

**CHEMI S.P.A.**

**MODEL OF ORGANIZATION OF MANAGEMENT AND CONTROL**

**COMPLYING WITH ITALIAN DECREE OF LAW NO. 231 OF JUNE 8, 2001**

**APPROVED BY THE BOARD OF DIRECTORS ON JUNE 28, 2012 AND FEBRUARY 8, 2013**

## **DEFINITIONS**

**SENSITIVE ACTIVITIES:** operations or deeds that could expose the COMPANY to the risk of committing one of those offences that are provided by the DECREE;

**Board of Directors (B. o. D.);**

**CODE OF ETHICS:** Code adopted with resolution of the Board of Directors of June 28, 2012;

**DECREE:** Italian Decree of Law no. 231<sup>1</sup> of June 8, 2001

**ADDRESSEES:** subjects to whom the regulations of the MODEL apply, among them Esponenti Aziendali (Company's members) among them COMPANY'S REPRESENTATIVES, EMPLOYEES and COLLABORATORS including AGENTS and CONSULTANTS, as well as the persons who keep relationships with the COMPANY, undertake to comply with the CODE;

**COMPANY'S MEMBERS:** the President and the members of the Board of Directors, Board of Auditors, General Managers, members of other CORPORATE bodies established according to Article 2380 of the Italian Civil Code or to special laws, as well as any other subject of top management complying with the DECREE; being considered any person who holds the position of representatives, administrators or managers of the COMPANY or of one unit or department of the company, provided with financial and functional autonomy;

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<sup>1</sup> And later integrations and changes. This specification applies to any laws, regulations or body of rules which are mentioned in the MODEL.

EMPLOYEES: subjects who have a subordinate employment with the COMPANY of any rank or of any other sort, including fixed-term employees, both those with a placement or apprenticeship contract and with a fixed-term contract, as well as seconded employees, and workers with para-subordinate work contracts (temporary work);

COLLABORATORS: subjects who have (i) a project/temporary employment with the COMPANY; (ii) agency relationships and other relationships that result in the performance of a mainly personal coordinated and continuative work, but not as a subordinate; (iii) occasional employment (for example consultants), as well as subjects working under the management or supervision of a COMPANY'S MEMBER, although they are not EMPLOYEES;

SUPPLIERS: any subject who supplies the COMPANY with goods and services;

INFORMATION TECHNOLOGY DOCUMENT: any support of information technology containing data or information that has a probative efficacy or programs specifically destined to their processing;

ADMINISTRATIVE OFFENCES: Administrative offences mentioned by Article 187 - *quinquies* of T.U.F. (Testo Unico della Finanza = Consolidated Law of Finance);

GUIDE LINES: *Guide Lines* of 'FARMINDUSTRIA' (ASSOCIATION OF ITALIAN PHARMACEUTICAL INDUSTRIES);

MODEL: The present Model of organization, management and control, as provided by the *former* Italian Decree of Law no. 231/2001, approved by the Board of Directors on June 28, 2012 and February 8, 2013;

COMPANY'S BODIES: Board of Directors, Managing Director, Board of Auditors

BODY: The Supervising Body established by the Italian Decree of Law no. 231/2001;

PUBLIC ADMINISTRATION (P.A.);

CRIMES: Crimes mentioned by Articles 24, *24-bis*, *24-ter*, 25, *25-bis*, *25-bis.1*, *25-ter*, *25-quater*, *25-quater.1*, *25-quinquies*, *25-sexies*, *25-septies*, *25-octies*, *25-novies*, *25-decies* e *25-undecies* of the Italian Decree of Law no. 231 of June 8, 2001, and offences as provided by Act no. 146 of March 16, 2006, for ratification and implementation of the Convention and Protocols of the United Nations Organization against the transnational criminal organizations, adopted by the General Assembly of United Nations of November 15, 2000, and of May 31, 2001;

DISCIPLINARY SYSTEM: Set of sanctions that can be applied, if the MODEL is infringed;

COMPANY: CHEMI S.P.A. ;

SUBJECTS OF TOP MANAGEMENT: Persons who hold the position of representation, administration or management or COMPANY or of one unit or department of the Company, having financial and functional autonomy, as well as persons who carry on the management or control of the Company or of one unit or department of the Company;

T.U.B.: Italian Decree of Law no. 385 of September 1, 1993 (Consolidated Banking Law);

T.U.F.: Italian Decree of Law no. 58 of February 24, 1998 (Consolidated Law on Finance).

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## CHAPTER I

### ITALIAN DECREE OF LAW 231/2001: SYNOPSIS OF REGULATIONS

#### 1. Italian Decree of Law no. 231/2001 and regulatory references

On July 4, 2001, came into effect Italian Decree of Law no. 231 of June 8, 2001<sup>2</sup>, in order to adjust the Italian regulations regarding the responsibilities of legal persons to some international conventions, to which Italy had adhered<sup>3</sup> long since.

Italian Decree of Law no. 231/2001, bears the regulatory provisions concerning the *‘Regulations of administrative responsibilities of legal persons, companies and associations even without a legal status’*.

The present DECREE introduces and regulates the responsibility of ‘bodies’ of administrative offences depending on a crime: a direct responsibility – of administrative kind – of the body through the perpetration of these offences by subjects who are functionally linked to the same, including the applicability of administrative offences against the body itself.

#### 1.1. Nature and features of the responsibility of legal persons

The administrative responsibility of the body for the perpetration of one of the offences

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<sup>2</sup> Enacted for the performance of the proxy mentioned by Article no. 11 of Act no. 300, of September 29, 2000, published on the Official Gazette of Italian Republic no. 140 of June 19, 2001.

<sup>3</sup> Such as the Brussels Convention of July 26, 1995, on the safeguard of financial interests of European Communities, the Convention of May 26, 1997, also signed in Brussels on the fight against corruption where officials of the European Community and of the Member States are involved and the OCSE Convention of December 17, 1997, on the fight against corruption of foreign public officials in economic and international operations.

for which it is established, is added and not replaces the responsibility (penal or administrative) for the individual person who is the author of the crime.

The body is responsible even when the author of the crime has been not identified or the crime itself has been settled against the offender for a lawsuit other than amnesty.

The administrative penalties charged to the body lapse after five years from the date of the crime perpetration. However, if the period of limitation is suspended (through one of the deeds expressly established), it starts to take effect again without any maximum limit. Therefore, it could happen that a crime has elapsed for the length of time, as the law provides for a maximum limit in case of penal responsibility for the individual person, but the responsibility of the body has not elapsed – and therefore it still exists –.

## **1.2. Criminal offences identified by the DECREE and by subsequent changes**

The responsibility of the body arises only in cases and within the limits expressly established by the law. The body cannot be considered to be responsible for an event being a crime, if its responsibility in relation to that event and the relevant penalties are not expressly established by the law that came into effect before the perpetration of the crime.

The body cannot be considered to be responsible for the performance of any event being a crime, but only for the perpetration of crimes and administrative offences, strictly provided by the DECREE in the formulation resulting from its original text and from subsequent integrations, as well as from laws that expressly recall the regulations of the DECREE.

Act no. 146, of March 16, 2006, for the ratification and implementation of the Convention and Protocols of the United Nations Organization against the transnational criminal organization, adopted by the General Assembly of November 15, 2000, and of May 31, 2011, that identifies the responsibilities of the body in well-defined criminal conducts, has become also prominent for the identification of relevant criminal

offences. According to Article 3 of this Act, the crime committed by '*an organized criminal group*' should have the character of transnationality, namely:

- It should be '*committed in more than one Italian State*';
- it should be '*committed in an Italian State, but an essential part of its preparation, planning, management or control*' should occur '*in another Italian State*';
- it should be '*committed in an Italian State, but 'an organized criminal group should be involved, which is engaged in criminal activities in more than one Italian State*';
- it should be '*committed in one Italian State, but it should have 'substantial effects in another Italian State*'.

### **1.3. Objective criteria of imputation of responsibility**

The perpetration of one of the offences mentioned by the DECREE represents the first prerequisite for the enforceability of regulations prescribed by the DECREE itself.

The DECREE establishes further prerequisites of objective kind and other prerequisites of subjective kind.

The first fundamental and essential criterion of imputation of objective kind is represented by the fact that the crime – or administrative offence – was committed '*in the interest or in favor of the body*'.

This means that the responsibility of the body arises if the tort has been committed in the interest of the body, namely to support the body without being absolutely necessary to achieve a real and concrete objective. Therefore, this is a criterion that is substantiated in its purpose – also not exclusive – by which the tort has been committed.

On the contrary, the criterion of the advantage refers to the positive outcome that was objectively obtained by the perpetration of an offence apart from the intention of the

person who committed it.

However, the body is not responsible if the tort has been committed by one of the subjects mentioned by the DECREE '*in its own exclusive interest or in the interest of third parties*'. This confirms that, if the exclusivity of the interest pursued prevents the onset of responsibility of the body; on the contrary the responsibility arises if the interest is common to the body and to the individual person or it can be partly related to one and partly to the other one.

The second criterion of objective imputation consists in the kind of subjects who are authors of a tort.

The - penal or administrative - offence must have been committed by one or more qualified subjects that the DECREE gathers into two categories. Indeed it should be committed:

- '*by persons who hold the position of representation, administration or management of the body or of one of its organizational units provided with financial and functional autonomy or by those who 'perform also the management and the control' of the body (subjects so called 'of top management')*);
- '*by persons working under the management or the supervision of one of the subjects working under management*' ('*subordinates*' that do not coincide with employees).

The authors of a tort from which an administrative responsibility can result and charged to the body. Therefore they can be:

- subjects '*of top management*', such as, for example, the legal representative, the manager, the general manager or the director of a site or of a branch, as well as the

persons who perform also the management and the control of the body <sup>4</sup>;

- ‘*subordinate*’ subjects are typically employees, but also subjects outside the body, entrusted with a task to be carried out by subjects working under management and under their supervision.

If several subjects contribute to the perpetration of a crime (with the involvement of persons in the crime: Article 110 of the Italian Criminal Code; essentially the same is valid in the event of an administrative offence), is not necessary that the ‘qualified’ subject carried out, though partly, the typical deed provided by the law. It is necessary and sufficient that a contribution, deliberately causal to the perpetration of a crime, is given.

#### **1.4. Subjective criteria of imputation of responsibility**

The DECREE establishes a series of conditions – some are described as positive, other conditions are described as negative – of subjective kind (broadly speaking, since they are bodies) when the responsibility arises; they are criteria of subjective imputation of the tort rebuked to the company.

The DECREE, as a whole, describes the responsibility of the body as a direct responsibility by its own and guilty.

The responsibility of the body is excluded, in the event that this - before perpetuating a crime - has adopted and efficiently implemented a *Model of organization and management*, suitable to avoid any perpetuation of crimes of the same type as the one which was committed.

It derives that the responsibility of the body is based – in brief and simplifying – on the organizational fault, namely on the missed preventive adoption or on the non-

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<sup>4</sup> They can be for example the so-called manager of fact (see Article 2639 of the Italian Civil Code) or the dominant partner.

compliance with the proper *standards* concerning the organization and activities of the body for the prevention of crimes: a problem that can be traced to the lack of a good company's policy or to structural and strict *deficits* in the company's organization.

The adoption of the *Model of organization and management* does not represent a necessary performance to which the body should keep, in the sense that no juridical obligation for the company to be provided with a model complying with the indications of the DECREE is established.

However, if the company is not provided with a *Model of organization and management*, this cannot exclude the administrative responsibility established by the DECREE.

Therefore, there is essentially an assumption of organizational fault in the non-adoption of the *Model of organization and management*.

### **1.5. Offences committed by subjects working 'under the management'**

For crimes committed by subjects working '*under the management*', the DECREE establishes a relative assumption of the responsibility of the body, as it is established to exclude its responsibility, only if this proves that:

- '*the executive body has adopted and efficiently implemented a Model of organization and management, before the perpetration of a deed, models of organization and management suitable to avoid any perpetuation of crimes of the same type as the one which was committed*';
- '*the task of supervising the operation and the compliance with models and their updating has been assigned to an organization of the body provided with independent powers of initiatives and control*';
- '*the persons have committed a crime, disregarding the models of organization and*

*management by fraud*’;

- *‘the supervision by the organization provided with independent powers of initiatives and control was omitted or insufficient’.*

The hereunder listed conditions must contribute whole and jointly, so that the responsibility of the body can be excluded.

#### **1.6. Offences committed by subjects working as a ‘subordinate’**

For crimes committed by subjects working as a ‘*subordinate*’, the body can be considered to be responsible only when it is ascertained that *‘the perpetuation of a crime has been made possible as a consequence of the non-compliance with management or supervision obligations’.*

In other words, the responsibility of the body is based on the breach of duties of management and supervision, legal duties given to the Senior Management or transferred to other subjects through valid proxies.

The discipline also introduces an additional assumption; this time in favor of the body: the non-compliance with management or supervision obligations does not recur *‘if the body, before perpetuating a crime, has adopted and efficiently implemented a Model of organization and management suitable to avoid any perpetuation of crimes of the same type as that which was committed’.* Specularly with what previously observed, the organizational fault – disclaimed due to the lack of management or supervision – it is not assumed to be *juris et de jure* and it is excluded by the adoption of the *Model of organization and management*.

The adoption and the efficient and effective implementation of an organization model suitable to avoid any perpetuation of crimes represent the fulfillment of management and control duties and operate as an exemption from the responsibility of the body.

### **1.7. Characteristics of the Model of ‘organization and management’**

The DECREE does not regulate the type and characteristics of the organization model: it is limited to prescribe some principles of general order, partially different in relation to the subjects who could commit a crime.

