



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

**Edition 12.0 (Year 2023)**

*Document approved by the Board of Directors on May 30<sup>th</sup>, 2023*

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## 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);

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- ✓ 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.

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<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);

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<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);

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<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);

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<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);

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<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);

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<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);

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<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 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-*quinquiesdecies* 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;

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<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

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<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.

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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:

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<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 expertise and experience in legal (corporate, criminal, civil, administrative and procedural), financial, accounting, internal control, risk management and corporate compliance issues, as well as in organisational matters.

In particular, the Supervisory Body may be composed of three standing members identified as follows: two external members and one person within the Company. All the members must meet the requirements of autonomy, independence, honourableness and professionalism in order to guarantee continuity of action and ensure effective and efficient implementation of the Model.

#### **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:

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<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**

## 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:

- 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;
- Explanation of the main corporate Processes/Activities/Areas identified as sensitive or instrumental to risk;
- 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;
- Identification of the Protocols, Procedures and Codes adopted by the Company;
- 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.

## **SPECIAL PART No. 1 – OFFENCES COMMITTED IN RELATIONS WITH THE PUBLIC ADMINISTRATION**



## 1 OFFENCES IN RELATIONS WITH THE PUBLIC ADMINISTRATION

The Decree incorporates a series of offences provided for in the Criminal Code which are similar, given the identity of the legal good they protect, identifiable as the impartiality and proper conduct of the Public Administration.

For the purposes of criminal law, a Public Administration Entity is deemed to be any legal person that pursues and/or implements and manages public interests and that carries out legislative, jurisdictional or administrative activities, governed by public law and materialized by authoritative acts.

**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).**

Among the criminal offences considered here, the offence of extortion and the offence of corruption, in its various forms, presuppose the involvement of a natural person who assumes, for the purposes of criminal law, the status of "Public Official" and/or "Person responsible for a Public Service", in the meaning respectively attributed by Articles 357 and 358 of the Criminal Code.

**The status of Public Official** is attributed to those who exercise a legislative, judicial or administrative public function. An administrative public function is usually recognised as being exercised by persons forming or contributing to the formation of the will of the public body or who in any case represent it in respect of third parties, and persons with powers of authorization or certification.<sup>32</sup>

**Purely by way of example, the following persons may be referenced as case law has identified their status of Public Official:** *judicial officer, technical advisor to the judge, tax collector of municipal companies, university assistant, post deliverer, officer of the ACI peripheral offices, municipal councillors, municipal technical surveyor, public school teachers, health officer, notary, INPS employees.*

**The status of Public Service Officer** is determined by exclusion, as it applies to those who carry out activities of public interest, which do not consist of simple routine or purely material duties, governed in the same forms as the public function, but which do not include the powers typical of a Public Official.

**Purely by way of example, the following persons may be referenced as case law has identified their status of Public Service Officer:** ENEL tax collectors, gas meter readers, electricity meter readers, postal employee in charge of sorting correspondence, employees of the State Polygraph, sworn security guards who drive vans delivering valuables.

<sup>32</sup> The concept of authoritative powers includes not only the power of coercion, but any discretionary activity carried out with regard to persons who are on an *unequal* level with the authority (see Supreme Court, Criminal Division, Combined Sections, 11/07/1992, No.181). The concept of powers to certify all documentation activities to which the legal system assigns probative effect, regardless of their grade.

Law No. 3 of 9 January 2019 ("Anti-corruption Law"), published in the Official Gazette No. 13 of 16 January 2019, in force since 31 January 2019, also includes the following natural persons, identified as persons active in the perpetration of specific criminal offences (embezzlement, embezzlement through third party profit error, extortion, bribery of a person responsible for a public service, incitement to corruption):

- the members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- officials and other agents engaged under contract in accordance with the regulations on officials of the European Communities or the regime applicable to other agents of European Communities;
- persons seconded by the Member States or any public or private body within the European Communities exercising functions equivalent to those of officials or servants of the European Communities;
- members and employees of entities set up on the basis of the Treaties establishing the European Communities;
- those who, within other Member States of the European Union, carry out functions or activities corresponding to those of public officials and persons responsible for a public service (358);
- judges, prosecutors, deputy prosecutors, officials and agents of the International Criminal Court, persons seconded by States party to the Treaty establishing the International Criminal Court who exercise functions corresponding to those of officials or servants of the Court itself, members and employees of entities established on the basis of the Treaty founding the International Criminal Court;
- persons carrying out functions or activities corresponding to those of public officials and persons responsible for a public service within public international organizations;
- members of international or supranational parliamentary assemblies and judges and officials of international courts.

Offences against the Public Administration can be committed in many business areas although in some specific cases, the risk is greater.

It should be noted that certain conduct falling within normal business practice can be considered unacceptable, if not outright illegal, if it relates to employees of the Public Administration (for example, offering gifts or money or other benefits even if in some countries this may be the practice for customers).

This **Special Part No. 1** is specifically dedicated to the analysis of criminal offences (Articles 24 – 25 – 25-*decies* – 25-*duodecies*) which presuppose direct or indirect relationships<sup>33</sup> with public bodies or persons appointed by the Public Administration, identifying those significant to the administrative liability of the Company.

**Article 24 of the Decree:**

- **Embezzlement from the State or from another public body and from the European Union (Article 316-bis of the Criminal Code)**

The offence is committed if, after receiving funding or contributions from the State, or from another public body (e.g. regions, provinces, municipalities, ministries, departments, INPS (National Social Welfare Institution) or from the European Union, the sums obtained are not used for the purposes for which they were disbursed.

The offence can also be committed with reference to funding and grants already obtained in the past and which are only subsequently allocated for purposes other than those for which they were disbursed. The unlawful conduct consists in the misappropriation, even partial, of the sum obtained, without it being relevant whether the planned activity actually occurred.

- **Improper collection of funds to the detriment of the State or the European Union (Article 316-ter of the Criminal Code)**

The offence is committed if, through the use or presentation of false documentation or declarations or falsely attesting to or omitting information, one obtains without entitlement, contributions, financing, subsidised loans or other disbursements of the same type granted or paid by the State, by other public bodies (e.g. regions, provinces, municipalities, ministries, departments, INPS, INAIL or by the European Union. The offence is committed only in cases where the conduct in question does not constitute fraud against the State. The offence is committed when the disbursement is made and the attempted offence is admissible.

- **Fraud if committed to the detriment of the State or another public entity (Article 640, paragraph 2, No. 1 of the Italian Criminal Code)**

The offence is committed if subterfuge or deception are employed in such a way as to mislead and consequently cause financial harm to the State or to another Public Entity or to the European Union, with a consequent unfair profit for the Entity. The subterfuge or deception constituting the offence of

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<sup>33</sup> Indirect relationships are defined as activities that do not involve direct contact with public bodies or persons appointed by the Public Administration, but which are instrumental and/or of support for the purpose of the perpetration of offences of 24 – 25 – 25-*decies* – 25-*duodecies*.

fraud may also consist of remaining silent about certain circumstances/information by persons who have a duty to make them known.

The offence is committed when the undue profit is obtained that causes damage to others.

- **Aggravated fraud for the procurement of public funds (Article 640-bis of the Criminal Code)**

The offence is committed if subterfuge or deception are used in order to mislead the State or other public entities or the European Community with the intention of obtaining finance, grants or subsidised loans.

The offence is committed when payments are received, but it should be specified that the offence is not committed by simply providing data and information that does not reflect the truth, but requires fraudulent action that can frustrate or make it more difficult for the competent bodies to control requests for financing<sup>34</sup>.

- **Computer fraud against the State or against another public entity (Article 640-ter of the Criminal Code)**

The offence is committed if, by altering the functioning of a computer or electronic system or by manipulating the data contained therein, an unfair profit is obtained to the detriment of the State, the European Union or other public body.

The offence is not committed, if through the use of electronic connections or electronic media, untruthful information is transmitted to Public Administrations, Public Entities or Supervisory Authorities.

### **Article 25 of the Decree**

- **Extortion (Article 317 of the Criminal Code)<sup>35</sup>**

The offence is committed when a public official abusing his/her position forces someone to obtain an economic or personal advantage.

“Abuse of powers” occurs when powers are exercised outside the cases established by laws, regulations and service instructions or without the prescribed forms, or when such powers, while falling within those attributed to the public official, are used for the achievement of unlawful purposes. The acting offender is normally a public official who, by means of violence or threat of damage *contra ius* subjects a person to psychological pressure; said person, without receiving any advantage, is faced with the alternative of suffering the threatened harm or avoiding it by giving or promising a form of benefit.

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<sup>34</sup> Cf. Supreme Court, No. 26351 of 2002.

<sup>35</sup> With Law No. 69/2015, the legislator amended the rules on penalties.

This offence is susceptible to a residual application within the scope of the offences contemplated by the Decree: the acting offender is in fact a public official.

