



**Legislative Decree No. 231 of 08 June 2001**  
**Organization, Management and Control**  
**Model**

**Edition 10.0 (Year 2021)**

*Document approved by the Board of Directors on 19/03/2021*

## TABLE OF CONTENTS

<b>DEFINITIONS.....</b>	<b>4</b>
<b>INTRODUCTION .....</b>	<b>8</b>
<b>PERSONS CONCERNED BY THE MODEL .....</b>	<b>9</b>
<b>GENERAL PART SECTION I – THE DECREE AND THE MODEL .....</b>	<b>10</b>
<b>1. LEGISLATIVE DECREE 231 OF 08 JUNE 2001 .....</b>	<b>11</b>
<b>2. CRITERIA FOR THE ATTRIBUTION OF ADMINISTRATIVE LIABILITY .....</b>	<b>13</b>
<b>3. LIABILITY OF THE ENTITY IN THE EVENT OF COMPLICITY IN THE OFFENCE .....</b>	<b>14</b>
<b>4. DISCLAIMER .....</b>	<b>15</b>
<b>5. ORGANIZATION, MANAGEMENT AND CONTROL MODEL.....</b>	<b>16</b>
<b>6. THE OFFENCES PROVIDED FOR BY THE DECREE .....</b>	<b>17</b>
<b>7. OFFENCES COMMITTED OUTSIDE ITALY.....</b>	<b>31</b>
<b>8. PENALTIES .....</b>	<b>31</b>
<b>GENERAL PART SECTION II - THE RENO DE MEDICI SPA MODEL.....</b>	<b>34</b>
<b>1 THE BOARD OF DIRECTORS OF RENO DE MEDICI S.P.A. ....</b>	<b>35</b>
1.1 AIMS AND OBJECTIVES PURSUED BY THE COMPANY THROUGH ADOPTION OF THE MODEL	35
1.2 CONSTITUENT ELEMENTS OF THE MODEL AND OF THE PREVENTIVE CONTROL SYSTEM....	37
1.3 PREPARATION OF THE MODEL .....	39
1.3.1 Key points for updating the Model.....	41
1.3.2 Persons involved in updating, modifying and supplementing the Model .....	42
1.4 RISK PROFILES AND SENSITIVE ACTIVITIES OF RENO DE MEDICI.....	42
1.5 STRUCTURE OF THE MODEL.....	43
<b>2 APPLICATION OF RDM’S MODEL TO GROUP COMPANIES .....</b>	<b>45</b>
<b>SUPERVISORY BODY (SB).....</b>	<b>47</b>
<b>3 SUPERVISORY BODY .....</b>	<b>48</b>
3.1 THE SUPERVISORY BODY REGULATIONS.....	48
3.2 REQUIREMENTS OF THE SUPERVISORY BODY .....	48
3.3 COMPOSITION OF THE SUPERVISORY BODY .....	49
3.4 ESTABLISHMENT AND APPOINTMENT OF THE SUPERVISORY BODY .....	50
3.5 DUTIES AND POWERS OF THE SUPERVISORY BODY .....	51
3.6 SB ACTIVITIES AND REPORTING .....	52
<b>INFORMATION FLOWS TO THE SUPERVISORY BODY .....</b>	<b>54</b>
<b>4 INFORMATION FLOWS TO THE SUPERVISORY BODY.....</b>	<b>55</b>

4.1	DISCLOSURE OBLIGATIONS ON THE PART OF CORPORATE OFFICERS, CONTRACTORS AND CONTROL BODIES.....	55
4.2	INFORMATION OBLIGATIONS OF THIRD PARTIES .....	55
4.3	PROCESSING OF REPORTS .....	55
	<b><u>INFORMATION AND TRAINING FOR EMPLOYEES AND .....</u></b>	<b><u>57</u></b>
	<b><u>EXTERNAL CONTRACTORS .....</u></b>	<b><u>57</u></b>
<b>5</b>	<b>COMMUNICATION.....</b>	<b>58</b>
5.1	COMMUNICATIONS TO EMPLOYEES/CONTRACTORS .....	58
5.2	COMMUNICATIONS TO EXTERNAL PARTIES.....	59
<b>6</b>	<b>TRAINING .....</b>	<b>59</b>
6.1	TRAINING FOR EXTERNAL CONTRACTORS.....	60
	<b><u>DISCIPLINARY SYSTEM .....</u></b>	<b><u>62</u></b>
<b>7</b>	<b>GENERAL PRINCIPLES .....</b>	<b>63</b>
<b>8</b>	<b>CONTRAVENTIONS OF THE MODEL.....</b>	<b>65</b>
<b>9</b>	<b>PENALTIES .....</b>	<b>65</b>
9.1	PENALTIES AGAINST OPERATIVES, OFFICE STAFF AND MIDDLE MANAGERS .....	65
9.2	MEASURES AGAINST MANAGERS.....	65
9.3	MEASURES AGAINST DIRECTORS .....	65
9.4	MEASURES AGAINST THE STATUTORY AUDITORS .....	66
9.5	MEASURES AGAINST CONSULTANTS AND PARTNERS/SUPPLIERS.....	66
	<b><u>SPECIAL PARTS.....</u></b>	<b><u>67</u></b>
	<b><u>(FOR INTERNAL USE ONLY).....</u></b>	<b><u>67</u></b>
	<b><u>INTRODUCTION TO THE SPECIAL PARTS.....</u></b>	<b><u>68</u></b>
	<b><u>ANNEXES .....</u></b>	<b><u>70</u></b>
	<b><u>ANNEX 1 – CODE OF ETHICS .....</u></b>	<b><u>71</u></b>
	<b><u>(PUBLISHED ON WWW.RDMGROUP.COM IN THE APPROPRIATE SECTION).....</u></b>	<b><u>71</u></b>
	<b><u>ANNEX 2 – REGULATION OF THE SUPERVISORY BODY .....</u></b>	<b><u>72</u></b>
	<b><u>ANNEX 3 – PROTOCOLS .....</u></b>	<b><u>73</u></b>
	<b><u>ANNEX 4 – MANUAL FOR PREPARATION OF PROCEDURES AND PROTOCOLS .....</u></b>	<b><u>74</u></b>

## DEFINITIONS

- **Agent or Agency:** an entity or legal person that maintains agency or commercial representation relationships with RDM S.p.A., as defined in Article 1742 et seq. of the Italian Civil Code.
- **Senior Managers or persons in senior positions:** natural persons who are entrusted with the representation, administration or management of the Entity or of a financially and functionally autonomous organizational unit thereof, and by natural persons responsible for the management and control of the Entity, including on a *de facto* basis.
- **At-risk or Sensitive Area:** the process, operation, act, or set of transactions and acts, that may expose the Company to the risk of committing an Offence provided for in the Decree.
- **NATIONAL COLLECTIVE LABOUR AGREEMENT (CCNL):** National Collective Labour Agreement applied by the Company.
- **Code of Ethics:** the document, approved by the Board of Directors, containing the general principles of conduct, recommendations, obligations and/or prohibitions to which Persons Concerned must comply and the violation of which gives rise to related penalties.
- **Control and Risks Committee:** The Control Committee established by the Company pursuant to the Corporate Self-Governance Code of Borsa S.p.A.
- **Consultants:** those who act for and/or on behalf of the Company on the basis of a mandate or other professional collaboration relationship (including outsourcers to whom specific activities are entrusted).
- **Decree or Legislative Decree No. 231/2001:** Legislative Decree No. 231 of 8 June 2001, entitled “*Rules governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000*”, published in Official Gazette No. 140 of 19 June 2001, as well as subsequent amendments and additions.
- **Employees and Staff:** persons who have an employment relationship with Reno De Medici S.p.A., including managers.
- **Head of Corporate Financial Reporting with responsibility for preparation of Corporate Accounting Documents or simply Head of Corporate Financial**

**Reporting:** the company representative indicated in Article 154-*bis* of the Consolidated Law on Financial Intermediation (TUF).

- **Entity:** persons other than natural persons considered by Article 1 of the Decree.
- **Suppliers:** suppliers of goods and services.
- **Administrative offence:** offences to which the Legislative Decree applies, insofar as compatible, i.e. the perpetration of a predicate offence committed by a senior manager or by a person reporting to the latter in the interest or to the advantage of the entity, which is a source of administrative liability for the entity.
- **Guidelines:** The guidelines adopted by Confindustria (updated to March 2014 and approved by the Ministry of Justice on 21 July 2014) for the preparation of organization, management and control models pursuant to Article 6, paragraph 3 of Legislative Decree 231/2001 are also applicable.
- **Model:** this *Organization, Management and Control Model* pursuant to Legislative Decree 231/2001.
- **Supervisory Body or SB:** the internal control body, established pursuant to the Decree, responsible for supervising the functioning of and compliance with the Model, the Code of Ethics and the relevant updates.
- **Public Administration (PA) (central, peripheral and local):** the public administration and, with reference to offences against the public administration, public officials and persons responsible for a public service and officials (e.g. concessionaires of a public service). Purely by way of example, and with regard to the Company's operations, the following individuals from the Public Administration may be identified: i) State, Regions, Provinces and Municipalities; ii) Ministries, Departments and Commissions; (iii) non-economic public bodies (INPS, ENASARCO, INAIL, ISTAT).
- **Partner:** Contractual counterparties with which Reno De Medici enters into contractually regulated forms of collaboration.
- **Sensitive process:** corporate activities within which the conditions may be created for the perpetration of the offences provided for in the Decree.
- **Instrumental process:** corporate activities that allow the creation of financial instruments and/or other replacement means capable of supporting the perpetration of the offences provided for in the Decree.

- **Protocol:** the organizational and control measures for the prevention of criminal offences and administrative offences and for identifying the persons involved in the phases deemed at risk of the perpetration of the offence.
- **Public Officials:** pursuant to Article 357 of the Criminal Code “Public Officials are those who exercise public legislative, judicial or administrative functions”. The administrative function governed by rules of public law and by authoritative acts and characterised by the formation or manifestation of the will of the public administration or its performance by means of authoritative or certification powers is also public.
- **Issuers' Regulations:** the Regulation implementing Legislative Decree No. 58 of 24 February 1998 concerning the rules for Issuers of securities listed on regulated markets adopted by Resolution No. 11971 of 14 May 1999, as amended.
- **Internal Manager:** a person within the Company holding individual or shared responsibility with others for transactions in the At-Risk Areas, appointed by the Chief Executive Officer or by an executive appointed by him/her.
- **Administrative liability:** the Entity's liability for the perpetration of an offence known as a predicate offence.
- **Predicate offence:** the criminal offence provided for by the Decree as a prerequisite for the administrative liability of the entity.
- **Disciplinary System:** the set of penalties applicable in the event of breach of the procedural and behavioural rules laid down in the Model, the protocols and the reference procedures.
- **Subordinate:** a person subject to the management or supervision of a person in a senior position pursuant to Article 5, paragraph 1, letter b).
- **Company:** Reno de Medici S.p.A. or RDM.
- **Group Company:** the Italian and foreign companies controlled directly or indirectly by Reno De Medici S.p.A. pursuant to Article 2359 of the Italian Civil Code
- **Consolidated Law on Financial Intermediation (TUF):** Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented.
- **Senior management:** Chairman, Chief Executive Officer, Members of the Board of Directors.



## INTRODUCTION

This **Organization, Management and Control Model** illustrates the organizational, management and control measures adopted for the purpose of preventing the potential perpetration of certain offences, expressly provided for in Legislative Decree 231/01 (hereinafter only the “Decree”), implemented in the interest or for the direct or indirect benefit of RDM S.p.A. by natural persons who have a qualified and functional position within it.

Reno De Medici S.p.A. (hereinafter the “Company” or only “RDM”) is a company listed in the Star segment of Borsa Italiana and is the parent company of the RDM Group, composed of Italian and foreign companies.

The Group's business consists of producing and cutting cardboard recovered from recycled material and is based on industrial plants in Italy and abroad. The Company, for the direct or indirect promotion, marketing, sale and distribution of paper and paper products makes recourse to its own employees, agents working under a mandate or on behalf of the Company, and subsidiaries located in and outside Europe.

RDM and the RDM Group have always been committed to pursuing management policies aimed at ensuring the quality of the products and production processes, compliance with ethical rules and transparency in the conduct of business, compliance with high standards of safety in the workplace and the environmental and social sustainability of its business model. In this regard, RDM presents in the periodic report, not only the economic but also social results to all the Group's stakeholders (employees, shareholders, public administration, contractors, etc.).

Since the first edition, this Model has been adopted by the Company's Board of Directors with the aim of reinforcing the set of principles, rules and procedures that govern decision-making, control and monitoring processes of the company's activities in order to prevent the perpetration of the offences provided for in the Decree.

This Model, which has been prepared in accordance with the Decree and taking into account the Confindustria Guidelines, consists of the following parts:

- **“General Part” (Section One):** sets out the contents of the Decree as well as the function and general principles of the Model;
- **“General Part” (Section Two):** describes the founding principles and constituent elements of the Model, its function, the methods of constructing the Model and for making amendments and updates to it, its application to Group companies, the establishment of the Supervisory Body, the disciplinary system and the measures to be adopted for the communication, information and training of concerned persons
- **“Special Parts”:** prepared for the various types of offence specified in the Decree and deemed likely to be committed in relation to the specific activity of the Company;



- **The Code of Ethics of the RDM Group:** provided in full in the Annex, is an integral part of the Model since it sets out the general principles and values on which the activities of all those who work on behalf of the Company must be founded;
- **The Regulations of the Supervisory Body:** which are also fully set out in the Annex, govern the functioning of the Body, explaining its tasks and responsibilities;
- **The Protocols, Procedures and Manual of Procedures and Protocols:** documents for the exclusive use of the Company, illustrate the main rules of conduct, decision-making, operating and control to prevent the perpetration of Offences in the context of sensitive and instrumental processes identified.

### **PERSONS CONCERNED BY THE MODEL**

This document is addressed to all those who perform representation, administration and management functions on behalf of RDM and to all workers under the management or supervision of the above parties.

RDM also requires all suppliers, external contractors, consultants, agents and commercial partners to comply with the behavioural principles indicated in this Model and in the Ethical Code, attached hereto, by signing specific contractual clauses and/or issuing a substitute declaration relating to the absence thereof of convictions issued pursuant to Legislative Decree 231/01 are also applicable.