For the prevention of crimes committed by ‘subjects under the management’, the model must:

- *‘identify the activities where crimes can be committed’ (mapping of risks);*
- *‘include specific protocols used to plan the training and implementation of the body’s decisions in relation to crimes that should be avoided’;*
- *identify the modes for the management of financial resources suitable to avoid any perpetuation of crimes;* the forecast expressed in the area of financial resources reports that the DECREE gives a primary importance to in-house regulations for the management of financial resources which are crucial for the activity of the COMPANY;
- *‘include information obligations versus the body delegated to supervise the operation and the compliance with models’;*
- *‘introduce a disciplinary system suitable to penalize the non-compliance with the measures mentioned in the model’.*

With reference to crimes that can be committed by ‘subordinates’ (of the management and supervision: a notion to be intended in a more extended way), the *Model of organization, management and control* should include:

- *‘in relation to the nature and size of the organization, as well as to the kind of activity performed, measures suitable to assure the performance of activities in accordance with the laws and to find out and promptly remove any risk situations’.*

With reference to the effective implementation of the *Model of organization, management and control* the following should be established:

- *‘a periodical check and any possible changes of the same when significant violations of prescriptions are found out, namely when changes in the organization or in activities take place’;*
- *‘to introduce a disciplinary system suitable to penalize the non-compliance with measures mentioned in the model’.*

### **1.8. Crimes committed abroad**

Complying with Article 4 of the DECREE, the body can be considered as responsible in Italy for the perpetration of these crimes abroad.

The following are the prerequisites on which this responsibility is based:

- The crime should be committed abroad by a subject functionally linked to the body: a subject under management or as a subordinate (according to the conditions already mentioned above);
- the body must have its main offices within the territory of the Italian State;
- the body is responsible only in cases and under the conditions provided by Articles 7, 8, 9, 10 of the Italian Criminal Code (and if the law provides that the individual

guilty person can be punished upon request of the Ministry of Justice, the body is prosecuted only if the request has been formulated also against the body itself);

- if there are cases and conditions established by said Articles of the Italian Criminal Code, the body is responsible, provided that the Authorities of the Italian State do not prosecute against the body itself owing to the place where the crime was committed.

### **1.9. The attempt**

The administrative responsibility of the body arises also in those cases where one of criminal offences (crimes), provided by the DECREE as a source of responsibility, is committed in the form of an attempt (Article 56 of the Italian Criminal Code).

### **1.10. Penalties**

The penalty system established by the DECREE provides pecuniary penalties and disqualifying penalties.

#### **1.10.1. Pecuniary penalties**

Unlike what is provided by the remaining parts of the penal and administrative system, the pecuniary penalty is determined by the judge through a system based on 'shares'. Every offence establishes a minimum and a maximum amount of shares, whose monetary value is then established by the judge, taking into account the 'economic and property' conditions of the body, so that the efficacy of the penalty can be assured.

The administrative penalty for an offence is applied by the penal judge namely by the judge competent to judge the author for the penally relevant tort, as well as it is applied

by the administrative authority, in cases where the responsibility of the body for administrative offence committed 'in its interest or at its advantage' is established.

If the responsibility of the body is established, the pecuniary penalty is always applied.

Some cases of reducing the pecuniary penalty are established: a) if the author of the offence has committed the deed in its own prevailing interest or in the interest of third parties and the body has not obtained an advantage, namely the body has obtained a minimum advantage; b) when the damage is particularly slight.

Furthermore, the pecuniary penalty resulting from a crime is reduced of one third to one half before the declaration of opening of the trial of First Instance, if: a) the body has fully made good the damage and removed harmful or dangerous consequences of the crime, namely the body has been active in this way; b) a model suitable to avoid any perpetuation of further crimes has been adopted and made operative.

In the event of crimes mentioned by Article 25-*sexies* of the DECREE, if the product or profit made by the body is of relevant entity, the pecuniary penalty is increased of tenfold versus this product or profit.

### **1.10.2. Disqualifying penalties**

Disqualifying penalties are applied in addition to pecuniary penalties and represent the most important afflictive reactions.

Disqualifying penalties established by the DECREE are the following:

- the temporary or definitive disqualification from the practice of the activity;
- the discontinuation or the revocation of authorizations, licenses or permits functional to the perpetration of the offence;
- the prohibition to negotiate with the public administration except for the

achievement of the performance of a public service;

- the exclusion from advantages, financing, contributions or allowances and any possible revocation of those already granted;
- the temporary or ultimate prohibition to advertise goods or services.

Disqualifying penalties are applied only in those cases which are expressly established and on condition that at least one of the following conditions occurs:

- the body benefited substantially from an offence and the offence has been committed:
  - a. by a subject of top management;
  - b. by a subordinate subject, if the perpetration of an offence has been determined or made easier by severe organization deficiencies;
- in case of reiteration of offences.

Disqualifying penalties are usually temporary, but can be exceptionally applied with definitive effects.

Upon request of the Public Prosecutor, the Judge can apply the disqualifying penalties to the body also precautionary, if there are serious signs of the body's responsibility, as well as grounded and specific elements, so that the danger that offences of the same nature as the one against which it is proceeded are committed or of one unit or department of the Company, is considered to be realistic.

However, disqualifying penalties are not applied (or are revoked, if already applied in

precautionary way) if the body - before the declaration of opening of the trial of First Instance:

1. has made good the damage or remedied it;
2. has removed harmful or dangerous consequences of the crime (or at least the body has been active in this way);
3. has put the profits from crime at disposal of the judicial authority for the forfeit;
4. has removed organization deficiencies that caused the crime, adopting organizational models suitable to avoid the perpetuation of new crimes.

If all these behaviors are adopted – considered to be as a voluntary amendment of tax return - the pecuniary penalty will be applied instead of the disqualifying penalty.

### **1.10.3. Other penalties**

Apart from the pecuniary penalty and disqualifying penalties, the DECREE establishes other two penalties:

- the forfeit consisting in the acquisition by the Italian State of the price or profits resulting from the crime (namely, when it is not possible to perform a forfeit directly on the price or on profits from crime in the concern of money sums, goods or other utility value equivalent to the price or profits resulting from crime), save for the compensation for damage;
- the publication of an adverse decision consisting in the publication of the

sentence only one time as an abstract or fully at expenses of the body in one or several newspapers mentioned by the Judge in the sentence, as well as through the bill sticking in the municipality where the body has its main offices.

### **1.11. Changing events of the body**

The DECREE regulates the responsibility of the body in the event of modifying events (transformation, merger, splitting and transfer of business).

In general terms, it is established that '*the body alone is liable for the obligation to pay for the pecuniary penalty*' inflicted to the body *with its own property or by a common fund*'.

Therefore, a direct property responsibility for the members or for associates is excluded, regardless of the juridical nature of the body.

As general criteria for the application of pecuniary penalties inflicted to the body, those established by civil laws on the responsibility of the body apply, which is the subject-matter of transformation for the debts of the ordinary body.

Disqualifying penalties remain on charge of the body where the branch of business within the crime has been committed (or is merged), except for the faculty of the body resulting from its transformation to obtain the conversion of the disqualifying penalty into a pecuniary penalty, when the process of re-organization following the merger or the splitting has removed the organizational *deficits* that made the perpetration of a crime possible.

The DECREE rules that in the event of a '*transformation of the body, the responsibility for crimes committed before the date in which the transformation took effect*' still applies.

Changes of juridical structure (corporate name, juridical form, etc.) are insignificant for the responsibility of the body. The new body will be the receiver of penalties that can

be applied to the originary body for deeds committed before the transformation.

As far as possible merger and splitting effects are concerned, the body resulting from the merger, even from a takeover *'is liable for crimes for which the bodies participating in the merger were responsible'*. At the takeover of the body resulting from the merger in juridical relationships of the merged bodies and from the unification of the relevant corporate activities, including those where offences have been committed, the responsibility is transferred to the body originating from the merger.

If the merger occurred before the conclusion of the proceedings to assess the responsibility of the body, the judge must take into account the economic conditions of the originary body and not those of the body resulting from the merger.

In the event of a partial splitting, when the splitting occurs through the transfer only of a part of the property of the splitted company that continues to exist, the responsibility of the splitted body for crimes committed before the splitting is still present. The collective bodies who are the beneficial owner of the splitting to whom the property of the splitted company (fully or partly) is passed, are jointly obliged to the payment of the due pecuniary penalties from the splitted body for crimes committed before the splitting. The obligation is limited to the value of the transferred property. This limit does not exist for beneficial bodies to whom the branch of business, within the crime has been committed, was transferred - even only partly -.

Finally, the DECREE regulates the phenomenon of conveyance and consignment of a company. In the event that conveyance and consignment of a company where the crime has been committed, the assignee is jointly obliged with the transferring body to the payment of a pecuniary penalty within the value limits of the transferred company and except for the benefit of the preventive examination of the transferring company.

The responsibility of the assignee - apart from being limited to the value of the company which is the subject-matter of the conveyance (or of the consignment) – is, however, limited to pecuniary penalties resulting from compulsory account books, namely due to administrative offences of which the assignee was in any case informed.

## 1.12. The catalogue of criminal offences

The DECREE establishes a range of offences (crimes and transgressions) that can give rise to the responsibility of the COMPANY.

The list of the offences has been then extended versus the original one contained in the DECREE and the hereunder list has been updated to the month of January 2013: **i.** Italian Decree of Law no. 350 of September 25, 2001, that introduced Article 25-*bis* ‘*Counterfeiting of money, cards of public credit and tax stamps*’; **ii.** the Italian Decree of Law no. 61 of April 11, 2002, that introduced Article 25-*ter* ‘*Corporate crimes*’; **iii.** Act no. 7 of January 14, 2003, that introduced Article 25-*quater* ‘*Crimes of terrorism and subversion of democratic order*’; **iv.** Act no. 228 of August 11, 2003, that introduced Article 25-*quinqüies* ‘*Crimes against the individual person*’; **v.** Act no. 62 of April 18, 2005, that introduced Article 25-*sexies* ‘*Market abuses*’; **vi.** Act no. 262 of December 28, 2005, that introduced Article 25-*ter*, the crime reported in Article 2629-*bis* of the Italian Civil Code; **vii.** Act no. 7 of January 9, 2006, that introduced Article 25-*quater.1* ‘*Practice of female genital mutilation*’; **viii.** Act no. 38 of February 6, 2006, that introduced Article 25-*quinqüies* letters b) and c), introducing the extension of the regulation even to the pornographic material mentioned by Article 600-*quater* of the Italian Criminal Code; **ix.** Act no. 146 of March 16, 2006, that introduced new transnational crimes committed by a criminal organization; **x.** Act no. 123 of August 3, 2007, that introduced Article 25-*septies* ‘*Manslaughter and negligently causing serious or very serious injuries, committed by infringing accident-prevention regulations and on the hygiene protection and workplace health*’ (as subsequently changed by Article 300 of the Italian Decree of Law no. 819 of April 9, 2008); **xi.** Italian Decree of Law no. 231 of November 21, 2007, that introduced Article 25-*octies* ‘*Receiving stolen goods, money laundering and use of money, goods or utilities of illegal provenience*’; **xii.** Act no. 48 of March 18, 2008, that introduced Article 24-*bis* ‘*Computer crimes and illegal data handling*’; **xiii.** Act no. 94 of July 15, 2009, no. 94 that introduced Article 24-*ter* ‘*Crimes committed by a criminal organization*’; **xiv.** Act no. 99 of July 23, 2009, that

introduced changes to Article 25 *-bis* newly entitled in « *Counterfeiting of money, cards of public credit and tax stamps, of instruments or signs for identification* », as well as Article 25-*bis*.1 was introduced ‘*Offences against the industry and trade*’ and Article 25-*novies* ‘*Offences concerning the copyright violation*’; **xv**. Act no. 116 of August 3, 2009, that introduced Article 25-*novies* ‘*Incitement to not testify or to bear false testimony to the judicial authority*’; **xvi**. Italian Decree of Law no. 121 of July 7, 2011, has lately introduced Article 25 – *undecies* ‘*Environmental offences*’; **xvii** Decree of Law no. 109 of July 16, 2012, which introduced Article 25-*duodecies* “*Employ of citizens of third countries whose stay is irregular*”; **xviii**; Act no. 190, of November 6, 2012, containing “*Regulations for the prevention and repression of corruption and illegality in the Public Administration*”.