- **Corruption in the exercise of duties <sup>36</sup>(Article 318 of the Criminal Code)**

The offence is committed if there is an agreement between a public official (public official or person in charge of a public service) and a private individual, under which the former accepts money or other advantages from the latter that are not due, in order to vitiate the function assigned and the powers granted and to give an advantage to the offering party. This then violates the obligations of loyalty, impartiality and the exclusive pursuit of the public interests of the individual.

No causal link between the service (or the benefit provided) and a single, specific measure or act of the Public Administration need be proved.

This offence is different from extortion in that there is an agreement between the briber and bribe taker in order to obtain a mutual benefit, while in extortion the individual is the victim of the conduct of the public official or public service employee.

It should be recalled that corruption is also established when it is committed against foreign persons who, according to Italian law, are public officials or persons in charge of a public service.

- **Corruption by act contrary to official duties (Article 319 of the Criminal Code)**

The offence is committed if the public official receives for him/herself or for other persons, money or other benefits in order to omit or delay or have omitted or delayed an act that must be performed or to perform or have performed an act contrary to his/her duties. For example, the activity of a public official may involve expediting a procedure for which he/she is responsible (due action) or accepting money to guarantee the award of a tender (an action contrary to his/her duties).

- **Corruption in judicial proceedings (Article 319-ter of the Criminal Code)<sup>37</sup>**

The offence is committed if the Company, whether or not it is party to legal proceedings (civil, criminal or administrative) in order to obtain an advantage in the proceedings proper or any other form of advantage, bribes a public official (not only a judge, but also a clerk or other official).

The opportunity to commit the offence could also arise by paying fees, in whole or in part fictitious, to lawyers in contact with the judicial Bodies.

- **Improper inducement to give or promise benefits (Article 319-quater of the Criminal Code)<sup>38</sup>**

The offence is committed if the public official or person responsible for a public service, abusing his or her position or powers, exerts psychological pressure or persuasion on the person acting in the name and on behalf of the Company, inducing the person to give or promise benefits to the latter or

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<sup>36</sup> Article amended by Law 190/2012

<sup>37</sup> With Law No. 69/2015, the legislator amended the rules on penalties.

<sup>38</sup> With Law No. 69/2015, the legislator amended the rules on penalties.

to a third party. What distinguishes this type of offence from bribery is that the person acting in the name and on behalf of the Company, although not obliged (as in the case of extortion), is subject to inducement to prevaricate by an official capable of causing psychological subjection and consequently acts with the public official or person in charge of a public service, indicating that he/she has understood the message and acted thereon.

- **Incitement to corruption (Article 322 of the Criminal Code)**

The offence is committed only if the offer of the private individual or the request of the public official is not accepted by the recipient. The conduct consists of offering or promising undue money or other benefits to the official. The offer or promise must be serious and concrete and capable of achieving its purpose, such as to induce the recipient to perform or delay an act of office or service or to perform an act contrary to the said duties. The small amount of money or the low value of what is offered to a public official for an agreement between a public official (or public service person) and a private individual is not relevant. It is sufficient for the public official to accept money or other benefits from the private sector that are not due, thereby vitiating the function assigned and the powers granted and giving an advantage to the briber.

- **Inducement not to make statements or to make false statements to a judicial authority**

The offence was introduced by Law 116 of 3 August 2009 and numbered as Article 25-*decies* by Legislative Decree 121/2011. The offence is committed if the person, called before the judicial authorities to make statements that can be used during criminal proceedings, is induced by violence (physical or mental coercion), threat, or offer of money or other benefits as well as promise of money or other benefits, or was induced to refrain from making statements when he/she has the right not to respond or to make false statements in the interest of the Company. The entity shall be liable if, as it is a party to legal proceedings, pressure is exerted by a senior person or subordinate vis-a-vis an employee called to give evidence in a criminal trial, to depict situations different from the reality or to conceal possible complicity. The offence may be committed in cases of investigations or criminal legal proceedings concerning or connected with company activity, including at a cross-border level.

- **Influence Peddling**

The offence is committed if the person, by exploiting existing relations with a public agent, is given or promised money or other benefits as the price of his/her unlawful mediation (even if the ability to influence the mediator is, in reality, non-existent) or as the price to remunerate the public agent for carrying out an act contrary to his/her official duties or to omit or delay an act of his/her office. It also occurs if the perpetrator is not exclusively the mediator but the person who improperly gives or promises money or other benefits. With regard to so-called passive corruption, the Company could not commit the offence on its own because it does not possess the necessary public status; however, it could contribute to the offence of corruption committed by a public official or by a person in charge of

a public service, if it provided any support, whether material or moral, pursuant to Article 110 of the Criminal Code, to the public official in committing the offence.

### **Article 25-duodecies**

- **Employment of illegally present third-country nationals**

The offence was introduced by Legislative Decree 109 of 16 July 2012, (Legislative Decree 109/2012) and is constituted by the employment of foreign staff without a residence permit, or whose permit has expired and for which no renewal, revocation or cancellation has been requested within the legal deadlines; this offence is aggravated by the number of employees (more than three) or their minor age or, finally, by working conditions of particularly serious and dangerous exploitation with regard to the services to be performed.

## **2 PROCESSES/ACTIVITIES AND BUSINESS AREAS SENSITIVE TO THE PERPETRATION OF OFFENCES AGAINST THE PUBLIC ADMINISTRATION**

In view of the relationships that Reno De Medici S.p.A. maintains with Public Administrations (including foreign administrations) or with persons in charge of a public service, **at-risk areas** have been identified as those corporate areas that, for the performance of their activities, require the establishment of direct relationships with the Public Administrations. In detail:

- The submission and preparation of the documentation necessary to obtain/renew authorizations, licences, concessions, including through external consultants, to Ministries, Provinces, Municipalities, etc.
- Managing relationships with public officials to fulfil legal obligations relating to health and safety in the workplace or environmental issues;
- The management of customs relations for import-export transactions;
- The management of relations with social security and welfare institutions and the Department of Employment for the fulfilment of legal obligations relating to work, occupational accidents or diseases, etc.;
- Management of relations with the Supervisory Authorities (e.g. the Italian Data Protection Authority);
- Company activities that provide for access to and interconnection with the information systems managed by the Public Administration (e.g. Entratel, INPS, INAIL, Enasarco).

**The following are therefore identified as:**

### **SENSITIVE PROCESSES:**

- The management of occasional administrative measures necessary to carry out activities related to typical company activities such as, but not limited to:
  - (i) The acquisition of grants, subsidies, financing from public or EU entities for investments in staff training, technology, production, safety and the environment;
  - (ii) The management of staff social security benefits;
  - (iii) The management of relations with public bodies for the recruitment of staff belonging to protected categories or whose recruitment is subsidized;
  - (iv) The management of relations with public bodies in relation to occupational health and safety and environmental protection;
  - (v) The management of relations with the Tax Administration;
  - (vi) The management of relationships with the Supervisory Authorities (e.g. the Italian Data Protection Authority).
- The management of inspections by public officials or persons in charge of a public service;
- The management of disputes and settlement agreements;
- The management and use of information systems that interconnect/use Public Administration software;
- *Information technology* software and services management and development.

#### **INSTRUMENTAL PROCESSES:**

- The management of supplies, services and works (including contracts), consultancy and other professional assignments;
- The management of gifts, entertainment expenses, charities and sponsorships;
- The management of cost reimbursement;
- The management of financial resources;
- The management of financed training;
- The selection, recruitment and management of personnel;

Corporate management/Functions/organizational units involved in the implementation of the Processes/Activities described above are:

- Corporate Human Resources;
- Corporate Administration, Finance and Control;
- Corporate Legal;
- Corporate Purchasing and Logistics;
- Corporate Information & Technology;
- Plant Management;

The persons from the Company Management and Functions indicated above are specifically authorized by means of special powers of attorney and/or indicated in the "List of persons authorized to



maintain relations with the Public Administration”, signed by the Chief Executive Officer which is updated if organizational changes have taken place.

Additions to the above at-risk areas and sensitive and instrumental processes may be made by the Chief Executive Officer of Reno De Medici S.p.A. on the proposal of the Supervisory Body and in agreement with the Corporate Legal Affairs division.

### **3 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS**

All Processes must be carried out in accordance with the following general rules:

1. Applicable Italian and foreign legislation;
2. The principles of *Corporate Governance* approved by the Board of Directors of Reno De Medici S.p.A.;
3. The ethical principles adopted by Reno De Medici S.p.A. relating to the management of relations with the Public Administration, relations with suppliers and consultants, selection, recruitment, evaluation and management of staff (Code of Ethics – Annex 1);
4. The Protocols, the Company Procedures (see paragraph 4), the documentation and provisions concerning the corporate organizational structure and the economic control system of management.

**Contractors** must be made aware of the adoption of the Model and the Code of Ethics by the Company, whose knowledge of and compliance with the principles contained therein constitutes a contractual obligation.

