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

Guidelines
for the adoption, implementation and accomplishment of the Model of organization, management and control

Updated version, approved by the Board of Directors on 19th July 2016
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*Guidelines for the adoption, implementation and accomplishment of the Model of organization, management and control*
DEFINITIONS

**DECREE:** Legislative Decree 231 of 8th June 2001

**MODEL:** these guidelines for the adoption, implementation and accomplishment of the Model of organization, management and control in accordance with Decree

**REGULATION OF THE SURVEILLANCE BOARD:** regulation of the Surveillance Board, in which its activity is organized and regulated

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

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

**SURVEILLANCE BOARD (SB):** the board provided for in point 7 of part B of this Model

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

**COMPANY:** Lamberti S.p.A.

**COMPANIES BELONGING TO THE GROUP:** the Italian companies directly controlled by the Company, in accordance with art. 2359 of the Civil Code
Preliminary remarks

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

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

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

In alignment with the regulatory systems of many countries of Europe, the Italian legislator therefore introduced liability for crimes of the societas, understood to be “that independent centre of interests and legal relations, a reference point of precepts of various kinds, and a matrix of decisions and activities of the persons operating in the name of, on behalf of or in all cases in the interest of the organization” (thus stated in the report on the preliminary project for reform of the criminal code).

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

Failure to comply with this regulation may lead to sanctions for the organization which can extend as far as prohibition of carrying out its activity. However, the organization is not liable in accordance with Decree if it shows that prior to committing the crime it had adopted and effectively implemented a Model of organization, management and control appropriate for preventing crimes of the type of that which occurred.

Following the example of the guidelines issued by Confindustria and Federchimica and the best practices for internal control, Lamberti S.p.A. has provided for the formulation of this Model of organization, management and control (henceforth “the Model”).
Guidelines for the adoption, implementation and accomplishment of the Model of organization, management and control

THE MODEL COMPRISES THE FOLLOWING PARTS:

GENERAL SECTION: describes the essential content of Legislative Decree 231/2001 as well as the purpose and structure of the Model, for which are specified the recipients and the main components, such as: The Surveillance Board, the disciplinary system provided for in the event of violation, the communication and circulation obligations, and training.

SPECIAL PART: identifies the instances of crime which can involve liability of the Company, the ‘sensitive’ activities where the committing of a crime is theoretically possible, and the protocols assigned for the prevention of the crimes under discussion.

The special part is subdivided into fourteen sections: “Section A”, related to crimes against the Public Administration (henceforth also “PA Crimes”); “Section B”, related to information technology offences and unlawful handling of data (henceforth also “Information technology crimes”); “Section C” related to organized crime offences; “Section D” related to crimes of counterfeiting money, public bonds, duty stamped papers, identification marks and instruments (henceforth also “Public faith crimes”), “Section E” related to industrial and trade offences, “Section F” related to corporate crimes; “Section G” related to offences with the aim of terrorism and subversion of the democratic order; “Section H” related to crimes of manslaughter and serious or very serious bodily harm, committed with violation of the health and safety workplace regulations (henceforth also “Manslaughter and serious or very serious bodily harm”); “Section I” related to crimes of receiving, laundering and use of money, assets or other benefits of unlawful origin (henceforth also “Laundering crimes”); “Section L” related to copyright violation offences; “Section M” related to the crime of induction to not make statements or to make mendacious statements to the legal authorities; “Section N” related to environmental crimes; “Section O”, related to the crime of employing citizens from other countries whose stay is illegal; “Section P” related to transnational crimes.

The internal provisions, documents and operating procedures of the Company which constitute accomplishment of the Model itself shall also be considered an integral part of the Model.

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

1. AREA OF APPLICATION AND NATURE OF LIABILITY OF ORGANIZATIONS

In our order, the Decree introduces and regulates the liability of ‘organizations’ for administrative criminal offences dependent on crime. The organizations to which the Decree applies are all companies, associations with or without legal status, economic public bodies, and private corporations holding a public service concession. However the Decree does not apply to the State, local government, non economic public bodies, organizations carrying out functions of constitutional importance (e.g. political parties and trade unions) and to a series of other parties which carry out public functions. Organizations are liable for the committing or attempted committing of some crimes by persons who are functionally connected with them.

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

2. LIABLE CRIMES

The organization can be liable only in relation to certain crimes and specific “administrative criminal offences” (so-called “liable crimes”) stated in the Decree, its subsequent integrations, and the laws which expressly refer to the regulation of the Decree.

Originally provided for solely for crimes against the Public Administration (art. 25 of the Decree) or against Public Administration assets (art. 24), liability of the organization was also extended, due to regulatory provisions subsequent to the Decree, to other instances of crimes.

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

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<tr>
<th>Liable crimes re. Legislative Decree 231/2001</th>
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At the time of approval of this Model, the liable crimes for which risk analysis activities have been conducted on the committing of both potential and de facto crimes, and which as a consequence are taken into consideration in this Model, belong to the categories stated below:

**Crimes committed in relations with the public administration (articles 24 and 25 of the Decree), modified by Law 190 of 6th November 2012**

- Misappropriation to the detriment of the State (art. 316-bis c.p.);
- Undue receipt of disbursements to the detriment of the State (art. 316-ter c.p.);
- Fraud to the detriment of the State or another public body or on the pretext of having someone exempted from military service (art. 640 c.p., paragraph 2, no. 1);
- Aggravated fraud for the obtainment of state disbursements (art. 640-bis c.p.);
- Computer fraud (art. 640-ter c.p.);
- Bribery by exercise of a function (art. 318 c.p. - art. 321 c.p.);
- Instigation of bribery (art. 322 c.p.);
- Extortion (art. 317 c.p.);
- Bribery by an action conflicting with official duties (art. 319 c.p. - art. 319-bis c.p. - art. 321 c.p.);
- Bribery in legal actions (art. 319-ter c.p., paragraph 2 - art. 321 c.p.);
- Improper induction to give or promise a benefit (art. 319-quater c.p.);
- Bribery of a person responsible for a public service (art. 320 c.p.);
• Embezzlement, extortion, bribery and instigation of bribery of members of European Community bodies and officials of the European Community and foreign states (art. 322-bis c.p.).

**Information technology offences and unlawful handling of data (art. 24-bis of the Decree, introduced by law 48 of 18th March 2008)**

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

**Organized crime offences (Art. 24-ter del Decree, introduced by law 94 of 15th July 2009)**

• Criminal conspiracy (art. 416 c.p.);
• Mafia association including when foreign (art. 416-bis c.p.);
• Offences committed making use of the conditions provided for by art. 416-bis c.p. (therefore all offences committed making use of the intimidating power of the membership commitment and the condition of subjection and of conspiracy of silence deriving from it) or offences committed in order to facilitate the activity of the associations provided for in the same article;
• Mafioso-political electoral exchange (art. 416-ter c.p.);
• Kidnapping for the purpose of extortion (art. 630 c.p.);
• Criminal conspiracy aimed at the pushing of drugs or psychotropic substances (art. 74 of Presidential Decree 309/90);
• Offences concerning the manufacture and traffic of arms for warfare, explosives and illegal arms (art. 407 c.p.).
Crimes of counterfeiting money, public bonds, duty stamped papers and identification instruments or marks (art. 25-bis of the Decree, introduced by decree law 350 of 25th September 2001 and modified by law 99 of 23rd July 2009, which made crimes of counterfeiting identification instruments or marks crimes relevant to the purposes of the Decree)

- Forgery of money, spending and introduction to the State of forged money, when acting in concert (art. 453 c.p.);
- Alteration to money (art. 454 c.p.);
- Spending and introduction to the State of forged money, without acting in concert (art. 455 c.p.);
- Spending of forged money received in good faith (art. 457 c.p.);
- Falsification of duty stamped papers, introduction to the State, purchase, keeping or placing in circulation of falsified duty stamped papers (art. 459 c.p.);
- Counterfeiting of watermarked paper in use for the manufacture of public bonds or duty stamped papers (art. 460 c.p.);
- Manufacture and keeping of watermarks or instruments intended for the falsification of money, duty stamped papers or watermarked paper (art. 461 c.p.);
- Use of counterfeited or altered duty stamped papers (art. 464 c.p.);
- Counterfeiting, alteration or use of trademarks or particularities or of patents, models and designs (art. 473 c.p.);
- Introduction to the State and trade of products with counterfeit marks (art. 474 c.p.).

Industrial and trade offences (art. 25-bis 1 of the Decree, introduced by law 99 of 23rd July 2009)

- Disturbed freedom of industry or trade (art. 513 c.p.);
- Fraud in trading (art. 515 c.p.);
- The sale of non genuine foods as genuine (art. 516 c.p.);
- The sale of industrial products with mendacious marks (art. 517 c.p.);
- Manufacture and trade of goods realized by usurping industrial property deeds (art. 517-ter c.p.);
- Counterfeiting of geographical indications or designation origins of food-farming products (art. 517-quater c.p.);
- Unlawful competition with threats or violence (art. 513-bis c.p.);
- National industries fraud (art. 514 c.p.).

Corporate crimes (art. 25-ter of the Decree, introduced by legislative decree 61 of 11th April 2002 and modified by law 262 of 28th December 2005, law 190 of 6th November 2012 and Law 69 of 27 May 27 2015, art 12)

- False or misleading corporate notices (art. 2621 c.c.);
- Minor events (art. 2621-bis c.c.);
- False corporate reporting of listed companies (art. 2622 c.c.);
- Prevented control (art. 2625 c.c.);
- Undue repayment of contributions (art. 2626 c.c.).
• Illegal sharing of profits and reserves (art. 2627 c.c.);
• Unlawful transactions involving shares or stock or of the parent Company (art. 2628 c.c.);
• Transactions to the detriment of creditors (art. 2629 c.c.);
• Omitted communication of conflict of interest (art. 2629-bis c.c.);
• Factitious formation of share capital (art. 2632 c.c.);
• Undue distribution of company assets by liquidators (art. 2633 c.c.);
• Private bribery (art. 2635 c.c.);
• Unlawful influence over shareholders’ meetings (art. 2636 c.c.);
• Stock manipulation on non quoted financial instruments (art. 2637 c.c.);
• Hindrance of the exercising of the functions of the public surveillance authorities (art. 2638 c.c.).