## **GENERAL PART SECTION I – THE DECREE AND THE MODEL**

## 1. LEGISLATIVE DECREE 231 OF 08 JUNE 2001<sup>1</sup>

With Legislative Decree No. 231 of 8 June 2001, Article 11 of Delegated Law No. 300 of 29 September 2000 was implemented. This delegated to the Government power to regulate the administrative

### <sup>1</sup> **Regulatory framework:**

- ✓ Law No. 300 of 29 September 2000; Articles 11 and 14 (delegation to the Government to regulate the administrative liability of companies and entities);
- ✓ Law No. 409 of 23 November 2001 (introduced Article 25-bis into Decree 231);
- ✓ Legislative Decree 61 of 11 April 2002 (with Article 3, introduced Article 25-ter into Decree 231);
- ✓ Law No. 7 of 14 January 2003 (introduced Article 25-quater into Decree 231);
- ✓ Ministerial Decree No. 201 of 26 June 2003 (amending Article 6 of Decree 231);
- ✓ Law No. 228 of 11 August 2003, Article 5 (introduced Article 25-quinquies into Decree 231);
- ✓ Law No. 62 of 18 April 2005 (amended Article 25-sexies in Decree 231);
- ✓ Law 262 of 28 December 2005 (amended Article 25-ter of Decree 231);
- ✓ Law No. 7 of 9 January 2006 (introduced Article 25-quater 1 into Decree 231);
- ✓ Law No. 38 of 6 February 2006 (amended Article 25-quinquies in Decree 231);
- ✓ Law No. 146 of 16 March 2006 containing the ratification and execution of the United Nations Convention and Protocols against transnational Organized Crime (Article 10 extended the liability of Bodies and Companies to offences of criminal association, mafia-type associations, inducement not to make statements to the judicial authorities and personal favour, provided they are committed at transnational level);
- ✓ Law 123 of 3 August 2007 (introduced Article 25-septies into Decree 231);
- ✓ Legislative Decree 231 of 2007 with Article 63, paragraph III introduced Article 28-octies into Decree 231;
- ✓ Law 48/2008 ratifying the Cybercrime Convention (introduced Article 24-bis into Decree 231).
- ✓ Legislative Decree 81 of 9 April 2008 (implementing the provisions of Law 123/2007, providing for specific measures in terms of safety in the workplace and entirely replacing the previous safety legislation);
- ✓ Law No. 94 of 15 July 2009, which introduced into the Decree the reformulation of Article 25-bis with regard to false accounting and new offences relating to organized crime in Italy, disruption of industry and trade and infringement of copyright”;
- ✓ Legislative Decree No. 121 of 7 July 2011, in force since 16 August 2011, which provided for the introduction to Article 25-decies of the offence of "inducement not to make statements or to make false statements", already included in the offences but as Article 25-nonies and the introduction of Article 25-undecies "Environmental Offences";
- ✓ Legislative Decree 109 of 16 July 2012 "Implementation of Directive 2009/52/EC introducing minimum rules on penalties and measures against employers of illegally present third-country nationals which, inter alia, introduced Article 25-duodecies "Employment of illegally present third-country nationals"
- ✓ Law No. 190 of 6 November 2012 entitled "Provisions for the prevention and repression of corruption and illegality in the Public Administration", which introduces two new predicate offences for the liability of the Company, respectively a new offence against the Public Administration (Article 25) and one in "Corporate offences" (Article 25-ter);
- ✓ Legislative Decree 39 of 4 March 2014 – published in the Official Gazette No. 68 of 22 March 2014 – in force on 6 April 2014 introduced to Article 25-quinquies, letter c) an Article 609-undecies of the Criminal Code concerning the grooming of minors;
- ✓ Law 186 of 15 December 2014, "Provisions on the disclosure and return of capital held externally and on combating tax evasion" – published in Official Gazette No. 292 of 17 December 2014 – in force since 1 January 2015, introduced to Article 25-octies the new offence under Article 648-ter 1 of the Criminal Code concerning self-laundering;
- ✓ Law No. 68 of 22 May 2015 entitled "Provisions regarding crimes against the environment", published in the Official Gazette No. 122 of 28 May 2015 and which entered into force on 29 May 2015;
- ✓ Law No. 69 of 27 May 2015 on "Provisions regarding crimes against the Public Administration, Mafia-type associations and false accounting", published in the Official Gazette No. 124 of 30 May 2015.
- ✓ Legislative Decree No. 7 of 15 January 2016 on "Provisions on the repeal of offences and the introduction of offences with civil fines" and Legislative Decree No. 8 of 15 January 2016 on "Provisions on decriminalisation", published in the Official Gazette No. 17 of 22 January 2016, in implementation of Law No. 67 of 28 April 2014. Legislative Decree No. 7 and 8/2016, which amended Article 24-bis the Computer Crimes and Illegal Data Processing.
- ✓ Law 199/2016 "Provisions on combating undeclared work, the exploitation of labour in agriculture and the realignment of remuneration in the agricultural sector", published in Official Gazette No. 257 on 3 November 2016 and in force as of 4 November 2016;
- ✓ Legislative Decree No. 38 of 15 March 2017 "Implementation of Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector;
- ✓ Legislative Decree No. 90 of 25 May 2017 "Implementation of Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and amending Directives 2005/60/EC and 2006/70/EC and implementing Regulation (EU) No. 2015/847 on information accompanying transfers of funds and repealing Regulation (EC) No. 1781/2006.
- ✓ LAW No. 167 of 20 November 2017 – Provisions for the fulfilment of the obligations deriving from Italy's membership of the European Union – European law 2017, which introduced the offence of Racism and Xenophobia to Article 25-terdecies;
- ✓ LAW No. 161 of 17 October 2017, amendments to the Code of Anti-Mafia Laws and Prevention Measures, pursuant to Legislative Decree No. 159 of 6 September 2011, the Criminal Code and the rules for the implementation, coordination and transitional provisions of the Code of Criminal Procedure and other provisions.
- ✓ Delegation to the Government of the protection jobs in companies that are seized and confiscated.
- ✓ Legislative Decree No. 21 of 1 March 2018 Implementing provisions for the principle of delegation of the code reserve in criminal matters pursuant to Article 1, paragraph 85, letter q) of Law No. 103 of 23 June 2017. (18G00046) (OG No 68 of 22-3-2018);
- ✓ Legislative Decree 107/2018, which amended Article 187-quinquies TUF (Other cases relating to market abuse);

liability of legal persons and Entities, including those without legal personality, in accordance with the provisions of certain International Conventions<sup>2</sup> which Italy has signed. The purpose of the Decree is to eliminate, through the application of particularly severe penalties, any form of "illegal economy" carried out by the Entity in the search for profit, both in the case of offences carried out within the framework of the company policy, and in the case of lack of organization and control.

Administrative liability introduced into the Decree may be incurred when, in the interest or to the advantage of the Entity, one of the acts of unlawful conduct provided for in the Decree is committed by natural persons who:

- i. Hold positions of representation, administration or management of companies or Entities or of one of their organizational units with financial and functional autonomy and exercise, including on a *de facto* basis, the management and control thereof (so-called senior management);
- ii. Are subject to the management and supervision of one of the above persons (so-called subordinate persons).

The administrative liability of the Entity is additional to and is not replaced by the criminal liability of the person who materially committed the offence, expressly provided for by the law already in force at the time of performance of the act constituting an offence.

The administrative liability of the Entity persists even when the natural person who committed the offence has not been identified or is not punishable or if the offence is extinguished for a reason other than amnesty (e.g. prescription, death of the offender).

The founding of the Entity's administrative liability and the criminal liability of the natural person are both subject to investigation during the same proceedings before the criminal court.

Since, as stated above, the Decree aims to directly inflict a financial penalty on the Entities in the interest or to the advantage of which the offence was committed, four different types of penalties are provided that can be imposed on the Entity:

- Fines: applicable to all administrative offences determined through a point system;
- Disqualification penalties: applicable only in the event that the Entity's liability arises from a predicate offence for which it was expressly provided and if particular conditions apply (see below paragraph 6);

- 
- ✓ Law of 20 November 2017 and amendment of Legislative Decree No. 21/2018 which added Article 25-terdecies (Racism and xenophobia);
  - ✓ Law No. 3/2018 amending Article 25-septies;
  - ✓ Legislative Decree No. 21/2018 amending Article 25-undecies;
  - ✓ Law 39/2009 which added Article 25-quaterdecies (Fraud in sports competitions, abusive conduct of gambling or betting and games of chance through prohibited devices);
  - ✓ Law No. 157/2019 and Legislative Decree 75/2020, which added Article 25-quinquedecies (Tax offences) and amended by Legislative Decree 75/2020 is also covered by Article 25 (Embezzlement, bribery, inducement to give or promise benefits, corruption and abuse of office);
  - ✓ Legislative Decree 75/2020 which added Article 25-sexiesdecies (Smuggling).

<sup>2</sup> Reference should be made of the Brussels Convention of 26 July 1995 on the protection of the financial interests of the European Community; the Brussels Convention of 26 May 1997 on the fight against corruption of public officials of both the European Community and the Member States; the OECD Convention of 17 December 1997 on the fight against corruption of foreign public officials in economic and international transactions

- Publication of the judgement: applicable when a disqualification penalty is imposed;
- Confiscation and preventive seizure: confiscation is imposed on the Entity with the conviction and concerns the price or profit from the offence, except for the part that can be returned to the injured party, or sums of money, goods or other benefits of a value equivalent to the price or profit from the offence (so-called confiscation by equivalence). Preventive seizure is possible as a precautionary measure with a view to confiscation by equivalence.

## 2. CRITERIA FOR THE ATTRIBUTION OF ADMINISTRATIVE LIABILITY

For the purposes of attributing the Entity's administrative liability, **objective** and **subjective conditions** must be met.

Pursuant to Article 5 of the Decree, the administrative liability of the Entity may arise when the following **prerequisites** are met:

### a) Commission of one of the types of offence expressly provided for by the Decree

The Entity cannot therefore be held liable for a type of offence for which the legislator has not provided corporate liability and the scope of the relevant penalties. At the same time, the catalogue of offences is still open and may be modified by the legislator, as analysed below.

Pursuant to Article 26 of the Decree, it is also provided that the administrative liability of the entity may be incurred, with a reduction in the relevant penalties (from one third to one half), if the predicate offence has not been committed but an attempt was made to commit it. The person has therefore carried out the necessary actions, unambiguously intended to commit the offence in question, without however carrying out the criminal act or causing the harmful event.

### b) Existence of the interest or advantage arising for the Entity from the perpetration of the offence

The legislator identifies two distinct objective conditions

- the criterion of interest, understood as the intention of the actual perpetrator of the offence to benefit the Entity by said conduct. The latter, according to legal theory, is carried out in the interest of the Entity, if, on the basis of an *ex ante* assessment, it is aimed, even only partially, at obtaining a given benefit for the Entity regardless of whether or not said benefit is actually materialized. The interest of the Entity must therefore be deemed to exist at the time the criminal act was committed by the natural person;
- The criterion of the advantage, relating to the actual benefit obtained by the Entity regardless of the intentionality of the person who committed the offence. The ascertainment of the advantage must therefore be made with an *ex post* assessment, on the basis of the tangible benefits obtained by the Entity as a result of the offence.

The Entity is excluded from administrative liability if the perpetrators of the offence (senior managers or subordinates) acted in their own exclusive interest or in the interest of third parties and there is no advantage for the Entity.

If the criminal conduct is not aimed at pursuing an interest for the Entity, even partially, there is no liability for the Entity because one of the objective conditions is not met. Just as in the case of an offence committed without the purpose of obtaining a benefit for the Entity, the preparation and implementation or otherwise of preventive and control measures by the Entity is irrelevant, as the absence of the objective precondition eliminates any possibility of establishing liability under the Decree. If, on the other hand, the person acts in his/her own main interest or in the interest of third parties and there is a minimal advantage to the Entity, administrative liability of the Entity is incurred pursuant to Article 12, letter 1, but a reduced fine is imposed.

**c) Commission of the offence by senior managers or their subordinates**

The Decree, in Article 5, identifies the parties responsible for the offence as:

- Key persons, identified as those who exercise functions of representation (e.g. legal representative), top management (e.g. chief executive officer) and management (e.g. general manager) of the Entity or of one of its financially and functionally autonomous organizational units (e.g. the Plant Director) and refers to persons who exercise said management and control, including on a *de facto* basis (e.g. a *de facto* director).
- So-called subordinate persons managed or supervised by one of the persons indicated above. This category includes those who, in the interest of the Entity, implement decisions taken by managers under the management and supervision of senior management. In addition to employees, this also includes those who act for and on behalf of or in the interest of the latter, for example contractors, consultants and para-subordinates.

**d) Existence of fault on the part of the Entity**

An Entity's administrative liability can arise if the Entity has not adopted or has not complied with a management and control system relevant to its organization and the performance of its activities that is capable of preventing the perpetration of the offence.

The Entity is subject to penalties only if it commits conduct contrary to the legal provisions, implemented by senior management or subordinate persons, given an intentional company decision, or at least deriving from "organizational negligence", understood as non-compliance with the obligations to prepare adequate preventive measures, as well as supervisory control and consequently, ineffective organization of the corporate structure.

**3. LIABILITY OF THE ENTITY IN THE EVENT OF COMPLICITY IN THE OFFENCE**

The Entity's liability may exist, pursuant to the Decree, even if the person who committed the offence has contributed to its creation with persons outside the Entity's organizational structure, provided that there is an interest or advantage to the Entity in the perpetration of the offence.

The Entity could therefore be involved, by way of negligence, in the crimes intentionally committed by Suppliers (e.g. Contractors, Waste Carriers/Disposal Facilities, Business Partners) if, by way of example, it had unreasonably failed to first assess the Supplier's possession of the legal requirements

or had passively accepted particularly advantageous economic conditions, especially if they were outside the market norms. The advantage of the Entity could also be represented merely by the reduction of business costs following the assignment of a certain service to a Supplier that has committed one of the predicate offences for administrative liability under the Decree.

#### 4. DISCLAIMER

Articles 6 and 7 of the Decree expressly provide that **the liability of the Entity is understood to be excluded when it proves, before the offence is committed, that it has adopted and effectively implemented an Organization and Management Model appropriate for the purpose of preventing the perpetration of offences of the type committed.** This form of exemption applies both in the case of offences committed by senior managers and by persons under the management and supervision of a senior manager. However, the subjective criteria for indictment differ.

In the case of an **offence committed by a person in a senior position** the liability of the Entity is **presumed**: the Entity must then prove the following conditions, which must all and jointly apply, in order to exclude the liability of the Entity:

- a) That it adopted and effectively implemented through its management body, before the offence was committed, suitable organization and management models for preventing offences of the kind that occurred;
- b) That it has entrusted to an internal Supervisory Body, vested with autonomous powers of initiative and control, the task of supervising the functioning and observance of the models and ensuring that they are updated;
- c) That the persons who committed the offence did so through fraudulent evasion<sup>3</sup> of the aforementioned organization and management models;
- d) That the body indicated in point b) did not fail to perform or insufficiently perform its supervisory duties.

This is therefore a true reversal of the burden of proof, since, in order to avoid liability for the offence, the Company must demonstrate its extraneousness to the facts reported to the senior management, prove the fulfilment of the above conditions and that it adopted and applied a suitable system for preventing the offence committed.

---

<sup>3</sup>The perpetration of the offence by a senior person, fraudulently violating the Model, even without any fault of the Entity, does not however exempt the Entity from administrative liability. In any case, any advantage deriving from the Entity following the perpetration of an offence, including without fault, under Article 6, paragraph 5, is subject to confiscation, since enrichment through an offence or from an undue benefit is not admitted. The Supreme Court (judgement No. 3307 of 18 December 2013) recently clarified that *“the fraudulent nature of the conduct of the senior person (natural person) is, so to speak, an indicator of the validity of the model, in the sense that only fraudulent conduct appears capable of evading the “security measures”*. Furthermore, *“it being clear that fraudulent conduct cannot consist of a mere violation of the provisions contained in the model”*, it therefore identified the fraudulent conduct as *“conduct intended to “circumvent” a mandatory rule, not a simple “head-on” violation thereof*.