**General obligations and prohibitions apply to both members of the Corporate Bodies and Employees of Reno De Medici S.p.A. - directly - to service companies, consultants, suppliers and partners in various capacities, pursuant to specific contractual clauses.**

#### **GENERAL PRINCIPLES OF CONDUCT**

Those operating in at-risk areas have expressed an **obligation to comply with:**

- a) **The company's organizational system**, which reflects the fundamental requirements of formalisation and clarity, communication and separation of roles, in particular as regards the attribution of responsibilities, representation, definition of hierarchical structures and operational activities;
- b) So that the necessary action can be taken, staff must **immediately report to their Manager any request for undue advantages or attempts to obtain abusive prevarication from a Public Administration official** they may receive or of which they become aware. The Manager is required to send the report received to the competent Functions and to the Supervisory Body.

## GENERAL AND SPECIFIC PROHIBITIONS

The **following are prohibited**:

- a) To engage in, cooperate with or cause conduct which, individually or collectively, is directly or indirectly punishable under the criminal provisions of the Special Section of Decree 231/2001;
- b) To engage in conduct in violation of the Company's principles and procedures.

The following are **specifically prohibited**:

- a) **Making cash donations to Italian or foreign Public Officials;**
- b) **Distributing gifts and presents outside the scope of company practice;** in particular, **any form of gift, including gifts made indirectly to Italian and foreign Public Officials, which might influence their independent judgement or induce them to secure any advantage for the company;**
- c) **Granting advantages of any kind to representatives of the Italian or foreign Public Authorities** that may have the consequences specified in the previous point;
- d) **Requesting services from Service Companies, Consultants and Suppliers in general, that are not adequately justified** in the context of the contractual relationship with the same;
- e) **Paying fees and/or other benefits to Suppliers of goods and services and/or Consultants that are not adequately justified** in relation to the type of task to be performed and current practices;
- f) **Selecting and hiring persons "close" to Public Officials or Persons in Charge of a Public Service or indicated by the latter in order to obtain the granting/promising of benefits in favour of the Company;**
- g) **Making false and statements to national or EU public bodies in order to obtain public disbursements, grants or subsidised financing;**
- h) **Allocating sums received from national or EU public bodies as disbursements, grants or financing for purposes other than** those for which they were disbursed;
- i) **Unduly favouring the interests of the Company by inducing**, by violence or threat or, alternatively by offering or promising money or other benefits, **a person called before the Judicial Authorities to make statements that may be used in criminal proceedings, to refrain from making said statements or to make false statements.**

## 4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY

Based on the at-risk areas and the sensitive and instrumental processes identified, the Company adopted the following

### PROTOCOLS:

- Management of inspections;
- Management of financed training;
- Management of supplies and services, consultancy and professional assignments;
- Management of gifts, charity entertainment expenses and sponsorships;
- Management of financial resources;
- Management of disputes and settlement agreements;
- Staff selection, recruitment and management;

### Procedures:

- Procedure for the identification of persons dealing with the Public Administration;
- Contract management procedure;
- Quality, Environment and Safety System procedure with regard to the selection and evaluation of Suppliers, the selection, recruitment and training of staff;
- Administrative and accounting procedure for the Purchasing Cycle;
- Administrative and accounting procedure for Treasury and Finance Management;
- Administrative and accounting procedure for Staff administrative management;

Cash management and maintenance policy;

### CODE:

- Code of Conduct for the Management of Relations with Public Authorities and Third Parties

## 5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY

The Company's SB is responsible for:

- Proposing the issue and possible updating of standardised instructions regarding the conduct to be followed within the at-risk areas identified and, in general, in relations with the Public Administration;
- Periodically verifying - with the support of other competent functions - the system of authorizations in force, recommending changes if the management power and/or title does not correspond to the powers of representation conferred on company representatives;
- Periodically verifying, with the support of the other competent functions, the validity of the standard clauses seeking:
  - Compliance by concerned persons with the provisions of the Decree;

- The possibility for the Company to carry out effective control measures against the concerned persons of the Model in order to verify compliance with the provisions contained therein;
  - Implementation of penalty mechanisms if violations of the rules are established.
- Examining any specific reports from the control bodies or from third parties or from any corporate officer and carrying out any investigations deemed necessary and appropriate as a result of the reports received;
- Proposing to management the appropriate additions to existing financial resources management systems (both incoming and outgoing), with the introduction of measures capable of detecting any atypical cash flows or with greater margins of discretion than normally provided for.

## **SPECIAL PART No. 2 – CORPORATE OFFENCES**

## 1 CASES OF CORPORATE OFFENCES

Article 25-ter<sup>39</sup> of Legislative Decree 231/2001 introduced so-called corporate offences into the Decree

The Company's liability in relation to these offences can only be established where the criminal conduct is committed by certain persons in the interest or to the advantage of the Company<sup>40</sup>.

**This Special Part No. 2 is specifically dedicated to the prevention of serious corporate offences that incur the administrative liability of the Company.**

In the category of such offences, although different areas of interest may be distinguished as governed by the individual rules, of particular relevance is the formation of the financial statements, external communications, certain capital transactions, obstruction of control and impeding the exercise of supervisory functions, a general interest of the legislator can be referenced as seeking to ensure transparency in accounting documents and company management and to offer correct information to third parties and the market in general. The reform introduced by Law No. 69 of 27 May 2015 pursued this objective, acknowledging the protection conferred both through the veracity and the completeness of company information to shareholders, creditors and the public.

The following are the cases introduced by:

### **Article 25-ter of the Decree**

- **False corporate reporting (Article 2621 of the Civil Code)**

The offence is committed if directors, general managers or executive officers responsible for preparing the company's financial reports, auditors and liquidators knowingly<sup>41</sup> present material facts that are not true<sup>42</sup> in order to obtain an unjust profit for themselves or for others or knowingly omit, with the same intention, material facts<sup>43</sup> the communication of which is required by law on the economic, asset or financial situation of the company or group to which it belongs, in a manner that is effectively liable to mislead others.

It should be noted that the Combined Sections of the Supreme Court, in judgement No. 22474 of 2016, held that the repeal of the item "even if the subject of valuation" does not entail the elimination

<sup>39</sup> Article 25-ter was inserted into the Decree by Legislative Decree 61/2002.

<sup>40</sup> Law No. 69 of 27 May 2015 replaced the wording of the paragraph Article 25-ter "In relation to corporate offences provided for in the Civil Code, if committed in the interest of the company, by directors, general managers or liquidators or by persons subject to their supervision" by the following "In relation to corporate offences provided for in the Civil Code, the following financial penalties shall apply to the entity". The measure eliminated the principle, in derogation of Article 5 of the Decree, according to which the Entity's liability was established: (i) in cases in which the criminal conduct in company matters was conceived and determined for the purpose of creating a benefit for the Entity, that could be objectively valued ex ante, regardless of whether or not any benefit actually materialized (the so-called objective accusation of interest); (ii) the violation of supervisory obligations by directors, general managers or liquidators or by persons subordinate to the latter made it extremely difficult for the Entity to demonstrate that its senior management had fulfilled its supervisory obligations when the offender was a director, general manager or liquidator of the Company, since the Entity was automatically identified with its senior management that was purportedly carrying out its intentions, and the exemption, in Article 6, paragraph 1, of having adopted a model appropriate for preventing offences of the same type as those committed and effectively implemented it was deemed inoperative.

<sup>41</sup> The reference to the perpetrator's awareness of the falsity set out is explicitly introduced into the text, while the reference to "the intention to deceive shareholders or the public" is eliminated although the aim of the offence remains that of obtaining an unfair profit for oneself or for others.

<sup>42</sup> There is no longer any reference to "valuations", since the punishment thresholds for "valuations" are excluded.

<sup>43</sup> The new Article replaces the term "omission of information" with that of omission of "material significant facts" whose disclosure is required by law on the economic, asset or financial situation of the company or group to which it belongs.

of the criminal significance of the so-called false evaluation in the case in question. In fact, given the presence of the evaluation criteria indicated by law<sup>44</sup> and generally accepted technical criteria<sup>45</sup>, the offence of false corporate reporting exists even when the agent (directors, general managers, manager responsible for preparing the company's financial reports, auditors, liquidators) knowingly deviates from those criteria and without providing adequate documentary evidence, by means that are objectively effective, misleads<sup>46</sup> the concerned persons (partners, creditors, potential investors) of such communications. It will therefore be for the court to assess *ex ante* the relevance of false or omitted information, in relation to the choices that the concerned persons of the information may make and, ultimately, to express an opinion on the effective capability of the subterfuge and deception employed to potentially mislead the recipient.

Administrative liability can also be envisaged if the facts concern assets owned or administered by companies on behalf of third parties.

The offence in question is always punished as a serious offence (and not as mere contravention) and can be prosecuted *ex officio*, except in cases where the act is of a minor nature as provided in Article 2621-*bis* (explained below).