Offences with the aim of terrorism or subversion of the democratic order
(art. 25-quater of the Decree, introduced by law 7 of 14th January 2003)

• Crimes provided for by the criminal code and special laws;
• Offences carried out in violation of the provisions of article 2 of the international convention for the repression of terrorism financing decided in New York on 9th December 1999.

Life and individual safety offences (art. 25-quater.1 of the Decree, introduced by law 7 of 9th January 2006)

• Practices of mutilation of the female genitals (art. 583-bis c.p.).

Individual status offences (art. 25-quienques of the Decree, introduced by law 228 of 11th August 2003)

• Reduction to slavery (art. 600 c.p.);
• Underage prostitution (art. 600-bis c.p.);
• Underage pornography (art. 600-ter c.p., paragraphs 1 and 2);
• The keeping of pornographic material (art. 600-quater c.p.);
• Tourism initiatives aimed at the exploitation of underage prostitution (art. 600-quinquies c.p.);
• Slave trade and trading of slaves (art. 601 c.p.);
• Alienation and purchase of slaves (art. 602 c.p.).

Market abuse (art. 25-sexies of the Decree and art. 187-quinquies TUF, introduced by law 62 of 18th April 2005)

• Abuse of privileged information (art. 184 TUF and art. 187-bis TUF);
• Market manipulation (art. 185 TUF and art. 187-ter TUF).
Manslaughter and serious or very serious bodily harm (art. 25-septies of the Decree, introduced by law 123 of 3rd August 2007)

- Manslaughter (art. 589 c.p.);
- Negligent personal injury (art. 590 c.p.).

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

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

Copyright violation offences (Art. 25-novies of the Decree, introduced by L. 99 of 23rd July 2009)

- Articles 171, paragraph 1, subparagraph a-bis) and paragraph 3, 171-bis, 171-ter, 171-septies, 171-octies, law 633/1941.

Induction to not make statements or to make mendacious statements to the legal authorities (Art. 25-decies of the Decree, introduced by law 116 of 3rd August 2009 and modified by legislative decree 121 of 7th July 2011)

- Induction to not make statements or to make mendacious statements to the legal authorities (art. 377-bis c.p.).

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

- Killing, destruction, capture, taking, keeping of specimens of protected animal or plant species (art. 727-bis c.p.);
- Destruction or debasement of habitat within a protected site (art. 733-bis c.p.);
- Crimes connected with the discharge of industrial waste water containing hazardous substances (art. 137, paragraphs 2, 3, 5, 11 and 13 Legislative Decree 152/2006);
- Crimes connected with waste management (art. 256, paragraphs 1, 3, 5 and 6 Legislative Decree 152/2006);
- Pollution of the soil, subsoil, surface or underground water (art. 257, paragraphs 1 and 2 Legislative Decree 152/2006);
- Preparation or use of a false certificate of analysis of waste (art. 258, paragraph 4, second sentence Legislative Decree 152/2006);
- Illegal traffic of waste (art. 259, paragraph 1 Legislative Decree 152/2006);
- Organized activities for illegal traffic of waste, including highly radioactive waste (art. 260, paragraphs 1 and 2 Legislative Decree 152/2006);
- Falsification of a certificate of analysis of waste used in the system of control of
Employment of citizens of other countries whose stay is illegal (art. 25-duodecies of the Decree, introduced by Legislative Decree 109 of 16 July 2012)

- Employment of citizens of other countries whose stay is illegal (art. 22, paragraph 12-bis Legislative Decree 286/1998).

Transnational crimes (art. 10 law 146/2006)

- Criminal conspiracy (art. 416 c.p.);
- Mafia association (art. 416-bis c.p.);
- Criminal conspiracy aimed at the smuggling of foreign tobacco (art. 291-quater of Presidential Decree (D.P.R.) 43/1973);
- Conspiracy aimed at the dealing unlawful of drugs and psychotropic substances (art. 74 D.P.R. 309/1990);
- Measures against illegal immigration (art. 12, paragraphs 3, 3bis, 3ter, 5 of Legislative Decree 286/1998);
- Smuggling of migrants (art. 12 paragraphs 3, 3-bis, 3-ter and 5 of the Consolidated Law cited in Legislative Decree 286 of 1998);
- Induction to not make statements or to make mendacious statements to the legal authorities (art. 377 bis c.p.);
- Aiding and abetting (art. 378 c.p.).

This document identifies, in the Special Part below, for each category of crime applicable to the Company, its activities which are denominated ‘sensitive’ due to the inherent risk of the committing of crimes of the listed types, and for each of the sensitive activities provides for prevention principles and protocols.
The list of crimes stated above is susceptible to future additions both by the Company, according to further risk analysis activities concerning the committing of crimes, and by the legislator. Hence the requirement of constant checks of the appropriateness of the system of rules which constitutes the Model provided for by the Decree and which is functional for the prevention of crimes.

3. CRITERIA FOR ATTRIBUTION OF LIABILITY TO THE ORGANIZATION

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

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

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

b) by persons subjected to the direction or surveillance of one of the persons cited in subparagraph a). The organization is not liable if the persons stated in paragraph 1 have acted in their own exclusive interest or that of third parties”.

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

• persons in ‘top management positions’, such as, for example, the legal representative, a director, the general manager or the manager of an independent organizational unit, as well as persons who carry out the management of the organization, including de facto; essentially those persons who have the autonomous power to take decisions in the name of the Company and on its behalf. It is considered that all persons commissioned by the directors to carry out activities of management or direction of the Company also belong to this category. From this point of view, the structure of the system for delegation of powers and functions has particular importance in the overall logic of definition of this Model of organization, management and control.

• “dependent” persons, all those who are subjected to the direction and surveillance of the top management; Typically employees, but also persons who do not belong to the staff of the organization, who have been entrusted with an assignment to carry out under the direction and surveillance of the top management. What counts as regards belonging to this category is not the existence of a salaried employment contract but rather the activity carried out in concrete terms. External persons concerned include, for example, freelancers, agents and consultants who carry out activities in the interest of the Company, on its mandate.

The second condition requires that the crime be committed in the interest or for the benefit of the organization. The criterion of ‘interest’ exists when the perpetrator of
the crime has acted with the intention of benefitting the Company, independently of the achieving of the objective, whereas the criterion of ‘benefit’ exists when the Company was able to obtain, or has effectively obtained, a favourable result from the committing of the crime.

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

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

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

- prior to the committing of the fact, the executive body has adopted and effectively accomplished models of organization, management and control appropriate for preventing crimes of the type of that occurred;
- the task of monitoring the functioning of and compliance with the models and taking care of their updating has been entrusted to a board of the organization with autonomous powers of initiative and control (named the ‘Surveillance Board’, henceforward also ‘SB’);
- there has not been omitted surveillance or insufficient surveillance by the aforesaid board, which must have autonomous powers of initiative and control.

The conditions listed above must contribute jointly in order that the liability of the organization may be excluded. The exemption from liability of the organization therefore depends on the adoption and effective accomplishment of a Model appropriate for prevention of the crimes and the establishment of a Surveillance Board with precise tasks related to the effective fitness and accomplishment of the Model. The organization must show that it has done everything in its power to organize itself, manage itself and control that no crimes provided for in the Decree may be committed in the carrying out of its business activities.

The Model functions as a reason for non-punishibility of the organization whether the liable crime has been committed by a “top management” person or has been committed by a “dependent” person. However, if the crime is committed by a “top management” person, the Decree introduces a sort of related presumption of liability of the organization: in addition to the three conditions stated above, the organization must also show that the person has committed the crime by fraudulently eluding the Model. The Decree therefore requires, in this case, stronger proof of the organization’s non-involvement in the crime, since the organization must also prove that the person has fraudulently violated the rules contained in the Model.
On the other hand, for crimes committed by “dependent” persons the organization may be punished only if it is ascertained that the committing of the crime was made possible by failure to comply with the direction or surveillance obligations. In this case it is a question of veritable organizational negligence: The Company has indirectly consented to the committing of the crime by not presiding over its activities and dependent persons.

Adoption and accomplishment of the Model do not constitute an obligatory fulfilment in accordance with the law. However, the Model is the sole instrument available for showing one’s own non guilt and, finally, for not being subjected to the sanctions set out by the Decree. Thus it is in the interest of the Company to have an effective Model and to have it complied with.

4. THE MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL

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

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

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

With reference to the effective accomplishment of the Model, the Decree provides for the requirement of a periodic check and its updating, when significant violations of the requirements it contains have been individuated or when organizational changes or changes in the activity of the organization occur.

5. CRIMES COMMITTED ABROAD

By virtue of art. 4 of the Decree, the organization may also be called upon to be liable in Italy in relation to liable crimes committed abroad, on condition that the objective and subjective indictment criteria set out in the Decree be met.
However, the Decree conditions the possibility of prosecuting the organization for crimes committed abroad to the existence of further necessary conditions:

• the State of the place in which the crime was committed is not proceeding;
• the headquarters of the organization is in the Italian national territory;
• the crime is committed abroad by a person who is functionally linked to the Organization;
• the conditions of prosecutability provided for in articles 7, 8, 9 and 10 of the criminal code exist.

6. SANCTIONS

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

a) Pecuniary penalties

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

b) Prohibitory sanctions

Prohibitory sanctions can be applied in addition to pecuniary penalties, but only if they are expressly provided for the crime for which there are proceedings and provided that there is recourse to at least one of the following conditions:

• the organization has gained a significant advantage from the crime and the crime was committed by a “top management” person or a “dependent” person, but only when the committing of the crime was made possible by serious organizational deficiencies;
• in the event of reiteration of the criminal offences.