However, in the case of **offence committed by a subordinate person**, the Entity is only liable if it is ascertained that the perpetration of the offence was made possible by the failure to comply with management or supervisory obligations.

The responsibility of the Entity is therefore based on the non-fulfilment of management and supervisory duties, assigned by law to the senior management or transferred to other persons under valid mandates.

It is therefore assumed that the conduct was correct if the Entity, before the offence was committed, adopted a model suitable for preventing offences of the same type as those committed and effectively implemented it.

The legal regime is therefore more favourable to the Entity, in fact, the burden of proof borne by the Public Prosecutor is more extensive because, in addition to demonstrating the objective preconditions for the Entity's liability, the Public Prosecutor must demonstrate the non-adoption and failure to effectively implement the aforementioned Model.

## 5. ORGANIZATION, MANAGEMENT AND CONTROL MODEL

Article 6 of the Decree provides that the Models indicated in letter a) must meet the following requirements:

1. Identify the areas at risk of commission of the offences envisaged by the Decree;
2. Make available specific protocols in order to plan the formation and implementation of the Entity's decisions in relation to the offences to be prevented;
3. Provide methods of identifying and managing the Company's financial resources appropriate for preventing the perpetration of said offences;
4. Stipulate reporting requirements in relation to the body responsible for overseeing the functioning and observance of the model;
5. Set up an internal disciplinary system to penalize non-compliance with the measures indicated in the model.

The formulation of the Model and the organization of the activities of the Supervisory Body must, therefore, aim to obtain a favourable opinion on their "appropriateness" from the judicial authorities in the event of the perpetration of an offence, which will result in exemption of the Company from liability.

However, simple adoption of the Model by the managing body is not sufficient to determine whether the entity will be exempt from liability. The Model must also be efficacious and effective.

With reference to "efficaciousness", the legislator has provided that this requirement is met when the Model satisfies the following requirements:

- It identifies the activities where offences may be committed (so-called "mapping" of the activities at risk);
- It establishes specific protocols for defining and planning the formation and implementation of the Entity's decisions in relation to the offences to be prevented;



- It defines the management procedures for the financial resources adequate to prevent offences from being committed;
- It provides for reporting obligations to the Supervisory Body responsible for supervising the functioning of and compliance with the Model adopted;
- It introduces an appropriate disciplinary system to penalize non-compliance with the measures indicated in the Model.

The “effectiveness” is on the other hand satisfied by:

- Scheduled and periodic checks on the appropriateness of the Model and on the compliance of the preventive measures (organizational, decision-making, operational and control) provided for in the Model, amending them if significant contraventions of the provisions described therein are detected or when changes occur in the organization or the activity;
- A disciplinary system that is appropriate for penalizing non-compliance with the measures indicated in the Model.

## 6. THE OFFENCES PROVIDED FOR BY THE DECREE

The offences provided for by the Decree are subject to continuous changes and additions made over time by means of new legislation.

The following types of offences are currently used to establish the rules governing the administrative liability of Companies and Entities:

- A.** The offences already provided for in the original text of the 2001 Decree, which gives rise to liability for Companies and Entities for offences concerning relations with the Public Administration, recently amended and supplemented by Law 190/2012<sup>4</sup> Provisions for the prevention and repression of corruption and illegality in the Public Administration:
- ✓ Embezzlement from the State or from another public entity (Article 316-*bis* of the Criminal Code);
  - ✓ Improper receipt of grants, funding or other payments from the state or another public entity (Article 316-*ter* of the Criminal Code);
  - ✓ Fraud against the State or against another public entity (Article 640, paragraph 2, No. 1 of the Criminal Code);
  - ✓ Aggravated fraud for the procurement of public funds (Article 640-*bis* of the Criminal Code);
  - ✓ Computer fraud against the State or against another public entity (Article 640-*ter* of the Criminal Code);

---

<sup>4</sup> The law was published on 13 November 2012 in the Official Gazette – General series No. 265 – and entered into force on 28 November 2012.

- ✓ Corruption in the exercise of duties <sup>5</sup>(Article 318 of the Criminal Code);
  - ✓ Corruption by act contrary to official duties (Article 319 of the Criminal Code)
  - ✓ Corruption in judicial proceedings (Article 319-*ter* of the Criminal Code)<sup>6</sup>;
  - ✓ Improper inducement to give or promise benefits (Article 319-*quater* of the Criminal Code)<sup>7</sup>;
  - ✓ Incitement to corruption (Article 322 of the Criminal Code);
  - ✓ Extortion (Article 317 of the Criminal Code)<sup>8</sup>;
  - ✓ Influence peddling (346-*bis* of the Italian Criminal Code)<sup>9</sup>;
  - ✓ Inducement not to make statements or to make false statements to a judicial authority (Article 377-*bis* of the Criminal Code)<sup>10</sup>;
  - ✓ Employment of third-country nationals present illegally (Article 22, containing provisions on fixed-term and indefinite employment, pursuant to Legislative Decree 286 of 25 July 1998 - “Consolidated Law on Immigration Regulations and Foreign Status Regulations” and subsequent supplements).
- B.** The offences against public trust introduced by Article 6 of Law No. 409 of 23 November 2001 on “urgent provisions in view of the introduction of the Euro” as subsequently amended and supplemented:
- ✓ Forgery of currency, spending and introduction into the State, with collusion, of forged currency (Article 453 of the Italian Criminal Code);
  - ✓ Falsification of money (Article 454 of the Criminal Code);
  - ✓ Spending and introduction, without complicity, of counterfeit money into the Italian state (Article 455 of the Criminal Code);
  - ✓ Spending of counterfeit money received in good faith (Article 457 of the Criminal Code);
  - ✓ Forgery of revenue stamps, introduction into the State, purchase, holding or placing into circulation of forged revenue stamps (Article 459 of the Criminal Code);

---

<sup>5</sup> Article with heading amended by Law No. 190 of 6 November 2012, Article 1, paragraph 75.

<sup>6</sup> Article amended by Law 69/2015 with an increased sentence.

<sup>7</sup> Article introduced by Law No. 190 of 6 November 2012, Article 1, paragraph 75 and amended by Law No. 69/2015 with an increased sentence.

<sup>8</sup> Article amended by Law 69/2015 with an increased sentence.

<sup>9</sup> Article amended by Law 9 January 2019, No. 3 (“Anti-Corruption Law”).

<sup>10</sup> Re - Inserted by Legislative Decree No. 121 of 7 July 2011 into Article 25 *decies*.

- ✓ Counterfeiting of watermarked paper used to make public credit cards or revenue stamps (Article 460 of the Criminal Code);
  - ✓ Manufacture or possession of watermarks or tools intended for the forgery of money, revenue stamps or watermarked paper (Article 461 of the Criminal Code);
  - ✓ The use of counterfeit or altered official stamps (Article 464 of the Criminal Code);
  - ✓ Counterfeiting, falsification or use of trademarks or distinctive signs or patents, models and designs (Article 473 of the Criminal Code);
  - ✓ Introduction into the State and trading of products with false signs (Article 474 of the Criminal Code)
- C.** Crimes classified as “corporate” included by means of Legislative Decree 61 of 11 April 2002 and amended by Law 262 of 28 December 2005 (the Savings Protection Law) by introducing Article 25-*ter* in the Decree:
- ✓ False corporate reporting (Article 2621 of the Civil Code)<sup>11</sup>;
  - ✓ False corporate disclosures by listed companies (Article 2622 of the Civil Code)<sup>12</sup>;
  - ✓ Minor offences (Article 2621-*bis* of the Civil Code)<sup>13</sup>;
  - ✓ False information in company prospectuses (Article 173-*bis* of Legislative Decree 58/1998);<sup>14</sup>
  - ✓ Repealed - False disclosures in the reports or communications of auditing companies (Article 2624 of the Civil Code)<sup>15</sup>;
  - ✓ Obstruction of supervisory activities (Article 2625 of the Civil Code)<sup>16</sup>;
  - ✓ Fictive capital formation (Article 2632 of the Civil Code);
  - ✓ Unlawful return of contributions (Article 2626 of the Civil Code);
  - ✓ Illegal distribution of profits and reserves (Article 2627 of the Civil Code);

---

<sup>11</sup> Article amended by Law 69/2015.

<sup>12</sup> Article amended by Law 69/2015.

<sup>13</sup> Article introduced by Law 69/2015.

<sup>14</sup> The offence of false representation was repealed by Article 34 of Law 262/2005. Therefore, the penalties provided for by Legislative Decree 231/01 appear no longer applicable. However, since the criminal offence was restated in similar terms by Article 173-*bis* of Legislative Decree 58/1998 is deemed appropriate, on a prudential basis, to maintain its forecast in the mapping of activities at risk, including offences such as in Legislative Decree 231/01 attributed to the liability of the Entity.

<sup>15</sup> Article 2624 of the Civil Code was repealed by Legislative Decree 37, 27 January 2010, 34.

<sup>16</sup> Article 37, paragraph 35, of Legislative Decree No. 39 of 27 January 2010 amended Article 2625, first paragraph, of the Civil Code, excluding the revision from the list of activities for which the provision penalizes obstruction by directors. Legislative Decree No. 39 of 27 January 2010, at the same time, introduces to Article 29 categories of offences of (administrative and criminal) obstruction of audits committed pursuant to paragraph 1, “*Members of the administrative body who, by concealing documents or by other subterfuge, impede or otherwise hinder the performance of statutory audit activities*”.

- ✓ Private-to-private corruption (Article 2635 of the Civil Code)<sup>17</sup>;
- ✓ Incitement to private-to-private corruption (Article 2635-bis of the Civil Code)<sup>18</sup>;
- ✓ Illegal transactions involving shares or holdings of the company and of the parent company (Article 2628 of the Civil Code);
- ✓ Transactions to the detriment of creditors (Article 2629 of the Civil Code);
- ✓ Failure to disclose a conflict of interest (Article 2629-bis of the Civil Code);
- ✓ Fictive capital formation (Article 2632 of the Civil Code);
- ✓ Undue distribution of company assets by liquidators (Article 2633 of the Civil Code);
- ✓ Unlawful influence on shareholders' meetings (Article 2636 of the Civil Code);
- ✓ Stock manipulation (Article 2637 of the Civil Code);
- ✓ Obstruction of the functions of public supervisory authorities (Article 2638 of the Civil Code).

D. Offences for the purposes of terrorism or subversion of the democratic order included in the Decree by Article 3 of Law No. 7 of 14 January 2003, by means of the provision of Article 25-*quater* of the said offences provided for in the Criminal Code, in special laws or which have been committed in violation of the International Convention on the Repression of the Financing of Terrorism held in New York on 9 December 1999:

- ✓ Subversive associations (Article 270 of the Italian Criminal Code);
- ✓ Associations for purposes of terrorism, including international terrorism, or the subversion of democracy (Article 270-*bis* of the Italian Criminal Code);
- ✓ Assistance to such associations (Article 270-*ter* of the Italian Criminal Code);
- ✓ Recruitment for the purposes of terrorism, including international terrorism (Article 270 *quater* of the Criminal Code);
- ✓ Training for activities for the purposes of terrorism, including international terrorism (Article 270-*quinquies* of the Italian Criminal Code);
- ✓ Attack with terrorist or subversive objectives (Article 280 of the Italian Criminal Code);

---

<sup>17</sup> Article 2635 “Dishonesty as a result of donating or promising profits” was reformulated by Legislative Decree No. 38 of 15 March 2017 “Implementation of Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector”.

<sup>18</sup> Article 2635-bis of the Civil Code “Ancillary penalties” was introduced by Legislative Decree No. 38 of 15 March 2017 “implementation of Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector.”

- ✓ Kidnapping with terrorist or subversive objectives (Article 289-*bis* of the Criminal Code);
- ✓ Incitement to commit any of the offences against the State (Article 302 of the Criminal Code);
- ✓ Political conspiracy by agreement or political conspiracy by association (Articles 304 and 305 of the Italian Criminal Code);
- ✓ Armed group and training and participation in and assistance to participants in conspiracies or armed groups (Articles 306 and 307 of the Italian Criminal Code);
- ✓ Terrorist offences provided for in special laws;
- ✓ Offences other than those listed in the Criminal Code and in special laws, committed in violation of Article 2 of the New York Convention of 8 December 1999.

With Law No. 146 of 16 March 2006, ratifying and implementing the United Nations Convention and Protocols against transnational Organized Crime, the administrative liability of Entities and Companies has been extended, pursuant to Article 10, to the following offences, provided they are committed at transnational level;

- ✓ Criminal association (Article 416 of the Criminal Code);
- ✓ Mafia-type association (Article 416-*bis* of the Italian Criminal Code);
- ✓ Criminal association involving the smuggling of foreign manufactured tobacco (Article 291 *quater* Presidential Decree No. 43 of 23 January 1973);
- ✓ Association involving the illicit traffic in narcotic drugs and psychotropic substances (Article 74 of Presidential Decree No. 309 of 09 October 1990);
- ✓ Provisions against illegal immigration (Article 12 of Legislative Decree No. 286 of 25 July 1998);
- ✓ Inducement not to make statements or to make false statements to a judicial authority (Article 377-*bis* of the Criminal Code);
- ✓ Personal aiding and abetting (Article 378 of the Criminal Code);

Pursuant to Article 3 of Law 146/2006, the offence punishable by a maximum penalty of four years is considered to be "transnational" if:

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

- Be committed in one State but have substantial effects in another State.
- E.** Offences against the individual introduced into the Decree in Article 25-*quinquies*, recently supplemented by Law 199/2016 “Provisions on combating undeclared work, the exploitation of labour in agriculture and the realignment of remuneration in the agricultural sector”, published in Official Gazette No. 257 on 3 November 2016. Article 25-*quinquies* includes the following offences:
- ✓ Reduction to or maintaining in a state of slavery or servitude (Article 600 of the Italian Criminal Code);
  - ✓ Child prostitution (Article 600-bis of the Criminal Code);
  - ✓ Child pornography (Article 600-ter of the Italian Criminal Code);
  - ✓ Possession of pornographic material (Article 600 *quater* of the Criminal Code);
  - ✓ Virtual pornography (Article 600 *quater*.1 of the Criminal Code)
  - ✓ Tourism for the purpose of exploiting child prostitution – Article 600 *quinquies* of the Italian Criminal Code);
  - ✓ Trafficking in persons (Article 601 of the Italian Criminal Code);
  - ✓ Sale and purchase of slaves (Article 602 of the Italian Criminal Code);
  - ✓ Intermediation of labour and exploitation of labour (Article 603-*bis* of the Criminal Code)<sup>19</sup>;
  - ✓ Grooming of minors (Article 609-*undecies*).
- F.** The offences relating to the abuse of privileged information and market manipulation were introduced into the Decree as Article 25 *sexies* through Article 9 of Law No. 62 of 18 April 2005, which also amended the Consolidated Law on Finance (Legislative Decree 58/1998), as well as Legislative Decree 107/2018. These include both criminal penalties imposed by the ordinary courts on the basis of Articles 184 and 185 of the TUF and administrative penalties imposed by Consob pursuant to Articles 187-bis and 187-*ter* of the TUF:
- ✓ Insider dealing (Articles 184 and 187 *bis* of the TUF);
  - ✓ Market manipulation (Articles 185 and 187 *ter* of the TUF);

---

<sup>19</sup> Article 603-*bis* of the Criminal Code was introduced by Law 199/2016 “Provisions on combating undeclared work, the exploitation of labour in agriculture and the realignment of remuneration in the agricultural sector”, published in Official Gazette No. 257 on 3 November 2016 and in force since 4 November 2016.