Therefore, those cases which are *peremptorily* mentioned in the DECREE, are currently the following:

***Embezzlement against the Italian State***: it is established by Article 316-*bis* of the Italian Criminal Code and represented by the conduct of those who are outside the public administration and have obtained contributions, allowances or financing from the Italian State or other public bodies or from the European Communities destined to favor initiatives directed to build-up works or perform activities of public interest, but not destined to the above said purposes;

***Unjust perception of disbursements against the Italian State***: it is established by Article *-ter* of the Italian Criminal Code and represented by the conduct of those who, except for the event representing the crime established by Article 640-*bis* of the Italian Criminal Code, through the use or the submission of declarations or of false documents or testifying false things, namely through the omission of due information, receive unjustly contributions, financing, soft loans or other

disbursements of the same type for themselves or for other persons, however designated, granted or dispensed from the Italian State, other public bodies or from the European Communities;

***Aggravated fraud:*** it is established by Article 640, subsection 2 no. 1, of the Italian Criminal Code and represented by the conduct of those who, leading someone astray, raise a wrongful profit with devices or deceits for themselves or for other persons to the detriment of third parties, if the deed was committed against the Italian State or another public body or under the pretext of relieving someone of the military service;

***Aggravated fraud for the achievement of public financing:*** it is established by Article 640-*bis* of the Italian Criminal Code and represented by the deed reported in Article 640 of the Italian Criminal Code (*Fraud*), if this relates to contributions, financing, soft loans or other financings of the same type, however designated, granted or dispensed by the Italian State, other public bodies or the European Communities;

***Computer fraud:*** it is established by Article 640-*ter* of the Italian Criminal Code, II sub-section and represented by the conduct of those who, by altering somehow the functioning of a computer or telematic system or interfering by any modes with data, information or programs contained in a computer or telematic system or pertaining to it without any rights, raise a wrongful profit for oneself or for other persons to the detriment of the Italian State or of another public body;

***Unlawful access to a computer or telematic system:*** it is established by Article 615 - *ter* of the Italian Criminal Code and represented by the conduct of those who illegally enter

a computer or telematic system protected by safety measures or persists in the program against the express or tacit consent of those who have the right to exclude it;

***Illegal possession and circulation of access codes to computer or telematic systems:*** it is established by Article 615 – *quater* of the Italian Criminal Code and represented by the conduct of those who obtain, reproduce, circulate, communicate or deliver codes, key-words or other means suitable to enter a computer or telematic system protected by safety measures or, however, give indications or instructions suitable for the said purpose, in order to obtain illegally a profit for themselves or for other persons or to cause a damage to others;

***Distribution of equipment, devices or computer programs directed to damage or to disrupt a computer or telematic system:*** it is established by Article 615 – *quinquies* of the Italian Criminal Code and represented by the conduct of those who obtain, produce, reproduce, import, circulate, communicate or deliver or, however, put equipment, devices or computer programs at disposal of others with the purpose of damaging illegally data, information or programs contained in a computer or telematic system or pertaining to it or to favor the total or partial interruption or alteration of its functioning;

***Illegal interception, block or discontinuation of computer or telematic communications:*** it is established by Article 617 – *quater* of the Italian Criminal Code and represented by the conduct of those who fraudly intercept communications relevant to a computer or telematic system or between several systems or blocks or interrupts them;

***Installation of equipment used to intercept, block or interrupt computer or telematic communications:*** it is established by Article 617 – *quinquies* of the Italian Criminal Code and represented by the conduct of those who install equipment used to intercept,

block or interrupt communications relevant to a computer or telematic system or between several systems save in cases allowed by the law;

***Damage of information, data and computer programs:*** it is established by Article 635-*bis* of the Italian Criminal Code and represented by the conduct of those who destroy, damage, delete, alter or eliminate information, data or computer programs of third parties, save that the deed is a more serious crime;

***Damage of information, data and computer programs used by the Italian State or by another public body or, however, of public interest:*** it is established by Article 635 – *ter* of the Italian Criminal Code and represented by the conduct of those who commit an action directed to destroy, damage, delete, alter or eliminate information, data or computer programs used by the Italian State or by another public body or pertaining to them or, however, of public interest, save that the deed is a more serious crime;

***Damage of computer or telematic systems:*** it is established by Article 635 – *quater* of the Italian Criminal Code and represented by the conduct of those who destroy, damage, put out of service fully or partly computer or telematic systems of third parties or seriously hinder their functioning through the destruction, damage, deletion, impairment or elimination of information, data and computer programs of third parties or with the introduction or the sending of data, information or programs, save that the deed is a more serious crime;

***Damage of computer or telematic systems of public interest:*** it is established by Article 635-*quinquies* of the Italian Criminal Code and it exists where the damage of telematic or computer systems is directed to destroy, damage, put out of service fully or partly computer or telematic systems of public interest or seriously hinder their functioning;

***Computer fraud by the subject who provides certification services for the electronic signature:*** it is established by Article 640-*quinquies* of the Italian Criminal Code and represented by the subject who provides certification services for the electronic signature, but he/she infringes the obligations established by the law for the issue of a qualified certificate, in order to raise a wrongful profit for oneself or for other persons to the detriment of third parties or to cause a damage to others;

Basing on Article 491-*bis* of the Italian Criminal Code, the criminal offences for false deeds also apply to public and private information technology documents that have an evidential effectiveness, as they would be public deeds or even private deeds;

***Criminal association:*** a crime established by Article 416 of the Italian Criminal Code and represented by the conduct of three or more persons forming a partnership with the purpose of committing several crimes;

***Mafia-type criminal associations, also foreign ones:*** a crime established by Article 416 *bis* of the Italian Criminal Code which views a mafia-type criminal association when those who belong to it make use of intimidation force against the associative ties and of the resulting condition of subjection and of the code of silence to commit crimes with the purpose of acquiring directly or indirectly the management or, however, the control of economic activities, grants, authorizations, tenders and public services or to make profits or obtain unfair advantages for themselves or for other persons, namely to hinder or to prohibit the free exercise of the right to vote or to obtain votes for themselves or for other persons on occasion of polls. The regulations of this Article also apply to “*Camorra*” and to other associations, however named locally, also foreign ones that pursue purposes corresponding to those of mafia-type criminal associations, making use of intimidation force against the associative ties;

***Political-mafia-style vote exchange:*** Complying with Article 416-ter, the penalty established by the first sub-section of Article 416-bis of the Italian Criminal Code also applies to those who obtain the vote promise established by the third sub-section of the same Article 416-bis of the Italian Criminal Code in exchange for allotment of money;

***Kidnapping for robbery or for extortion:*** a crime established by Article 630 of the Italian Criminal Code and represented by the conduct of those who kidnap a person to obtain a wrongful profit for themselves or for other persons from the price of liberation;

***Crimes committed making use of conditions established by Article 416-bis of the Italian Criminal Code or to make easier the activities of associations established by the same Article;***

***Association aimed at the illegal traffic of drugs or psychotropic substances:*** a crime established by Article 74 of Consolidated Act 309/1990 represented by the conduct of three or more persons forming a partnership with the purpose of committing several crimes among those established by Article 73 of the same Act;

***Crimes for illegal manufacturing, introduction of weapons of war or warlike weapons or parts of them, explosives, illegal weapons, as well as of more common firing weapons, excluding those mentioned by the former Article 2.3. of Act no. 110 of April 18, 1975, into the Italian State, sale, transfer, possession and delivery of them to a public place or open to the public;***

***Corruption for the exercise of a function:*** it is established by Article 318 of the

Italian Criminal Code and represented by the conduct of the public officer or of an officer of public service who receives an undue compensation or accepts the promise of cash or of other utility for himself/herself or for a third party, to carry out his/her functions or powers;

***Incitement to corruption:*** it is established by Article 322 of the Italian Criminal Code and represented by the conduct of those who offer or promise an undue money or another utility to a public officer or to an officer of public service who holds the position of public employee, to induce him/her to carry out his/her public office or powers, whenever the offer or the promise has not been accepted; or by the conduct of the public officer or of an office of public service who solicits a promise or donation of money or other utility to exercise his/her functions or powers;

***Concussion:*** it is established by Article 317 of the Italian Criminal Code and represented by the conduct of the public officer who obliges or induces someone to give or to promise unjustly money or another utility for himself/herself or for a third party, by misusing his/her public office or his/her powers;

***Corruption for a deed contrary to the official duties:*** it is established by Article 319 of the Italian Criminal Code and represented by the conduct of the public officer or of an officer of public service who receives money or another utility for himself/herself or for a third party or he/she accepts the promise of it, by omitting or delaying or having omitted or delayed his/her public office or to carry out or having carried out a deed contrary to his/her official duties;

***Judicial corruption:*** it is established by Article 319-ter of the Italian Criminal Code, second sub-section and represented by corruption deeds, if they are committed to

support or damage one party in civil, penal or administrative proceedings;

***Undue induction to give or promise benefits:*** Established by Article 319-*quater* and consisting in the conduct of the public officer or of a person in charge of a public service, who, abusing of his/her quality or of his/her powers, induces somebody to give or promise unduly to him/herself money or other benefit.

***Corruption of a person in charge of a public service:*** it is established by Article 320 of the Italian Criminal Code and represented by the deed mentioned in Article 319 of the Italian Criminal Code, if it is committed by an officer of public service; the one established by Article 318 of the Italian Criminal Code, if the author holds the position of a public employee;

***Embezzlement, concussion, undue induction to give or promise utilities, corruption and incitement to corruption of members belonging to EC bodies and EC officers and officers of foreign States:*** it is established by Article 322-*bis* of the Italian Criminal Code and represented by deeds committed according to Articles 314, 316 from 317 to 320 and 322 of the Italian Criminal Code, third and fourth sub-sections:

- by members of the Commission of European Communities, European Parliament, European Court of Justice and Court of Auditors of the European Communities;
- by officers and agents recruited on contract in accordance with the statute of the officers of the European Communities or with the fiscal system that can be applied to agents of European Communities;
- by persons seconded by the Member States or by any public or private body of the European Communities that perform functions corresponding to those of officers or agents of the European Communities;
- by members and persons in charge of bodies established according to Treaties of

establishment of the European Communities;

- by those who perform functions or activities corresponding to those of public officers and of officers of public service within other Member States of the European Union.

Regulations of Articles 321 and 322 of the Italian Criminal Code, first and second sub-sections are applied, even though money or another utility is given, offered or promised:

- to the persons mentioned in the first above-mentioned point who are assimilated to public officers, if they perform corresponding functions and to the persons in charge of a public service in all the other cases;
- to persons who perform functions or activities corresponding to those of public officers and of officers of public service within other foreign countries or international public organizations, if the deed has been committed to obtain unfair advantages in international financial operations for themselves or for other persons;

***Corruption between private persons:*** it is established by Article 2635 of the Italian Civil Code, Subsection 3<sup>rd</sup>, and consisting in the conduct of those who give or promise money or other utility:

- to the administrators, general managers, managers in charge of the drawing-up of company's accountability records, auditors or liquidators, or
- to the subjects in charge of the managing or vigilance of the same records, who, after donation or promise of money or other utility, for him/herself or other persons, do or omit acts in violation of the obligations of their office or engagements of fidelity, causing a damage to the company

***Counterfeiting of money, spending and introduction of counterfeited money into the Italian State after agreement:*** it is established by Article 453 of the Italian

Criminal Code and represented by the conduct of those who counterfeit national or foreign currencies that are legal tender in the territory of the country or outside it; of anyone who fakes authentic money, giving the appearance of a higher value; of anyone who, along with the one that faked or counterfeited money, introduces or possesses, spends or, however, puts it into circulation in the territory of the country; of anyone who purchases or receives it from the person who falsified it, or from an intermediary, in order to put counterfeited or faked money into circulation;

***Falsified money***: it is established by Article 454 of the Italian Criminal Code and represented by the conduct of anyone who fakes money of the quality mentioned by Article 453 of the Italian Criminal Code (see above), reducing the value or performs the actions established by the above mentioned rule on the so faked money;

***Spending or introduction of falsified money into the Italian State without agreement***: it is established by Article 455 of the Italian Criminal Code and represented by the conduct of anyone who, save for the two above-mentioned suggestions, purchases or possesses counterfeited or faked money, in order to put it into circulation or spends or puts it into circulation;

***Spending of falsified money received in good faith***: it is established by Article 457 of the Italian Criminal Code and represented by the conduct of anyone who spends or puts into circulation counterfeited or faked money received in good faith;

***Counterfeiting of tax stamps, introduction, purchase, possession or circulation of falsified tax stamps into the Italian State***: it is established by Article 459 of the

Italian Criminal Code and represented by the conduct of anyone who performs the conducts established by Articles 453, 455 and 457 of the Italian Criminal Code in relation to the counterfeiting or faking of tax stamps and to the introduction or purchase, possession or circulation of falsified tax stamps in the territory of the Italian State;

***Counterfeiting of watermarked paper used for the manufacturing of public credit cards or of tax stamps:*** it is established by Article 460 of the Italian Criminal Code and represented by the conduct of those who counterfeit watermarked paper used for the manufacturing of public credit cards or of tax stamps, namely purchase, possess or sell this counterfeited card;

***Manufacturing or possession of watermarks or instruments destined to the falsification of money, tax stamps or watermarked paper:*** it is established by Article 461 of the Italian Criminal Code and represented by the conduct of those who manufacture, purchase, possess or sell watermarks, computer programs or instruments destined exclusively to the counterfeiting or faking of money, tax stamps or watermarked paper;

***Use of counterfeited or faked tax stamps:*** it is established by Article 464 of the Italian Criminal Code and represented by the conduct of those who make use of counterfeited or faked tax stamps, not in combination with the counterfeiting or faking;

***Counterfeiting, faking or use of marks or of distinguishing signs, namely patents, models and drawings:*** a crime established by Article 473 of the Italian Criminal Code and represented by the conduct of those who counterfeit or fake national or foreign marks or distinguishing signs of industrial products, being able to know the right of intellectual property or without counterfeiting or faking, make use of these counterfeited

or faked marks or signs; and by the conduct of those who counterfeit or fake national or foreign industrial patents, drawings or models or of those who, without being involved in the counterfeiting or faking, make use of these counterfeited or faked patents, drawings or models;

***Introduction into the Italian State and trade of products with false signs:*** a crime established by Article 474 of the Italian Criminal Code and represented by the conduct of those who introduce industrial products with counterfeited or faked national or foreign marks or other distinguishing signs into the territory of the Italian State, in order to get profit from them; of those who possess the above-mentioned products for sale, put them on sale or, otherwise, put them into circulation, in order to get a profit from them;

***Troubled freedom of industry and trade:*** a crime established by Article 513 of the Italian Criminal Code and represented by the conduct of those who use violence for things or fraudulent means to hinder or disrupt the practice of an industry or of a trade;

***Illegal competition with menace or violence:*** a crime established by Article 513-bis of the Italian Criminal Code and represented by the conduct of those who perform acts of competition with violence or menace in the exercise of a commercial, industrial activity or, however, a manufacturing activity;