The prohibitory sanctions provided for by the Decree are:

• temporary or permanent prohibition of the carrying out of the activity;
• suspension or revocation of permits, licences or concessions functional to the committing of the criminal offence;
• prohibition of negotiating with the Public Administration, except in order to obtain the performance of a public service;
• disqualification from facilitations, funding, aid or grants and possible revocation of those already granted;
• temporary or permanent prohibition from advertising goods or services
The object of prohibitory sanctions is the specific activity concerned by the organization’s criminal offence, and they are normally temporary, for a period of three months to two years, but may exceptionally be applied with permanent effect. They can also be applied as a precaution prior to the conviction, on the Public Prosecutor’s request, when serious clues to the liability of the organization subsist and there are founded and specific elements to deduct a concrete risk that criminal offences of the same nature as that for which there are proceedings could be committed.

**c) Confiscation**

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

**d) Publication of the conviction**

This consists of publication of the conviction one single time, as an abstract or in full at the expense of the organization, in one or more newspapers stated by the Judge in the sentence as well as by means of posters in the municipality in which the headquarters of the organization is situated.

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

*The final conviction of the organization is inscribed in the national register of fines for crimes of organizations: records containing all decisions related to sanctions which have become final, applied to organizations in accordance with the Decree.*

**7. ALTERATIONS TO THE ORGANIZATION**

Only the organization is liable regarding the obligation for payment of the **pecuniary penalty** imposed on the organization, with its assets or the mutual fund. The regulations therefore exclude direct financial liability of shareholders or partners, independently of the legal status of the corporate organization.

For **prohibitory sanctions** the principle is in force according to which they remain chargeable to the organization in which has remained (or has merged with) the field of activity in whose area the crime was committed.

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

In particular, in the event of **transformation** of the organization, liability for crimes committed before the date on which the transformation took effect shall remain in force. The new organization will therefore be the recipient of sanctions applicable to the original organization for facts committed prior to the transformation.
In the event of **merger**, the organization resulting from the merger, including corporate merger, is liable for the crimes for which those organizations taking part in the merger were liable. If the merger takes place before the conclusion of the investigation proceedings concerning the liability of the organization, the judge will take into account the economic conditions of the original organization and not those of the organization resulting from the merger.

In the case of demerger the liability clearly remains that of the demerged body for crimes committed before the date on which the demerger took effect and the beneficiary institutions of the demerger are responsible for the payment of fines levied against the demerged body up to the actual net value of the assets transferred to each body, except in case of a body to which the business unit within which the offence was committed was transferred, also in part; disqualification penalties are applied to the body (or bodies) in which the branch of activity in which the offence was committed remained or merged. If the demerger took place before the conclusion of the judgment that found the body liable, the court should take into account the economic conditions of the original body and not those of body resulting from the merger.

In the event of **transfer** or **sale** of the company in the area in which the crime was committed, without prejudice to the grantor organization’s right of prior discussion, the grantee is jointly liable with the grantor organization for payment of the **pecuniary penalty**, within the value limits of the ceded company and within the limits of the pecuniary sanctions which result from the mandatory account books, or which the grantee was in all cases aware of. In all cases, prohibitory sanctions are applied to the organizations to which the field of activity within which the crime was committed has remained, or to which it was transferred or partially transferred.
The Lamberti S.p.A. Model
This Model of organization, management and control gives accomplishment to art. 6, paragraph 3 of the Decree and constitutes to all effect the internal regulations of the Company. In compliance with the provisions of the Decree, with a Board of Directors resolution dated 19th July 2016, the Company adopted a subsequent, updated version of its Model of organization, management and control (this Model).

The Model has been formulated taking into account the structure and the activity concretely carried out by the Company, the nature and size of its organization, and an analysis of the risk of the committing of the liable crimes, as specified below.

For the purpose of preparing this Model, the Company has progressed:

- **the mapping of the activities at risk** (the so-called 'sensitive activities'): by means of interviews with the managers of the company functions and analysis of the company organization charts and the system for the distribution of responsibilities, the areas in which it is more likely that the liable crimes stated in the Decree will be committed have been identified;
- **identification of the existing control procedures**: by means of interviews with the managers of the company functions, supplemented with self-assessment questionnaires, the existing control procedures in the previously individuated sensitive areas have been identified;
- **calculation of the residual risk** for every sensitive activity: the risk of the committing of the crimes was estimated, after consideration of the internal control system which characterises the activity in question;
- **identification of prevention principles and rules**: on the basis of the results of the two previous stages, an individuation was made of the prevention principles and rules which must be accomplished to prevent, as far as reasonably foreseeable and possible, the committing of liable crimes relevant to the Company.

### 1. PURPOSE AND CONTENT OF THE LAMBERTI S.P.A. MODEL

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

The Model offers a valid instrument to make all employees and all stakeholders (suppliers, customers, trade partners etc.) aware, in order that they all adopt proper and transparent behaviour in line with the ethical values which inspired the Company in the pursuit of its business purpose and which in all cases are such to prevent the risk of the committing of the crimes contemplated by the Decree.

The Model proposes the diffusion and achievement of a business **culture based on legality**: The Company therefore punishes all behaviour against the law, and in particular against the provisions of the Model and the Code of Ethics, including when the behaviour takes place in the interest of the Company or with the intention of bringing it a benefit.
The Model is also aimed at the **diffusion of a control culture** which must govern all the decision-making and operative stages of the Company’s activity. The achieving of the aforesaid aims is made concrete by means of the adoption of appropriate measures for improving effectiveness in the carrying out of the business activities and creating efficient and balanced organization of the company, with particular emphasis on the formation of decisions and their transparency and on preventive and subsequent controls, as well as on internal and external information, in constant compliance with the law and the rules and promptly identifying and eliminating risk situations.

The fundamental principles on which the Model was constructed are:

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

### 2. RELATION BETWEEN THE MODEL AND THE CODE OF ETHICS

The Code of Ethics of the Company, adopted with a resolution of the Board of Directors on 15th December 2010, contains the principles of behaviour and the ethical values which inspired the Company in the pursuit of its business purpose and its objectives. These principles and values must be complied with by everyone who interacts with the Company.

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

### 3. ADOPTION OF AND CHANGES AND ADDITIONS TO THE LAMBERTI S.P.A. MODEL

The Board of Directors has sole jurisdiction for the adoption, modification and integration of the Model.
The Model must always be promptly modified or integrated by the Board of Directors, including on request of the Surveillance Board, when:

- there have been significant changes to the regulatory framework, organization or activity of the Company; or
- violations or avoidance of its requirements have taken place, which have demonstrated ineffectiveness or inconsistency for the purpose of prevention of the crimes.

In all cases the Surveillance Board must promptly notify the Chairman of the Board of Directors in writing of any facts which evidence the need to change or update the Model. In such a case the Chairman of the Board of Directors must convene the Board of Directors in order that it adopt the resolutions within its jurisdiction.

All changes, updates or additions to the Model must be communicated to the Surveillance Board.

When solely formal changes to the Model are necessary the Managing Director, having consulted with the Surveillance Board, may provide for them autonomously. Subsequent communication of such changes shall be made to the entire Board of Directors.

Changes to company procedures which are necessary for the accomplishment of the Model are brought about by the company functions concerned. The Surveillance Board is constantly informed about the updating and implementation of the new operative procedures and may give its opinion on the change proposals. When approval of new company procedures renders it necessary to make changes to the Model, the Managing Director may proceed with this, subject to Board of Directors ratification, at the first relevant meeting.

4. CRIMES RELEVANT TO THE COMPANY

In the light of the analysis conducted by the Company to date for the purposes of preparation of this Model, are considered relevant the liable crimes provided for in Legislative Decree 231/2001 cited in articles 24 and 25 (crimes committed in relations with the Public Administration), 24-bis (information technology offences and unlawful handling of data), 24-ter (organized crime offences), 25-bis (public faith crimes), 25-bis.1 (industrial and trade offences), 25-ter (corporate crimes), 25-quater (offences with the aim of terrorism and subversion of the democratic order), 25-septies (manslaughter and serious or very serious bodily harm, committed with violation of the health and safety workplace regulations), 25-octies (receiving, laundering and use of money, assets or benefits of unlawful origin), 25-novies (copyright violation offences), 25-decies (induction to not make statements or to make mendacious statements to the legal authorities), 25-undecies (environmental crimes), 25-duodecies (employment of citizens of other countries whose stay is illegal) and art. 10 of law 146/2006 (transnational crimes). Concerning the possible ways of carrying out the liable crimes relevant to the Company, in the Special Part the Model identifies the sensitive activities in the area of which the aforesaid crimes may be committed.
The relevant crimes for the Company have been identified based on the analysis conducted up to the time of adoption of this Model by the Board of Directors:

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

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

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

• *Misappropriation to the detriment of the State* (art. 316-bis c.p.) constitutes the conduct of a person, extraneous to the Public Administration, who having obtained from the State or another public body or the European Community, aid, grants or funding intended to favour initiatives directed at the realization of work or the carrying out of activities of public interest, does not appropriate them to the aforesaid purposes.

• *Undue receipt of disbursements to the detriment of the State* (art. 316-ter c.p.) constitutes the conduct of a person who, unless the fact constitutes the crime provided for by art. 640-bis c.p., by means of the use or presentation of statements or documents which are false or attest untrue things, or by means of the omission of due information, unjustly obtains for himself or for others, aid, funding, subsidized loans or other disbursements of the same type, however they are named, granted or allocated by the State, other public bodies or the European Communities.

• *Fraud to the detriment of the State or another public body* (from art. 640 c.p. paragraph 2, no. 1) constitutes the conduct of a person who, with tricks or deceit and by misleading someone, secures for himself or others an unjust advantage with the damage of others, if the fact is committed to the detriment of the State or another public body or on the pretext of exempting someone from military service.