- ✓ Prohibition on insider dealing and unlawful disclosure of inside information (Article 14 of Regulation (EU) 596/2014);
  - ✓ Prohibition of market manipulation (Article 15 of Regulation (EU) 596/2014).
- G.** A further offence against the individual was introduced by Law No. 7 of 9 January 2006 entitled “provisions on the prevention and prohibition of practices of female genital mutilation”, implementing the action programme adopted at the World Conference on Women held in Beijing in 1995 which added Article 583 bis to the relevant criminal code and by means of Article 8 added Article 25 *quater* 1 to the Decree:
- ✓ Mutilation of female genital organs.
- H.** Offences for breach of occupational safety rules introduced into the Decree by means of Article 25-*septies* in accordance with Article 9 of Law 123 of 3 August 2007 on occupational safety which provides for two particular cases of liability. Law 123/2007 also delegated authority to the Government to adopt by May 2008 the legislative decrees necessary for the realignment of the current provisions on the health and safety of workers in the workplace. Legislative Decree No. 81 of 9 April 2008 implemented the provisions of Law 123/2007. The offences provided for in Article 25-*septies* are:
- ✓ Manslaughter (Article 589 of the Criminal Code);
  - ✓ Serious or very serious negligence resulting in personal injuries (Article 590, paragraph III of the Criminal Code), if committed in breach of the rules on accident prevention and the protection of occupational health and safety.
- I.** Money laundering and receiving offences were introduced into the Decree by Article 63, paragraph III of Legislative Decree 231 of 2007 transposing Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing in implementation of Directive (EU) 2015/849 (known as the Fourth Anti-Money Laundering Directive), and Law 186 of 15 December 2014 “Provisions on the disclosure and return of capital held externally and combating tax evasion”, published in Official Gazette No. 292 of 17 December 2014. Article 25-*octies* therefore provides for the following offences:
- ✓ Receiving of stolen goods (Article 648 of the Italian Criminal Code);

- ✓ Money laundering (Article 648-bis of the Italian Criminal Code)<sup>20</sup>;
- ✓ The use of money, goods or benefits of unlawful origin (Article 648-ter of the Criminal Code);
- ✓ Self-laundering (Article 648-ter 1 of the Criminal Code).

These offences are relevant both if committed at national level and if the activities that generated the assets to be recycled took place in the territory of another Community state or a non-EU country.

**J.** Law 48/2008 ratifying the Cybercrime Convention extended, from 5 April 2008, the administrative liability of legal persons to cybercrime offences by introducing into the Decree, Article 24-*bis* which refers to the following offences:

- ✓ False disclosures in a public or private computer document or a document with probative effect (Article 491-*bis* of the Civil Code)<sup>21</sup>;
- ✓ Computer fraud involving electronic signature certification services (Article 640-*quinquies* of the Criminal Code).
- ✓ Unauthorized access to a computer or telecommunications system (Article 615-*ter* of the Italian Criminal Code);
- ✓ Illegal possession and distribution of access codes to computer or electronic systems (Article 615-*quater* of the Criminal Code);
- ✓ Dissemination of equipment, devices and computer programs intended to damage or disrupt a computer or telecommunications system (Article 615-*quinquies* of the Criminal Code);
- ✓ Unlawful interception, impediment or interruption of electronic communications or telecommunications (Article 617-*quater* of the Criminal Code);
- ✓ Installation of equipment designed to intercept, prevent or interrupt electronic communications or telecommunications (Article 617-*quinquies* of the Criminal Code);
- ✓ Damage to information, data and computer programs (Article 635-*bis* of the Criminal Code)<sup>22</sup>;
- ✓ Damage to information, data and computer software used by the State or by another public body or public utility (Article 635-*ter* of the Criminal Code)<sup>23</sup>;
- ✓ Damage to computer or electronic systems (Article 635-*quater* of the Criminal Code)<sup>24</sup>;

---

<sup>20</sup> Article amended by Legislative Decree 90 of 25 May 2017 "Implementation of Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and amending Directives 2005/60/EC and 2006/70/EC and implementing Regulation (EU) No 2015/847 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006".

<sup>21</sup> Article amended by Legislative Decree 7 of 15 January 2016.

<sup>22</sup> Article amended by Legislative Decree 7 of 15 January 2016.

<sup>23</sup> Article amended by Legislative Decree 7 of 15 January 2016.

<sup>24</sup> Article amended by Legislative Decree 7 of 15 January 2016



- ✓ Damage to public utility information or telematic systems (Article 635-*quinquies* of the Criminal Code)<sup>25</sup>;
- K.** The offences relating to the activities of organized crime, included in the Decree following the approval of the so-called “Safety Package” (Legislative Decree No. 21180, Article 59) and introduced by Law 94 of 15 July 2009. The main feature is the introduction and extension to the national scope of offences committed in association, already provided for in Law 146/2006<sup>26</sup> in the event that such offences are of a transnational nature. The introduction responds to the need to reinforce the fight against corporate crime (e.g. tax fraud, illegal trafficking of waste, etc.). Article 24-*ter* introduces the following offences:
- ✓ Criminal association (Article 416 of the Criminal Code, with the exception of the sixth paragraph);
  - ✓ Criminal association for the purpose of reducing to or maintaining in a state of slavery, trafficking in persons and the purchase and sale of slaves to offences relating to breaches of the provisions on illegal immigration referred to in Article 12 of Legislative Decree 286/1998 (Article 416 of the Criminal Code);
  - ✓ Mafia-type association (Article 416-*bis* of the Italian Criminal Code);
  - ✓ Political-mafia electoral pacts (Article 416-*ter* of the Criminal Code);
  - ✓ Kidnapping for the purpose of extortion (Article 630 of the Criminal Code);
  - ✓ Association for the purpose of illicit trafficking in narcotic or psychotropic substances (Article 74 of Presidential Decree No. 309 of 9 October 1990).
  - ✓ Illegal manufacture, introduction into the State, sale, assignment, possession and carrying in public places or places open to the public of weapons of war or type of war or parts thereof, explosives, clandestine weapons and also, ordinary firearms<sup>27</sup>
- L.** The crimes of “disruption of industry and trade” introduced into the Decree (Article 25-*bis* 1) following the enactment of Law 99 of 23 July 2009 and in particular:
- ✓ Interference with the freedom of industry or trade (Article 513 of the Criminal Code);
  - ✓ Fraudulent trading (Article 515 of the Criminal Code);

---

<sup>25</sup> Article amended by Legislative Decree 7 of 15 January 2016.

<sup>26</sup> Article 10 of the law “Ratification of the UN Convention on Combating Transnational Organized Crime” (see also paragraph...)

<sup>27</sup> The Law states that weapons known as “hall-target” or gas-emitting weapons, as well as compressed air weapons, both long and short, whose bullets provide kinetic energy exceeding 7.5 joules, and rocket launchers, are excluded, except for weapons intended for fishing or weapons and instruments for which the “Central Advisory Commission on Arms Control” excluded, given considering their respective their characteristics, aptitude to cause personal injury.

- ✓ Sale of non-genuine food as genuine (Article 516 of the Criminal Code);
  - ✓ Sale of industrial products with misleading markings (Article 517 of the Criminal Code);
  - ✓ Manufacture and sale of goods by usurping industrial property rights (Article 517-ter of the Criminal Code);
  - ✓ Counterfeiting of geographical indications or designations of origin for agri-food products (Article 517-quater of the Criminal Code);
  - ✓ Unlawful competition with threat or violence (Article 513-bis of the Criminal Code);
  - ✓ Fraud against national industries (Article 514 of the Criminal Code).
- M.** Copyright infringement offences, which concern certain offences provided for in Law 633/1941 to protect copyright (in particular Articles 171, 171-bis, 171-ter, 171-septies and 171-octies). These offences were introduced into Article 25-novies of the Decree following the enactment of Law 99 of 23 July 2009 and relate in particular to abusive duplication or the dissemination in the territory of the State of products without prior notification to the SIAE.
- ✓ Making available to the public, in a system of electronic networks, through connections of any kind, a protected original work, or part thereof (Article 171 of Law 633/194);
  - ✓ Offences referred to in the preceding point committed on works by others not intended for publication if honour or reputation is injured (Article 171 of Law 633/1941);
  - ✓ Abusive duplication, for profit, of computer programs; import, distribution, sale or possession for commercial or business purpose or lease of programs contained in media not marked by the SIAE; preparation of means to remove or circumvent the protective devices of computer programs (Article 171-bis of Law 633/194);
  - ✓ Reproduction, transfer on other media, distribution, communication, presentation or demonstration in public of the content of a database; extraction or re-use of the database; distribution, sale or lease of databases (Article 171-bis of Law 633/1941);
  - ✓ Abusive duplication, reproduction, transmission or broadcasting in public by any procedure, in whole or in part, of intellectual works intended for the television, film, sale or rental of discs, tapes or similar media or any other medium containing phonographs or videograms of musical, film or similar audiovisual works or sequences of moving images; literary, dramatic, scientific or didactic works, musical or dramatic musical works, multimedia works, even if included in collective or composite works or databases; reproduction, duplication, abusive transmission or broadcasting, sale or sale, assignment in any capacity or unauthorized import of more than fifty copies or copies of works protected by copyright and related rights; entry into a system of electronic networks,

through any type of connection, of intellectual work protected by copyright, or part thereof (Article 171-*ter* of Law 633/1941);

- ✓ Failure to communicate the identification data for media not subject to a mark or false declaration to the SIAE (Article 171-*septies* of Law 633/1941);
- ✓ Fraudulent production, sale, import, promotion, installation, modification and use for public and private use of apparatus or parts of apparatus capable of decoding audiovisual broadcasts with conditional access made via the internet, satellite, cable, in both analogue and digital form (Article 171-*octies* Law 633/1941).

**N.** Environmental offences were introduced by Legislative Decree 121 of 7 July 2011, which entered into force on 16 August 2011, transposing Directive 2008/99/EC on the protection of the environment through criminal law and Directive 2009/123/EC, amending Directive 2005/35/EC on ship-source pollution, and implementing the delegation contained in the Community law for 2009 (Article 19 of Law 96/2010). The offences relate to behaviour that is highly dangerous to the environment, with criminal penalties for the unlawful conduct identified by the EC Directive. By Law No. 68 of 22 May 2015 on "Provisions regarding crimes against the environment", the legislator introduced a further four offences of a criminal nature, event and damage to the environment. Article 25-*undecies* therefore establishes the following offences:

- ✓ Environmental pollution (Article 452-*bis* of the Criminal Code);
- ✓ Environmental disaster (Article 452-*quater* of the Criminal Code);
- ✓ Crimes against the environment (Article 452-*quinquies* of the Criminal Code);
- ✓ Trafficking and abandonment of highly radioactive material (Article 452-*sexies* of the Criminal Code);
- ✓ Aggravating circumstances (Article 452-*octies* of the Criminal Code);
- ✓ Killing, destruction, capture, taking or possession of specimens of protected wild plant or animal species (Article 727-*bis* of the Criminal Code);
- ✓ Destruction or damaging of habitats within a protected site (Article 733-*bis* of the Italian Criminal Code);
- ✓ Discharge of industrial wastewater containing hazardous substances (Article 137 of Legislative Decree 152/2006, paragraph 2);
- ✓ Discharge of industrial wastewater containing hazardous substances in contravention of regulations (Article 137 of Legislative Decree 152/2006, paragraph 3);

- ✓ Discharge of industrial wastewater containing hazardous substances above the table limit values (Article 137 of Legislative Decree 152/2006, paragraph 5);
- ✓ Discharges into soil, subsoil and groundwater (Article 137 of Legislative Decree 152/2006, paragraph 11);
- ✓ Discharges of banned substances from ships or aircraft (Article 137 of Legislative Decree 152/2006, paragraph 13);
- ✓ Unauthorized waste management activities (Article 256 of Legislative Decree 152/2006, paragraph 1);
- ✓ Unauthorized landfill (Article 256 of Legislative Decree 152/2006, paragraph 3);
- ✓ Non-compliance with the requirements in an authorization to manage a landfill (Article 256 of Legislative Decree 152/2006, paragraph 4)
- ✓ Mixing of waste (Article 256 of Legislative Decree 152/2006, paragraph 5);
- ✓ Temporary storage of hazardous medical waste (Article 256 of Legislative Decree 152/2006, paragraph 5);
- ✓ Site remediation (Article 257 of Legislative Decree 152/2006, paragraph 1);
- ✓ Site remediation against hazardous substances (Article 257 of Legislative Decree 152/2006, paragraph 2);
- ✓ Contravention of notification requirements, keeping of mandatory registers and forms (Article 258 of Legislative Decree 152/2006, paragraph 2);
- ✓ Illegal waste trafficking (Article 259 of Legislative Decree 152/2006, paragraph 1);
- ✓ Organized activities for the illegal trafficking of waste (Article 260 of Legislative Decree 152/2006, paragraph 1);
- ✓ Organized activities for the unlawful trafficking of highly radioactive waste (Article 260 of Legislative Decree 152/2006, paragraph 2);
- ✓ IT system for monitoring waste traceability (Article 260-bis of Legislative Decree 152/2006, paragraph 6, 7 and 8);
- ✓ Exceeding of emission and air quality limits (Article 279 of Legislative Decree 152/2006, paragraph 5);
- ✓ International marketing of animal and plant species in danger of extinction (Article 1, paragraph 1 and 2, Article 2, paragraph 1 and 2, Article 6, paragraph 4, Article 3-bis, paragraph 1, of Law No. 150 of 7 February 1992 "Rules on offences relating to the application in Italy of the Convention

on International Trade in Animal and Plant Species in Danger of Extinction, signed in Washington on 3 March 1973, under Law No. 874 of 19 December 1975, and Regulation (EEC) No. 3626/82, as amended, as well as rules for the marketing and possession of live specimens of mammals and reptiles that may constitute a danger to health and public safety.”