- **Minor offences (Article 2621-*bis* of the Civil Code)**

The offence may be committed if material facts of minor importance are stated in the knowledge that they are not true in order to obtain an unjust profit for oneself or for others, or if, for the same purpose, material facts of minor importance are omitted, the communication of which is required by law on the economic, asset or financial situation of the company or group to which it belongs, in a manner that is actually liable to mislead others. Administrative liability can therefore also be envisaged if the facts concern assets owned or administered by companies on behalf of third parties. Unlike the offence of false corporate reporting, this offence (without prejudice to the exemption from criminal liability in very minor cases<sup>47</sup>) is classified by the court taking into account the following: the nature and size of the company and the methods or effects of the conduct;

Except where they constitute a more serious offence, the same penalty as the preceding paragraph applies when the acts referred to in Article 2621 concern companies that do not exceed the limits indicated in the second paragraph of Article 1 of Royal Decree 267 of 16 March 1942. In this case, the offence can be prosecuted following an action by the company, the shareholders, the creditors or

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<sup>44</sup> The criteria for the preparation of the financial statements are defined in the Italian Civil Code (Article 2423 et seq. of the Civil Code) and in the European directives (see Directive 2013/34/EU, on the separate financial statements, the consolidated financial statements and the related reports of certain types of companies, transposed by Legislative Decree No. 139 of 18 August 2015).

<sup>45</sup> Reference is made to the development in legal theory in matters of keeping of accounts by so-called “certificators”, such as the Italian Accounting Body, of the International Financial Reporting Standard.

<sup>46</sup> The ability to mislead is only a subjective reflection of the significance of the alteration of the financial statement data and results in the deceptive or misleading effectiveness of omitted or false information. False information must be such as to significantly alter the overall picture and be capable of influencing the decisions of shareholders, creditors or the public.

<sup>47</sup> See Article 2621-*ter* of the Civil Code - Exemption from punishment in very minor cases. For the purposes of exemption in particularly minor cases, as provided in Article 131-*bis* of the Criminal Code, the court essentially assesses the extent of any damage caused to the company, shareholders or creditors as a result of the acts provided for in Articles 2621 and 2621-*bis*”.

the other concerned persons of the corporate communication. The same penalty is therefore provided for, even if the falsehoods or omissions concern small companies<sup>48</sup>.

The conduct must be committed by directors, general managers, executive officers responsible for preparing the company's financial reports, auditors and liquidators and must be implemented with the intention of obtaining an unfair profit for themselves or for others.

- **False corporate reporting by listed companies (Article 2622 of the Civil Code)**

For this type of offence, the above considerations apply with regard to the offence of false corporate reporting, except that:

- the potential perpetrators of the conduct are the directors, general managers, executive officers responsible for preparing the company's financial reports, auditors and liquidators of companies listed in Italy or of another country of the European Union;
- the penalties are more severe for both the individual offenders (from three to eight years) and the Company (from four hundred to six hundred points).

- **False information in company prospectuses (Article 173-bis of Legislative Decree 58/1998)<sup>49</sup>**

**The offence was repealed** by Article 34 of Law 262/2005. **The criminal offence was, however, restated in terms similar to Article 173-bis of the Consolidated Law on Finance (TUF).**

The offence consisted in stating false information or concealing data or information in prospectuses required for investment purposes (Article 94 of Legislative Decree No. 58/98) or admission to listing on regulated markets (Article 113 of Legislative Decree No. 58/98), or documents to be published on the occasion of public takeover bids (IPO) or exchanges (OPS), drawn up in knowledge of their falsity and with the intention of deceiving the concerned persons of the prospectus, exposing false information capable of misleading or concealing data or information.

- **False disclosures in the reports or communications of the auditing company (Article 2624 of the Civil Code)**

**The offence was repealed** by Article 37, paragraph 34 of the Legislative Decree of 27 January 2010 and consisted of false attestations or concealment of information by those responsible for auditing, concerning the economic, equity or financial situation of the company, in order to obtain an unfair profit for themselves or for others.

The penalty is more serious if the conduct has caused financial damage to concerned persons of communications.

- **Obstruction of supervisory activities (Article 2625 of the Civil Code)**

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<sup>48</sup> Small companies are understood as companies that do not exceed the limits indicated in the second paragraph of Article 1 of Bankruptcy Law, Royal Decree No. 267/1942.

<sup>49</sup> The wording of the offence is given, even though it was repealed.



The offence can only be committed by directors and consists of preventing or hindering, by concealing documents or other subterfuge, the performance of the control or audit activities attributed to shareholders, to other corporate bodies (e.g. Board of Statutory Auditors), or the independent auditors.

The conduct must be capable of deceiving the persons who must perform said audit activities and in addition to the impediment, only the obstacle is relevant. In order for the conduct to constitute an offence under the Decree, it must result in damage to the Company.

- **Fictitious formation of capital (Article 2632 of the Civil Code)**

The potential perpetrators of the offence are the directors and contributing shareholders, who also partly (i) form or (ii) artificially increase the capital of the company, through the attribution of shares or shareholdings in an amount lower than their nominal value. Other means of committing the offence are reciprocal subscription of shares or units; significant over-valuation of contributions in kind or receivables or the company's assets, in the event of conversion.

With regard to the reciprocal subscription of shares or units, the requirement of reciprocity does not presuppose the simultaneous nature and connection of the two transactions. With reference to the over-valuation of the assets of the company in the event of its conversion, consideration is given to the assets of the company as a whole, i.e. the set of all assets, after deduction of the liabilities.

The provision seeks to punish misconduct at the time of the incorporation of a Company and of a capital increase. With reference to the latter case, the offence is only committed when a false capital increase is carried out through one of the aforementioned means (allocation of shares or shareholdings in an amount lower than their nominal value - reciprocal subscription of shares or shareholdings - over valuation in the event of conversion).

- **Unlawful return of contributions (Article 2626 of the Civil Code)**

The "typical conduct", apart from cases of legitimate reduction of the share capital, provides for the return to shareholders, even if simulated, of the contributions or the release of the shareholders from the obligation to make them.

Only the directors can perpetrate the offence. Those shareholders who have instigated or induced the directors to act can also be punished by way of complicity in the offence. The shareholder who is the beneficiary of the restitution or release is not penalized. Punishment becomes applicable when the capital is affected, not the reserves;

- **Unlawful distribution of profits and reserves (Article 2627 of the Civil Code)**

The criminal conduct must be committed by the directors and consists of distributing profits or advances on profits not actually generated or which must be allocated by law to reserves, or distributing reserves, including those not established with profits, that cannot by law be distributed.

It should be noted that the return of profits or the replenishment of reserves before the deadline for the approval of the financial statements extinguishes the offence.

The law did not in fact punish the shareholder beneficiaries of the distribution of profits or reserves, therefore excluding any requirement for complicity in the offence.

- **Unlawful transactions involving shares or points of the company or of the parent company (Article 2628 of the Civil Code)**

The offence is committed by the purchase or subscription by the directors of shares or points of the company or the parent company, which compromises the integrity of the share capital or reserves that by law cannot be distributed.

If the share capital or reserves are reconstituted before the deadline for approval of the financial statements for the year in which the conduct took place, the offence is extinguished.

- **Transactions to the detriment of creditors (Article 2629 of the Civil Code)**

Only the directors can perpetrate the offence. This offence is committed by undertaking, in violation of the provisions of the law for the protection of creditors, reductions in the share capital or mergers with another company or demergers, which cause damage to creditors. It should be noted that compensation for damage to creditors before the proceedings extinguishes the offence.

- **Failure to disclose a conflict of interest (Article 2629-bis of the Civil Code)**

The offence is committed by violation of the obligations established in Article 2391, paragraph I of the Civil Code by the director of a company with securities listed on regulated markets in Italy or in another European Union country, if damage is caused to the company or to third parties as a result of the said violation.

Article 2391, paragraph I of the Civil Code requires the directors of public limited liability companies to inform the other directors and the Board of Statutory Auditors of any interest they may have, on their own behalf or on behalf of third parties, in a specific company transaction, specifying the nature, terms, origin and scope of the interest. The directors must also refrain from carrying out the transaction and rather entrust to the collective body.

- **Undue distribution of company assets by liquidators (Article 2633 of the Civil Code)**

The offence is committed by distributing company assets among shareholders before the payment of company creditors or setting aside the sums necessary to satisfy the claims of creditors, which causes damage to creditors.

It should be noted that compensation for damage to creditors before the proceedings extinguishes the offence. This type of offence was not deemed applicable to the Company because the objective conditions are not met.

- **Private-to-private corruption (Article 2635 of the Civil Code)**

The offence is committed by a person who, also through an intermediary, offers, promises or pays cash or gives other undue benefits to directors, general managers, managers responsible for preparing the company's financial reports, auditors, liquidators of companies or private entities, those who in the context of the Company's organization carry out working activities through management functions other than those of the persons indicated above (e.g. Function managers and contractors) as

well as anyone subject to the management and supervision of the persons indicated above, to carry out or omit an act in violation of their duty of loyalty.

Penalties are therefore imposed even in the absence of damage to the company or entity to which the perpetrator of the corrupt act belongs.

The offence in question can be prosecuted if an action is brought by the injured party or *ex officio* in the event that the unlawful act results in a distortion of competition (i.e. if activities are carried out with the aim of "preventing, restricting or substantially distorting competition", pursuant to Article 2 of Law 287/90).