• *Aggravated fraud for the obtainment of state disbursements* (art. 640-bis c.p.) constitutes the same conduct as in the point above, when carried out to obtain aid, funding, subsidized loans or to be more precise other disbursements of the same type, however they are named, granted or allocated by the State, other public bodies or the European Communities.
• **Computer fraud to the detriment of the State or another public body** (art. 640-ter c.p., paragraph 2) constitutes the conduct of a person who, by altering in any way whatsoever the functioning of an information technology or data transmission system, or by interfering without the right to do so in any way whatsoever on data, information or programmes contained in an information technology or data transmission system or pertinent to one, secures for himself or others an unjust advantage with damage to the State or another public body.

• **Bribery by exercise of a function** (art. 318 c.p.) constitutes the conduct of a public official or a public service officer, who to carry out his functions or powers, receives or accepts the promise for himself or a third party of money or another benefit which is not due to him. The same punishment is applied to the person who gives or promises the money or other benefit.

• **Bribery for an action conflicting with official duties** (art. 319 c.p.) constitutes the conduct of a public official, who to omit or delay or because he has omitted or delayed an act of his office, or to carry out or because he has carried out an act conflicting with official duties, receives or accepts the promise of money or another benefit for himself or a third party. The same punishment is applied to the person who gives or promises the money or other benefit.

• **Bribery in legal actions** (art. 319-ter c.p., paragraph 2) constitutes facts of bribery, when committed to favour or damage a party in a civil, criminal or administrative trial.

• **Improper induction to give or promise a benefit** (art. 319-quater c.p.) constitutes the conduct of a public official or a public service officer who, unless the fact constitutes a more serious offence, by abusing his capacity or powers induces someone to improperly give or promise, to himself or a third party, money or another benefit, as well as the conduct of the person who gives or promises the money or other benefit;

• **Bribery of person responsible for a public service** (art. 320 c.p.): constitutes the fact cited in articles 318 and 319 c.p. when committed by a public service officer.

Pursuant to art. 321 c.p. (penalties to the corrupter), the penalties laid down in articles. 318, paragraph 1, 319, 319-bis, 319-ter and 320 c.p. in relation to the assumptions of articles 318 and 319 c.p. shall also apply to those who give or promise money or other benefits to a public official or public service.

• **Instigation of bribery** (art. 322 c.p.) constitutes the conduct of a person who offers or promises money or another benefit not due, to a public official or a public service officer employee, for the exercise of his functions or powers, or to induce him to omit or delay an act of his office, or carry out an act contrary to his duties, when the offer or promise is not accepted, as well as the conduct of the public official or public service officer employee who solicits a promise or dation of money or another benefit for the exercise of his functions or powers or who solicits a promise or dation of money or another benefit on the part of a private individual for the purposes stated in art. 319 c.p.

• **Embezzlement, extortion, bribery, undue inducement to give or promise utility and incitement to corruption of members of European Community bodies and officials of the European Community and of foreign states** (art. 322-bis), constituting acts of corruption under articles. 314, 316, 317 to 320 and 322, paragraphs 3 and 4
c.p. shall also apply:
- To the members of the Commission of the European Community, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- To officials and agents hired under contracts regulated by the Staff Regulations of officials of the European Community or the Conditions of Employment of staff of the European Community;
- Individuals seconded by EU member states or by any public or private body at the European Community, who performs functions corresponding to those of officials or agents of the European Community;
- Members and employees of bodies constituted in accordance with the treaties establishing the European Community;
- Individuals who, on behalf of member states of the European Union, carry out duties or activities that correspond to those of public officials and public service employees;
- The provisions of articles 319-quater, paragraph 2, 321 and 322, paragraphs 1 and 2 c.p., are applicable even if the money or other goods are given, offered or promised:
- To individuals indicated in the first point of this article;
- To individuals who carry out duties or activities that correspond to those of public officials and public service employees of other foreign countries or international public organisations, if the offence is committed in order to obtain either for the individual in question or for a third party an unjustified advantage in international economic operations or in order to obtain or maintain an economic or financial operation.

The individuals indicated in the first point are regarded as public officials if they carry out corresponding duties, and as public service employees in other cases.

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

- Counterfeiting information technology documents (art. 491-bis c.p.): this offence extends the criminal punishability of the crimes provided for within Book II, Paragraph VII, Subparagraph III of the Criminal Code, or to be more precise the hypothesis of material or ideological counterfeiting committed with regard to official documents, certificates, permits, private deeds or private documents, by a representative of the Public Administration or a private individual, when the subject is an “information technology document which has evidential effectiveness”, that is an information technology document provided with an electronic signature at least, through which there is identification of the author and the fixed date requirement.

- “Information technology document” means the information technology representation of acts, facts or legally significant data (art. 1, para. 1, subparagraph p, Legislative Decree 82/2005).

- Unauthorized access to an information technology or data transmission system (art. 615-ter c.p.): this provision punishes the conduct of a person who illegally enters, that is eluding any form whatsoever of access barrier even if minimal,
an information technology or data transmission system protected by security measures, or remains in it against the will of a person who has the right to exclude him. It is important to emphasise that this crime does not subsist if security measures are not provided for, as only by means of the arrangement of security measures (not by pointing out their fitness) is the administrator’s will to prevent access to the information technology system made evident.

- Unauthorized possession and diffusion of access codes to information technology or data transmission systems (art.615-quater c.p.): the offence under consideration punishes the conduct of a person who illegally obtains, duplicates, spreads, communicates or hands over codes, keywords or other means appropriate for accessing an information technology or data transmission system protected by security measures, or in all cases provides indications or instructions to this effect, for the purpose of obtaining an advantage for himself or others or causing damage to others.

- Diffusion of equipment, devices or information technology programmes aimed at damaging or shutting down an information technology or data transmission system (art.615-quinquies c.p.): this law punishes the conduct of a person who, to unlawfully damage an information technology or data transmission system, or to be more precise the information, data or programmes contained in it or pertinent to it, or to promote disruption or alteration of its functioning, obtains, produces, duplicates, imports, spreads, communicates, hands over, or in all cases makes available to others equipment, devices or information technology programmes.

- Wire tapping, hindrance or unlawful disruption of information technology or data transmission communications (art.617-quater c.p.): this law punishes the conduct of a person who fraudulently wire taps communications related to an information technology or data transmission system or existing between several systems, hinders or disrupts them, or reveals the content of these communications to the public wholly or partially by means of any means of information whatever.

- Installation of equipment able to wire tap, hinder or shut down information technology or data transmission communications (art.617-quinquies c.p.): the provision under consideration punishes the conduct of a person who, except for the cases allowed by law, installs equipment able to wire tap, hinder or shut down communications related to an information technology or data transmission system, or communications existing between several systems.

- Damaging of information, data and information technology programmes (art.635-bis c.p.): this provision punishes the conduct of a person who destroys, damages, cancels, alters or discontinues information, data or information technology programmes of others, unless the fact constitutes a more serious crime.

- Damaging of information, data and information technology programmes used by the State or another public body, or in all cases of public benefit (art.635-ter c.p.): this law punishes the conduct of a person who commits a fact aimed at destroying, damaging, cancelling, altering or discontinuing information, data or information technology programmes used by the State or another public body or pertinent to them, or in all cases of public benefit, unless the fact constitutes a more serious crime.

- Damaging of information technology or data transmission systems (art.635-
quater c.p.): the provision under consideration punishes the conduct of a person who, by means of the behaviour cited in article 635-bis or through the introduction of the transmission of data, information or programmes, destroys, damages, or wholly or partially renders information technology or data transmission systems of others useless or seriously impedes their functioning, unless the fact constitutes a more serious crime.

- **Damaging of information technology or data transmission systems of public benefit** (art.635-quinquies): the law under discussion charges the conduct described in the previous article 635-quater, when it is aimed at destroying, damaging, wholly or partially rendering information technology or data transmission systems of public benefit useless or at seriously impeding their functioning.

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

- **Criminal conspiracy** (art. 416 c.p.): punishes those who promote, constitute or organize an association of three or more persons for the purpose of committing several offences, as well as those who participate in them;
- **Mafia association including when foreign** (art. 416-bis c.p.): punishes anyone who is part of a Mafia association made up of three or more persons, as well as those who promote, lead or organize it. The association is Mafioso when those who are part of it make use of the intimidating power of the membership commitment and the condition of subjection and conspiracy of silence deriving from it to commit offences, to directly or indirectly acquire the management or in all cases the control of economic activities, concessions, permits, contracts and public services or to gain unjust profit or benefits for themselves or others, or to prevent or hinder free voting or to secure votes for themselves or others on the occasion of elections. The association is considered armed when the participants have the availability of arms or explosives for the achievement of the aim of the association, including if they are hidden or kept in a repository. The provisions of art. 416-bis c.p. also apply to the Camorra and other associations, however they are named locally and including foreign associations, which by availing themselves of the intimidating power of the membership commitment pursue aims equivalent to those of Mafia associations;
- **Offences committed making use of the conditions provided for by art. 416-bis c.p., or to facilitate the activity of the associations provided for by that same article.**

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

- **Counterfeiting, alteration or use of trademarks or particularities or to be more precise of patents, models and designs** (art. 473 c.p.): constitutes the conduct of a person aware of the existence of an industrial property deed, who counterfeits or alters trademarks or particularities, whether domestic or foreign, of industrial products or without concurring in the counterfeiting or alteration, makes use of such counterfeited or altered trademarks, or counterfeits or alters industrial, domestic or foreign patents, designs or models, or without concurring in the
counterfeiting or alteration, makes use of such counterfeited or altered patents, designs or models.

- **Introduction to the State and trade of products with counterfeit marks** (art. 474 c.p.): punishes whoever, except for cases of concurring in the crimes provided for by art. 473 c.p.;:
  - introduces to the State territory in order to take advantage, industrial products with counterfeited or altered domestic or foreign trademarks or other particularities;
  - except for cases of concurring in the counterfeiting, alteration or introduction to the State territory, possesses to sell, offers for sale or otherwise places in circulation such products in order to make profit from this.