- ✓ Measures to protect stratospheric ozone and the environment (Article 3 of Law 549/93, paragraph 6);
- ✓ Intentional pollution caused by ships (Article 8, paragraph 1 and 2, and Article 9, paragraph 1, of Legislative Decree 202/2007 “Implementation of Directive 2005/35/EC on ship-source pollution and resulting penalties”);
- ✓ Negligent pollution caused by ships (Article 9, paragraphs 1 and 2 of Legislative Decree 202/2007 “Implementation of Directive 2005/35/EC on ship-source pollution and resulting penalties”).
- O.** The offences introduced to Article 25-*terdecies* by Law No. 167 of 20 November 2017, amended by Legislative Decree No. 21/2018]:
  - ✓ Propaganda and incitement to commit offences on grounds of ethnic and religious racial discrimination (Article 604-bis);
  - ✓ Propaganda and incitement to commit offences on grounds of ethnic and religious racial discrimination (Article 604-bis).
- P.** The offences introduced into Article 25-*quaterdecies* by Law No. 39/2019 and relating to fraud in athletic competitions, abusive gambling or betting and games of chance exercised through prohibited devices:
  - ✓ Fraud in sports competitions (Article 1 of Law No. 401/1989);
  - ✓ Abusive gambling or betting (Article 4 of Law 401/1989).
- Q.** The tax offences set out in Article 25-*quinguesdecies* introduced by Law No. 157 of 19 December 2019 published in Official Gazette No. 301 of 24 December 2019, which converted, with amendments, the Decree-Law of 26 October 2019 entitled “Urgent provisions on taxation for unavoidable requirements:
  - ✓ Fraudulent declaration using invoices or other documents for non-existent transactions (Article 2, paragraph 1 of Legislative Decree 74/2000);
  - ✓ Fraudulent declaration by other subterfuge (Article 3 of Legislative Decree
  - ✓ Offence of issuing invoices or other documents for non-existent transactions (Article 8, paragraph 1 of Legislative Decree 74/2000);

- ✓ Concealment or destruction of accounting documents (Article 10 of Legislative Decree No. 74/2000);
  - ✓ Offence of fraudulent evasion of payment of taxes (Article 11 of Legislative Decree No. 74/2000);
  - ✓ Misrepresentation (Article 4 of Legislative Decree 74/2000);
  - ✓ Failure to make a declaration (Article 5 of Legislative Decree No. 74/2000);
  - ✓ Undue offsetting (Article 10-quater of Legislative Decree No. 74/2000).
- R.** The offences introduced into Article 25-*sexiesdecies* by Legislative Decree No. 75/2020:
- ✓ Smuggling in the movement of goods through land borders and customs spaces (Article 282 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in the movement of goods in cross-border lakes (Article 283 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in the maritime movement of goods (Article 284 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in the movement of goods by air (Article 285 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in non-customs areas (Article 286 of Presidential Decree No. 43/1973);
  - ✓ Smuggling for undue use of imported goods with customs concessions (Article 287 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in customs warehouses (Article 288 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in cabotage and circulation (Article 289 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in the export of goods eligible for the right of return (Article 290 of Presidential Decree No. 43/1973);
  - ✓ Smuggling in temporary importation or exportation (Article 291 of Presidential Decree No. 43/1973);
  - ✓ Smuggling of foreign manufactured tobacco (Article 291-*bis* of Presidential Decree No. 43/1973);
  - ✓ Aggravating circumstances of the offence of smuggling of foreign manufactured tobacco (Article 291-*ter* of Presidential Decree No. 43/1973);
  - ✓ Criminal association involving the smuggling of foreign manufactured tobacco (Article 291-*quater* of Presidential Decree No. 43/1973);
  - ✓ Other cases of smuggling (Article 292 Presidential Decree No. 43/1973);
  - ✓ Aggravating circumstances in smuggling (Article 295 of Presidential Decree No. 43/1973).

As can be seen, at the end of this paragraph, the Decree examines a heterogeneous, and constantly evolving, type of specific offences that have been listed and highlighted above.

However, **not all the above crimes can actually be assumed feasible in the performance of the typical corporate business carried out by Reno De Medici S.p.A..**

Those that are in practice “significant”, since they can be perpetrated by categories of persons who are members of the management and administrative organizational structure of the Company in the

specific exercise of its business will be examined and dealt with specifically and in depth in the “**Special Parts**” of this Model.

## 7. OFFENCES COMMITTED OUTSIDE ITALY

Pursuant to Article 4, an Entity headquartered abroad may be held liable for the offences laid down in the Decree but committed abroad. The aim of the legislator is to ensure that any frequently occurring criminal conduct does not evade penalties, as well as in order to avoid circumvention of the entire regulatory framework concerned. In particular, the Entity is liable when:

- The offence was committed abroad by senior managers or persons traceable to the Entity;
- The offence is punishable in Italy pursuant to Articles 7, 8, 9 and 10 of the Criminal Code;
- The State in which the offence was committed does not instigate direct proceedings against the Entity.

If, on the other hand, offences are committed partly abroad and partly in Italy, pursuant to Article 6, paragraph 2 of the Criminal Code<sup>28</sup>, the liability provided for in the Decree may also arise when a part of the conduct or event occurred in Italy.

## 8. PENALTIES

Article 2 of the Decree sets out the legal principle according to which "the Entity cannot be held liable for an act constituting an offence if its administrative responsibility in relation to that offence and the relevant penalties are not expressly provided for by a law that entered into force before the act was committed".

The liability that may be invoked against the company is direct liability arising from the lack of appropriate management controls. This is a form of liability that is independent of the person who committed the offence, since pursuant to Article 8 of the Decree, "the entity's liability exists even when the perpetrator of the offence has not been identified or is not punishable".

Having established the liability of the company, the following categories of penalties may be imposed, as indicated:

**1. Fines** these are imposed for **all administrative offences** and are determined by means of a system based on "points" of not less than one hundred and not more than one thousand in number and of an amount varying between the minimum of €258 and the maximum of €1,549. The judge determines the number of points taking into account the seriousness of the act, the degree of liability of the Entity and the activities carried out to eliminate or mitigate the consequences of the act and to prevent the perpetration of further offences. The amount of the point is fixed on the basis of the economic and asset situation of the Entity in order to ensure the effectiveness of the penalties;

---

<sup>28</sup> Article 6, paragraph 2 of the Criminal Code: "The offence is deemed to have been committed in the territory of the State, when the act or omission, which constitutes it, occurred there in whole or in part, or the event the result of the action or omission occurred in Italy".

**2. Disqualification penalties:** they are only applied if the Entity's liability derives from a predicate offence for which debarment is expressly provided and only if at least one of the following conditions is met: (i) the Entity has derived a significant profit from the offence and the offence was committed by persons in a top or subordinate position when the perpetration of the offence was caused or facilitated by serious organizational deficiencies; (ii) in the event of repeated offending.

Article 9 of the Decree provides for the application of the following disqualifications:

- Disqualification from carrying on the business;
- Suspension or revocation of authorizations, licences or concessions functional to the perpetration of the offence;
- A prohibition on contracting with the Public Administration;
- The exclusion from concessions, finance, grants or subsidies and possible revocation of any already granted;
- Prohibition on advertising goods or services.

The judge determines the disqualification penalty and the duration. In addition, in these cases, the Entity may be ordered to publish the conviction and in some cases, the judge may order, rather than the application of the penalty, that the Entity's business is continued by a court-appointed administrative receiver.

Such penalties shall not apply when the Entity has fulfilled all the following conditions before the commencement of proceedings: (a) it has fully compensated for the damage or eliminated the damaging or dangerous consequences or made efforts to do same; (b) eliminated the organizational deficiencies that led to the offence by the adoption and implementation of organizational models capable of preventing offences of the kind that occurred; (c) made the profit obtained available for confiscation.

**3. Publication of the judgement:** is applied, as stated, to the Entity when a disqualification penalty is applied. The judgement is published only once, as an extract or in full, in one or more newspapers indicated by the judge in the judgement and through notice boards in the municipality where the Entity has its registered office.

**4. Confiscation and preventive seizure:** The penalty of confiscation (Article 19) is imposed on the Company with the conviction. Confiscation is intended to deprive the perpetrator of any economic benefit arising from criminal activity, even in the face of the impossibility of reaching the main subject. The confiscation of the price or the proceeds of the offence<sup>29</sup> in any case protects the rights acquired

---

<sup>29</sup> There is no legislative definition of the amount of the price or profit of the offence. According to case law in the context of a totally unlawful activity, profit includes anything that is an immediate economic consequence thereof. In the case of an activity which in itself would be lawful, the profit obtained by the agent is not totally attributable to the conduct penalized under the criminal law; therefore, the



by third parties in good faith. When confiscation is not possible, sums of money or assets or other benefits with a value equivalent to the price or profit of the offence may be confiscated. This type is provided for cases in which the assets constituting the profit or price of the offence cannot be reached for any reason.

---

profit of the offence likely to be confiscated does not correspond to the amount received in performance of the activity but only to the economic advantage deriving from the unlawful act (Supreme Court, Criminal Division, No. 20976 of 22 February 2012)

## **GENERAL PART SECTION II - THE RENO DE MEDICI SPA MODEL**

## **1 THE BOARD OF DIRECTORS OF RENO DE MEDICI S.P.A.**

### **1.1 Aims and objectives pursued by the Company through adoption of the Model**

By adopting this Model, the Company aims to establish a set of general principles of conduct and protocols that meet the purposes and requirements of the Legislative Decree, in terms of both the prevention of Offences and Administrative Offences and the monitoring of the internal implementation of the Model and the imposition of any penalties.

Given that the existence of a valid Organizational Model is also a natural corollary of the rules of Corporate Governance and contributes to improving the general system, the company intends to pursue the following objectives:

- A. To inform all concerned persons of the scope of the legislation and the severe penalties that may be imposed on the Company following perpetration of the Offences provided for by Legislative Decree No. 231/2001;
- B. To make all those who work for and on behalf of Reno De Medici in the At Risk Areas, as also identified for new offences, aware that, in the event of violation of the provisions contained therein, they may commit an offence punishable by penalties under both the criminal and administrative law which may be imposed not only on themselves but also on the Company;
- C. To reiterate that forms of unlawful conduct are strongly condemned by Reno De Medici as they are contrary, in addition to the legal provisions, to the ethical and social principles that the Company seeks to follow in achieving its corporate purpose;
- D. To inform all concerned persons of the subject matter and scope of application of the aforementioned legislation;
- E. To enable the Company, by constantly monitoring its activities, to prevent or react promptly in order to prevent the commission of predicate offences.

Reno De Medici also believes that the adoption of a valid Organizational Model, as well as making internal procedures more correct, transparent and efficient, may constitute a valid tool for raising awareness of all those who work for and on behalf of RDM so that they act correctly and logically in the performance of their activities.

In preparing its Model, RDM used as founding principles, the “Guidelines for the compilation of Organization, Management and Control Models”, issued on 7 March 2002 by Confindustria and subsequently updated in March 2008 and July 2014. These guidelines set out the following fundamental principles:

- Identification of at risk areas, aimed at verifying in which company area/sector the offences provided for in the Decree may be committed;

- Preparation, monitoring and adaptation of a control system capable of preventing the risks of committing the above offences, which can be classified as:
- a) wilful offences, if the agent intended both the conduct and the event and the implementation took place because the operational and control safeguards in the Model were fraudulently bypassed;
  - b) offences committed through negligence, if the agent only intended the conduct and not the event and the preventive control system adopted was violated despite prompt compliance with the supervisory obligations by the Supervisory Body.

Due to this distinction, Confindustria has indicated the following most significant components of the preventive control system:

- a) For wilful offences:
  - The adoption of a Code of Ethics or of conduct;
  - Clear formalization of the organizational system and timely updating thereof;
  - The adoption of manual and automated procedures;
  - The granting of powers of authorization and signature;
  - Ongoing and timely communication with staff and provision of staff training;
  - The implementation of a control system integrated with other control and management systems;
- b) For offences committed by negligence, in addition to the components identified above, the following also applies:
  - The continuous education and training of staff called upon to operate in risk areas, according to the requirements identified periodically;
  - The formalization and validity of delegation of functions;
  - Prompt communication and ongoing involvement of all competent persons;
  - Definition of operational procedures for carrying out activities at risk;
  - Setting up and implementing a monitoring system.

These components must therefore comply with the following principles:

- Capacity to be verified and documented, the consistency and appropriateness of each "sensitive" operation: there must be adequate documentary support that allows at any time carrying out checks that demonstrate the characteristics and reasons for the operation and identify the persons who authorized, performed, recorded and verified the operation proper;
- Application of the principle of division of functions: the function that orders the transaction must be different from the function that verifies and/or approves the transaction (no one person can manage all stages of a process independently).

The Company has, therefore, prepared this Model, on the basis of these principles, taking into account existing control procedures and systems, where deemed suitable as measures to prevent the

perpetration of crimes (wilful and through negligence) and as controls for sensitive and instrumental activities.

## **1.2 Constituent elements of the Model and of the preventive control system**

In accordance with the Confindustria Guidelines, the following are considered to be general constituent elements of the Model and relevant components of the control system:

### **A) THE CODE OF ETHICS**

The Code of Ethics of the RDM Group, adopted in 2008 by RDM's Board of Directors and last updated in 2019, is fully incorporated with the Model as it is a tool that promotes, within and outside the Group, all the rights, duties and responsibilities of the Entity with regard to stakeholders (such as employees, suppliers, customers, the Public Administration, shareholders, the stock market, etc.) as well as the ethical commitments and responsibilities in the conduct of business and corporate activities that all employees, directors and contractors of various kinds of RDM are required to observe and ensure the observance thereof.

The Code of Ethics identifies principles of conduct aimed at preventing the offences covered by the Decree.

### **B) SYSTEM OF DELEGATING AUTHORITY AND GRANTING POWERS**

Powers of representation of the company are attributed by the Board of Directors and delegated to operational functions, where necessary, for optimum performance of the company's business, on the basis of notarial powers of attorney that specify the areas and limits of the powers granted.

The current organizational tools (organizational charts, organizational communications, civil powers, spending powers, etc.) are therefore based on the following general principles:

1. Knowledge thereof within the Company;
2. Clear and formal definition of roles;
3. Description of the reporting lines;
4. Correspondence between the powers conferred and the duties of the worker/representative;
5. Granting powers to deal with the Public Administration and Supervisory Authorities to a small number of persons.

The existing system of delegated powers is fully described in the annual report on corporate governance.

### **C) COMPANY'S REGULATORY FRAMEWORK**

Within the annual Corporate Governance report, RDM defines the system adopted to ensure corporate integrity and to safeguard the process of creating value for all stakeholders (investors, employees, suppliers, customers, the financial system, the social environment, etc.), ensuring transparency of information, probity, efficaciousness and efficiency.

RDM has subscribed to Borsa Italiana's Corporate Governance Code and adopted as its main governance tools:

- Articles of Association;
- Procedure governing Related Party Transactions;
- Procedures for the management and processing of Inside Information of Reno De Medici S.p.A. and its subsidiaries and for keeping and updating the lists of persons who have access to significant and inside information;
- Internal Dealing Code.

The following are also designed to steer and govern the formation and implementation of the Company's decisions in relation to the offences to be prevented and, more generally, risk management and the carrying out of controls:

- The organizational provisions and organizational charts issued by RDM's Corporate Human Resources division and the job descriptions;
- RDM's Quality and Health and Safety Management System, certified and adopted respectively in accordance with the UNI EN ISO 9001:2015 and OHSAS 18001:2007 standards;
- The company procedures and instructions for implementing the Risk Assessment and Prevention Document referred to in Article 18 of Legislative Decree 81/2008;
- The Environmental Management System adopted by the individual production units of RDM, certified and adopted in accordance with Standard ISO 14001:2015;
- Company procedures and instructions for implementing the Environmental Manual adopted by RDM's individual production units,
- The administrative and accounting procedures, prepared by the Financial Reporting Officer pursuant to Law 262/2005;
- The Group's Manual for the preparation of the financial statements and the Group's procedures issued by the Parent Company's management functions which are applicable within Group companies;
- The Regulations for the use of IT devices, manual and automated procedures to support IT systems;
- The RDM Group Privacy Manual;
- The Antitrust programme of the RDM Group;
- The whistleblowing procedure adopted by the RDM Group;
- The disciplinary system adopted by RDM pursuant to the National Collective Labour Agreement.