Criminal liability is incurred by the persons who are induced to commit the corrupt act identified in the first paragraph of Article 2635 who, as a result of the giving or promising money or other benefits, for themselves or for others, perform or omit acts, in breach of the obligations inherent in their office<sup>50</sup> or their duty of loyalty<sup>51</sup>.

The penalties are doubled for companies with securities listed on regulated markets or other European Union countries or widely held among the public pursuant to Article 116 of the Consolidated Law on Finance (TUF). The fines may be added to the disqualification penalties indicated in Article 9 of Legislative Decree 231/2001. Ancillary penalties are therefore provided, such as the temporary disqualification from holding management positions of legal persons and companies who have already been convicted of the same offence or for incitement pursuant to paragraph 2 of Article 2635-*bis*.

- **Incitement to private-to-private corruption (Article 2635-bis of the Civil Code)**

The offence is only committed when the offer or promise of money or other benefits is not accepted. The conduct consists of offering or promising or soliciting for oneself or for other undue money or other benefits to directors, general managers, managers responsible for preparing the company's financial reports, auditors, liquidators of companies or private entities, those who carry out managerial activities, so that they perform or omit an act in violation of their duty of loyalty.

The penalties are the same as for private corruption, reduced by one third.

- **Unlawful influence on shareholders' meetings (Article 2636 of the Civil Code)**

The conduct occurs if, by simulated acts or by fraud, a majority is obtained at the shareholders' meeting in order to gain an unfair profit for oneself or for others.

The creation of an artificial majority at the shareholders' meeting may be carried out by means of unplaced shares or points, the exercise of voting rights under another name, and in general other simulated or fraudulent acts.

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<sup>50</sup> Obligations pertaining to their office are understood to be those imposed by the legislation, such as for example on the environment, security, taxation, and those of a non-legislative source, such as the procedures and instructions adopted by the Company pursuant to the Decree and Law 262/2005.

<sup>51</sup> The duty of loyalty is a duty to behave fairly towards one's employer and to protect their interests in any way. The scope of said duty includes: (i) the prohibition on dealing on own account or on behalf of third parties in competition with the entrepreneur-employer in the production or commercial sector, without the need, for the purpose, for establishing genuine unfair competition; (ii) the prohibition on disclosing information of a confidential nature which, if disseminated, may harm the company itself.

The offence is committed by the irregular formation of a majority which otherwise would not have occurred, through simulated or fraudulent acts.

The offence does not arise when, even in the absence of unlawful conduct by the director, the majority was nevertheless attained.

- **Stock manipulation (Article 2637 of the Civil Code)**

This offence takes place when false information is disseminated or simulated transactions or other subterfuges are undertaken which are actually capable of causing a significant alteration in the price of unlisted financial instruments (equities or bonds), or of having a significant effect on the public's confidence in the financial stability of banks or banking groups.

False information is that which, by creating a false representation of reality, misleads operators and causes irregular increases or decreases of prices. Disclosure does not occur when the news is not released or disclosed to the public, but only to restricted number of people. Simulated transactions include both transactions that the parties did not in any way intend to perform, and to transactions that appear different from those actually intended. For the purposes of administrative liability, the offence must be committed by the senior management and under their management and supervision.

- **Obstruction of the functions of public supervisory authorities (Article 2638 of the Civil Code)**

Criminal conduct is committed by the directors, general managers, manager responsible for preparing the company's financial reports, auditors and liquidators, through the presentation in communications to the Supervisory Authorities (Consob, Borsa Italiana) required by law, in order to hinder their functions, of material facts that are not true, even if subject to assessment, on the economic, equity or financial situation of the persons subject to supervision, or by concealment by other fraudulent means, in whole or in part, of facts that should have been disclosed concerning said situation.

## **2 CORPORATE PROCESSES/ACTIVITIES AND AREAS SENSITIVE TO THE PERPETRATION OF CORPORATE OFFENCES**

With regard to the offences and criminal conduct highlighted above, the main **Sensitive Areas** that Reno De Medici S.p.A. has identified within its own business are as follows:

- All activities relating to the keeping of accounts and the preparation of the Company's financial statements and the consolidated financial statements of the RDM Group;
- The management of relations with the independent auditors and the board of statutory auditors;
- The management of extraordinary transactions;
- The management of relations with the Supervisory Authorities;
- Transactions on treasury shares or capital shares or the drafting of dividend distribution policies;

- Related party transactions;
- The management of intercompany relationships;
- All activities carried out directly or entrusted to Third Parties may have direct risk profiles or support the perpetration of the offence of “private-to-private corruption”, constituting one of the methods of implementation thereof.

**The following were identified as**

**SENSITIVE PROCESSES:**

- Keeping of accounts, preparation of financial statements, and other related activities;
- The management of periodic reporting;
- The preparation of prospectuses;
- The management of relations with the independent auditors and the board of statutory auditors;
- The management of extraordinary transactions;
- Management of transactions with related parties.

**The persons operating in the aforementioned sensitive processes are directors, auditors, managers, employees of RDM S.p.A. and its subsidiaries, as well as any external contractors** even if seconded abroad to carry out activities, who intervene in the activities of identified at-risk areas. In detail, the Company departments/functions/organizational units involved in the implementation of the Processes/Activities described above are:

- Corporate Administration, Finance and Control;
- Corporate Strategy;
- Plant Management;
- Corporate Legal;
- The Investor Relator.

With reference to the offence of “**private-to-private corruption**”, the following have been identified as

**SENSITIVE PROCESSES:**

- Management of disputes and settlement agreements;
- Management of supplies, services and works, consultancy and professional assignments;
- Management of relations with the Board of Statutory Auditors and the independent auditors;
- Management of gifts, entertainment and sponsorship expenses;
- Selection and recruitment of staff;

- Management of financial resources;
- Management of commercial offers, sales orders, discounts, returns and complaints;
- Management of intercompany services;
- Management of active invoicing linked to the conclusion of active contracts with Subsidiaries and/or Third Parties;
- Management of agency relationships.

Corporate management/Functions/organizational units involved in the implementation of the Processes/Activities described above are:

- Corporate Legal;
- Corporate Purchasing and Logistics;
- Plant Management;
- Corporate Human Resources;
- Corporate Sales & Marketing;

Corporate Administration, Finance and Control and the units that perform administrative services at the production plants. Additions to the above risk areas and instrumental processes may be made by the CEO of Reno De Medici S.p.A. at the proposal of the Supervisory Body.

### **3 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS**

When carrying out operations relating to corporate management, in addition to the rules set out in the Model, the members of the Corporate Bodies of Reno De Medici S.p.A. and the Employees and Consultants, as part of their activities, must know and comply with:

- a) In general, applicable Italian and foreign regulations;
- b) The corporate governance principles approved by the Board of Directors of Reno De Medici S.p.A.
- c) The Ethical Principles adopted by Reno De Medici S.p.A. (Code of Ethics);
- d) The protocols (Annex 3 to this Model);
- e) The rules relating to the Group's administrative, accounting, financial reporting system;
- f) The administrative and accounting procedures prepared by the Financial Reporting Officer, in accordance with the provisions of Law 262 of 28 December 2005;
- g) National and international accounting standards;
- h) The Code of Conduct for Internal Dealing and the procedure for the management and processing of Inside Information approved by the Board of Directors of RDM S.p.A.;

- i) The Procedure for regulating Related Party Transactions approved by the Board of Directors of RDM S.p.A.;
- j) The laws, rules and regulations of market control bodies (CONSOB, SEC, Borsa Italiana, etc.).

#### GENERAL PRINCIPLES OF CONDUCT

**Competent and appointed persons** working in sensitive areas have an **OBLIGATION**:

- 1) To behave correctly, transparently and cooperatively, in compliance with the law and internal company protocols and procedures, in all **activities for preparing the annual accounts and other company communications**, in order to provide shareholders and third parties with truthful and correct information on the economic, equity and financial situation of the company;
- 2) Adopt proper conduct, in compliance with the law and internal company procedures, paying **maximum attention and ensuring accuracy in the acquisition, processing and illustration of data and information relating to the financial instruments issued by Reno De Medici** necessary to enable investors to make a well-founded opinion on the equity, economic and financial situation of the company, on the development of its business, as well as on financial instruments and related rights;
- 3) **To make a specific half-yearly statement of the truthfulness, completeness and correctness of the information transmitted**, for the purposes of preparing and preparing the Condensed Half-Yearly Financial Statements, the annual financial statements of the RDM Group and the statutory financial statements of RDM S.p.A.;
- 4) **Strictly observe all the rules laid down by law to protect the integrity and reality of the share capital**, in order not to compromise the guarantees for creditors and third parties in general;
- 5) **Always submit to the Board of Directors of the company concerned any activity relating to the establishment of new companies, the acquisition or disposal of significant company shareholdings and the distribution of profits or reserves, to capital transactions**, also keeping all documentation in this regard available to the Supervisory Body;
- 6) **To safeguard the proper functioning of the company and the corporate bodies** guaranteeing and facilitating all forms of internal control over the management of the company as provided for by law, **as well as the free and correct formation of the intentions of the shareholders; meeting**;
- 7) **Always inform the market properly on corporate activities in a timely manner** so that no unjustified changes in the price of financial instruments occur;
- 8) **For the Financial Reporting Officer when accounting data and the financial statements are disclosed to the market, a written declaration** attesting to the correspondence of the

documented results with the accounting books and records of the Company's deeds and communications;

- 9) **To make promptly, correctly and in good faith all disclosures to the supervisory authorities required by law and regulations**, and not hinder the performance of the supervisory duties exercised by the latter;
- 10) **To cooperate with the Authorities** during any inspections, identifying within the company, from time to time, for each inspection, a person responsible for ensuring coordination between the personnel of the various business units in order to ensure that the latter perform their duties correctly;
- 11) **For the CEO, inform the other directors and the Board of Statutory Auditors of any interest** in a specific company transaction **on his/her own behalf or on behalf of third parties** (e.g. family members).