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

- **Fraud in trading** (art. 515 c.p.): Punishes whoever, in the practising of a business or in a shop open to the public, delivers to the purchaser one mobile thing for another, or to be more precise a mobile thing other than that stated or agreed in terms of its origin, source, quality or quantity. The law refers to the delivery of a mobile thing, the keeping for sale of a good other than that stated or agreed in terms of its origin, source, quality or quantity, but adds the hypothesis of attempted fraud in trading, punished according to articles 56 and 515 C.P. with the same punishment provided for the crime of fraud in trading, reduced by one third. Moreover the hypothesis of contracts, which does not provide for the delivery of a good but rather the realization of a work, is excluded. The discrepancy of the mobile thing can concern its origin (e.g. the preparation place or system), source (e.g. the manufacturer), quality (e.g. non essential qualifications such as the degree or method of preservation), and quantity (e.g. the weight).

- **Sale of industrial products with mendacious marks** (art. 517 c.p.): Punishes whoever offers for sale or otherwise places in circulation intellectual property or industrial products with domestic or foreign names, trademarks or particularities able to mislead the buyer regarding the origin, source or quality of the work or the product. This law also concerns the mere offering for sale (and not the delivery) of products, in this case bearing mendacious marks, that is misleading marks able to mislead the average buyer, without resulting in counterfeiting or alteration (punished on the other hand by art. 474 c.p.).

- **Manufacture and trade of assets realized by usurping industrial property deeds** (art. 517-ter): excepting application of articles 473 e 474, punishes whoever:
  - with awareness of the existence of a deed of industrial property, manufactures or industrially uses objects or other assets realized by usurping an industrial property deed or in violation of the same;
  - in order to make profit, introduces to the State territory, possesses to sell, offers for sale directly to consumers or in all cases places in circulation the assets cited in the point above.

The provision punishes a person who uses, without having the right to do so (who usurps), a valid industrial property deed (e.g. a licensee who distributes products outside the established territorial area or realizes them outside the limits set by the patent holder).
Corporate crimes (art. 25-ter of the Decree)

- **False corporate communications** (art. 2621 c.c.) represented by the conduct of administrators, general managers, executives in charge of the drafting of corporate accounting documents, auditors and liquidators who in order to make an unfair profit for themselves or others, in the financial statements, in the reports and in other corporate communications sent to shareholders or the public, provided by law, knowingly present relevant material facts that are untrue or omit relevant material facts the disclosure of which is required by law on the economic, asset or financial situation of the company or the group to which they belong, in such a way as to mislead third parties.

- **Minor false corporate communications**, (art. 2621-bis c.c.); represented by the conduct of those who commit the acts provided by art. 2621 to a slight degree, taking into account of the nature and size of the company and the manner or effects of the conduct.

- **Prevented control** (in art. 2625 c.c.) constitutes the conduct of directors who, by concealing documents or with other appropriate tricks, prevent or in all cases impede the carrying out of the control activities legally assigned to the shareholders or other corporate bodies.

- **Undue repayment of contributions** (art. 2626 c.c.) constitutes the conduct of directors who, except for cases of legitimate reduction of share capital, repay, including with simulation, contributions to the shareholders or free them of the obligation to effect them.

- **Illegal sharing of profits and reserves** (art. 2627 c.c.), constitutes the conduct of directors who share profits or part payments on profits not effectively earned or which are appropriated by law to a reserve, or to be more precise who share reserves, including when not formed with profits, which cannot be distributed by law.

- **Unlawful transactions of shares or stock or the parent Company** (art. 2628 c.c.) constitute the conduct of directors who, except for those cases allowed by law, buy or underwrite shares or stock, damaging the integrity of the share capital or reserves which cannot be distributed by law; or by directors who, except for those cases allowed by law, buy or underwrite shares or stock issued by the parent Company, damaging the share capital or reserves which cannot be distributed by law.

- **Transactions to the detriment of creditors** (art. 2629 c.c.) constitutes the conduct of directors who, in violation of legal provisions which protect creditors, perform reductions in share capital, mergers with another company or splitting operations, causing damage to creditors.

- **Factitious formation of capital** (art. 2632 c.c.) constitutes the conduct of directors and contributing shareholders who factitiously form or increase the share capital, including partially, by means of the assignment of shares or stock to a degree overall higher than the amount of share capital, the mutual underwriting of shares or stock, or the significant overestimation of contributions of assets in kind or debts, or of the assets of the Company in the event of a transformation.

- **Private bribery, provided for by art. 2635, paragraph 3 c.c.**: constitutes the conduct of whoever gives or promises money or other benefits to directors, general
managers, the managers in charge of drafting company financial statements, auditors and liquidators, as well as to whoever is subject to the management or supervision of the said persons, in order that for themselves or for others they carry out or neglect actions in violation of the obligations pertinent to their office or obligations of loyalty, causing detriment to the company.

- **Stock manipulation, provided for in art. 2637 c.c.,** constitutes the conduct of whoever spreads false news, or carries out simulated transactions or other tricks concretely able to cause an appreciable alteration in the price of non quoted financial instruments or those for which has not been submitted an application for admission to dealing in a regulated market, or affects in a significant manner the trust which the public places in the financial stability of banks or banking groups;
- **Hindrance to the exercising of the functions of public surveillance authorities,** provided for in art. 2638 c.c., constitutes the conduct of directors, general managers, and executives in charge of the drafting of the corporate accounting documents, auditors and liquidators of the Company or organizations and other persons subjected by law to the public surveillance authorities or required to have obligations to them, who in the communications to the aforesaid authorities provided for according to the law, in order to hinder the exercising of the surveillance functions, represent material facts not corresponding to the truth even if they are judgements, on the economic, balance sheet or financial situation of those subjected to surveillance, or for the same purpose wholly or partially conceal with other fraudulent means facts which they should have communicated concerning the same situation, including in the case that the information pertains to assets owned or managed by the Company on behalf of third parties; or the fact committed by directors, general managers, auditors and liquidators of companies, or organizations and other persons subjected by law to public surveillance authorities or required to have obligations to them, who in any form whatsoever, including by omitting the communications due to the aforesaid authorities, knowingly hinder their functions.

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

Art. 25-quater of the Decree does not specifically list the crimes for which liability of the organization is provided for, but limits itself to referring, in the first paragraph, to the offences provided for by the criminal code and the special laws on the subject of terrorism or subversion of the democratic order (including art. 270-bis c.c., associations with the aim of terrorism and subversion of the democratic order) and in the third paragraph to offences carried out in violation of the provisions of art. 2 of the New York convention of 9th December 1999.
Manslaughter and serious or very serious bodily harm (art. 25-septies of the Decree)

- **Manslaughter** (art. 589 c.p.) constitutes the conduct of a person who causes by negligence the death of a person, with violation of the workplace accident prevention regulations.
- **Negligent personal injury** (art. 590 c.p.) constitutes the conduct of a person who causes by negligence serious or very serious personal injury to others, with violation of the workplace accident prevention regulations.

The death or serious or very serious negligent personal injury must be committed with violation of the workplace health and safety regulations.

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

- **Receiving** (art. 648 c.p.) constitutes the conduct of a person who, except for the cases of concurring in crime, in order to obtain an advantage for himself or others, purchases, receives or conceals money or things originating from any offence whatsoever, or in all cases meddles in having them purchased, received or concealed.
- **Laundering** (art. 648-bis c.p.) constitutes the conduct of a person who, except for the cases of concurring in crime, replaces or transfers money, assets or other benefits originating from an offence with criminal intent, or to be more precise carries out other transactions in relation to them, in such a way as to hinder the identification of their felonious origin.
- **Use of money, assets or benefits of unlawful origin** (art. 648-ter c.p.) constitutes the conduct of a person who, except for the cases of concurring in crime and the cases provided for in articles 648 and 648-bis, uses money, assets or other benefits originating from an offence in economic or financial activities.
- **Self-laundering** (art. 648-ter.1 c.p.) represented by the conduct of an individual who, having committed or participated in committing an intentional crime, employs, replaces, transfers to economic, financial, business or speculative money, assets or other benefits from the commission of this crime, so as to obstruct the concrete identification of their criminal origin.

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

- **art. 171, paragraph 1, subparagraph a bis, L. 633/1941:** constitutes the conduct of a person who inputs protected intellectual property, or part of it, to data transmission networks at the disposal of the public;
- **art. 171 bis, L. 633/1941:** constitutes the conduct of a person who illegally copies processing programmes in order to make profit, or for the same purposes imports, distributes, sells, possesses for commercial or business purposes, or leases programmes contained in supports not marked by the Società italiana degli autori ed editori (SIAE); uses any means whatsoever intended to allow or facilitate the arbitrary removal or avoidance of software protection of; in order to make profit, on non SIAE marked supports, duplicates, transfers to another
support, distributes, communicates, presents or shows in public the content of a database, effects the extraction or reuse of a database, distributes, sells or leases a database;

- **art. 171-ter, L. 633/1941**: constitutes the conduct of a person who – among other things – illegally duplicates, copies or broadcasts in public, literary, drama, scientific or educational, musical or drama-musical and multimedia work

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

- **Induction to not make statements or to make mendacious statements to the legal authorities** (art. 377 bis c.p.): punishes a person who, unless the fact constitutes a more serious crime, with violence or threat or with the offer or promise of money or other benefits, induces a person called upon to make before the courts statements usable in criminal proceedings, to not make statements or to make mendacious statements, when the person has the right of silence.