The Documents (procedures, policies, instructions, Regulations, Manuals) are contained in a specific document repository and on the company intranet, constantly updated by the competent departments in line with operational changes.

## **D) THE CONTROL AND MONITORING SYSTEM OF RDM**

The operational path adopted by the Company for the concrete implementation of a risk control and management system to prevent the offences set out in the Decree consists of the following phases:

1. Analysis and assessment of the event (e.g. updates/additions/amendments to the existing legislation, contravention and/or criticality detected during verification);
2. Identification of areas and processes at risk in the business environment;
3. Identifying potential risks by individual process;
4. Construction, monitoring and updating of the Model.

The Company's Board of Directors has therefore established a Supervisory Body (SB), a collegial body, considered preferable in relation to company size, composed of persons who meet the requirements of honour, integrity and respectability and who are not subject to causes of incompatibility for said role as will be specifically explained in the SB Regulations, annexed to this Model.

The Supervisory Body was entrusted with the task of performing the functions of internal control body, with the task of overseeing the functioning, effectiveness and observance of the Model, submitting any proposals for updates and amendments to the Board of Directors where necessary, as described in more detail in (...)

Provision has also been made for information obligations to the Supervisory Body, which must be followed by employees and contractors of the Company.

The Board of Directors also appointed the Internal Audit Office, which carries out the control measures set forth in the Plan approved by the SB, identifying any critical issues and/or incoherence with the Model, making corrective and/or improvement actions and reporting the results to the SB, the Control and Risks Committee and the Board of Statutory Auditors.

The preventive control system is fully described in the annual Corporate Governance report.

### **1.3 Preparation of the Model**

RDM prepared this Model on the basis of the following key points, in accordance with the Confindustria Guidelines:

- The identification of the corporate at-risk activities, i.e. those within which the offences provided for by the Decree may be committed;
- The assignment to the Supervisory Body of specific supervisory tasks regarding the effective and correct application of procedures and their consistency.
- Management of operating processes to ensure:
  - Separation of tasks through a correct distribution of responsibilities and the defining of adequate authorization levels, in order to avoid functional overlaps or operational allocations that focus activities on a single individual;

- A clear and formal assignment of powers and responsibilities, with the express indication of operating limits and in accordance with the duties assigned and the positions held within the organizational structure;
- Correct methods of performing the activities;
- The traceability of actions, operations and transactions through adequate documentary or IT support;
- Decision-making processes related to predefined objective criteria (e.g. existence of supplier registers, existence of objective criteria for assessing and selecting staff, etc.);
- The existence and traceability of control and supervision activities performed in relation to company transactions;
- The presence of security systems capable of ensuring adequate physical protection/access that complies with the duties assigned to the company's data and assets;
- Issuing rules of conduct to ensure the exercise of company activities in compliance with laws and regulations and the integrity of company assets;
- The definition of responsibilities in adopting, modifying, implementing and controlling the Model;
- Definition of information flows to the Supervisory Body, including reporting to it;
- The definition and application of appropriate provisions to penalize non-compliance with the measures indicated in the Model;
- Staff training and internal communication regarding the content of the Decree, the Model and the obligations resulting therefrom.

In addition to those already considered in the initial preparation of the Model, the following aspects were also examined in subsequent editions:

- Assessment of existing preventive controls, also relating to other management and control systems adopted by the Company (Quality, Safety and Environment Management System, pursuant to Law 262/2005);
- The creation of specific company protocols and procedures aimed at planning the formation and implementation of the Company's decisions in individual "sensitive" areas to prevent the commission of offences;
- The assignment, in line with the organizational and management responsibilities of signature authorization powers through a system of representatives and powers of attorney that meets the requirements of formalisation and clarity, communication and separation of roles and the attribution of responsibilities and representation;
- The dissemination and involvement of all corporate levels in the implementation of the rules of conduct and the procedures established;



- the adoption of a specific disciplinary system designed to pursue and penalize non-compliance with the organizational measures adopted;
- Revision of contractual clauses that oblige third parties to comply with the principles contained in the Ethical Code and the provisions laid down in the Decree. The need to supplement contracts with appropriate clauses was also assessed in order to comply with the requirements of the Decree; updating the Code of Ethics by including conduct vis-a-vis the Public Administration;
- Implementation of a system to monitor at-risk areas and processes from the standpoint of health and safety at work and environmental matters.

### **1.3.1 Key points for updating the Model**

The Model will be updated with the aim of:

- Maximizing use of the assets already existing within the company in terms of policies, rules and internal regulations that direct and govern the formation and implementation of the Company's decisions in relation to the offences to be prevented and, more generally, risk management and the carrying out of controls;
- Managing company operating rules with unambiguous criteria, including those relating to "sensitive" areas;
- Facilitating the constant implementation and timely adaptation of internal processes and regulatory systems to changes in the company's organizational structure and operations, ensuring a high degree of "dynamism" and compliance with the Model.

It is therefore possible to identify some of the main occasions where it is necessary to update the Model:

- (a) new legislation governing the liability of entities for administrative offences connected with an offence or related rules;
- (b) significant changes in the Company's organizational structure, or in environmental or workplace safety matters;
- (c) changes in business lines;
- (d) contraventions of Model 231 and/or identification of significant critical issues following checks on the efficacy of the Model;
- (e) case law and sector-specific Codes with an impact on the Company's organizational and operational situation.

The Company shall, including through periodic risk-based audits, monitor the decision-making, operational and control measures indicated within the General and Special Parts and in the Annexes, including the relevant protocols, procedures and regulations, in order to verify their relevance and

effectiveness with the aim of ensuring the Model is at all times appropriate to the circumstances of the Company.

The SB has the power to recommend further improvement initiatives and to request the analysis of further potentially at-risk activities which, depending on legislative developments or the activities of RDM, may be included in the category of sensitive/instrumental activities.

Proposals for updating the Model must be properly formalised in a specific report.

### **1.3.2 Persons involved in updating, modifying and supplementing the Model**

The Decree expressly provides for the need to update the Model to reflect at all times, the Company's specific requirements and actual operations.

In this regard, the Supervisory Body is responsible for proposing amendments and additions to the Model to the competent corporate bodies with the support of the internal and competent departments and/or external consultants.

Since the Model is an "instrument issued by the managing body" (Article 6, paragraph 1, letter of Legislative Decree 231/2001), subsequent amendments and additions of a substantive nature must be approved by the Board of Directors. In particular, substantive amendments include, but are not limited to:

- Review of the structure of the Model;
- Updating/amending/supplementing of control principles and rules of conduct.
- Change in the duties and composition of the Supervisory Body;
- Changes in the disciplinary system;
- Inclusion of additional Special Parts and protocols in this document;
- Deletion of some parts of this document.

However, only the Chief Executive Officer has the right to approve any amendments or additions to this document of an exclusively formal nature, provided that the content remains unchanged in substance, and to make any additions, amendments and updates to the Annexes.

In any event, the above changes will be reported annually to the Board of Directors.

## **1.4 Risk profiles and sensitive activities of Reno De Medici**

In relation to the specific operations of the Company, the following offences could be considered as possible:

- **Offences committed in relations with the Public Administration** (types of offence covered in Articles 24 and 25 and 25-*novies*);
- **Corporate Offences** (types of offence covered by Article 25-*ter*);
- **Offences involving the abuse of Inside Information and Market Manipulation** (types of offence contemplated in Article 25-*sexies*);

- **Offences involving violation of workplace safety legislation** (a type of offence covered by Article 25-septies);
- **Environmental offences** (the types of offence specified in Article 25-undecies);
- **Tax offences** ((the types of offence specified in Article 25quinquiesdecies).

The Company also considered it appropriate to consider some of the cases of:

- *Cybercrime* (the types of offence specified in Article 24-bis);
- *Money laundering, receiving and self-laundering offences* (the types of offence contemplated in Article 24-octies);
- *Offences against interference with the freedom of industry or trade* (the type of offence contemplated in Article 25-bis, in particular Article 515 of the Criminal Code);
- *Offences regarding organized and transnational crime* (types of offence covered respectively by Article 24-ter and Law No. 146 of 16 March 2006);
- *Offences against the individual* (with reference to a single type contemplated in Article 25-quinquies and introduced by Law No. 199 of 29 October 2016).

In view of the activity carried out by the Company, no risk profiles have been identified with reference to the following offences contemplated in the Decree:

- F. offences against public trust;*
- G. offences for the purposes of terrorism or subversion of the democratic order;*
- H. offences against the individual;*
- I. the offence of female genital mutilation;*
- J. copyright infringement offences;*
- K. offences of racism and xenophobia;*
- L. smuggling offences.*

The Protocols, Procedures and Policies are explained to employees and are always available to them through distribution systems in order to ensure their efficiency and effective operation.

## 1.5 Structure of the Model

The Model aims to bring the company's risk prevention and management system into line with the provisions of the Decree. The current version of this Model consists of a “**General Part**” and the following “**Special Parts**”, each relating to the categories of offences specified in the Decree deemed relevant in relation to the context in which the Reno De Medici Company operates.

In particular:

- A. “Special Part” No. 1** refers to “*Offences committed in relations with the Public Administration*” (the types of offence contemplated in Articles 24 and 25);

- B. "Special Part" No. 2** refers to "*Corporate Offences*" (the types of offence specified in Article 25-ter);
- C. "Special Part" No. 3** refers to "*Offences committed involving the abuse of Inside Information and market manipulation*" (the types of offence contemplated in Article 25-sexies);
- D. "Special Part" No. 4** refers to "*Offences for violation of workplace safety regulations*" (types of offence referred to in Article 25-septies);
- E. "Special Part" No. 5** refers to "*Offences relating to money laundering, receiving of stolen goods and self-laundering*" (type of offences contemplated by Article 25-octies);
- F. "Special Part" No. 6** refers to "*IT offences*" (a type of offence included in Article 24-bis);
- G. Special Part No.7** refers to "*Offences of organized crime and transnational crime*" (respectively Article 24-ter and Law 146/2006);
- H. "Special Part" No. 8** refers to "*offences of interference with the freedom of industry or trade*", with reference to the offence of "interference with the freedom of industry or trade" (a type of offence included in Article 25-bis);
- I. "Special Part" No. 9** refers to "*environmental offences*" (a type of offence included in Article 25-undecies);
- J. "Special Part" No. 10** refers to "*Offences against the individual*" and specifically to the offence of "Intermediation of labour and exploitation of labour" (a type contemplated in Article 25-quinquies);
- K. "Special Part" No.11** refers to "*Tax offences*" (type of offences set out in Article 25-quinquiesdecies)

With regard to the structure of the Model, for each Special Section, the predicate offences identified described the rules of conduct and controls implemented by the Company to safeguard against the offence risk.

Reno De Medici considered it appropriate to clarify the related specific control mechanisms (protocols), suitable for reasonably preventing the occurrence of conduct not complying with the provisions of the Decree.

These protocols, which constitute annexes to this Model (see **Annex 3**), define the rules of conduct and operating methods to which the Company must comply.

## 2 APPLICATION OF RDM'S MODEL TO GROUP COMPANIES

Although the legislator has not expressly provided in the Decree for administrative liability arising from offences in company groups, recent case law<sup>30</sup> has stated that the holding company and other Group companies can be liable under the Decree, if the following conditions are met:

- (i) There is complicity between the person committing the offence and the person acting on its behalf;
- (ii) The preconditions of the benefit and advantage are verified in practice, in the sense that the holding company or other Group company is bound to receive a potential or actual benefit from the perpetration of the offence, even if not necessarily asset-related.

With regard to point (i), the recent Confindustria Guidelines have acknowledged that participation in the perpetration of the predicate offence may be established on the part of senior persons or their subordinates in connection with the Parent Company if:

- There is overlap between the senior managers of the holding company and those of the subsidiary. The combining of duties increases the risk of propagating liability within the Group, since the companies could only be considered on a formal level as distinct companies and therefore serve as confirmation of the involvement of top management;
- Unlawful conduct by persons at the subsidiaries can in fact be seen to derive with sufficient clarity from the programme set by senior management.

Since the first edition of its Model, RDM has notified Group Companies, both Italian and foreign, of approval and adoption of the Model and every subsequent edition thereof. Although they are entities with their own financial, management and organizational autonomy, the Group companies transpose and adopt the general principles of conduct and compliance defined by the Parent Company as they form part of the Group.

In this regard, the Boards of Directors of the **Italian Group companies** have adopted, for the purposes indicated in the Decree, the Group's Code of Ethics and implemented their own Organization, Management and Control Model. In order to verify the functioning and compliance with the above Model and to ensure that it is updated, they have therefore established their own Supervisory Bodies, which report to the RDM Supervisory Body on:

- The adoption and implementation of the Model;
- The supervisory activities carried out, at least every six months;
- On problems encountered in the checks carried out and any violations of the principles contained in the Group Code of Ethics and in the Model.

With regard to the **foreign Group companies**, as part of an international industrial group headed by RDM Spa, they adopt the general principles laid down by the Parent Company. In particular:

---

<sup>30</sup> See Supreme Court Criminal Division, judgement No. 24583 of 18.01.2012

- They adopt the Code of Ethics of the RDM Group, which is distributed by their management to staff;
- They are required to comply with the rules set out in the Internal Dealing Code and the Rules for the Processing of Inside Information and to establish a Register of Persons who have access to the above information;
- They use the Manual for the preparation of financial statements in accordance with the IFRS of the RDM Group and the applicable administrative and accounting procedures and instructions;
- They are informed by the parent company on the Model it has adopted (and each update thereof).

It is the responsibility of individual companies to adopt the most appropriate measures to comply with any local compliance legislation, establishing their own risk assessment process and adopting the most appropriate organizational, decision-making, operational and control measures.

RDM has also identified within the Model the sensitive processes that involve, in various ways, the individuals of RDM, in a senior position and those under the management and supervision of the latter, in the activities of the Italian and foreign subsidiaries. The activities, performed by the individuals employed by the Parent Company for the RDM Group companies, are duly formalised in specific contracts and the responsible persons are required to periodically sign letters certifying the information and/or activities carried out and that must be included in the information and reports, Group reports (e.g. the consolidated financial statements).

## **SUPERVISORY BODY (SB)**

### **3 SUPERVISORY BODY**

#### **3.1 The Supervisory Body Regulations**

The Reno De Medici Supervisory Body has adopted its own Regulation defining its composition, the causes of ineligibility of Members, the duration and termination of their mandate and the methods of performing the tasks entrusted to them. The Regulation also governs relations with other control bodies, ethical and operating rules and finally, the confidentiality obligations to be met.