***Frauds against national industries:*** a crime established by Article 514 of the Italian Criminal Code and represented by the conduct of those who cause a harm to the national industry, by putting industrial products on sale or, otherwise, by putting them into circulation on national or foreign markets with counterfeited or faked names, marks or distinguishing signs;

***Frauds in the exercise of trade:*** a crime established by Article 515 of the Italian Criminal Code and represented by the conduct of those who deliver a mobile object in the place of another one or a mobile object different from the one declared or agreed by the purchase in origin, source, quality or quantity in the exercise of a commercial activity, namely in a store open to the public;

***Sale of not genuine food substances as genuine:*** a crime established by Article 516 of the Italian Criminal Code and represented by the conduct of those who deliver a mobile object in the place of another one or a mobile object different from the one declared or agreed by the purchaser in origin, source, quality or quantity in the exercise of a commercial activity or in a store open to the public;

***Sale of industrial products with mendacious signs:*** a crime established by Article 517 of the Italian Criminal Code and represented by the conduct of those who put original works or industrial products on sale or, otherwise, put them into circulation with national or foreign names, marks or distinguishing signs, aimed at lulling the purchaser on the origin, source or quality of the work or product;

***Manufacturing and trade of goods produced by seizing titles of industrial property:*** a crime established by Article 517 *ter* of the Italian Criminal Code and represented by the conduct of those who manufacture or use industrially objects or other goods produced by seizing a title of industrial property or in its violation, though knowing the right of intellectual property. Those who introduce into the territory of the Italian State goods mentioned in the first sub-section, possess them, put them on sale with a direct offer to the consumers or, however, put them into circulation in order to obtain a profit from it, are subject to the penalty established by Articles 474-*bis*, 474-*ter* co. second and 517-*bis* co. second. The

crimes mentioned in the first and second sub-sections are punished on condition that the rules of Italian laws, Community Regulations and International Conventions on the protection of intellectual or industrial property have been observed;

***Falsification of geographic indications or denominations of origin of agricultural and food products:*** a crime established by Article 517- *quater* of the Italian Criminal Code and represented by the conduct of those who counterfeit or, however, fake geographic indications or denominations of origin of agricultural and food products. Those who introduce into the territory of the Italian State the same products with the indications or counterfeited denominations, possess them, put them on sale with a direct offer to consumers or, however, put them into circulation, in order to obtain a profit from it, are subject to the same penalty. Regulations established by Articles *474-bis*, *474-ter co. second* and *517-bis co. second* are applied. Crimes established by the first and second sub-sections can be punished provided that the rules of Italian laws, Community Regulations and International Conventions of protection of geographic indications or denominations of origin of agricultural and food products are observed;

***False social communications:*** crime established by Article 2621 of the Italian Civil Code and represented by the conduct of administrators, general managers, auditors and liquidators who have the intention of deceiving the partners or the public, in order to obtain illegally a profit for themselves or for other persons in the balances, reports or other social communications established by the law, directed to the partners or to the public, report material deeds which are not correct, although they are subject-matter of assessment, or omit information whose communication is required by the law on the economic, property or financial situation of the company or of the Group to which it belongs, by altering it in a remarkable way suitable to deceive the addresses on the above said situation. The punishability is extended also to the case when information concerns goods owned or administered by the company on behalf of third parties;

***False social communications to the detriment of partners or creditors:*** crime established by Article 2622 of the Italian Civil Code and represented by the conduct of administrators, general managers, auditors and liquidators who, with the intention of deceiving the partners or the public, in order to obtain illegally a profit for themselves or for other persons, in the balances, reports or other social communication, established by the law, directed to the partners or to the public, report material deeds that are not correct, although they are the subject-matter of assessment, or omit information, whose communication is required by the law, on the economic, property or financial situation of the company or of the Group to which it belongs, by altering it in a sensible way suitable to deceive the addressees on the above said situation, causing a property damage to the partners or creditors;

***Blocked control:*** crime established by Article 2625 of the Italian Civil Code and represented by the conduct of administrators who hinder or, however, prohibit the performance of control or audit activities legally assigned to the partners, to other corporate bodies or to auditing companies, by suppressing documents or by means of other suitable devices;

***Illegal return of contributions:*** crime established by Article 2626 of the Italian Civil Code and represented by the conduct of administrators who return the contributions to the partners, even in a simulated way, or release them from the obligation to perform them outside the cases of legal reduction of the stock capital;

***Illegal allotment of profits and statutory reserves:*** crime established by Article 2627 of the Italian Civil Code and represented by the conduct of administrators who allot profits or down payments on profits that have not been actually made or

allocated to reserve by the law, namely they allot reserves, even though they are not made up of profits, that cannot be legally allotted

***Illegal operations on the stocks or shares of the controlling company:*** crime established by Article 2628 of the Italian Civil Code and represented by the conduct of administrators who purchase or sign stocks or shares, causing an injury to the integrity of the stock capital or of reserves that cannot be legally allotted, outside the cases allowed by the law, or the conduct of administrators who purchase or sign stocks or shares issued by the controlling company outside the cases legally allowed, causing an injury to the integrity of the stock capital or of reserves that cannot be legally allotted;

***Omitted communication of the conflict of interests:*** crime established by Article 2629-*bis* of the Italian Civil Code and represented by the infringement of Article 2391, first sub-section, of the Italian Civil Code, committed by the administrators or a partner of the Management Board of a company with securities admitted to trading on regulated markets in Italy or in another Member State of the European Union or significantly widespread among the public (*former* Article 116 of TUF) or of a subject under supervision according to TUB or TUF or to Act no. 576 of 1982 or to the Italian Decree of Law no. 124 of 1993;

***Operations detrimental to creditors:*** crime established by Article 2629 of the Italian Civil Code and represented by the conduct of administrators who perform reductions in the stock capital or mergers with another company or splits in violation of legal provisions for the protection of creditors, causing damages to creditors;

***Fictitious capital formation:*** crime established by Article 2632 of the Italian Civil Code and represented by the conduct of administrators and of contributing partners who, also in part, form or increase the stock capital fictitiously through allotments of stocks or shares overall higher than the amount of the stock capital, mutual subscription of stocks or shares, remarkable over-estimation of contributions in goods or credits or of company property in the event of transformation;

***Illegal allocation of corporate goods by liquidators:*** crime established by Article 2633 of the Italian Civil Code and represented by the conduct of liquidators who cause damages to creditors, by allotting the corporate goods among the partners before the payment of companies' creditors or allocating sums necessary to pay them;

***Illegal influence on the company's meeting:*** crime established by Article 2636 of the Italian Civil Code and represented by the conduct of those who determine the majority in the company's meeting, in order to receive a wrongful profit for oneself or for other persons through simulated or fraudulent deeds;

***Agiotage:*** crime established by Article 2637 of the Italian Civil Code and represented by the conduct of those who widespread false news or simulated operations are performed or other devices are adopted that are virtually suitable to cause a remarkable change in the price of unlisted financial instruments or for which a request for admission to the negotiations has not been submitted in a regulated market or to affect significantly the trust that the public puts in the financial stability of banks or of bank groups;

***Obstacle to the exercise of the functions of the supervising public authorities:*** crime

established by Article 2638 of the Italian Civil Code and represented by the conduct of administrators, general managers, auditors and liquidators of the company or bodies and of other persons legally subject to the supervision by the public authorities or bound by obligations in the face of the public authorities, who report material deeds that are not correct, although they are the subject-matter of assessment on the economic, property or financial situation of the persons subject to the supervision in the communications to the said authorities, in order to hinder the exercise of functions of supervision or suppress for the same purpose events that they would have fully or partly communicated concerning the same situations with other fraudulent means, even in the case where information relates to goods owned or administered by the company on behalf of third parties or by the deed committed by administrators, general managers, managers in charge of the preparation of corporate accounting documents, auditors and liquidators of the company or bodies and of other persons subject to public authorities for the legal supervision or bound by obligations in the face of public authorities, who interfere intentionally with duties in any form, even by leaving out the proper communications to the said authorities;

***Crimes with purposes of terrorism and subversion of the democratic order:*** These crimes are considered as crimes provided by the Italian Criminal Code and special laws, as well as other crimes that are, however, in violation of Article 2 of the “International Convention for the Suppression of the Financing of Terrorism”, signed in New York on December 9, 1999;

***Practices of mutilation of female genital organs:*** crime established by Article 583 bis of the Italian Criminal Code and represented by the conduct of those who cause a mutilation of female genital organs (this means clitoridectomy, excision and infibulation and any other practices that cause effects of the same kind) without any therapeutic needs or cause injuries to female genital organs, in order to impair sexual functions, or injuries other than those just described from which a bodily or

mental disease result;

***Enslavement or bondage:*** crime established by Article 600 of the Italian Criminal Code and represented by the conduct of anyone who exercises powers corresponding to those of the right of property on a person, namely of anyone who leads to or keeps a person in a status of continuous subjection, obliging him/her to carry out work or sexual performances, or to begging or, however, to performances that involve the exploitation through violence, menace, deceit, abuse of authority or taking advantage of a situation of physical or psychic inferiority, of a situation of need or through the promise or giving sums of money or other advantages to the one who has the authority on that person;

***Prostitution of Minors:*** crime established by Article 600-*bis* c of the Italian Criminal Code and represented by the conduct of those who induce minor subjects younger than eighteen years into prostitution or promote or exploit the prostitution;

***Pornography of minors:*** crime established by Article 600-*ter* of the Italian Criminal Code and represented by the conduct of anyone who makes pornographic shows, using minor subjects younger than eighteen years, produces pornographic material, induces minor subjects younger than eighteen years to take part in pornographic shows, sells pornographic material, or anyone who distributes, divulges, spreads, advertises pornographic material, outside the above mentioned hypotheses, with any means, also by telematic way, distributes or divulges news or information aimed to reach harassing or sexual exploitation. Finally, anyone who offers or transfers to others, also free of charge, this pornographic material falls in this criminal offence, outside the above described cases;

***Possession of pornographic material:*** crime established by Article 600-*quater* of the

Italian Criminal Code and represented by the conduct of anyone who intentionally gets or possesses pornographic material produced using minor subjects younger than eighteen years, outside the hypotheses outlined with regard to minor pornography;

***Virtual pornography:*** crime established by Article 600-*quater*.1 c of the Italian Criminal Code and represented by the conduct of anyone who brings about the crimes described under points 39 and 40 with regard to pornographic material represented by virtual images or prepared with processing techniques fully or partly associated with real situations, whose quality makes unreal situations to appear as real, and were prepared by using minor subjects younger than eighteen years;

***Touristic initiatives directed to the exploitation of minor prostitution:*** crime established by Article 600-*quinquies* of the Italian Criminal Code and represented by the conduct of anyone who organizes or promotes travels aimed at the exploitation of minor pornography or, however, including this activity;

***Trade of persons:*** crime established by Article 601 of the Italian Criminal Code and represented by the conduct of anyone who commits trade of a person who is led to or kept in slavery or bondage, namely inducing her/him to enter or to stay or, otherwise, to go out of the territory of the Italian State or to transfer inwards through deceit or obliging her/him to do so through violence, menace, abuse of authority or taking advantage of a situation of physical or psychic inferiority, of a situation of need or through the promise or giving sums of money or other advantages to the one who has the authority on the person, in order to commit crimes of slavery or bondage;

***Purchase or sale of slaves:*** crime established by Article 602 of the Italian Criminal

Code and represented by the conduct of anyone who purchases, sells or assigns a person who is in condition of slavery or bondage outside the hypotheses provided by the crime of people trade;

***Criminal conspiracy (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL):*** crime established by Article 416 of the Italian Criminal Code (to which Act 146 of 2006 makes reference) and represented by the conduct of three or several persons who join together to commit several crimes;

***Mafia-type criminal association (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL):*** crime established by Article 416-bis of the Italian Criminal Code (to which Act 146 of 2006 makes reference) and represented by the participation in a mafia-type criminal association formed by three or several persons;

***Criminal conspiracy aimed at the smuggling of foreign manufactured tobaccos (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL):*** crime established by Article 291-*quater* del D.P.R. 23 January 1973, no. 43 (to which Act 146 of 2006 makes reference) and represented by the conduct of three or several persons who join together with the purpose of committing several crimes among those established by Article 291-*bis* (smuggling of foreign manufactured tobacco or conduct of introduction, sale, transport, purchase or possession in the Italian territory of an amount of smuggled tobacco manufactured abroad in an amount over 10 conventional kg);

***Association aimed at the illegal traffic of drugs or psychotropic substances (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of***

***this MODEL***): crime established by Article 74 of the Presidential Decree no. 309 of October 9, 1990 (to which Act 146 of 2006 makes reference) and represented by the conduct of three or several persons who join together with the purpose of committing several crimes related to the production, trade and illegal possession of drugs or psychotropic substances;

***Money laundering (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL)***): crime established by Article 648-*bis* of the Italian Criminal Code (to which Act 146 of 2006 makes reference) and represented by the conduct of anyone who replaces or transfers money, goods or other utilities resulting from an offence committed with criminal intent, outside the cases of participation in the crime or he/she performs, in relation to them, other operations to hinder the identification of their criminal origin;

***Use of money, goods or utilities of illegal origin (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL)***): crime established by Article 648-*ter* of the Italian Criminal Code (to which Act 146 of 2006 makes reference) and represented by the conduct of anyone who uses money, goods or other utilities resulting from an offence for economic or financial activities, outside the cases of participation in the crime and cases provided by Articles 648 and 648-*bis*;