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

- **Killing, destruction, capture, taking, keeping of specimens of protected animal or plant species**, provided for by art. 727-bis c.p.: applies in the event that the killing, capture or keeping of a not insignificant quantity of specimens of protected animal species is caused, or the destruction, taking or keeping of a not insignificant quantity of specimens of protected wild plant species.
- **Destruction or debasement of habitat within a protected site**, provided for by art. 733-bis c.p.: applies in the event that the carrying out of company activities causes the destruction of a habitat within a protected site or its debasement, compromising the state of conservation.
- **Crimes connected with the discharge of industrial waste water containing hazardous substances**, provided for by art. 137, paragraphs 2, 3, 5, 11 and 13 Legislative Decree 152/2006: apply in the event that the discharge of industrial waste water containing specific hazardous substances occurs:
  - in the absence of authorisation or with suspended or withdrawn authorisation (paragraph 2);
  - without compliance with the provisions of the authorisation, or other provisions of the competent authority (paragraph 3);
  - in excess of the limit values set by law or the more restrictive values set by autonomous regions or provinces or by the competent authority (paragraph 5);

liability of the body, moreover, may derive from the effecting of discharges:
  - onto the soil, into the surface layers of the subsoil, into underground water and the subsoil, in violation of articles 103 and 104 Legislative Decree 152/2006, except for the exceptions and derogations provided for therein (paragraph 11);
  - into the sea by ships or aircraft in the event that the discharge contains substances or materials for which an absolute ban on spillage is imposed in accordance with the provisions contained in the international agreements in
force on the subject, ratified by Italy (paragraph 13).

- **Crimes connected with waste management**, provided for by art. 256, paragraphs 1, 3 and 5 Legislative Decree 152/2006: apply in the following events:
  - activity of collection\(^3\), transport\(^4\), recycling\(^5\), disposal\(^6\), trade and brokerage of waste – both hazardous and non hazardous – in the absence of the prescribed authorisation, registration or notification (paragraph 1);
  - creation or management of a non authorised dump, including possibly intended for the disposal of hazardous waste (paragraph 3);
  - performing of non permitted activities for the mixing of waste (paragraph 5);
  - temporary storage at the place of production of hazardous sanitary waste with violation of the provisions in article 227, paragraph 1, letter b), Legislative Decree 152/2006\(^7\) (paragraph 6, first sentence).

- **Pollution of the soil, subsoil, surface or underground water**, provided for by art. 257, paragraphs 1 and 2 Legislative Decree. 152/2006: constitutes the conduct of whoever causes pollution of the soil, subsoil, surface or underground water with a passing of the risk threshold concentrations, not taking steps to notify the competent authorities within the deadlines provided for or to clean up the site in accordance with the plan approved by the competent authority.

- **Preparation or use of a false certificate of analysis of waste**, provided for by art. 258, paragraph 4, second sentence Legislative Decree 152/2006: punishes whoever in the preparation of a certificate of analysis of waste, supplies false indications on the nature, composition and physical and chemical characteristics of waste, or makes use of a false certificate during transport.

- **Illegal traffic of waste**, provided for by art. 259, paragraph 1 Legislative Decree 152/2006: punishes whoever carries out a shipment of waste constituting illegal traffic under art. 26 of (CEE) regulation 259 of 1st February 1993, or should this shipment handle the waste listed in Appendix II of the aforementioned regulation in violation of art. 1, paragraph 3, letters a), b), e) and d) of that same regulation.

- **Organized activities for the illegal traffic of waste**, provided for by art. 260, paragraph 1 Legislative Decree 152/2006: punishes whoever carries out, with several operations and by means of the preparation of vehicles and organized continuous activities, the transfer, receipt, transport, export or import, or in any case the unlawful management of huge quantities of waste.

- **Falsification of a certificate of analysis of waste used in the system of control of its traceability**, use of a fraudulently altered certificate or printed copy of a SISTRI sheet, provided for by art. 260-bis, paragraphs 6, 7 and 8 Legislative Decree

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3 “collection” means “the withdrawal of waste, including the preliminary picking and storage, therein included the management of the collection centres (...) for the purpose of its transport to a treatment plant” (art. 183, paragraph 1, letter c) Legislative Decree 152/2006).

4 in the absence of a legal definition, “transport” can mean the movement, by way of any means, of waste from one place to another, except for transfers performed within private areas (see art. 193, paragraph 9 Legislative Decree 152/2006).

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

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

7 This provision refers to Presidential Decree 254 of 15th July 2003.
152/2006: applies in the event in which:
- in the preparation of a certificate of analysis of waste, used in the system of control of its traceability, false indications are supplied on the nature, composition and physical and chemical characteristics of waste, and a false certificate is included in the data to be supplied for the traceability of waste (paragraph 6);
- the carrier neglects to accompany the transport of waste with a printed copy of the SISTRI – Movement Area sheet, and when required by the regulations in force with a copy of the analytical certificate that identifies the characteristics of hazardous waste (paragraph 7);
- during transport use is made of a certificate of analysis of waste containing false indications on the nature, composition and physical and chemical characteristics of the transported waste (paragraph 7);
- the carrier accompanies the transport of waste (hazardous and non hazardous) with a printed copy of the SISTRI – Movement Area sheet that has been fraudulently altered (paragraph 8).

- **Violation of emission limit values in the running of a plant**, provided for in art. 279, paragraph 5 Legislative Decree 152/2006: applies in the event that the emissions\(^8\) generated in the air, by exceeding the limit emission values, moreover cause the exceeding of the limit values for air quality provided for in the regulations in force.
- **Fraudulent pollution caused by ships**, provided for in art. 8, paragraphs 1 and 2 Legislative Decree 202/2007: applies in the event that the captain of a ship sailing under any flag, as well as the crew members, the proprietor of the ship and the ship-owner, fraudulently pour specific polluting substances into the sea.
- **Accidental pollution caused by ships**, provided for in art. 9, paragraphs 1 and 2 Legislative Decree 202/2007: applies in the event that the captain of a ship sailing under any flag, as well as the crew members, the proprietor of the ship and the ship-owner, accidentally spill specific polluting substances into the sea.
- **Environmental pollution** (art. 452-bis c.p.) represented by the conduct of an individual who causes impairment or a significant and measurable deterioration: 1) of the water or air, or extensive or significant portions of soil or subsoil; 2) of an ecosystem, of biodiversity, also of agriculture, of flora or fauna. When pollution is produced in a natural protected area or one subject to landscape, environmental, historical, artistic, architectural or archaeological protection, or against a protected animal or plant species, the penalty is increased.
- **Environmental disaster** (art. 452-quater c.p.) and outside the cases provided for in Article 434, is represented by the conduct of the individual who causes an environmental disaster. Alternately environmental disaster is represented by: 1) the irreversible alteration of the balance of an ecosystem; 2) the alteration of the balance of an ecosystem whose elimination is particularly onerous and likely to be achieved only with exceptional measures; 3) an offence against public safety by reason of the importance of the fact for the extension of the impairment or its harmful effects or for the number of people injured or exposed to danger.

\(^8\) “Emission means “any solid, liquid or gaseous substance introduced into the air that can cause air pollution” (art. 268, paragraph 1, letter b) Legislative Decree 152/2006). Emission limit value means “the emission cause, concentration, percentage or mass flow of polluting substances in emissions that shall not be exceeded. Emission limit values expressed as a concentration are set with reference to the functioning of the plant under the most onerous running conditions, and unless provided for otherwise (from title I of part V of Legislative Decree 152/2006) or by authorisation, are understood to be set as the hourly average” (art. 268, paragraph 1, letter q) Legislative Decree 152/2006).
When disaster is caused in a natural protected area or one subject to landscape, environmental, historical, artistic, architectural or archaeological protection, or against a protected animal or plant species, the penalty is increased.

- **Intentional crimes against the environment** (art. 452-quinquies c.p.) this occurs in the event that the activities significantly compromise or deteriorate (environmental pollution) or significantly alter (environmental disaster) water, air, and portions of soil and subsoil; particularly where these are performed in areas subject to protection of landscape, environmental, historical, artistic, architectural or archaeological value, or against a protected animal or plant species.

- **Aggravating circumstances** (art. 452-octies c.p.) which occur in the event of carrying out activities in a partnership arrangement, also with public officials, likely to cause pollution or environmental disaster.

**Employment of citizens of other countries whose stay is illegal (art. 25-duodecies of the Decree)**

- **art. 22, paragraph 12-bis Legislative Decree 286/1998** constitutes the conduct of whoever, in the capacity of an employer, employs foreign workers lacking a permit of stay, or whose permit has expired and its renewal has not been requested within the legal time limits, or has been withdrawn or cancelled, if the employed workers are (alternatively):
  - of a number exceeding three;
  - underage of non working age;
  - subjected to the other working conditions of particular exploitation cited in paragraph 3 of art. 603-bis c.p. i.e. exposed to situations of grave danger with reference to the services to be rendered and the working conditions.

**Transnational crimes (art. 10 – L. 146/2006)**

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

- **Traffic of Migrants** (art. 12 Paragraphs 3, 3-bis, 3-ter and 5 of the Consolidated Law of Legislative Decree. No. 286, 1998) represented by the conduct of anyone who promotes, manages, organises, finances or performs the transport of foreigners into the State, that is, who acts to facilitate the illegal entry of foreigners who do not hold citizenship or a residency permit; with aggravating circumstances if such acts are committed in order to recruit people for prostitution or other sexual or labour exploitation or regard the entry of minors for illegal activities for their exploitation, meaning committed with the aim of unfair profit from the illegal status of the foreigner.

- **Induction to not make statements or to make mendacious statements to the legal authorities**, provided for in art. 377-bis c.p., constitutes the conduct of whoever, with violence or threat or with the offer or promise of money or other benefits, induces a person called upon to make before the courts statements usable in criminal proceedings, to not make statements or to make mendacious statements, when the person has the right of silence;
- **Aiding and abetting, under art. 378 c.p.** is represented by the conduct of anyone who, after committing a crime for which the law prescribes the death penalty or life imprisonment, or other term of imprisonment and excluding accomplices in the same, helps someone to avoid investigation by the authorities, or to escape pursuit by the authorities, shall be punished with imprisonment of up to four years. When the crime committed is that provided for in Article 416bis, in any case the penalty of imprisonment of not less than two years is applied. If is a matter of crimes for which the law prescribes a different penalty, i.e. fines, the penalty is a fine of up to EUR 516. The provisions of this article shall also apply when the person helped is not chargeable or did not commit the crime (379, 384).