#### **GENERAL AND SPECIFIC PROHIBITIONS**

Members of the corporate bodies and employees and consultants (in the context of the activities they carry out) are **prohibited** from engaging in, collaborating or causing conduct which, individually or collectively, is directly or indirectly punishable under the categories of offences defined above (Article 25-ter of Legislative Decree 231/2001).

Specifically, **IT IS PROHIBITED** to:

- a) **Represent or transmit** for processing and representation in the financial statements, reports and prospectuses or other corporate communications, **false or incomplete data or, in any case, data that do not correspond to the reality**, on the economic, equity and financial situation of the Company or any of the above with regard to the consolidated financial statements;
- b) **Omit data and information** required by law on the economic and financial situation of the Company and with regard to the consolidated financial statements;
- c) **Alter the data and information intended for the preparation of prospectuses**;
- d) **Explain the data and information used in such a way as to provide a presentation that does not correspond to the actual opinion arrived at** on the equity, economic and financial situation of the Company and on the development of its business, as well as **on financial instruments and related rights**;
- e) **Return contributions to shareholders or release them from the obligation to make them, except in cases of legitimate reduction of the share capital**;



- f) **Distribute profits or advances on profits not actually earned or which must be allocated by law to reserves;**
- g) **Purchase or subscribe shares in the company or subsidiaries outside the cases stipulated by law, to the detriment of the integrity of the share capital;**
- h) **Carry out share capital reductions, mergers or demergers, in breach of the provisions of the law for the protection of creditors, causing them damage;**
- i) **Carry out fictive share capital formation or increase, allocating shares at a value lower than their nominal value at the time of the share capital increase;**
- j) **Engage in conduct that materially prevents, through the concealment of documents or the use of other fraudulent means, or that otherwise obstructs, the performance of control and audit activities by the Board of Statutory Auditors or the independent auditors;**
- k) **Cause or influence the adoption of resolutions of shareholders' meetings, by performing simulated or fraudulent actions designed to alter the proper procedure for reaching decisions at shareholders' meetings;**
- l) **Publish or disclose false information, or carrying out simulated transactions or other fraudulent or deceptive conduct relating to listed or unlisted financial instruments that are likely to significantly alter their price;**
- m) **Omit to make, with due completeness, accuracy and timeliness, all the periodic reports required by the laws and regulations applicable to the supervisory authorities to which the company's activities are subject, as well as omitting the transmission of data and documents required by the regulations and/or specifically requested by the above authorities;**
- n) **In the above communications and transmissions, present untrue facts, or conceal significant facts relating to the economic, asset or financial conditions of the company;**
- o) **Behave in any way that obstructs the exercise of supervisory functions, including during inspections by public supervisory authorities (express opposition, specious refusals, or even obstructive conduct or non-cooperation, such as delays in communications or in the provision of documents);**
- p) **Remain silent on conflict of interest as a director in relation to transactions of Reno De Medici and/or its subsidiaries.**

#### **4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY**

Based on the sensitive processes identified, **the Company considered that the following were capable of providing a reasonable guarantee of prevention of corporate offences:**

- **Administrative procedures - accounting statements prepared by the Head Financial Reporting Officer** pursuant to Law 262 of 28 December 2005;
- **Procedure governing Related Party Transactions**
- **The Code of Conduct for the Management of Inside Information** and the relevant procedures referred to therein;
- **The Code of Conduct for Internal Dealing;**
- **The Procedures belonging to the Quality, Health and Safety Management system** for the management of sales orders, returns and complaints, as well as for the selection and recruitment of staff, the procurement and issue of purchase orders;
- **The Protocols** "Management of supplies, services, consultancy and professional assignments", "Selection and recruitment of staff", "Management of content and settlement agreements", "Management of financial resources" and "Management of gifts, gratuities, entertainment expenses, beneficiaries and sponsorships".

**It was nevertheless considered appropriate to supplement the above organizational and procedural measures with the following:**

**PROTOCOLS:**

- Keeping of accounts, preparation of financial statements and other related activities;
- Management of periodic reporting;
- Preparation of prospectuses;
- Management of relations with the independent auditors and the board of statutory auditors.

**Procedure:**

- Management of extraordinary transactions.

## **5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY**

The supervisory duties of the SB in relation to compliance with the Model with regard to corporate offences are as follows:

- a) Propose that standardised instructions on the conduct to be followed within At-Risk Areas, as identified in the Special Section, be issued and updated.
- b) With respect to the financial statement, reports and other corporate communications provided for by law or disseminated to the market, in view of the fact that the financial statements and the consolidated financial statements are subject to verification by an auditing company, the Supervisory Body performs the following tasks:
  - Monitoring the effectiveness of internal procedures for preventing the offence of false corporate reporting;

- Examination of any specific reports from the control bodies, third parties or any company representative and carrying out any investigations deemed necessary or appropriate as a result of the reports received;
- Supervision of the actual existence of the conditions to guarantee the auditing company true autonomy for its control functions over company activities.

c) With reference to other assets at risk:

- Carrying out periodic checks on compliance with internal procedures;
- Carry out periodic checks on the making of communications to the Supervisory Authorities and the compliance with the procedures adopted during any inspections by the latter's officials;
- Periodically assess the effectiveness of the procedures for preventing offences from being committed;
- Examine any specific reports from control bodies, third parties or any corporate officer and carry out any investigations deemed necessary or appropriate in relation to the reports received.

## **SPECIAL PART No. 3 – OFFENCES INVOLVING THE ABUSE OF INSIDE INFORMATION AND MARKET MANIPULATION**

## 1 TYPES OF OFFENCES RELATING TO “ABUSE OF INSIDE INFORMATION” AND “MARKET MANIPULATION”

Law No. 62/2005 introduced Articles 184 and 185 of the TUF. (Legislative Decree 58/1998), the offences of “abuse of inside information” and “market manipulation”, as well as two corresponding offences of administrative offence, governed by Articles 187 bis and 187 ter of the TUF.

This **Special Part No. 3** is specifically dedicated to the prevention of offences relating to the abuse of inside information and significant market manipulation incurring the administrative liability of the company, which are provided for in Article 25-*sexies* of the Decree, introduced by Article 9 of Law No. 62 of 18 April 2005 (2004 Community Law).

The law introduced the so called “*two track*” system because the rules governing the offences of abuse of inside information (*c.d. insider trading*) and market manipulation entail both criminal penalties (Article 184 and 185 of the TUF) imposed by the criminal courts and administrative penalties (Article 187 bis and 187-*ter* of the TUF) imposed by Consob following proceedings that comply with the adversarial principle.

**The definitions of administrative offences** (Articles 187 bis and 187 ter of the Consolidated Law on Finance) **relating to insider dealing and market manipulation refer to those outlined in the respective criminal offences** (Articles 184 and 185 of the Consolidated Law on Finance) but have a broader scope and are also **distinguished in that negligence and not necessarily wilful misconduct suffices as a subjective component in the offence.**

The offences in question are as follows:

- ☐ Insider dealing (Articles 184 and 187 bis of the Consolidated Law on Finance);
- ☐ Market manipulation (Articles 185 and 187-*ter* of the Consolidated Law on Finance).

The types of offences listed above are summarised below:

### **Article 25-*sexies***

- ☐ **Abuse of privileged information (Article 184 and 187-bis of Legislative Decree 58/98 Consolidated Law on Finance (“TUF”))**

The offence, which the Articles cited respectively classify as a criminal or administrative, occurs when anyone in possession of inside information and given the following:

- Their capacity as member of the issuer's administrative, management or control body;
- The equity interest in the issuer's capital;
- The performance of work, a profession or function, including public or as an official;
- The preparing for or executing a criminal activity;

- i. Buying, selling or carrying out other transactions involving, directly or indirectly, on his/her own behalf or on behalf of a third party, financial instruments<sup>52</sup> using such information;
- ii. Discloses such information to others outside the normal exercise of his/her work, profession, function or office;
- iii. Recommends or induces others, on the basis of such information, to carry out any of the transactions referred to in a).

This offence also imposes penalties on those in possession of confidential information following unlawful access to information systems and uses such information to carry out speculative transactions, known as *criminal insiders*.