***Regulations against illegal immigration (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL)***): crime established by Article 12, sub-sections 3, 3-*bis*, 3-*ter* and 5 of the Presidential Decree no. 286 of July 25, 1998 (to which Act 146 of 2006 makes reference) and represented by the conduct of anyone who performs deeds directed to obtain the entry of someone into the territory of the Italian State in violation of regulations contained in the Consolidated Text, outside the deed that represents the most serious crime, in order to get a profit from it, also indirectly, namely to obtain the illegal entry into another country where the

person has not the citizenship or has not a title of permanent residence. Outside the previous hypotheses and if the deed does not represent the most serious crime, the conduct is also incriminated of those who promote the permanence of these persons in the territory of the Italian State in violation of the regulations contained in the present Consolidated Text, to obtain a wrongful profit from the illegal condition of the foreigner or within the activities punished in compliance with this Article;

***Incitement not to give witness or to bear false testimony to the judicial authority (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL):*** crime established by Article 377-bis of the Italian Criminal Code (to which Act 146 of 2006 makes reference) and represented by the conduct of anyone who incites the person called to make statements that can be used in a penal proceedings before the judicial authority, not to give witness or to bear false testimony by means of violence or menace, with the offer or promise of money or of other utilities, when this person has the right to refuse to answer a question, save that the deed is a more serious crime;

***Aiding and abetting (in the hypothesis in which it takes the character of transnationality, as identified in § 1.2. of this MODEL):*** crime established by Article 378 of the Italian Criminal Code (to which Act 146 of 2006 makes reference) and represented by the conduct of anyone who helps someone to elude investigations by the Authority or to dodge its inquiries after having committed a criminal offence for which the law establishes the penalty of life sentence or of imprisonment and save those cases of participation of several persons in the same crime;

***Abuse of privileged information:*** crime established by Article 184 of TUF and represented by the conduct of those who, in possession of a privileged information – due to his/her function as a member of administrative bodies, of management or

of issuer's control, of participation in the issuer's capital or the exercise of a working activity, of a profession or of a function, also public, or of a duty - purchase, sell or perform operations on financial instruments on its own or on behalf of third parties, using the privileged information possessed; or communicate the privileged information possessed to others, outside the usual execution of work; or, otherwise, recommend or induce other persons to perform some of the above-mentioned operations;

***Abuse of privileged information:*** administrative offence established by Article 187-*bis* of TUF and represented by the conduct of those who, in possession of a privileged information – due to his/her function as a member of administrative bodies, of management or of issuer's control, of participation in the issuer's capital or of the exercise of a working activity, of a profession or of a function, also public, or of a duty or, otherwise, of those who, for any reason in possession of privileged information - purchase, sell or perform operations on financial instruments on its own or on behalf of third parties, using the privileged information possessed, as they know or can know the privileged character of the same under due diligence; or communicate the privileged information possessed to other persons, outside the usual performance of work; or, otherwise, recommend or induce other persons to perform some of the above-mentioned operations. Penal sanctions also apply when the deed is a crime.

***Market manipulation:*** crime established by Article 185 of TUF and represented by the conduct of those who widespread false news, namely simulated operations are performed or other devices are adopted that are virtually suitable to cause a remarkable change in the price of unlisted financial instruments involved by the news or by the operation;

***Market manipulation:*** administrative offence established by Article 187-ter of TUF and represented by the conduct of those who widespread information, rumors or false or misleading news that give or are prone to give false or misleading indications with regard to financial instruments by means of information, including Internet or any other means; or, otherwise, perform operations or buying and selling orders that give or are prone to give false indications, namely misleading with regard to the offer, demand or price of financial instruments or enable to fix the market price of one or several financial instruments at an anomalous or artificial level through the action of one or several persons who act in agreement or, however, use devices or any other type of deceit or stratagem; or, otherwise, make use of any other device suitable to give false or misleading indications with regard to the offer, demand or price of financial instruments;

***Manslaughter and serious or very serious injuries, committed by infringing accident-prevention regulations and on the hygiene protection and workplace health:*** crime established by Articles 589 and 590 co.third of the Italian Criminal Code and represented by the conduct of anyone who causes by fault the death of a man or a personal injury, committed by infringing accident-prevention regulations and on the hygiene protection and workplace health;

***Receiving stolen goods, money laundering and use of money, goods or utilities of illegal source:*** crimes established by Articles 648, 648-bis and 648-ter of the Italian Criminal Code and represented by the conduct of those who, respectively:

- outside the cases of participation in the crime, purchase, receive or hide money or goods resulting from any offences or, however, interfere with them inducing to purchase, receive or hide these goods, in order to get profit from them for themselves or for other persons;
- outside the cases of participation in the crime, replace or transfer money, goods or other utilities resulting from an offence committed with criminal intent, except in cases of participation in the crime or he/she performs, in relation to them, other

operations to hinder the identification of their criminal origin;

- outside the cases of participation in the crime and in previous cases, use economic or financial activities, money, goods or other utilities of illegal source;

***Offences concerning the copyright violation:***

crime established by Articles 171 co.first letter a - *bis*) and co. third of Act 633/1941 and represented by the conduct of those who put a protected original work, or partly of it, at disposal of the public, by introducing it into a system of telematic networks, through connections of any type, without any rights, for any purposes and in any forms. The case worsens, if the crime is committed on a work of third parties which is not destined to be published or through the usurpation of authorship, namely through the distortion, mutilation or another change in the same work, if it causes an offence for the author's honor or reputation.

crime established by Article 171 *bis* of Act 633/1941 represented by the conduct of those who illegally reproduce computer programs for the same purposes or import, distribute, sell, possess or transfer leased programs contained in supports that are not marked by the Italian Company of Authors and Publishers (SIAE) for commercial or entrepreneurial purposes, in order to get profit from them. The same penalty is applied, if the event relates to any means intended only to enable or make easier the arbitrary removal or the function circumvention of devices applied for the protection of a computer program. The penalty is not lower than two years of imprisonment as a minimum and a fine of EUR 15,493, if the event is particularly severe or those who reproduce, transfer on another support, dispense, communicate, show or display the contents of a data bank to the public in violation of regulations of Articles 64-*quinquies* and 64-*sexies* on supports that are not marked by SIAE, in order to get profit from it or perform the extraction or

the reuse of data bank in violation of regulations of Articles 102-*bis* and 102-*ter*, namely dispense, sell or transfer a data bank on lease.

crime established by Article 171 *ter* Law 633/1941 represented by the conduct of those who:

- copy, reproduce, transmit or widespread illegally to the public with any process an original work, fully or partly destined to television, cinematographic circuit, to the sale or to the rent of disks, tapes or of similar supports, namely any other support containing phonograms or videograms of assimilated musical, cinematographic or audiovisual works or sequences of moving images;
- reproduce, transmit or widespread illegally to the public with any process literary, dramatic, scientific or educational, musical works or parts of them or dramatic-musical works or multi-media, even though they are included in collective or composite works or in data banks;
- although they do not take part in the copy or reproduction, introduce illegal copies or reproductions mentioned in letters *a)* and *b)* into the territory of the Italian State, keeps them for the sale or distribution, dispense, trade, grant on lease or, however, assign at any title, screen them to the public, broadcast on television with any process, on radio, let listen to the public;
- possess videotapes, music tapes, any support containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images or another support, for which the application of the mark of the

Italian Company of Authors and Publishers (S.I.A.E.) is prescribed for the sale or for the distribution, trade, sell, lease, assign at any title, screen them to the public, broadcast on television with any process, on radio, let listen to the public according to this law, without the same mark or with a counterfeited or altered mark;

- without agreements with the lawful distributor, transmit again or widespread an encrypted service received with appliances or parts of appliances aimed at decodifying transmissions to a limited access;
  
- introduce into the territory of the Italian State devices or elements of special decodification that enable the access to an encrypted service without paying the due fee, possess for the sale or distribution, dispense, sell, grant on lease, assign at any title, promote commercially, install them;
  
- manufacture, import, distribute, sell, lease, assign at any title, advertise products or components for the sale or rent or possess equipment for commercial purposes or perform services, whose main purpose or commercial use is to evade the effective technological measures mentioned by Article 102 – *quater* or are mainly planned, manufactured, adjusted or developed to make possible or easier the elusion of the said measures. The technological measures include those applied or remaining after the removal of these measures and as a consequence of the voluntary initiatives of the holders of the rights or their agreements and the beneficiaries of exceptions or after the adoption of measures by the administrative or jurisdictional authority;
  
- remove or alter abusively the electronic information mentioned by Article 102 – *quinquies* or distribute works or other protected materials from which the same electronic information has been removed or altered, import them for distribution,

broadcast by radio or television, communicate or put them at disposal of the public;

- reproduce, copy, transmit or widespread abusively, sale or otherwise trade, transfer at any title or import abusively more than fifty copies or items of works protected by copyright and the relevant rights;
- in violation of Article 16, for profit-making purposes, communicate to the public an original work, or part of it, protected by copyright, introducing it into a system of telematic networks, through connections of any type;
- by performing entrepreneurial activities of reproduction, distribution, sale or marketing, import of works protected by copyright and by the relevant rights, commits the crime mentioned in the first sub-section;
- promote or organize the illegal activities mentioned in the first sub-section;

crime established by Article 171- *septies* of Act 633/1941 represented by the conduct of those who declare falsely the fulfillment of obligations according to Article 181-*bis* of the second sub-section of the copyright law and of manufacturers or importers of supports, not subject to the mark of Article 181-*bis* of the same law, who do not communicate to SIAE the data necessary to the univocal identification of the same supports; within thirty days from the date of their introduction into the market or import on the Italian territory.

crime established by Article 171- *octies* of Act 633/1941 represented by the conduct

of those who produce, sell, import, promote, install, change, use appliances or parts of appliances aimed at decodifying transmissions to a limited access performed by air, by satellite, by cable, in a form that it is analogical and digital for public and private use for fraudulent purposes. All the audiovisual signals transmitted by Italian or foreign channels are considered to be a limited access in such a way to make it visible exclusively to closed groups of users who are selected by the subject that makes the issue of the signal, irrespective of the levy of a fee to exploit this service;

***Incitement to not testify or to bear false testimony to the judicial authority:*** crime established by Article 377-*bis* of the Italian Criminal Code and represented by the conduct of those who incite the person called to make statements that can be used in a penal proceedings before the judicial authority, not to give witness or to bear false testimony by means of violence or menace, with the offer or promise of money or of another utilities, when this person has the right of refusing to answer a question;

***Kill, destruction, capture, collection, possession of protected wild animal or vegetal species:*** crime established by Article 727-*bis* of the Italian Criminal Code and represented by the conduct of those who kill, capture or possess specimens belonging to a protected wild animal or vegetal species, save cases in which the action relates to a limited negligible number of such specimens and has a small impact on the status of preservation of the species, save that the deed is a more serious crime and except in cases allowed by the law.

***Destruction and deterioration of habitat inside a protected site:*** crime established by Article 733 *bis* of the Italian Criminal Code and represented by the conduct of those who destroy a habitat inside a protected site or, however, deteriorate it, by affecting the status of preservation except in cases allowed by the law;

***Unauthorized discharge of industrial sewage containing dangerous substances and discharge of the same substances in violation of the prescriptions imposed by the authorization:*** crime established by Article 137, second and third sub-sections of ‘T.U. ambientale’ (Environmental Protection Act - Decree of Law no. 152/06 and subsequent modifications and supplements);

***Discharge of industrial sewage in violation of tabular limits:*** crime established by Article 137, fifth sub-section, first and second periods of ‘T.U. ambientale’;

***Violation of prohibitions of spreading sewage on land, into ground water and into subsoil:*** crime established by Article 137, 11th sub-section of ‘T.U. ambientale’;

***Discharge of substances into the sea from ships and aircrafts, whose spillage is forbidden:*** crime established by Article 137, 13<sup>th</sup> sub-section of ‘T.U. ambientale’;

***Collection, transportation, recycling, disposal, trade and mediation of wastes without the prescribed authorization, registration or communication:*** crime established by Article 256, first sub-section, of letters a) and b) of ‘T.U. ambientale’;

***Development or management of an unauthorized dump:*** crime established by Article 256, third sub-section, first and second periods, of ‘T.U. ambientale’;

***Violation of prescriptions contained in the authorization of the management of a dump or of other activities concerning wastes:*** crime established by Article 256, fourth sub-section of ‘T.U. ambientale’;

***Not allowed mixing of wastes:*** crime established by Article 256, fifth sub-section of ‘T.U. ambientale’;

***Temporary deposit at the site of manufacturing of hazardous health wastes:*** crime established by Article 256, sixth sub-section of ‘T.U. ambientale’;

***Contamination of the soil, subsoil, surface waters and ground waters and issue of the relevant communication to the competent bodies:*** crime established by Article 257, first and second sub-sections, of ‘T.U. ambientale’;

***Arrangement and use of a false certificate of waste analysis:*** crime established by Article 258, fourth sub-section, and Article 260-bis, sixth and seventh sub-sections, of ‘T.U. ambientale’;

***Illegal trade of wastes:*** crime established by Article 259, first sub-section, of ‘T.U. ambientale’;

***Activities organized for the illegal trade of wastes:*** crime established by Article 260 of ‘T.U. ambientale’;

***Violations of the control system of the waste tracking:*** crime established by Article 260-bis, eighth sub-section of ‘T.U. ambientale’;

***Atmospheric pollution:*** crime established by Article 279, fifth sub-section, of ‘T.U. ambientale’;

***Violation of regulations on the use of substances harmful for the ozone layer:*** crime established by Article 3, sixth sub-section, of Act no. 549 of December 28, 1993;

***Willful spill of polluting substances into the sea from ships:*** crime established by Article 8, first and second sub-sections of the Decree of Law no. 202 of November 6, 2007;

***Willful spill into the sea of polluting substances from ships:*** crime established by Article 9, first and second sub-sections, of the Decree of Law no. 202 of November 6, 2007;

***Employ of citizens from third countries whose stay is irregular:*** a crime established by Article 22, Subsection 12-bis, of the Decree of Law no. 286, of July 25, 1998, and consisting in the conduct of the employer who hires a number greater than three of foreign workers or at least one minor worker in not working age or at least one worker exposed to situations of serious hazard or of a severe discomforts concerning the features of the performance to be applied and the working conditions, if devoid of the license of stay established by the above mentioned Article 22, or whose license of stay is expired and whose renewal was not requested within the terms of law or was revoked or deleted.