Members of the Supervisory Body are required to diligently comply with the Regulations. The Regulations are attached to this Model (Annex 2) and supplement the paragraphs below, which set out the principles that the Company follows to comply with the provisions of the Decree.

#### **3.2 Requirements of the Supervisory Body**

Pursuant to Article 6 of Legislative Decree 231/2001, the body entrusted with the task of supervising the functioning, effectiveness and observance of the Model and ensuring that it is updated is an internal body with autonomous powers of initiative and control.

According to the wording of the same rule, as well as from the aforementioned Guidelines, it emerges that the Supervisory Body (hereinafter also the “SB”) must fulfil requirements that ensure the efficacious and effective deployment of the Organization, Management and Control Model. In particular, this body must necessarily possess *autonomy and independence, professionalism and act continuously*.

##### Autonomy and independence

The requirements of autonomy and independence are fundamental so that the Supervisory Body is not directly involved in the management activities that constitute the subject-matter of its control activity.

To this end, the requirement of *independence* is fulfilled by guaranteeing for the Supervisory Body a very senior position within the corporate organizational structure and by providing for its reporting to the senior management, i.e. the Board of Directors.

With respect on the other hand to the requirement of autonomy, the Supervisory Body must be vested with effective powers of inspection and control and access to the relevant company information and adequate resources must be assigned to it, with the option of availing itself of external and internal tools, support and experts in the performance of its monitoring activities.

##### Professionalism

The Supervisory Body must be able to perform its inspection functions in relation to the actual application of the Model and, at the same time, have the necessary technical and professional skills to guarantee the dynamism and constant adaptation of the Model, through proposals for updates



addressed to corporate Top Management. These characteristics, combined with independence, guarantee objective judgement

#### Continuity of action

The Supervisory Body must:

- Constantly monitor compliance with the Model;
- Assiduously check its efficaciousness and effectiveness;
- Ensure continual updating;
- Serve as consistent point of contact for company staff.

### **3.3 Composition of the Supervisory Body**

Pursuant to the indications provided by the Guidelines, the Company has opted for a collegial Supervisory Body, appointed by the Company's Board of Directors, with competence in the fields of legal, employment, accounting, inspection and internal control issues.

In particular, the Supervisory Body may be composed of three standing members identified as follows: two independent Directors and a person external to the Company with professional competence to ensure the proper and efficient operation of the Board.

External members and independent directors must in all cases be sufficiently professional and must meet the integrity requirements referred to in Article 109 of Legislative Decree No. 385 of 1 September 1993.

#### **In the Group's Italian companies**

The Supervisory Body of the subsidiaries will send, on a at least half-yearly basis, to the Supervisory Body of the Parent Company a specific report on the adequacy and observance of the Model within the Subsidiaries. This report will cover:

- the activities performed;
- the results of the activities performed;
- planned corrective and improvement measures and progress on their implementation.

The Parent Company's Supervisory Body will carefully examine the information and forward it, together with the report concerning the Parent Company, to its own Board of Directors.

#### **In the foreign companies of the Group**

On an annual basis, information is requested on the effective implementation and efficacious adoption of governance documents (see paragraph 2 in the previous section) with any reports on critical issues and/or violations related to local compliance.

### **3.4 Establishment and appointment of the Supervisory Body**

The Supervisory Body of Reno De Medici S.p.A. is established and appointed by resolution of the Board of Directors and remains in office for the period established at the time of appointment, which usually coincides with the term of office of the Board of Directors itself.

The mandate of the Supervisory Body then lapses on the date of the Shareholders' Meeting called to approve the financial statements for the last year of its term of office, continuing to carry out its functions on an interim basis until the members are replaced.

Appointment as a member of the Supervisory Body is subject to meeting the subjective requirements of good repute, integrity and respectability, as well as the absence of grounds of incompatibility with the appointment itself.

At the time of appointment, each person appointed to hold the post of member of the Supervisory Body must issue a statement certifying the absence of grounds for incompatibility as indicated in paragraph 2 of the Supervisory Body Regulations.

Members of the Supervisory Body must notify the Board of Directors, under their full responsibility, of the non-fulfilment of the integrity requirements set out in Article 2382 of the Civil Code, or of the occurrence of one of the grounds for removal set out in the Regulations.

The above rules also apply if one member of the Supervisory Body is appointed to replace another member of the Board.

The above subjective requirements and grounds for incompatibility and/or ineligibility must also be considered in relation to any external consultants involved in the activity and performance of the duties of the Supervisory Body.

In particular, at the time of granting the mandate, the external consultant must issue a specific declaration in which he/she attests:

- The absence of any reasons for incompatibility or which prevent the appointment;
- That they have been adequately informed of the provisions and rules of conduct established in the Model.

In order to guarantee the necessary stability for members of the Supervisory Body, the revocation of the powers of members of the Supervisory Body and the attribution of such powers to another person may only take place for just cause, by means of a specific resolution of the Board of Directors, after consulting the Board of Statutory Auditors.

To that end, "just cause" for revoking the powers granted to a member of the Supervisory Body may, for example, be understood as:

- The loss of the subjective requirements of good repute, integrity, respectability and independence that existed at the time of appointment;
- The occurrence of a reason for incompatibility;

- Ascertainment by the Board of Directors of negligence, incompetence or serious fault in the performance of the tasks assigned pursuant to paragraph 3.5 below and, in particular, in the identification and consequent elimination of contraventions of the Model and, in the most serious cases, perpetration of offences;
- Gross negligence in the performance of the tasks associated with the post;
- "Absence of supervision or insufficient supervision" by the Supervisory Body - in accordance with Article 6, paragraph 1, letter d) of Legislative Decree 231/2001 - resulting from a conviction, including one not confirmed by a final judgement, imposed on the Company pursuant to Legislative Decree 231/2001 or acceptance of a sentence imposing a penalty (so-called plea-bargaining);

In particularly serious cases, the Board of Directors may, following consultation with the Board of Statutory Auditors, order the suspension of the powers of the Supervisory Body and the appointment of an interim Board.

The Chairman of the Supervisory Body is appointed by the Board of Directors.

### **3.5 Duties and powers of the Supervisory Body**

The Supervisory Body of Reno De Medici S.p.A. as the Parent Company of the Group, has the power to instigate and coordinate activities aimed at applying this Model and to govern synergies deriving from the adoption of its Models by the Italian subsidiaries.

In particular, the task of:

- a) Monitoring compliance with the stipulations of the Model by the persons required to do so (such as Employees, Consultants and Partners of various kinds) in relation to the various types of offence;
- b) Supervising the efficaciousness and adequacy of the Model, in relation to the company structure, depending on the actual capacity to prevent the commission of the offences referred to in Legislative Decree No. 231/2001;
- c) Assessing the advisability of updating the Model, where this is necessary in view of changes in company conditions and legislative and regulatory changes.
- d) Monitoring of compliance with the protocols established in the Model on an ongoing basis, with particular regard to sensitive areas: to this end the SB is required to prepare an annual Plan of Interventions;
- e) Carrying out the checks and controls provided for in the annual activity plan.
- f) Conducting surveys of business activities and carrying out targeted checks on certain operations or actions carried out in the At-Risk Areas;

- g) Proposing suitable initiatives for the dissemination of knowledge and understanding of the Model and preparing, in agreement with the various company departments, documentation containing instructions, clarifications or updates for the operation of the Model;
- h) Proposing the initiation of any disciplinary measures following any confirmed contravention of the Model;
- i) Verifying the adoption of suitable measures to prevent workplace safety offences, obtaining periodic reports on the results from the persons responsible for compliance with the measures implemented by the Company;
- j) Analysing in advance any reports received from identified or anonymous entities whether belonging or not to the organization, assessing their validity and taking the necessary and appropriate actions.

Operational aspects and more detail on the tasks assigned to the SB are set out in the Regulations.

In view of the particular nature of the powers of the Supervisory Body and the associated professional content, in the performance of supervisory and control tasks, it may be supported by internal and external professional resources who from time to time, when necessary and subject to agreement with the Company, may be useful for carrying out the planned activities, including the support of Internal Audit to carry out in the field interventions to verify the functioning and compliance with the Organizational Model. In order to enable the Supervisory Body to carry out the tasks indicated above, the Board of Directors has allocated a budget to ensure adequate economic and management autonomy in the relevant activities.

The budget is regularly updated by the Supervisory Body, following notification of the Board of Directors, and appropriate supplements are made by the Board of Directors, in relation to specific requirements arising, without prejudice to the reporting obligation in the event of use of said funding.

### **3.6 SB activities and reporting**

The Supervisory Body reports to the Board of Directors and liaises, as necessary, with the Chairman, the CEO and other corporate bodies.

In all circumstances where it is deemed necessary or appropriate, or if requested, the Supervisory Body reports to the Board of Directors and to the Board of Statutory Auditors on the functioning of the Model and the fulfilment of the obligations imposed by the Decree, as well as on any critical issues that may arise. The methods and information time-scales are defined in the Regulations and, in particular, in paragraph 9.

A meeting of the Supervisory Body may be convened at any time by the Board of Directors, the Chairman and the Chief Executive Officer and may in turn submit a request for a meeting with said bodies, to report on the functioning of the Model or on specific situations.

The Supervisory Body will coordinate with the competent corporate departments for the various specific profiles.

## **INFORMATION FLOWS TO THE SUPERVISORY BODY**

## **4 INFORMATION FLOWS TO THE SUPERVISORY BODY**

### **4.1 Disclosure obligations on the part of corporate officers, contractors and control bodies**

On 20 March 2013 the Chief Executive Officer adopted a specific procedure to regulate information flows to the Supervisory Body by all employees, managers, contractors and all those who work to achieve the Company's objects. This document, entitled "Procedure for the management of information flows to the Supervisory Body" indicates the rules of conduct and operations to be complied with and the list of information to be transmitted to ensure effective disclosure to the Supervisory Body, as a support tool for its monitoring responsibilities. The Supervisory Body will periodically propose, if necessary, any additions and/or amendments to the list indicated above.

Since the above procedure is considered an integral part of this Model (**Annex 2**), the following requirements are recalled to all company representatives (employees and managers), partners and corporate and control bodies:

- To scrupulously comply with the provisions of the procedure;
- To promptly report to the Supervisory Body any derogation, violation or suspicion of a violation they become aware of concerning the principles of conduct, the implementation methods governed by company protocols and procedures, and deviation from the standards of behaviour stipulated in the Codes of Conduct.

### **4.2 Information obligations of Third Parties**

Within the company, the Supervisory Body must be informed not only of the documentation prescribed in the individual Special Parts of the Model according to the procedures stipulated therein but also any other information of any kind, including from third parties, relating to the implementation of the Model in At-Risk Areas.

In particular, Third Parties, for the purposes of this paragraph, include but are not limited to:

- Independent Auditors;
- Suppliers;
- Consultants

Furthermore, by virtue of a contract/letter of appointment entered into with the Company, Third Parties are obliged to comply with the provisions of a specific "231" clause and, where explicitly provided for, to promptly inform the Supervisory Body in the event of alleged violations of the rules set out in the Model or conduct that is inconsistent with the rules of conduct adopted by the Company.

### **4.3 Processing of reports**

The Supervisory Body has activated an email address to receive reports:

[organizmodivigilanza@rdmgroup.com](mailto:organizmodivigilanza@rdmgroup.com).

The Supervisory Body assesses reports of violations received, including anonymous reports, or any non-compliance with the Organizational Model detected in the performance of its activities. For more details on the management of reports, see the Procedure for the management of information flows to the Supervisory Body, in Annex 2 of this Model, as well as the RDM Group Whistleblowing Procedure.

All persons concerned by the Model are required to cooperate with the Board in order to enable the collection of further information deemed necessary by the Supervisory Body for a correct and complete assessment of the report.

Any resulting measures are applied in accordance with the disciplinary system set out in the "Disciplinary System" section of this Model and consistent with the provisions of the applicable collective labour agreement (CCNL in the Italian acronym).

The Supervisory Body immediately reports to the line manager of the person responsible for the violation, to Corporate Human Resources and to the Corporate Legal divisions of Reno De Medici S.p.A. any failures to observe the Model detected in the performance of its activities or reported by other company Functions/Corporate management/Divisions (after verifying their validity), in order to apply the relevant penalties to the person responsible for the violation.

If the contravention is particularly serious or concerns Senior Management or Directors of the Company, the SB shall inform the Board of Directors.



## **INFORMATION AND TRAINING FOR EMPLOYEES AND EXTERNAL CONTRACTORS**

## 5 COMMUNICATION

In order to implement the Model, it is the objective of Reno De Medici S.p.A. to clearly and effectively communicate the required conduct and the measures adopted to prevent the offences referred to in the Decree. In this regard, the Company considered it appropriate to diversify the contents of the information flow and the communication methods according to the concerned persons, i.e.:

- RDM staff, understood as both the resources already present in the company and those to be recruited in future, and the staff to whom the Company has entrusted a mandate or professional assignment
- Consultants, suppliers, customers and, in general, all external parties with which the company enters into relations.

### 5.1 Communications to Employees/Contractors

Employee communications will address the adoption and characteristics of the Model (General Part and Special Part), knowledge of the rules of conduct contained therein, protocols and procedures adopted with standard of knowledge depending on to the different degrees of involvement of the resources in At-Risk Areas and in the Sensitive Processes identified. In this regard, additional material may be prepared such as presentations on specific at-risk areas, summary documents concerning regulatory developments and/or selected case law.

The Supervisory Body, with the cooperation of Corporate Human Resources, the Legal Office and the Internal Audit Function, will distribute information according to the means deemed most appropriate and efficacious and which guarantees traceability. By way of example but not limited to:

- Email communications with receipt of forwarding and confirmation of reading to the email addresses of staff/contractors;
- Publication of the information in a shared company file;
- Display on notice boards within company offices;
- Newsletter 231, sent by email and/or delivered by hand (e.g. during training meetings) which is prepared to inform people of everything occurring in and outside the Company regarding administrative liability pursuant to Legislative Decree 231/2001.

New employees/contractors are required to sign in full acknowledgement and acceptance of this Model. By signing, said persons undertake to carry out the tasks assigned to them in compliance with the principles, rules of conduct as well as the protocols and procedures contained in this document and its annexes.

## 5.2 Communications to external parties

Communication to external parties ensures they read of or are made aware of the adoption of this document and the control principles and rules contained therein in order to implement them in practice.

In particular, the communication may be made by:

- Publication of the General Part of the Model and the Code of Ethics and the related new editions on the Company's website ([www.rdmgroup.com](http://www.rdmgroup.com)). The Investor Relator is responsible for ensuring that the documents referenced on the website are easy to access and use;
- Preparation of specific clauses, in which third parties are informed of penalties and/or possible termination of contracts due to breaches of specific provisions, as provided in the Model and the Ethical Code;
- Information notes (e.g. Excerpt from the Model).

As evidence of the actual communication made, third parties will issue a specific certificate of understanding and that they have read the document, and in the cases provided (such as for example for Contractors) the legal representatives must sign an appropriate self-certification that they have not been convicted and/or indicted to appear before a court in the last five years for breach of the provisions of Legislative Decree No. 231/2001.

## 6 TRAINING

Training is aimed at disseminating knowledge and awareness of the legislation referred to in the Decree and of the safeguards (protocols and/or procedures) put in place for the purpose of preventing offences.