In the subsequent Special Part this document identifies those activities of the Company named sensitive due to the inherent risk of the committing of crimes of the types of those listed here, and for each of the sensitive activities provides for prevention principles and protocols.

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

**5. RECIPIENTS OF THE MODEL**

The recipients of the Model are:

- **a.** all directors and those who carry out, including de facto, functions of representation, management, administration, direction or control in the Company or in a possible organizationally independent unit of the Company;
- **b.** Company employees with status of executive, middle manager, office worker or labourer or due to para-salaried employment relations (for the purposes of example but not limited to these: project workers, contract workers, temporary workers), including when seconded to other premises of the Company in Italy or abroad for the carrying out of their activity;
- **c.** external freelancers, understood to be those who while not functionally linked to the Company by salaried or para-salaried employment relations, according to contractual relations do act under the direction and surveillance of the Company’s corporate management and/or in the name of, or in the interest of the Company (for the purposes of example but not limited to these: procurers, holders, third-party firm consultants and suppliers in general);
- **d.** members of the Board of Statutory Auditors.

The Management of the Company, having consulted with the Surveillance Board, shall assess the types of legal relations which can fall within the category of persons cited in subparagraph c), in the light of the type of activity carried out on behalf of or in the interest of the Company. When considered appropriate, contracts which regulate relations with these persons must provide for special clauses (including express termination clauses) which regulate the legal consequences due for non compliance with the business policies of the Company, the Code of Ethics and this Model, as well as the possibly opportune obligation to comply with requests for information or showing of documents made by the Company’s Surveillance Board.
In all cases, at the time of stipulation of contracts or agreements with all third parties, including those who do not fall within recipients of the Model according to the above provisions, the Company shall provide for the sending of its Code of Ethics in order to make the counter-party aware of the principles the Company follows in the pursuit of its activity, and consequently to request compliance with them. All recipients of the Model are required to comply, with the utmost diligence, with the regulations contained in the Model and their accomplishment procedures.

6. THE MODEL WITHIN THE GROUP

Companies belonging to the Group are understood to be all Italian Companies directly controlled by the Company, in accordance with art. 2359 c.c.

The Company shall communicate this Model and all subsequent updates of it to the Companies belonging to the Group, with the procedures considered most appropriate.

The Companies belonging to the Group shall autonomously adopt, with a resolution of their Board of Directors, Sole Directors or Liquidators and on their own responsibility, their own Model of organization, management and control, after having individuated their activities at risk of crime, considering the nature and type of activity carried out as well as the size and structure of their own organization. Each company belonging to the Group shall appoint its own Surveillance Board, which according to the Company’s size and activities at risk may also be constituted in solo form, in compliance with the principles of independence and autonomy of the function dictated by the Decree.

In the preparation of their model the Companies belonging to the Group shall follow the example of the principles of this Model and incorporate its content, unless the analysis of their activities at risk highlights the need or the advisability to adopt different or further specific measures of prevention compared to those stated in this Model.

Until their own Model has been adopted, the Companies belonging to the Group shall guarantee the prevention of facts of crime by means of appropriate measures of organization and internal control.

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

7. SURVEILLANCE BOARD

7.1 Role and powers

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

In the exercising of its functions the SB is provided with autonomy and independence, as well as adequate professionalism with regard to the control of the risks connected with the specific activity carried out by the Company and with the related legal profiles.

The Surveillance Board has the task of constantly monitoring:

• the compliance with the Model by all recipients defined in paragraph 5 above;
• the appropriateness of the Model in relation to the effective capacity to prevent the committing of the crimes cited in the Decree;
• the effective accomplishment of the requirements of the Model in the scope of carrying out the activities of the Company;
• the updating of the Model, the accomplishment and effective functionality of the proposed solutions (follow-up) if there is found to be a need to adjust the Model to changes in the corporate structure and organization, the regulatory framework of reference, or other important events.

The Surveillance Board has autonomous of powers of initiative and control, such to allow the effective exercising of the functions provided for in the Model as well as subsequent provisions or procedures taken on in accomplishment of it. Powers of management, decision-making, organizational or disciplinary intervention regarding the carrying out of Company activities are not within the jurisdiction of the Surveillance Board, nor may they be attributed to it even in substitute form.

In coordination with the different competent corporate functions, the Surveillance Board has the task of:

• periodically checking the correctness and completeness of the mapping of the activities at risk, in order to adjust this to changes in the business activities and/or the company structure;
• assuring that the corrective actions necessary to render the Model adequate and effective be undertaken promptly;
• gathering, formulating and storing all relevant information received from the function managers, as a privileged source of information on the degree of accomplishment of the Model;
• performing or acting such to have performed, with its own direct responsibility and surveillance, periodic inspection activities aimed at the verification of the provisions of the Model;
• updating the list of information necessary for the proper carrying out of its surveillance activities;
• promoting initiatives for the training of personnel on the purposes and content of the Model.

The Surveillance Board has autonomous expense powers based on an annual budget approved by the Board of Directors following a proposal from the same Board; the budget for its three-year term was approved by the Board of Directors
meeting of 26 June 2015, which appointed the SB. The Surveillance Board can commit resources which exceed its expense powers in the event of exceptional and urgent situations, with the obligation to notify the Board of Directors of this at the next meeting.

7.2 Requirements

All members of the Surveillance Board must have the necessary professionalism, honourableness, independence, functional autonomy and jurisdiction for the carrying out of the tasks assigned by the Decree and must be able to assure continuity of action.

The autonomy and independence of the individual members of the Surveillance Board are determined according to the function carried out and the tasks attributed, identifying from whom and what they must be autonomous and independent in order to be able to carry out such tasks. As a result each member must not have decision-making, operational and management roles such to compromise the autonomy and independence of the entire SB. In all cases the autonomy and independence requirements require that the members should not find themselves in even a potential position of conflict of personal interest with the Company.

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

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

The Surveillance Board must have, through its members, adequate technical-professional skills for the functions which it is called upon to perform. Therefore it is necessary that within the SB there are persons with adequate professionalism in terms of economics, law and analysis, control and management of corporate risks. More particularly the Surveillance Board must have the specialised technical capacities necessary for carrying out control and consulting activities.

Lastly, the Surveillance Board shall carry out in a continuing manner the activities necessary for the surveillance of the Model, with adequate commitment and with the necessary powers of investigation.

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

All members of the Surveillance Board are required not to have any of the conditions of ineligibility and/or incompatibility stated below:

- to have been subjected to preventive measures ordered by the courts in accordance with law 1423 of 27th December 1956 (‘Preventive measures towards high risk persons for security’) or law 575 of 31st May 1965 (‘Provisions against the Mafia’);
- to have been convicted, even with a judgment that is not yet final or issued pursuant to art. 444 ss. c.c.p., even with a conditionally suspended sentence, subject to the effects of rehabilitation:
  - for one or more criminal offences among those peremptorily provided for in Legislative Decree 231/2001;
  - for any offence with criminal intent whatsoever;
- to be prohibited, incapacitated, bankrupt or to have been convicted, including with a non final sentence, to a punishment which entails prohibition, including temporary prohibition, from public offices or unfitness to carry out managerial offices.

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

7.3 Appointment, replacement and termination of members of the SB

The SB is appointed by the Board of Directors with an explained action, which acknowledges the existence of the requirements of eligibility and independence, autonomy, honourableness, professionalism and jurisdiction of each member.

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

- one belonging to Company personnel and not responsible for operative functions;
- two not belonging to the Company personnel; when directors, only if not responsible for operative functions and only if they have the requirements in accordance with paragraph 7.2.

If not already expressly stated by the Board of Directors which appoints the SB, the Surveillance Board itself shall appoint from within a Chairman to whom it may in all cases delegate specific functions.

When formally accepted by the appointed person, the assignment is made known to all corporate levels by means of a special internal communication.

The SB remains in office until the termination of the Board of Directors which provided for its appointment. The members of the SB can be re-elected.

In the event of just cause or the impossibility to carry out its functions or the arisen lack of the typical requirements of a member of the SB, the Board of Directors shall
terminate the appointment giving an adequate reason for doing, and at the same
time provide for the replacement of the member who has become unsuitable. The
following are conditions legitimizing termination for just cause:
- loss of the eligibility requirements cited in paragraph 7.2 above;
- non-fulfilment of the obligations connected with the task assigned, including
  absence of good faith in the exercising of the assignment;
- unjustified absence at more than two meetings of the SB.
- In addition to loss of the eligibility requirements, the following constitute causes
  of forfeiture of the position:
  - renunciation;
  - death or arisen incapacity or impossibility to carry out the assignment.

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

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

7.4 Information flows to and from the Surveillance Board

The Surveillance Board shall report to the Board of Directors regarding the
accomplishment of the Model, the emerging of any critical situations, the requirement
for any updates and adjustments of the Model and the reporting of violations
ascertained.

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

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

The Board of Directors and the Board of Statutory Auditors have the power to
convene the SB at any time to request information under their respective jurisdiction.
The SB has the obligation of periodically drafting, at minimum on an annual basis,
a written report for the Board of Directors which must contain at least the following
information:
- a summary of the activities and controls carried out during the year by the SB,
  with express indication of any critical situations noted;
- possible problems concerning the lack, incompleteness or difficulty of
  implementation of the operating procedures for the accomplishment of the
  regulations of the Model;
- new sensitive activities not provided for in the Special Part of this Model, within
which one of the crimes provided for by the Decree may be committed;

• an account of the reports received from internal and external persons regarding alleged violations of the Model, and the outcome of the checks of said reports;

• all disciplinary procedures and sanctions applied by the Company for violations of the Model or the procedures for its accomplishment;

• an overall assessment of the functioning and effectiveness of the Model with any proposals of additions, corrections or changes in its form and content;

• any changes to the regulatory framework which require updating of the Model;

• an account of the expenses sustained;

• the expense budget for the following year.