## Chapter II

### THE MODEL OF CHEMI S.P.A.

#### GENERAL PART

#### 2. Nature and Sources of the MODEL

The present MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL, approved by the Board of Directors on June 28, 2012, represents the business rules of CHEMI S.P.A., which are binding for the Company. This model is intended as the set of operating and deontological rules adopted by CHEMI - according to the specific activities performed - in order to avoid any perpetuation of those crimes which are provided by the DECREE.

This MODEL is generated by *Guide Lines* of category associations - in particular of the *Guide Lines* of FARMINDUSTRIA for the adoption of organizational models on administrator's responsibility - and founded on the results of risk mapping.

The CODE OF ETHICS of CHEMI represents the essential ground of this MODEL. Its regulations are integrated with those of the CODE OF ETHICS.

The CODE OF ETHICS is attached to the MODEL. It contains a series of juridical obligations and moral duties that define the range of ethical and social responsibilities of each participant in the organization which represent an effective instrument as a whole aimed at preventing illegal or irresponsible behavior from subjects that act in the name of and on behalf of the company. These general principles are the source of operating rules that give an immediate applicability to the CODE OF ETHICS in the current management, making reference, in general, to relationships that should exist between the company and all the institutional interlocutors, such as the Public Administration.

### 3. Purposes of the MODEL

With the adoption of the MODEL, the COMPANY intends to comply with the provisions of law, especially following the inspiring principles of the DECREE, the association Codes of Practice and Recommendations of supervision and control authorities and making the system of controls and corporate governance more efficient with a special reference to the purpose of avoiding any perpetuation of those crimes which are mentioned by the DECREE.

The MODEL sets out the following purposes:

- knowledge of activities that have a risk of perpetuation of crimes which are significant for the COMPANY (risk activities); knowledge of rules that regulate the risk activities; suitable, effective information of the addressees concerning modes and procedures to be followed during the performance of risk activities; awareness of sanction consequences that can result from them or involve the COMPANY through the violation of laws, rules or internal measures of the COMPANY;
- spread, personal acquisition and concrete achievement of an enterprise culture characterized by the principles of *lawfulness*, aware of the expressed disapproval from the COMPANY of any behavior which is contrary to the law, regulations, rules of self-regulation, indications of the supervising and control authorities, internal measures and, in particular, the regulations contained in this MODEL;
- spread, personal acquisition and concrete achievement of a culture of *control* that should manage the achievement of objectives that the COMPANY sets over the time -

exclusively based on decisions regularly taken by the competent corporate bodies;

- an efficient and well-balanced *organization* of the COMPANY with a special reference to a clear assignment of powers, formation of decisions and their transparency and explanation, preventive and subsequent audits on deeds and activities, as well as to the accuracy and truthfulness of internal and external information.

Regarding the nature and size of the specifically involved organization, as well as the type of activity or function performed, practically suitable measures must be adopted to improve the efficacy of the performance of activities or functions, by assuring the regular compliance with the law and all other rules that play a role to regulate its activities or function, by identifying and removing promptly the situations of risk for committing crimes or, at least, by reducing them to the minimum possible.

For the purposes mentioned in the previous paragraph, the COMPANY adopts and implements and adjusts constantly the regulatory, organizational and procedural choices that are effective:

- to assure that the human resources of any level are employed, managed and trained according to the criteria expressed in the CODE OF ETHICS of the COMPANY, to the principles and anticipations estimated by the MODEL and in precise accordance with the laws in force, in particular with Article 8 of the Workers' Statute;
- to promote the collaboration for a more efficient, constant and widespread

implementation of the MODEL by all the subjects who operate within the COMPANY or with it, always assuring the confidentiality protection of the identity of those who give true and useful information to identify behaviors out of line with those prescribed;

- to assure that the allocation of powers, competences, functions, tasks and responsibilities of the individual subjects operating in the COMPANY and their position within the business organization, are compliant with the principles of transparency, clarity and verification and are always consistent with the activity performed in practice by the COMPANY. The system of proxies and delegations should be intended for the purpose mentioned in a document approved by the Board of Directors and regularly updated with the precise indication of the assigned powers, also of expenditures or financial ones and the limits of autonomy;
  
- to disapprove and penalize behaviors that represent an objective violation of competences, assignments and powers of each subject, if inspired by any reason whatsoever, as they are provided by laws and rules that are applied to the COMPANY;
  
- to establish that the definition of the objectives of the COMPANY or those established for ADDRESSEES at any organizational level and under consideration of every organizational sector meets realistic criteria that can be objectively implemented;
  
- to represent and describe the activities performed by the COMPANY, its functional expression, business organization, relationships with the supervisory and control authorities, with other controlled or affiliated companies or with other bodies in truthful and correct documents, drawn-up under the responsibility of those persons that can be easily identified and promptly updated;

- to implement training and updated programs with the purpose of assuring the effective knowledge of the CODE OF ETHICS and of the MODEL by everyone who works for the COMPANY or with it, as well as by all the subjects that are directly or indirectly involved in the risk activities and operations which are mentioned in the next paragraphs;
  
- to allow the use of information technology instruments and the access to *Internet* exclusively for reasons and purposes related to the work activities of the employee in accordance with the adopted business regulation on the topic.

#### **4. Addresses of the MODEL**

The rules contained in the MODEL apply:

- to those who practically perform functions of representation, management, administration, direction or control of the COMPANY or of one of its units or department, provided with financial and functional autonomy (COMPANY'S REPRESENTATIVES);
  
- to subordinate employees of the COMPANY, of any rank and on the strength of any type of contractual relationship, although they are on secondment and abroad for the performance of activities (EMPLOYEES);
  
- to those who have a mandate or operate in the interest of the COMPANY, although they do not belong to the COMPANY;
  
- to COLLABORATORS and immediate parties in general.

The MODEL with the relevant CODE OF ETHICS represent essential benchmarks for all those who contribute to the development of various activities as suppliers of materials, services and works, as consultants, partners in temporary associations of companies or companies with whom CHEMI S.P.A. operates.

The acceptance of rules and behaviors established in these documents should be included explicitly in contracts, agreements between members or partners and so on.

The ADDRESSEES are obliged to comply duly with all the regulations of the MODEL, also in accordance with duties of loyalty, honesty and diligence resulting from juridical relationships established with the COMPANY.

The COMPANY divulges the MODEL through modes suitable to assure the effective knowledge for all the subjects in question.

The COMPANY disapprove and penalize any behaviors which are not in line with laws, but also with the forecasts of the MODEL as well as the behaviors adopted, in order to evade the law, the MODEL or the CODE OF ETHICS, even when a conduct is performed with the belief that it pursues the interest of the COMPANY, also partly, namely with the intention to bring advantages to it.

## **5. Communication and Training on the Model**

The MODEL will be the subject-matter of a wide communication, in order to become a steady reference in business activities.

In particular, the following will be the subject-matter of communication:

- The CODE OF ETHICS for all the employees at the time of the approval, for new employees at the time of hiring and for collaborators at the time of the drawing up of the contract;

- The MODEL for all the managers and executive cadres.

Regular training activities will be planned according to the different categories, functions and levels of ADDRESSEES, also taking in view the sensitive areas where they operate.

In particular:

- immediately after the approval of the MODEL;
- in case of changes and/or updates;
- within the training activities for new hired persons.

For the implementation of the MODEL, the training and the office circular letter destined to the personnel are managed by the competent responsible function in close coordination with the BODY and with the persons in charge of other functions from time to time involved in the application of the MODEL.

For COLLABORATORS and third parties (promoters, agents, contract collaborators, semi-subordinates, consultants, outsourcers, suppliers, commercial partners) it is necessary to include the same official circular letter and advertising of the MODEL, also according to different modes, for example through the delivery of the printouts of the MODEL and CODE (with recognition of receipt) and, if possible, by distinguishing in relationship with the type of contractual relationship and the type of activity performed in relationship to the risks of crime.

## **6. Adoption, changes and update of the Model and Procedures.**

Save what hereunder expressly provided, the Board of Directors has the exclusive competence for the adoption and change of the MODEL which is suitable to avoid

any crimes in general and, in particular, CRIMES and ADMINISTRATIVE OFFENCES recalled by the DECREE:

The Board of Directors promptly changes the MODEL, if significant violations or evasions of prescriptions contained in it have been identified by the BODY, by another Function of the COMPANY or by any other subject of the COMPANY that highlight its unsuitability, but also partially, to assure the effective crime prevention;

The Board of Directors promptly updates the complete MODEL or a part of it, also according to the proposal of the BODY, if modifications or changes occur:

- a. in the governance and regulatory system, also in the self-formed components, that regulates the activity of the COMPANY;
- b. in the corporate structure or in the organization or in the articulation of the COMPANY;
- c. in the activity of the COMPANY of its goods or services offered to customers;
- d. in reference to other and different elements and circumstances which are essential for the result of risk mapping.

The functional articulations in question promptly process and make changes of procedures of their competence, as soon as these changes appear to be necessary for the effective implementation of the MODEL according to letters a), b), c) and d).

The proposals of changes of the MODEL – mentioned in Paragraph 6, letters a), b), c) and d) - are communicated in advance to the BODY that must express promptly an opinion. If the Board of Directors believes to diverge from the opinion of the BODY, it should give an adequate justification.

However, the Managing Director of the COMPANY can introduce changes of a merely formal nature into the MODEL or Procedures, if they are necessary for its better clarity or efficiency. Changes are immediately communicated to the BODY and to the Board of Directors for its ratification.

The BODY must promptly report the facts that suggest the opportunity or the need of change or review of the MODEL to the President of the Board of Directors and to the Managing Director in written form. In this case the President of the Board of Directors must summon the Board of Directors, so that competent resolutions are adopted.

The above-mentioned considerations apply to the adoption of new procedures or to the change of pre-existing procedures which are necessary for the implementation of the MODEL by the involved functional articulations, as they are consistent with them. The new procedures and changes to the existing ones must be promptly communicated to the BODY.

## **7. Performance of intragroup services**

### **7.1. Performance of services carried out in favor of controlled companies**

The performance of services, carried out by the COMPANY in favor of controlled companies that can involve activities and operations at risk mentioned in the next *Special Part*, must be regulated by a written contract.

The contract is communicated to the BODY of the COMPANY.

In particular, the contract for the performance of services, mentioned in the previous point, should include:

- the obligation by the company who is the recipient of services to certify the truthfulness and completeness of documentation or of information communicated to the COMPANY for the performance of services requested;
  
- the power of the BODY of the COMPANY to request for information to the Supervising Body or to an equivalent function of the company who is the recipient of services for the correct performance of its own tasks in relationship with the performance of services requested to the COMPANY;
  
- the obligation of the BODY of the COMPANY to draw-up a report concerning the performance of its own functions at least once a year, in relation to the performance of the requested services. This report is communicated to the Board of Directors and to the Supervising Body - or to an equivalent function of the company who is the recipient of services;
  
- the power of the Supervising Body of the company who is the recipient of services to ask for information to the BODY of the COMPANY or - after information to the latter – to the functions of the COMPANY for the correct performance of supervision.

Apart from the CODE of Ethics, the COMPANY complies with the MODEL in the performance of services and with the procedures established for its implementation.

The COMPANY complies with adequate and suitable rules and procedures to avoid any perpetuation of CRIMES and ADMINISTRATIVE OFFENCES, if it performs services within the activities or operations at risk, not included in its own MODEL on behalf

of other companies belonging to the GROUP.

If the company of the GROUP who is the recipient of the performed services requires justifiably that the COMPANY is complying with the new procedures or different from those provided by this MODEL or established for its implementation, the COMPANY complies with these procedures only when its own BODY has considered them to be suitable to avoid any perpetuation of CRIMES and ADMINISTRATIVE OFFENCES.

The BODY of the COMPANY cares for the adoption and compliance of the procedures discussed in the previous paragraphs.

## **7.2. Performance of services carried out by controlled companies in favor of the COMPANY**

The performance of services, carried out by the COMPANY in favor of controlled companies that can involve activities and risk operations mentioned in the next *Special Part*, must be regulated by a written contract.

The contract is communicated to the BODY of the COMPANY.

In particular, the contract for the performance of services, mentioned in the previous point, should include:

- the obligation of the company who is the recipient of services to certify the truthfulness and completeness of the documentation or of information communicated to the COMPANY for the performance of services requested;
  
- the power of the COMPANY'S BODY of requesting for information to the Supervising Body - or to an equivalent function - of the company which performs the services or the Functions of the company which performs the services – after information of this

latter company - for the correct performance of its tasks of vigilance

- the obligation of the Supervising BODY– or of another equivalent Function – of the company which performs the services of drawing-up at least once a year a report concerning the performance of its own functions requested to the COMPANY and to communicate this report to the Board of Directors and to the BODY.

The contracts should include a provision that the controlled company to which the service is requested complies with a MODEL or, however, with adequate and suitable procedures to avoid any perpetuation of CRIMES and ADMINISTRATIVE OFFENCES. If the adoption of the MODEL by the legislation that regulates the activity of the company of the GROUP is not established, the company must check if the organization and the internal procedures of the COMPANY are suitable to avoid any perpetuation of CRIMES and ADMINISTRATIVE OFFENCES, after having consulted with its own BODY.

