offences envisaged in Section 1 (bribing someone else), Section 2 (being bribed oneself) or Section 6 (bribery of a foreign public official) are committed with the consent or connivance of a "senior officer" of the company or another party who de facto holds that position. In this case, both the company and the senior officer (or person purporting to act in such a capacity) have criminal liability and subject to the penalties imposed by the Bribery Act. In particular, concerning the liability of the company, this involves an offence affecting the failure to prevent bribery ("failure of commercial organizations to prevent bribery").

According to the guidelines published by the UK Ministry of Justice on 30th March 2011 ("Guidance about procedures which relevant commercial organisations can put in place to prevent persons associated with them from bribing (section 9 of the Bribery Act 2010"), the principles to which companies subject to the Bribery Act must comply in putting in place appropriate measures to prevent the commission of bribery offences are the following (the so-called "Six Principles"):

1) proportionality of the anti-corruption procedures adopted;
2) direct involvement and commitment of top-level management;
3) periodic, informed and documented risk assessment;
4) verification activities ("due diligence") on third parties;
5) communication of procedures inside and outside the company and related employee training;
6) monitoring, reviewing and updating anti-corruption procedures.

12.3. PRINCIPLES OF CONDUCT AND CONTROL

All of the operations and/or acts falling in the scope of the Activities at Risk must be performed in compliance with applicable laws and the Model.

To reduce the risk of committing the crimes envisaged in the UK Bribery Act, the Company has defined and adopted, inter alia, and in reference to the Activities at Risk, the following protections/preventive controls listed below.

12.3.1. Code of Conduct

The principles listed in the Code of Conduct, which is also published in the English language, include explicit provisions intended to prevent commission of the offences identified in this Special Part.

12.3.2. Adoption of specific Corporate Procedures

The Operating Procedures are also aimed at regulating and assuring the verifiability of the relevant phases of the Sensitive Activities in relation to the offences mentioned in the Bribery Act. Moreover, the Operating Procedures, which are an integral and essential part of this Model, aim to regulate and render verifiable all contacts made for any reason between the Company (through its Corporate Bodies, Employees, and Collaborators), and third parties.

12.4. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Recipients of this Model who, in the course of performing their own activities, have to manage relevant activities pursuant to the Bribery Act, shall send written information to the Supervisory Body of the Company concerning what has been discussed in Chapter itself, by using the specific "Supervisory Body Flow Forms", which are available in the specific communication channels opened up by the Company.
Reference is made to Chapter 6 in the General Part and concerning regard to the whistleblowing reports.