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

All recipients of the Model, as stated in paragraph 5 above, are required to cooperate towards the full and effective accomplishment of the Model by immediately reporting any news regarding an alleged crime or an alleged violation of the Model or the procedures laid down for its accomplishment.

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

• the corporate bodies are required to communicate to the Surveillance Board all useful information for the carrying out of the control and checking activity on compliance with the Model, to guarantee its functioning and proper accomplishment;

• the managers of the functions concerned by the sensitive activities are required to communicate in a periodic or at minimum six-monthly report to the Surveillance Board all useful information for the carrying out of the control and checking activity on the compliance with the Model, the degree of accomplishment of the prevention protocols for the activities at risk for which they have jurisdiction, as well as an explained indication of any need for changes to the aforesaid protocols. The SB may from time to time request that the report contain additional information to that stated;

• the Human Resources manager, within the limits to which he has become aware during the carrying out of his activity, is always required to communicate the following information to the SB:
  - any violations and/or reports of anomalous facts or actions committed by Company personnel which he has become aware of;
  - sanctions and disciplinary procedures started for all violations;
  - filing provisions for these procedures with the related reasons;
  - any changes in the corporate activity or organization;
  - any problems which have arisen regarding the means of accomplishment of the procedures provided for in the Model or adopted in the accomplishment or in the light of it and in the Code of Ethics;
  - the results of any inspection and control activities carried out;
  - requests for information or clarification made to the function by the Board of Statutory Auditors or the auditing company or the company management, which may have importance for the purposes of the proper application of the Model;
- an overall assessment of the functioning of the Model with any indications regarding additions, corrections or changes.

- employees and all external freelancers who are recipients of the Model according to the provisions of paragraph 5 above, are required to report, preferably non-anonymously and directly to the SB, any possible violations of the Model or the procedures established for its accomplishment as well as all other information useful for the carrying out of the activity of control and checking of the appropriateness of the Model.

Reports of alleged violations, as well as all other communications regarding the Model (such as requests for updating, the sending of reports etc., for example) shall be made by means of confidential internal mail or using the special dedicated e-mail address (OdV@lamberti.com). When access to the information technology system is not possible or not available, the communication may be made by means of internal mail addressed to an internal member of the Surveillance Board.

The Surveillance Board, as well as the persons which the Board avails itself of in any capacity, are obliged to treat as confidential all information which they have become aware of in the exercising of their functions or activities.

In agreement with the Company, the Surveillance Board shall adopt appropriate measures such that the confidentiality of the identity of whoever conveys information to the SB is always ensured. Any form whatsoever of retaliation, discrimination or penalization of persons who make reports to the SB in good faith is prohibited. However the Company reserves to right to take any action against whoever makes untruthful reports in bad faith.

All communications shall be kept by the Surveillance Board in a special file, such that access to them be guaranteed solely for members of the SB. For this purpose the SB may request the Company to make available space and cupboards equipped and protected for the storage of relevant documents concerning the Company.

8. INFRAGROUP RELATIONS

The performance of services carried out by the Company in favour of companies belonging to the Group, and which can concern the sensitive activities stated in the Special Part of the Model, must be regulated by a written contract which shall be communicated to the Surveillance Board of the Company.

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

- the obligation of the beneficiary company of the service to ensure the truth and completeness of the documents or information communicated to the Company, for the purposes of the carrying out of the requested services;
- the power of the Surveillance Board of the Company to request information from the Surveillance Board of the company which is the beneficiary of the service, for the purposes of the proper carrying out of its functions within the services
requested of the Company;
• the power of the Surveillance Board of the company which is the beneficiary of
the service to request information from the Surveillance Board of the Company,
or to be more precise – subject to the consent of the latter – from the functions
of the Company, for the purposes of the proper carrying out of its surveillance
function;
• express termination clauses which punish any breaches of contract of the
company supplying the service with regard to the principles cited in the Decree
and the Code of Ethics of the Company.

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

9. PENALTY SYSTEM

9.1 General principles

The Company punishes any behaviour different, in addition to the law, from the
Model, the Code of Ethics and company protocols and procedures, including when
the behaviour is carried out in the interest of the Company, or to be more precise
with the intention of cause a benefit for it.

In compliance with the provisions of the Decree, the Company shall provide for the
adoption of a disciplinary system able to punish non compliance of recipients with
the Model, the Code of Ethics, and the company protocols and procedures. As
detailed below, the sanctions provided for shall be imposed in application of the
provisions of the Model, in compliance with the disciplinary system already provided
for by the internal disciplinary regulations and the applicable collective national
labour contracts.

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

The application of disciplinary measures for violation of the corporate rules of
conduct is regardless of the outcome of any criminal trial or other civil, administrative
or tax proceedings obtained for the same fact.

For the purposes of example, the following behaviour constitutes disciplinary
infraction:
• violation, including with omission behaviour and in cooperation with others, of
the principles and procedures provided for by this Model or established for its
accomplishment;
• the drafting of untruthful documents, including in cooperation with others;
facilitation of the drafting of untruthful documents by others;
• omitted drafting of documents required by this Model or the procedures established for its accomplishment;
• removal, destruction or alteration of documents connected with the procedures to escape the control system provided for by the Model;
• hindrance of the surveillance activity of the SB or the persons it avails itself of;
• prevention of access to the information and documents requested by the persons in charge of controls of the procedures and decisions;
• the carrying out of any other conduct whatsoever able to elude the control system provided for by the Model.

All violations of the Model or the procedures established for its accomplishment, by whomever committed, must be immediately communicated in writing to the Surveillance Board, subject to the procedures and the provisions within the jurisdiction of the holder of disciplinary power. The reporting duty bears upon all recipients of this Model.

In the event of reports of alleged violations, the Surveillance Board shall become active immediately to start the necessary checks to assess the truth of what is stated in the reporting. The gathering of information by the Board shall be carried out according to methods which guarantee the subsequent confidential and classified handling of the content of the reports. In no event shall the Board communicate names or circumstances which may spread knowledge of the source of the information received. The Board shall make every effort to store documents related to the reporting in secure and inaccessible places.

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

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

9.2 Recipients of sanctions and disciplinary measures

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

The Model constitutes a set of rules which the salaried personnel must conform with, including in accordance with the provisions of the respective collective national labour contracts, on the subject of rules of behaviour and disciplinary measures. Therefore violation of the provisions of the Model and its accomplishment procedures entails the application of the disciplinary procedure and the related sanctions, in
accordance with the law and the cited collective national labour contracts. Specific sanctions are, however, provided for members of the corporate bodies.

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

- **Employees with the status of labourer, office worker and middle manager:** The disciplinary system is applied in compliance with art. 7 of law 300 of 20th May 1970 (the Workers’ Statute) and the collective national labour contracts in force for employees.
- **Executives:** The disciplinary system is applied in compliance with the law and the applicable collective national labour contract. With notification, the revocation of possible proxies assigned to the person concerned may be decided.
- **Directors:** The Surveillance Board must give immediate written communication to the Board of Directors and the Board of Statutory Auditors of every possible violation of the Model committed by members of the Board of Directors. Concerning Directors who have committed a violation of the Model or the procedures established for its accomplishment, the Board of Directors can apply any appropriate action allowed by law, including the following sanctions, established depending on the seriousness of the fact and awareness of it, as well as the consequences which have resulted for the Company:
  - formal written warning;
  - pecuniary penalty of an amount up to five times the remuneration calculated on a monthly basis;
  - total or partial revocation of the powers granted.
- **When a Director's violation is such to compromise the Company’s trust in him, the Board of Directors shall convene a Meeting and propose revocation from the office for just cause.**
- **Auditors:** The Surveillance Board must give the Board of Directors immediate written communication of any violations committed by members of the Board of Statutory Auditors. In the event of violations such to constitute just cause of revocation the Board of Directors shall convene a Meeting and propose revocation from office.
- **External persons and contractual counter-parties who are recipients of the Model:** Relations with third parties are governed by appropriate contracts formalized in writing, which must provide for clauses concerning compliance with the fundamental principles of the Model and the Code of Ethics by these external persons. In particular, non compliance with these principles can entail cancellation of the relations for just cause, without prejudice to a possible claim for damages when such behaviour results in concrete damage for the Company. Having consulted with the Managing Director and the manager of the department to which the contract or relations make reference within the activity of identification of relations with external persons relevant for the purposes of the Model, the Surveillance Board shall assess the proposed penalty measures to apply to such persons in cases of violation of the provisions of the Model or the procedures established for its accomplishment. The Surveillance Board shall
be promptly informed when facts which can constitute violation of the Model by these persons occur, provided that they had bound themselves by means of contractual obligations to comply with the Model.

- With specific reference to contracts with third parties for which the purpose is activities or performance relevant to the health and safety of workers of the Company or of these third parties, the contracts which the Company stipulates shall provide for specific powers of the Company concerning a: i) mechanism for detection of violations of the health and safety workplace regulations, as applied by the Company; ii) consequences related to such violations, including the application of specific fines and express termination clauses by the Company, on the reaching of pre-established thresholds of fines applied; iii) the right of the Company to stop performance by such third parties in the event of violation of the health and safety workplace regulations. Records shall be kept of the application of such measures by the Company, including during the qualification and assessment of suppliers.

10. COMMUNICATION AND TRAINING

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

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

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

The Company also undertakes to carry out training programmes with the purpose of ensuring effective awareness of the Decree, the Code of Ethics and the Model regarding all employees and the members of the corporate bodies of the Company. The training shall be structured according to the status of the persons concerned and their degree of involvement in the sensitive activities stated in the Model. Specific training is intended for the members of the Surveillance Board.

The training initiatives can also be carried out by means of the use of information technology systems. The training of personnel for the purposes of accomplishment of the Model is managed by Human Resources Management in close collaboration with the Surveillance Board. The recipients’ taking part in the training courses is mandatory and subjected to Surveillance Board verification of their participation and comprehension.
Guidelines for the adoption, implementation and accomplishment of the Model of organization, management and control.