The COMPANY can justifiably require that the COMPANY who carries out the performance of the services complies with procedures new or different from those established by this MODEL or established for its implementation. The COMPANY who carries out these services must comply with these procedures only when its own BODY has considered them to be suitable to avoid any perpetuation of CRIMES and ADMINISTRATIVE OFFENCES.

If the BODY thinks that it is necessary for the prevention of CRIMES and ADMINISTRATIVE OFFENCES, it proposes that the contracts include the adoption of specific control procedures by the controlled company that performs the services, after having consulted the competent functions.

## **8. Identification of the SUPERVISING BODY**

The DECREE identifies in the “*organ of the body*” endowed with “*autonomy and powers of initiative and control*” the organ to which to entrust the task of supervising **i)**

continuously the functioning and compliance with the MODEL, its widespread and effective implementation, the compliance with prescriptions herein contained from employees, corporate bodies, service companies and other third parties and its subsequent effective ability of avoiding any perpetuation of crimes, as well as **ii)** that the quick and regular update of the MODEL is assured, if there are requirements for its update related to changed business and regulatory conditions.

This BODY should be characterized by requirements of stability, hierarchical autonomy – versus other bodies and subjects – and expenditure requirements, independence of judgment and interests, professionalism, operating efficiency and action continuity.

The requirement of *autonomy and independence* implies that the BODY:

- has autonomous powers of initiative and control;
- reports only to the maximum hierarchical leadership, namely to the Board of Directors during the performance of its functions;
- does not work under and according to the instructions of any other function, neither of Top Management, nor of decision-making body;
- does not accept any tasks of operating type.

However, the BODY performs its functions promoting a rational and efficient cooperation with organs and control functions present inside the COMPANY to the maximum extent possible.

The requirement of *professionalism* implies that the BODY:

- has adequate specialistic competences, in particular on financial crimes;
- is provided with instruments and specialized techniques to carry out the activities, also by employing in-house and/or external specialized aids.

The requirement of *respectability* implies that there are no causes for ineligibility. No sentence even of first instance or plea-bargaining should exist against each component of the BODY concerning crimes provided by the DECREE, neither causes for ineligibility established for bank representatives and financial intermediaries.

The BODY consists of three members of whom at least two have specific professional competences in those subjects that are important for the COMPANY in accordance with the requirements mentioned under the previous point:

- a) a member belonging to the COMPANY'S staff, namely the Person in charge of the Functions of Administration;
- b) two external members.

This BODY will regulate the rules concerning its functioning, as well as the management modes of necessary information flows through specific regulations.

The BODY appoints a President among its members – to whom specific functions may be delegated – by choosing it among the members who are external to the COMPANY, as well as a Secretary that will be entrusted with the archiving and storage of documents concerning the activities of the BODY, taking care that this documentation cannot be changed or altered. The documentation will be stored in the site of the COMPANY.

Taking into account the peculiarities of the responsibilities assigned to the BODY and the resulting specific professional contents with the performance of supervision and control tasks the BODY is supported, as a rule, by structures of the *Internal Audit* function. However, the BODY can use the support of other internal functions - according to the rules and principles prescribed in the regulations of the BODY - as well as of other external subjects, if the contribution of its acquisition makes it necessary or appropriate.

The appointment of the members of the BODY and their revocation (for example in case of a violation of their own duties resulting from the MODEL) are reserved to the competence of the Board of Directors of the COMPANY, after the Auditors' opinion, with a grounded measure against each member. The revocation of the appointment can be

ordered after a joint session with the Board of Auditors in which other members of the BODY take part.

When choosing the members, the single important criteria are those – already mentioned - related to the specific professionalism and competence requested for the performance of the functions of the BODY, respectability – to be evaluated according to the requirements established for financial intermediaries<sup>5</sup>- and to the absolute independence of the members who are external to the COMPANY.

The same criteria and requirements also apply to external consultants.

The length of the appointment and the hypotheses of revocation are defined in the instrument of appointment.

Besides the just cause (for example, unfaithfulness, inefficiency, negligence, inexperience, serious failure to comply with one's own duties, as they are defined in the MODEL; violation of confidentiality obligations established by the MODEL), the revocation will be accepted also in case of impossibility or whenever the requirements of independence, impartiality, autonomy, requirements of respectability and eligibility, absence of conflict of interest and of direct relationship with corporate bodies and with the management will fail on the part of the members of the body, or whenever the subordinate and/or collaborative relationship with the COMPANY ceases.

Every member of the BODY must promptly inform the Secretary and the other members of the loss of requirements.

The BODY is considered to be declined, if the majority of the members is dismissed or leaves the company for any other reasons. In this case, the Board of Directors will appoint the new members.

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<sup>5</sup> According to Articles 25, 26, 27 of T.U.B. and to the Decree of the Italian Ministry no. 161 of March 18, 1998.

The BODY is considered to be declined, if the COMPANY receives a verdict of guilty or is forced to come to an agreement because of the violation of the DECREE after having ascertained its unsuitability or for the omission of the supervision activity.

#### **9. (continues): function and powers of the Supervising Body**

The BODY has autonomous powers of initiative, intervention and control that extend to all the sectors and functions of the COMPANY, including the decision-making body and its members, external collaborators and consultants. These powers can be exercised only to perform effectively and promptly the functions established in the MODEL and according to its implementation rules, namely to watch over:

- 1) the *efficacy* and suitability of the MODEL with reference to the corporate structure and the real ability to avoid any perpetuation of crimes. For this reason, the BODY, according to regular controls considered to be appropriate by the BODY itself, performs
  - the interpretation of the most important regulations;
  - makes inspections on the company's activities, in order to update the map of risk activities and relevant sensitive processes;
  - the coordination with the competent office for the definition and implementation of training programs of the whole staff of the COMPANY aimed at giving the needed awareness and the basic knowledge of Regulation 231;
  - the monitoring of initiatives to divulge the knowledge of the MODEL inside and outside the COMPANY;
  - the supply and constant update of important information, in order to allow a full and content-aware compliance with the rules of COMPANY'S conduct;
- 2) in the *compliance* with the MODEL by the corporate bodies, personnel and other third parties; therefore the BODY:
  - performs regular controls of certain operations or specific actions generated by the

company within sensitive processes, according to the deadlines considered to be appropriate by the BODY and even without any advance notice;

- coordinates with the business functions, also through suitable meetings for a better monitoring of the activities. For this purpose, the BODY has a free access to the whole company's documents that are considered to be important and should be regularly informed by the corporate bodies and employees:

- a) on the aspects of corporate activities that can expose the COMPANY to a risk of perpetration of one of the offences;

- b) on the relationships with service companies and with other third parties who operate within sensitive areas and operations on behalf of the Company;

- b) on the extraordinary operations of the COMPANY;

- to collect, process and store important information in accordance with the MODEL, as well as to update the list of information that should be submitted or kept at disposal of the BODY itself;

- to arrange for in-house inquiries, keeping in touch, from time to time, with the business functions involved, in order to acquire further elements of assessment;

3) on the *opportunity* of updating the MODEL and the relevant monitoring, whenever it is necessary to update it in relationship with the changed business and regulatory conditions. To this purpose, the BODY performs:

- a regular assessment of the suitability of the MODEL versus the prescriptions of the DECREE and the present document, as well as its effectiveness based on the outcome of the audit and control activities;

- the submission to the Board of Directors of a suitable report related to these assessments;

- the performance of regular controls on the implementation and effective functionality of solutions/corrective actions proposed according to regular controls

considered to be appropriate by the BODY and, however, at least every six months;

- the coordination with the persons in charge of the competent business functions, in order to evaluate the application of any possible disciplinary measures, except for the competence of the pertinent body/business function for the infliction of a penalty and for the relevant disciplinary action.

The BODY is entrusted with autonomous expenditure powers based on an annual estimate for the allocation of sufficient financial resources, which the BODY will be able to use for any requirements necessary for the correct performance of the tasks (for example business consulting, transfers and so on), approved by the Board of Directors when drawing-up the corporate *budget* an upon proposal of the BODY itself.

Furthermore, the BODY can independently use resources that exceed its own expenditure powers, whenever the use of these resources is necessary to cope with exceptional and urgent situations. In these cases, the BODY must inform accordingly the Board of Directors during the next meeting.

The BODY cannot be entrusted with powers of managerial, decision-making, organizational or disciplinary intervention, neither does not lie within its jurisdiction, nor can be assigned as a replacement, even though relevant to subject-matters or issues concerning the performance of activities of the BODY.

Moreover, the control and audit activity performed by the BODY is strictly functional to the objectives of a true implementation of the MODEL and cannot supersede or replace the institutional control functions of the COMPANY.

The members of the BODY, as well as the subjects of whom the BODY makes use on whatever basis, undertake the obligation to keep confidential all the information acquired during the exercise of their functions or activities.

In particular, the BODY is the holder of the following powers of initiative and control that are exercised in full compliance with the regulations and individual rights of workers and persons involved in its activities aimed at watching over the effective and successful implementation of the MODEL:

- performs a regular inspection and control activity, also at random, whose frequency is reasonably predetermined by the BODY itself in view of various areas of intervention or of the different types of sensitive activities and of their critical points; the BODY meets at least quarterly and draws-up meeting minutes and keeps the relevant copies;
  
- has access to all the information concerning risk activities kept by anyone;
  
- can request for information or the submission of documents, also information technology documents concerning risk activities to managers of the COMPANY, as well as to all the employees who perform risk activities regularly or occasionally or to those who supervise them, even without any advance notice;
  
- can ask for information or submission of documents concerning risk activities to the administrators, Board of Auditors, auditing company, collaborators, consultants, agents and representatives outside the COMPANY and, in general, to all external subjects who are obliged to follow the MODEL as inscribed; the obligation of the latter to comply with the request of the BODY must be included in the individual contracts;
  
- the meetings with different bodies inside the COMPANY should be verbalized and one copy of the minutes should be kept at both sites of the BODY and of other bodies;
  
- can perform inspections, also in cooperation with any safety services of the body

which the BODY can use;

- can request for information or documents relevant to controlled or affiliated companies submitting a request addressed exclusively to the Supervising Body of the individual company or to an equivalent body;
  
- receives regularly reports and information from the persons in charge of functional areas where risk activities are performed or are affected by these, also partly, according to a frequency reasonably predetermined by the BODY;
  
- can directly use the staff belonging to the *Internal Auditing* function or, if required by the nature of audits, to other functions of the COMPANY, by identifying a dedicated *staff* and by agreeing in advance with the person in charge of the Function on the use of the staff, provided that there are not any urgent reasons for doing it. Measures concerning staffing levels, the assignment to another position and the application of disciplinary measures for the *Internal Audit* are accepted with the positive opinion of the BODY;
  
- receives in advance the annual work plans with specific details on the risk areas from the functions of *Internal Audit* and *Compliance*. The BODY can request reasonably for the integration of plans, informing accordingly the Board of Directors and the Board of Auditors;
  
- if necessary, can use external consultants, after having informed the Managing Director. The communication to the Managing Director can be omitted under the responsibility of the BODY in view of the special sensitivity of investigations or of

their subject-matter;

- submits a reporting for any possible application of penalty procedures to the Managing Director and to the Human Resources Manager, provided that the application of these measures lies within the competence of the relevant functions;
  
- subjects the MODEL and the procedures adopted for its true implementation to a regular control, according to frequencies that are considered to be appropriate by the BODY and, however, at least every six months and suggests the relevant update to the decision-making body in accordance with the present MODEL;
  
- except for problematic issues detected that require a faster delivery of report, it is necessary to draw-up regularly a written report on the activities performed, by sending it to the President of the Board of Directors and to the President of the Board of Auditors along with a grounded statement of expenditure incurred and, however, at least every six months. The reports, mentioned in the minutes book, contain also any proposals of integration and change of the MODEL and of procedures for its implementation;
  
- can call the meeting with the Board of Auditors, the Board of Directors or the Managing Director; these can, in turn, request for a direct confrontation with the BODY;
  
- should draw-up an annual plan for the activities of the next year to be submitted to the Board of Directors and to the Board of Auditors for their information and the *budget* forecasts within 90 days after the closing of the corporate year;

- should coordinate with the Managing Director and with the Personnel Manager to define the training programs, the distribution channels and the contents of regular communication.

In brief, the regular reports prepared by the BODY should contain, deal or report at least:

- a) any problems arisen concerning the modes of implementation of the MODEL or procedures adopted for the implementation or depending on the MODEL and the CODE OF ETHICS;
- b) the statement on reports received from in-house and external subjects according to the implementation of the MODEL and PROCEDURES;
- c) the disciplinary procedures and any penalties applied by the functions of the COMPANY with an exclusive reference to the risk activities;
- d) an overall evaluation of the implementation and efficacy of the MODEL with indications on integrations, amendments or changes with a special attention to the integrations with management systems of incoming and outgoing financial resources that are necessary to introduce expedients that are suitable to detect the existence of atypical financial flows characterized by higher margins of discretion;
- e) a review of all the reports received over the year and of the information transmitted to the BODY from the corporate structures, as well as of the sensitization activity of the employees.

***10. (follows): obligations of specific information versus the Supervising Body***

The BODY must be timely informed of deeds or events through an appropriate reporting system from ADDRESSEES that could cause a violation or circumvention of the MODEL or of the relevant procedures and, therefore, which could generate responsibilities towards the COMPANY according to the DECREE.

The obligations of information on any behavior which is contrary to regulations contained in the MODEL fall into the greater duty of diligence and the loyalty obligation of the workman complying with Articles 2104 and 2105 of the Italian Civil Code.