It is important to extend the concept of “financial instrument” for criminal purposes to the original definition provided by the TUF in its original version of 1998. In fact, instruments whose value depends on financial instruments admitted to trading on a regulated market, as well as any other instruments admitted to trading or for which an application for admission to trading has been submitted have also been included.

□ **Market manipulation<sup>53</sup> (Article 185 and Article 187-ter of Legislative Decree 58/98 Consolidated Law on Finance (“TUF”))**

<sup>52</sup> Legislative Decree 58 of 1998/TUF) defines the concept of “financial instrument” in Article 1:

“Financial instruments” means:

- a) transferable securities;
- b) money market instruments;
- c) units in a collective investment scheme;
- d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to transferable securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled by physical delivery of the underlying asset or by cash payment of differentials;
- e) options, futures, swaps, forward rate agreements and any other derivative contracts relating to transferable securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled by cash payment of differentials at the option of one of the parties, to the exclusion of cases in which the option follows default or other event leading to the termination of the contract;
- f) options, futures, swaps, forward rate agreements and any other derivative contracts relating to transferable securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled by physical delivery of the underlying asset and which are traded on a regulated market and/or multilateral trading system;
- g) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that may be settled by physical delivery of the underlying asset in a manner other than those mentioned in f) and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and executed through recognised clearing houses or are subject to regular margin calls;
- h) derivatives for the transfer of credit risk;
- i) differential financial contracts;
- j) options, standardized futures, swaps, forward rate agreements and any other derivative contracts relating to climate variables, transport rates, emission levels, inflation rates or other official economic statistics, settled by cash payment of differentials or at the discretion of one of the parties, except in cases where such option is the result of default or other event leading to termination of the contract as well as any other derivative contracts relating to assets, rights, obligations, indices and measures other than those indicated in previous paragraphs, with the characteristics of other derivative financial instruments, taking into consideration, inter alia, whether they are traded on a regulated market or multilateral trading system, whether they are cleared and executed through recognised clearing houses or whether they are subject to regular margin calls.

<sup>53</sup> The difference between the offence of **market manipulation** under Article 185 of the TUF and the offence of **market rigging** under Article 2637 of the Civil Code consists of the different nature of the securities on which market abuse was carried out:

- If securities are listed on a regulated market, the unlawful conduct is sanctioned by the TUF for market manipulation;
- If the financial instruments are not traded on regulated markets the provisions for market rigging apply, that is the offence illustrated in Special Part 2 of this Model.

The offence, which is in turn classified as criminal and administrative respectively in the Articles referred to, occurs when "any person disseminates false information or carries out simulated transactions or other subterfuges which are specifically capable of causing a significant alteration in the price of financial instruments".

In particular, with regard to the administrative offence, the cases include:

- i. Transactions or purchase and sale orders that provide or are capable of providing false or misleading information regarding the offer, demand or price of financial instruments;
- ii. Transactions or purchase and sale orders that allow, through the action of one or more persons acting in concert, the market price of one or more financial instruments to be set at an anomalous or artificial level;
- iii. Transactions or purchase and sale orders using devices or any other type of deception or expedient;
- iv. Other subterfuges capable of providing false or misleading information regarding the offer, demand or price of financial instruments.

In the context of the offences described above, the meaning of **"Inside Information"** appears significant. Inside information is a subset of confidential information, which is information concerning any confidential information on the Company or the Group of which a person becomes aware by virtue of their function (e.g. knowledge of a project, initiative, understanding, agreement, fact or act, including if uncertain and to be conducted in the future).

**Specific information** that, in the opinion of RDM, may at a later time, including imminently, become Inside Information pursuant to Article 7 of the MAR (defined below) and the guidelines of the Supervisory Authority and the Court of Justice of the European Union is on the other hand classified as Specific Relevant Information.

Specific Relevant Information predominantly originates from activities carried out by RDM or the Subsidiaries. Specific Relevant Information includes: (i) information received from outside that is relevant; (ii) information that exists at RDM or the Subsidiaries that is relevant in combination with public information.

## **2 BUSINESS PROCESSES/ACTIVITIES AND AREAS SENSITIVE TO THE PERPETRATION OF THE OFFENCES OF ABUSE OF INSIDE INFORMATION AND MARKET MANIPULATION**

The nature of the offences referred to in this Special Part No. 3, relates to the processes already highlighted in Special Part No. 2, dedicated to Corporate offences, in particular all processes that originate or provide for the processing of information of a confidential nature with significant content in relation to the Company and its activities.

These are **at-risk areas** for the purposes of this Special Part

- Management of preparatory activities for the adoption, drafting and conservation of resolutions of the Board of Directors;
- The management and communication of news/data concerning the Group externally (relations with institutional investors, price-sensitive press releases);
- The management of conflicts of interest.

**The following are therefore identified as:**

**SENSITIVE PROCESSES:**

- The management of inside information;
- The management of information relating to transactions in shares and financial instruments carried out by Significant Persons;
- The management of conflicts of interest.

The above processes are therefore involved and exposed to the risk of the commission of the offences described above:

- Corporate Bodies;
- Corporate & Legal and Affairs;
- The Investor Relator;
- The CFO and the Executive responsible for preparing the company's accounting documents;
- Corporate Strategy
- Corporate/Function Managers that come into possession of inside information as a result of their duties;
- The Register Keeper pursuant to Article 115 of the TUF and the Internal Dealing Officer;
- Persons on the lists of persons having access to inside information.

Additions to the above risk areas and instrumental processes may be made by the CEO of Reno De Medici S.p.A. at the proposal of the Supervisory Body.

### **3 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS**

When carrying out operations relating to corporate management, in addition to the rules set out in the Model, the members of the Corporate Bodies of Reno De Medici S.p.A. and the Employees and Consultants, as part of their activities, are required to know and comply with:

- 1) Applicable Italian and foreign legislation;
- 2) The Corporate Governance principles approved by the Board of Directors of Reno De Medici S.p.A.;
- 3) The Ethical Principles adopted by Reno De Medici S.p.A.;



- 4) The powers of representation granted with regard to the disclosure of inside information and transactions;
- 5) The rules and regulations of market control bodies (CONSOB, Borsa Italiana, etc.);
- 6) The Procedure governing Related Party Transactions;
- 7) The Procedure for the management and processing of inside information and the keeping and updating of the lists of persons who have access to significant and inside information, approved by the Board of Directors and the procedures referred to therein;
- 8) The Code on Internal Dealing.

Persons operating in sensitive areas are **OBLIGED** to:

- 1) Maintain secrecy regarding the information acquired;
- 2) Manage significant and/or inside information by taking all necessary care to ensure that its circulation within the company can take place without prejudice to the nature of the information, in accordance with the operating methods established by the company.

#### **GENERAL AND SPECIFIC PROHIBITIONS**

Persons operating in sensitive areas are expressly **PROHIBITED from**:

- A. To engage in, cooperate with or cause conduct which, individually or collectively, directly or indirectly constitutes a case of one of the offences** included in those considered above (article 25-sexies of Legislative Decree 231/2001);
- B. Engage in conduct in violation of the principles and company procedures laid down in this special part** and, as applicable, the general principles and specific prohibitions referred to in the special part of corporate offences.

The following are **specifically prohibited**:

- a) Allowing access to inside information to persons other than** those who require it in order to perform their duties within the issuer;
- b) Allowing access to such information without the persons concerned acknowledging the duties** imposed by said access and being aware of the possible penalties for abuse or dissemination thereof;
- c) Buying, selling or carrying out transactions in company securities, directly or indirectly,** on own behalf or on behalf of a third party, **using inside information**;
- d) Disclosing inside information to third parties** and outside the cases and methods admissible for the purposes of work or distributing confidential documents exclusively for internal use outside the company;
- e) Leaving documents containing confidential and confidential information unattended;**

- f) **Recommending or inducing others**, on the basis of inside information, **to carry out transactions on the company's financial instruments**;
- g) **Disseminating**, in any way, **false or misleading information, rumours or news regarding the company's financial instruments**;
- h) **Entering into transactions or purchase and sale orders** that:
  - **Provide or are capable of providing false or misleading information** regarding the offer, demand or price of financial instruments;
  - **Allow**, through the action of one or more persons acting in concert, the **market price of one or more financial instruments to be set at an anomalous or artificial level**;
  - **Use of a subterfuge or any other type of deception or expedient**;
- i) **Create subterfuges capable of providing false or misleading information regarding the offer, demand or price of financial instruments** of the issuer;
- j) **Operate in the name and on behalf of the company, on its own securities**, except in the context of programmes and forms authorized by the competent corporate bodies.

## 4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY

As an Issuer of listed financial instruments, in application of the legislative and regulatory provisions on corporate information and on the subject of *internal dealing*, the Company has prepared and adopted rules on conduct, authorizations, operations and control in order to avoid incurring the penalties provided for the protection of the market. **Since these measures are deemed capable of preventing the types of offences introduced by Article 25sexies, no Protocols or procedures or codes have been drawn up, other than those indicated below.**

**PROCEDURES AND CODES**, published on the Company's website and approved by the Company's Board of Directors, relating to:

- Processing of Inside Information;
- Internal Dealing.