Training is addressed to all internal parties (staff and contractors) and sometimes also external parties, in relation to specific activities carrying the risk of an offence in which they may be involved and which may incur liability of the Entity (e.g. consultants, agents, Managers/Heads of Subsidiaries).

The content and implementation methods for training varies depending on the category of concerned persons (internal or external) who perform duties requiring representing the Company and the granting of any powers, and the level of risk that is acknowledged in the areas in which they operate.

Training is provided by Corporate Human Resources in close cooperation with the Supervisory Body and with the support of any company departments and/or external consultants and is organized according to the content and specific requirements (e.g. legislative or organizational changes).

In this regard, the SB will prepare a Training Plan, shared with Corporate Human Resources, which will define:

- ❖ The types of training courses/meetings to be implemented separately based on the content and concerned persons, i.e.:
  - *Basic courses*, intended for all company staff and new recruits, concerning: (a) the purposes of the rule, (b) the structure and content of the Model, (c) the Code of Ethics, (d) the disciplinary system, (e) the methods, content and purpose of reporting to the Supervisory Body;
  - *Specific courses*, addressed to senior management and persons involved in certain at-risk areas (including new recruits and contractors on the basis of specific duties). The specific courses will concern the characteristics and methods of committing specific offences, the protocols and/or procedures adopted for preventive purposes and the required information flows to the Supervisory Body, with a presentation of any cases occurring in the company;
  - *“On-demand” courses* provided at the instigation of the Supervisory Body during legislative or organizational changes, updates of special parts, and/or protocols and procedures, or in response to findings and critical issues that emerged during the audit concerning at-risk areas and processes, and which identified the need for another training session. Such courses may therefore be addressed to the entire organizational structure of the company, or solely to persons involved in the Area and/or process where the risk profile and/or the relevant control measures changed.
- ❖ The methods of implementation of the aforementioned courses, such as, by way of example but not limited to: a) training sessions conducted by one or more trainers (internal or external); b) emailing a training presentation; c) preparation and sending of electronic communications with attached explanatory documents and training concerning a specific topic (e.g. legislative updating, incorporation of a procedure/protocol);
- ❖ The time frame for carrying out training activities, appropriately reviewed on the basis of the training requirements of concerned persons and identified, including during checks on procedures, in order to ensure that the standard of knowledge is maintained constantly;
- ❖ Control measures for the effective participation of concerned persons (e.g. attendance register);
- ❖ The methods for verification of knowledge of content (e.g. knowledge tests, questionnaires).

Participation in training activities is mandatory and will be documented by requesting attendance signatures and informing the SB of the names of participants. Failure to participate without justified reason can be assessed by the Supervisory Body as a violation of the Model.

## **6.1 Training for external Contractors**

External Contractors must be provided with specific information on the policies and procedures adopted by Reno De Medici S.p.A., where deemed appropriate and/or necessary. All Corporate Officers who supervise external Contractors are required to exercise said supervision with the utmost diligence, reporting any irregularities, violations and defaults to the Supervisory Body.



## **DISCIPLINARY SYSTEM**

## 7 GENERAL PRINCIPLES

The effectiveness of the Model is also dependent on the existence and adequacy of a system of penalties imposed for any breach of the content of the Model, the Code of Ethics and in general of internal procedures and regulations.

The application of disciplinary penalties, both to senior and subordinate individuals, is independent from the execution and outcome of parallel criminal proceedings brought by the judicial authority in the event that the conduct of the person constitutes an offence under the Decree.

The disciplinary system adopted by the Company is based on the following general principles:

### **A. Knowledge of disciplinary regulations**

The disciplinary system, as an integral part of the Model, is approved by resolution of the Board of Directors.

In order to ensure that all those involved are aware of disciplinary regulations, training and information on the subject are provided and these regulations are made available in locations accessible to all or in electronic format.

### **B. Guarantee of the right of defence through an adversarial hearing**

Before any disciplinary penalty is applied, the right of defence of the party must be guaranteed through an adversarial hearing according to the disciplinary procedures set out in Article 7 of Law 300/70<sup>31</sup> (known as the Workers' Statute), Article 2106 of the Civil Code, the National Collective Labour Agreement (CCNL) for the sector and any other applicable legislation. This guarantee is obtained through compliance with a procedure which is conducted, by way of example but not limited in the following stages:

---

<sup>31</sup> Article 7 L.300/70: "Disciplinary penalties - The disciplinary rules relating to penalties, infringements in relation to which each of them may be applied and the procedures for challenging them must be brought to the attention of employees by posting them in a place accessible to all. They must apply what is laid down in employment agreements and contracts where they exist. The employer cannot adopt any disciplinary measure against the worker without having previously made the charge against said worker and without having heard the latter's defence.

Workers may be assisted by a representative of the trade union association to which they belong or on which they confer a mandate to represent them.

Without prejudice to the provisions of Law No. 604 of 15 July 1966, no disciplinary penalties may be imposed that entail definitive changes in the employment relationship; moreover, a fine cannot be levied for an amount exceeding four hours of basic salary and a suspension from work and pay for more than ten days.

In any event, disciplinary measures more serious than a verbal warning cannot be applied until five days have elapsed from the date on which the written charge is made.

Unless similar procedures are laid down in collective labour agreements and without prejudice to the right to appeal to the judicial authority, a worker to whom a disciplinary penalty has been applied may, within the following twenty days, instigate, including by means of his/her trade union or mandated union, the establishment, through the provincial labour and maximum employment office, of a conciliation and arbitration board, composed of a representative of each of the parties and a third member chosen by mutual agreement or, in the absence of agreement, appointed by the director of the labour office. The disciplinary penalty will shall be suspended until a decision has been made by the board.

If the employer does not proceed, within ten days of the invitation from the labour Office, to appoint its representative on the board referred to in the previous paragraph, the disciplinary penalty shall have no effect. If the employer takes legal action, the disciplinary penalty remains suspended until the case is resolved.

No account may be taken of the effect of the disciplinary penalties two years after their application.

- 1) The charge of the infringement and simultaneous request for justification or for a hearing of the person, allocating a reasonable time period;
- 2) Assessment of the justification provided;
- 3) Application of the penalty or filing of the disciplinary procedure.

#### **C. Immediacy and specificity of the charge**

The charge of the infringement, reported by the Supervisory Body according to the reports prepared by Internal Audit, must be made within the time-frames established by the Workers' Statute, the National Collective Labour Agreement (CCNL) for the category and any other applicable regulations.

The infringement must be charged against the person in a specific and precise manner in accordance with the immediacy criterion.

The person exercising disciplinary power may, as a precautionary measure, suspend the person who presumably committed the infringement from work, in cases where the timing of the disciplinary proceedings is incompatible with the presence of said person or due to the seriousness of the circumstances, which, if confirmed, would jeopardize continuation of the employment relationship.

#### **D. Proportionality of the penalty**

The penalty may take different forms, not only typified by the national collective labour agreement and specific rules, but also by reason of the person who committed the offence: employee, manager or members of the Board of Directors, the Board of Statutory Auditors, external contractors and consultants.

The penalty will be commensurate with the seriousness of the offence, with more severe penalties for the increased scope and seriousness of the offence. The following will also be considered:

- a) Whether the conduct was intentional and degree of imprudence, incompetence, negligence of the person, also taking into account any recurrence of the conduct;
- b) The activity performed and the functional position of the person who committed the infringement, together with all other particular circumstances that may have characterised the action.

#### **E. Notification of the penalty**

In the case of employees and managers, the Employer or anyone who holds, by delegation, disciplinary power will proceed to formalise the charge.

Penalties against external parties will be entrusted to the Function/Corporate management that manages the contract or where the self-employed worker or the Supplier operates.

#### **F. Implementation and adaptation of the Disciplinary System**

Verification of the adequacy of the penalty system, constant monitoring of procedures for imposing penalties on employees, as well as measures against external parties, are entrusted to the



Supervisory Body, which will also report infringements of which it becomes aware in the performance of its own specific duties.

## **8 CONTRAVENTIONS OF THE MODEL**

The disciplinary system at RDM is aimed at penalising contraventions of the Model, understood as:

- Conduct constituting the types of offence specified in the Decree;
- Conduct that, although not constituting one of the types of offence set out in the Decree, was unambiguously intended to commit it;
- Conduct that fails to comply with the principles of conduct and the operating and control methods defined in the Procedures referred to in the Model, the Code of Ethics and the Protocols;
- Non-cooperative behaviour towards the Supervisory Body, including but not limited to refusal to provide the information or documentation requested, failure to comply with the general and specific instructions issued by the Supervisory Body in order to obtain the information deemed necessary to carry out its tasks, and failure to take part in training meetings.

## **9 PENALTIES**

### **9.1 Penalties against Operatives, Office Staff and Middle Managers**

Employees are subject to penalties in their respective collective bargaining agreements and procedures, taking into account the seriousness of the acts perpetrated.

Individuals with appropriate powers may make charges of infringements, apply disciplinary proceedings and impose penalties. By way of example, the following measures may be applied:

- Verbal warning;
- Written warning;
- Fine according to CCNL;
- Suspension from work and pay according to CCNL;
- Dismissal with notice;
- Dismissal without notice.

### **9.2 Measures against Managers**

In the event of the contravention by managers of the procedures laid down in the Model or of conduct, in the performance of activities within scope of Sensitive Processes that does not comply with the provisions of the Model, the Company shall apply to those responsible the measures considered most appropriate in accordance with the provisions of the applicable CCNL (National Collective Labour Agreement) and as illustrated, by way of example, in paragraph 9.1 above.

### **9.3 Measures against Directors**

In the event of contravention of the Model by Directors, Corporate Legal Affairs shall immediately inform the Board of Directors and the Board of Statutory Auditors, which shall take the appropriate

measures within the scope of their respective powers. By way of example, the applicable measures may be:

- Formal notice;
- Reduction of emoluments;
- Calling of shareholders' meetings with a proposal to possibly revoke the mandate.

The relevant communications shall be addressed directly to all members of the Board of Directors, with the exclusion of those involved, to the Chairman of the Board of Statutory Auditors and to the Statutory Auditors. The Supervisory Body will also inform the Internal Control Committee.

If a violation is alleged to have been committed by director holding an employment contract with the Company,

the penalties provided for Managers will be applied.

#### **9.4 Measures against the Statutory Auditors**

In the event of breach of the Model by members of the Board of Statutory Auditors, the Supervisory Body will immediately inform the Board of Directors and the Board of Statutory Auditors, which will adopt appropriate measures within the scope of their respective powers. By way of example, the applicable measures may be:

- Formal notice;
- Reduction of emoluments;
- Calling of shareholders' meetings with a proposal to possibly revoke the mandate.

The relevant communications shall be addressed directly to all members of the Board of Directors of the Board of Statutory Auditors (Chairman and Standing Auditors), with the exclusion of the parties involved.

The Supervisory Body will also inform the Internal Control Committee.

#### **9.5 Measures against Consultants and Partners/Suppliers**

The commission of the offences referred to in Legislative Decree 231/2001 by Consultants or Partners/Suppliers, as well as any contravening by said persons of the rules set out in the Model, will entail, for the corporate functions that conduct relations with them, the obligation to activate all contractual and legal instruments available to protect the company's rights, including, where appropriate, the termination of the contract and seeking compensation for damages.

The adequacy of the disciplinary system to the requirements of Decree 231/2001 will be constantly monitored by the Supervisory Body, which must be guaranteed an adequate flow of information on the types of penalties imposed and the circumstances underlying them.

**SPECIAL PARTS  
(FOR INTERNAL USE ONLY)**

## INTRODUCTION TO THE SPECIAL PARTS

The Decree provides for a list of predicate offences subject to continuous changes and additions made over time by means of new legislation.

Not all the types of offences currently envisaged can in fact be envisaged given the typical activity of Reno De Medici S.p.A.

Therefore, as stated in the General Section in paragraph 1.3 ("Preparation of the Model"), as a preliminary, *risk mapping* was carried out of the potential risks of predicate offences during the implementation of the Company's procedures (known as risk assessment). This activity was formalised within a specific control matrix (Annex 5 to this Model), which constitutes the "mobile" part of the Model as it is subject to continuous monitoring and updating depending on legislative developments, or the results of the Audit or changes/expansion of the Company's activities which may then become included in the category of sensitive activities.

The above control matrix identified:

- Predicate offences that could potentially be committed by the Company;
- The potential existence or otherwise of the alleged offence or the hypothetical perpetration of the offence through company activities that make it possible to create financial instruments and/or other substitutes capable of enabling perpetration of the offences provided for in the Decree;
- Possible methods of carrying out the unlawful conduct;
- Areas considered at risk of committing predicate offences;
- Sensitive and so-called instrumental processes, within which, in principle, the conditions, opportunities or means could exist for committing offences or process-related activities that make it possible to create financial instruments or other substitutes capable of enabling perpetration of the offences provided for in the Decree;
- The subordinate persons/Corporate management/Functions/organizational Units involved in the implementation of the aforementioned processes;
- The control tools and references to the principles of conduct contained within the Protocols, Procedures and Codes of Conduct adopted by the Company which must be adhered to by all those who operate within the sensitive or instrumental processes and the area identified.

As stated, from the examination of the company's activities and according to the results of the risk assessment carried out, the possibility of committing some of the offences introduced by the Decree can be excluded because:

- The activity performed by the Company and in furtherance of the company object does not typically lead to the commission of such offences;

- The interest or advantage to the Company necessary to commit the Offence under the Decree was considered difficult to envisage.

In detail, the following were not considered feasible:

- Some offences against the Public Administration;
- Offences of false currency;
- Crimes against the individual in relation to pornography, female sexual integrity and child prostitution;
- Some of the transnational crimes;
- Offences for the purposes of terrorism or subversion of the democratic order and offences regarding the reduction or maintenance of slavery, people trafficking and the purchase and sale of slaves;
- Some of the environmental offences;
- Crimes of racism and xenophobia.

The Special Parts of this Model are therefore, structured as follows:

- o Statement on the types of offence with a description of the preconditions for relevance to the Company of the offences forming the subject-matter of the individual Special Section;
- o Explanation of the main corporate Processes/Activities/Areas identified as sensitive or instrumental to risk;
- o Definition of the general rules and conduct adopted by the Company as well as the related prohibitions in order to prevent the occurrence of unlawful conduct and control the potential risk of perpetration of the offence;
- o Identification of the Protocols, Procedures and Codes adopted by the Company;
- o Identification of the activities that the Supervisory Body is required to carry out with reference to the individual Special Section and the relevant Protocols and Procedures, in order to monitor their effective functioning and application of the rules of conduct, decision-making, operating and control indicated therein.

## **ANNEXES**

## **ANNEX 1 – CODE OF ETHICS**

**(PUBLISHED ON [WWW.RDMGROUP.COM](http://WWW.RDMGROUP.COM) IN THE APPROPRIATE SECTION)**

## **ANNEX 2 – REGULATION OF THE SUPERVISORY BODY**



## **ANNEX 3 – PROTOCOLS**

## **ANNEX 4 – MANUAL FOR PREPARATION OF PROCEDURES AND PROTOCOLS**