In this context the following general prescriptions are applied:

- ADDRESSEES are obliged to send to the BODY any reports relevant to violations of the MODEL and to the perpetration or to the reasonable conviction of the perpetration of CRIMES;
- ADDRESSEES are obliged to inform the BODY of any violations caused by EMPLOYEES, CONSULTANTS, MANAGERS, CORPORATE BODIES and PARTNERS, when they learn about it;
- any reports that show the evidence or the suspect of violation of the MODEL must be sent in a written form to the following e-mail address: [odv@chemi.com](mailto:odv@chemi.com) ;
- the reporting agents in good faith must be assured against any form of retaliation, discrimination or penalization or whatsoever consequences resulting from the reporting and in any case the identity of the reporting agent will be kept confidential, save for legal obligations and the protection of COMPANY's rights or of persons wrongly incriminated and/or in bad faith;

- the Body is responsible for keeping confidential the identity of the reporting agent; the failure to perform this obligation represents a serious violation to the MODEL.

ADDRESSEES not included in the COMPANY organization chart, transmit the reporting directly to the BODY, as far as it concerns their activities performed towards or on account of the COMPANY.

The BODY evaluates the reporting received, by keeping in touch, if necessary, with the author of the reporting and/or the person in charge of the alleged violation; any subsequent measures are applied in accordance with what established in the next Paragraph 12.

The BODY is not bound to take in view the anonymous reporting that appears to be *prima facie* irrelevant, devoid of any basis in fact or not detailed.

Apart from any reporting relevant to above described violations of *general character* the following information should be compulsorily and immediately transmitted to the BODY:

- significant operations that fall into areas considered to be at risk, as defined in the *Special Part* of this MODEL;
- measures and/or news coming from Criminal Investigation Departments or by any other authorities from which the conduction of investigations for CRIMES can be deduced, also towards persons unknown, if these investigations involve the COMPANY or its EMPLOYEES, CORPORATE BODIES, COLLABORATORS or PARTNERS;

- requests for legal aid or other reporting transmitted by EMPLOYEES in case of the initiation of the judicial proceedings against them for CRIMES referring to the DECREE;
- reports prepared by persons in charge of other business functions of the COMPANY within their control activities and from which facts, deeds, events or omissions with aspects of problematic issues could emerge because of non-compliance with regulations of the DECREE;
- news relevant to penal proceedings carried out and to any measures inflicted (including measures towards EMPLOYEES), namely measures of dismissal of these proceedings with the relevant grounds, if they are related to the perpetration of CRIMES or violation to behavioral or procedural rules of the MODEL;
- on a periodical basis, any other information that turns out to be important for a correct and full activity of supervision and of update of the MODEL, although it is not included in the previous list.

Periodically the BODY suggests any changes/integrations to the Board of Directors to be introduced to the above-mentioned list.

Reporting obligations on the part of COLLABORATORS and other third parties in relationship with the COMPANY will be specified in suitable clauses included in contracts that bind these subjects to the COMPANY.

**11. (follows): documentation of Body activities and collection and storage of information**

The audit activities of the BODY are supported by adequate documentary evidences. It is necessary for each intervention to:

- define a detailed work plan for single activities established in the annual audit plan. The work plan is used as a guide during the performance of audits and is filed at the end of the work process along with the whole documentation relevant to what was carried out until then;
- formulate written requests to the organizational units in question;
- file carefully all the documents produced and received according to a chronological order and in such a way that the traceability of activities is possible. A similar procedure is established for the storage of material in electronic format;
- at the end of every intervention it is necessary to prepare a report that describes the work performed and evidence emerged;
- update the register of activities.

The BODY has the task of preparing a *drug master file* as an evidence of activities performed. In particular, a chronological register is kept where the activities of the BODY are summarized. This register contains the index:

- of training activities undertaken and of relevant results, divided by category and hierarchical ranking;
- of audit activities carried out, by mentioning the duration, the reasons for an audit, the organizational units involved any recommendations;
- of reporting received, divided by sensitive activities and mentioning the number of reporting sent and the structures involved;
- of periodical activities of update of the MODEL, mentioning the major interventions performed;
- the Secretary will take care of keeping a minute book of the BODY.

Every information, reporting, *reports* established in this MODEL are stored by the BODY in a suitable *database* (computer and paper one) for a period of 10 years, except for the compliance of regulations on the subject of confidentiality of personal data and of rights assured in favor of interested parties.

The access to the *database* is allowed exclusively to the BODY and to persons specifically identified in the regulations of the BODY.

## **12. The penalties system**

The Article 6, second sub-section of the DECREE establishes the introduction of a disciplinary system suitable to penalize behaviors different from those provided by the

organizational model or by implementation procedures, in order to make the control system functioning more efficient.

This system must be differentiated by employees or those who are subjected to the management and supervision by managers - for managers - in relation to the different type of contract who binds them to the COMPANY - and finally for administrators.

For employees and managers the penalties system will make essentially reference to and will be applied in accordance with the regulations of the WORKERS' STATUTE and the current 'CCNL' (National Labor Collective Agreements).

The Board of Directors, after having contacted the Human Resources Manager, the Director of Legal and Corporate Affairs and the BODY, as well as, if necessary, the persons in charge of functional articulations involved, determines preliminarily the types of juridical relationships with subjects outside the COMPANY to whom it is advisable to apply the regulations of the MODEL, in order to avoid CRIMES, by specifying the modes and including penalty measures in cases of violation of the measures contained herein or procedures established for its implementation.

The preliminary assessments and the application of penalties because of violations of the regulations of the MODEL fall into the exclusive power of COMPANY'S competent bodies by virtue of functions granted to them by the Statute or by resolution of the Board of Directors or by internal regulations.

The application of penalty measures does not prejudice, neither change any further civil-law consequences or of other nature (penal, administrative, fiscal) that can result from the same deed.

The application of disciplinary measures is irrespective of the outcome of a possible penal proceeding, as the rules of conduct imposed by the MODEL are followed by the company in full autonomy, independently of the offence that the possible conducts can determine. The disciplinary system is not only independent of any possible prosecution, but on the contrary, it must remain on a clearly different level and separate from the regulatory system of penal and administrative law. In the case that the COMPANY – as, however, already established by the National Labor Collective Agreement of managers

- prefers waiting for the outcome of the criminal trial, it will be able to appeal to the institute against the temporary suspension from the service and to defer any possible initiation of a disciplinary proceeding according to the outcome, even not definite, of the criminal trial.

Any violation or circumvention of the MODEL or of procedures for its implementation by anyone who committed it must be immediately communicated to the BODY in a written form, being understood that procedures and disciplinary measures remain of exclusive competence of the holder of disciplinary power.

All addressees of the MODEL must perform the reporting referring to the previous paragraph.

The BODY must be immediately informed of the application of a penalty because of violation of the MODEL or of procedures established for its implementation, disposed towards any subject obliged to comply with the MODEL and procedures before recalled.

According to Act 300 of May 20, 1970, first paragraph of Article 7 and as an enforcement of Article 50 of the National Labor Collective Agreement of employees there are specific criteria of correlation between workers' failure and disciplinary measures established by the contract itself and hereunder listed:

#### *Verbal rebuke*

It is applied after a slight violation and for the first time with internal procedures established by the MODEL or with the adoption of a behavior not complying with prescriptions of the MODEL itself during the performance of activities in risk areas, as it should be recognized that this behavior does not comply with the regulations brought to the notice of the personnel by service orders, circular letters, instructions or another suitable means currently used at the COMPANY;

*Written warning*

It is made after a violation of internal procedures established by this MODEL or the adoption of a behavior not complying with the prescriptions of the MODEL itself during the performance of activities in risk areas, as it should be recognized that these behaviors do not comply with the regulations brought to the notice of the staff by service orders, circular letters, instructions or other suitable means currently used at the COMPANY;

*A fine not exceeding the amount of 3 hours of the standard retribution*

It is made after a *repeated* violation of internal procedures established by this MODEL or the adoption of a behavior not complying *more times* with the prescriptions of the MODEL itself during the performance of activities in risk areas, before said failures have been individually ascertained and refuted, as it should be recognized that these behaviors do not comply *repeatedly* with the regulations brought to the notice of the staff by service orders, circular letters, instructions or other suitable means currently used at the COMPANY;

*Discontinuation from the service and from remunerations for a maximum of 3 days.*

It is made after a slight violation and for the first time of the internal procedures established by the MODEL or the adoption of a behavior not complying with the prescriptions of the MODEL itself during the performance of activities in risk areas, as well as the performance of deeds contrary to the interest of the COMPANY that cause

damage to the same or expose it to an objectively dangerous situation for the integrity of corporate goods, as the performance of deeds contrary to its interest or the determination of a damage or of a dangerous situation for the integrity of corporate goods in these behaviors should be recognized, also resulting from the non-compliance with regulations brought to the notice of the staff by service orders, circular letters, instructions or other suitable means currently used at the COMPANY;

*Disciplinary dismissal due to a considerable breach of contractual obligations by the workman (dismissal with good cause or for just cause)*

It is made after the adoption of a behavior not complying with the prescriptions of the MODEL itself during the performance of activities in risk areas and aimed univocally at committing a CRIME penalized by the DECREE, as it should be recognized the determination of a remarkable damage or a situation of considerable prejudice against the company, in this behavior, also resulting from the non-compliance with the regulations brought to the notice of the staff by service orders, circular letters, instructions or other suitable means currently used at the COMPANY.

If this fact represents a violation to duties resulting from laws or from the employer-employee relationship that does not allow, even provisionally, the continuation of the relationship itself, it will be however possible to decide on the dismissal without previous notice according to the *former* Article 2119 of the Italian Civil Code, being understood that the disciplinary proceeding is observed. The revocation of possible proceedings assigned to the subject involved can be ordered through a notification.

More specifically, the type and extent of each of the above-mentioned penalties will be applied in relation to:

- a willful behavior or degrees of negligence, imprudence or inexperience, also with reference to the predictability of the event;

- an overall behavior of the worker with a special reference to the existence or not to disciplinary records of the same within limits established by the law;
- tasks of the worker;
- the functional position of the persons involved in faulty facts;
- other particular circumstances that result in a disciplinary violation.

The claim for damages caused to the COMPANY remains always valid.

As far as concerns the preliminary inquiry for the investigation into said offences, disciplinary proceedings and the infliction of penalties, powers already granted to the Managing Director or to the function of Human Resources remain effective within the limits of their own competence, according to the in-house regulations. The supervision system is regularly monitored by the BODY.

For Managers and, in particular, for those who play roles of responsibilities with functions of representation, administration, management, also of a single organizational unit, the non-compliance of the MODEL will break-up the existing fiduciary relationship and result in the resolution of the working relationship, also with an immediate effect, in relation to the seriousness of the fact.

In case of a violation made by managers of internal procedures established by this MODEL or of the adoption of a behavior not complying with the prescriptions of the same during the performance of activities in risk areas, the following measures will be applied against the persons in charge:

*Letter of warning*

This a measure applied when behaviors not complying with the prescriptions of this MODEL during the performance of activities in risk areas are recognized;

*Discontinuation from the service and from remunerations for a maximum of 10 days.*

It is made after a slight violation and for the first time with the internal procedures established by the MODEL or the adoption of a behavior not complying with the prescriptions of the MODEL itself during the performance of activities in risk areas, as well as the performance of deeds contrary to the interest of the COMPANY that cause damage to the same or expose it to an objectively dangerous situation for the integrity of corporate goods, as the performance of deeds contrary to its interest or the determination of a damage or of a dangerous situation for the integrity of corporate goods in these behaviors should e recognized, also resulting from the non-compliance with the regulations brought to the notice of the staff by service orders, circular letters, instructions or other suitable means currently used at the COMPANY;

*Termination of employment relationship*

This a measure applied when behaviors not complying with the prescriptions of the present MODEL during the performance of activities in risk areas are clearly recognized, namely by using a conduct aimed univocally at committing a CRIME penalized by the DECREE that can bring about virtually the application of measures established by the DECREE at expenses of the COMPANY, generating a potential severe damage for the same. In this case these behaviors should be recognized as the performance of unfair deeds that make the company lose completely the confidence in his/her collaborator.

The claim for damages caused to the COMPANY remains always valid.

In case of violation of the rules of the MODEL and of the procedures by administrators the BODY will inform immediately the Board of Directors through a written report – in the person of the President - and the Board of Directors. The Board of Directors can apply any suitable measures allowed by the law and the Board of Directors will summon the Meeting, by proposing the revocation of the office in the most serious cases and, however, whenever this fault can harm the confidence of the COMPANY in the person in charge.

The claim for damages caused to the COMPANY remains always valid.

In case of violation by a member of the Board of Directors, the BODY must give an immediate communication to the Board of Directors represented by the President and by the Managing Director through a written report.

The Board of Directors proposes the adoption of the relevant measures to be taken to the Meeting and takes care of further duties established by the law, if these are violations to which a just cause for the revocation should be added.

The claim for damages caused to the COMPANY remains always valid.

Every behavior performed by external collaborators or by *partners* which is contrary to the lines of conduct mentioned in the MODEL and that can imply a risk of committing a CRIME penalized by the DECREE, could result in the termination of employment relationship (in accordance with the clauses included *ad hoc* into the relevant contracts), according to what established in specific contractual clauses included in letters of appointment or in *partnership* agreements, except for the claim for damages caused to the COMPANY that remains always valid, as well as in the event of application of measures established by the DECREE by the judge.

If the BODY learns about a violation of the MODEL or about procedures for its implementation by ADDRESSEES or immediate parties, the BODY informs with a written report the Persons in charge of the relevant Department and of the sector

to which the contract or relationship makes reference.