**PROCEDURE, attached to the aforementioned Codes named:**

- Organizational procedure for notification of Internal Dealing.

In addition to the **Procedure governing Related Party Transactions**.

## 5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY

The supervisory tasks of the SB with regard to compliance with the Model on market abuse offences are as follows:

- a) Formulating proposals for updating company procedures relating to the prevention of offences and offences of this Special Part;
- b) With reference to the processing of Inside Information, the Supervisory Body performs the following tasks:

- Monitoring the effectiveness of internal procedures for the prevention of the offence of insider dealing;
- Examining any specific reports from the control bodies or from any employee and carrying out any investigations deemed necessary or appropriate;
- Supervision of the actual existence of the conditions to guarantee the independent control of company activities for the independent auditors;

c) With reference to other assets at risk:

- Carry out periodic checks on compliance with internal procedures;
- Carry out periodic checks on the making of communications to the Supervisory Authorities;
- Periodically evaluate the effectiveness of the internal procedures adopted;
- Examine any specific reports from the control bodies of third parties and to carry out any necessary or appropriate checks in relation to the reports received.

## **SPECIAL PART No. 4 –OFFENCES REGARDING A VIOLATION OF WORKPLACE HEALTH AND SAFETY LEGISLATION**

## 1 CASES OF OFFENCES RELATING TO WORKPLACE HEALTH AND SAFETY

This **Special Part No. 4** is dedicated to the prevention of offences concerning breaches of “*health and safety at work*” rules, which are provided for in Article 25-*septies* of the Decree, introduced by Article 9 of Law No. 123 of 2007 and listed below:

Law No. 123 of 3 August 2007 is intended to provide more effective means of prevention and repression of occupational accidents and the need to protect the psychological and physical well-being of workers and the safety of working environments.

In particular, the above law includes crimes of “manslaughter” and “serious” or “very serious” personal injury caused by negligence, if committed in breach of the rules on accident prevention and the protection of health and safety at work.

### **Article 25-*septies***

#### ☐ **Manslaughter (Article 589 of the Criminal Code)**

The offence is committed when and where a person's death occurs. The subjective element is “generic negligence”, to be understood as negligence, imprudence and incompetence, or specific negligence, as defined by Article 43 of the Criminal Code, i.e. voluntary non-compliance with precautionary rules aimed at preventing harmful events provided for by accident prevention regulations.

The potential perpetrators are all those who are required to observe or impose compliance with prevention and protection rules in any capacity, including in view of the delegation of safety functions. The penalty is increased if the act is committed in breach of the rules governing road traffic or those for the prevention of occupational accidents. In such cases, the penalty is imprisonment of from two to five years.

In the event of the death of several persons, or the death of one person and the injury of one or more persons, the penalty imposed for the most serious of the violations committed, increased up to threefold, is applied.

#### ☐ **Serious or very serious personal injury caused by negligence (Article 590, paragraph III of the Criminal Code)**

The offence occurs when the injury occurs, although the effects may be permanent. The subjective element of the offence is generic negligence, or, as with manslaughter, specific negligence when it derives from the breach of accident prevention or road traffic regulations. The offence is classed as an aggravated form of the basic offence of “personal injury caused by negligence”, insofar as caused by breach of the rules on road traffic regulations or those for the prevention of occupational accidents. According to Article 583 of the Criminal Code, a personal injury is serious:

- If the act results in an illness that endangers the life of the injured person, or an illness or inability to carry out ordinary occupations for a period of more than forty days;
- If it results in permanent weakening of a sense or organ

Personal injury is very serious if it results in:

- A disease that is certainly or probably incurable;
- The loss of a sense;
- Loss of a limb or mutilation that makes the limb non-functional, or loss of the use of an organ or the ability to procreate or permanent and severe difficulty of speech;
- Deformation or permanent disfigurement of the face.

## **2 ADMINISTRATIVE LIABILITY OF THE COMPANY FOR THE OFFENCES REFERRED TO IN ARTICLE 25-SEPTIES**

The introduction of crimes of "manslaughter" and "serious" or "very serious" personal injury caused by gross negligence in the Decree is particularly relevant since it provides, for the first time, for the administrative liability of Bodies for crimes committed by negligence.

The offences considered in Article 25-septies are predicated on:

- Negligent non-compliance with the rules of prevention and protection laid down by Legislative Decree 81 of 2008<sup>54</sup> and subsequent additions, by the employer and persons required to observe or ensure compliance with the above precautionary rules;
- The existence of an indirect interest for the company, consisting of cost savings due to adapt the system and the working environment to rules for the protection of workers' health and safety.

According to legal theory and recent case law on the subject, the Employer is therefore obliged to:

- Ensure the maximum technical, organizational and procedural safety standards possible pursuant to Article 2087 of the Italian Civil Code;
- Identify and assess the risks and prepare the technically possible and practicable prevention and protection measures, as specified in Article 30, paragraph 1, letter b) of Legislative Decree 81/2008 and subsequent amendments and additions.

However, even if the Employer has in any case fulfilled the health and safety obligations set out above, liability is incurred but only for the event causing damage, which occurs during work time and has a causal link with performance of the requested activity<sup>55</sup>.

However, the existence of a causal link between the contravention and the ensuing death or injury of the worker can be excluded, only in cases where it is proven that:

- a) The employee's conduct was abnormal, i.e. he/she carried out an action that was radically and not at all what could have been anticipated, that is the employee made imprudent choices in the performance of the work entrusted to him/her;

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<sup>54</sup> Legislative Decree 81 of 9 April 2008 implemented the provisions of Law 123/2007, reformulating organically and replacing all pre-existing safety regulations (Law 626 of 19 September 1994).

<sup>55</sup> See Supreme Court Criminal Judgement Section IV No. 36475.

- b) This very irregularity gave rise to the event;
- c) The strangeness and unpredictability of the employee's conduct lies outside the scope of the control of the guarantors, who are required to supervise the effective implementation of the procedures for carrying out the activities entrusted to the employee, recalling them if they are not observed.

Under the Decree, administrative liability of the Company can be excluded if it is shown that it adopted, before the offence was committed, an Organization, Management and Control Model capable of preventing the offences referred to in Article 25-*septies* and has effectively implemented the Model it through its management body.

In this regard, Legislative Decree 81/2008 introduced specific references to the *"the organizational and management model for the definition and implementation of a company health and safety at work policy pursuant to Article 6, paragraph 1, letter a), of Legislative Decree No. 231 of 8 June 2001"*.

This constitutes a separate document, although integral to the Organization, Management and Control Model, and has the objective of creating a health and safety management system that, on the one hand, contributes to ensuring full compliance with all safety obligations in the workplace, including the obligation of the employer to supervise, in the event of delegation of functions (pursuant to Article 16, paragraph 3) and which allows, where the Model is adopted and effectively implemented, preventing the offences of manslaughter and serious or very serious personal injury through negligence, committed in breach of accident prevention regulations (pursuant to Articles 589 and 590, paragraph 3, Criminal Code), availing itself of, if the above predicate offences occur and all the conditions required by the Decree are met (Articles 5, 6 and 7), application of the exemptions.

### **3 COMPANY PROCESSES/ACTIVITIES AND AREAS SENSITIVE TO THE PERPETRATION OF OFFENCES RELATING TO "VIOLATION OF WORKPLACE HEALTH AND SAFETY REGULATIONS"**

With regard to the offences and criminal conduct highlighted above, the main **Sensitive Areas** as well as the instrumental processes that Reno De Medici S.p.A. has identified within its own premises are as follows:

- All activities performed by employees, managers, associates and Suppliers, as well as Contractors and Subcontractors operating on company premises and at production units.

The protection of health and safety at work is a matter that is important in all areas and activities of the company. The specific offences referred to in this Special Part can in fact be found in all the physical structures in which corporate functions are located, whether they be the management office, or the production plants.

Any additions to the at-risk areas and sensitive instrumental processes indicated above may be suggested to the Chief Executive Officer.

**The potential perpetrators** involved in the activities typical of this Sensitive Area **are all those who are required to observe or ensure compliance with the rules of prevention and protection, including from the standpoint of the delegation of safety functions.**

Article 30 of Legislative Decree 81 of 2008 provided in paragraph III that *“a set of functions must be established, insofar as required given the nature and size of the organization and the type of activity carried out, that ensures the technical skills and powers necessary for risk verification, assessment, management and control”*.

In the light of the above, various persons are therefore involved in matters of safety. In theory, **the concerned persons of this Special Part may be all employees and managers of the Company, even if from among them, the following persons are specifically referred to by the regulatory provisions:**

- i. The Employer<sup>56</sup>;
- ii. Plant Directors, by virtue of the powers entrusted to them;
- iii. Supervisors<sup>57</sup>;
- iv. The Prevention and Protection Department Manager
- v. all persons who are delegates of duties relating to health and safety at work or who, within the company organization, are required to carry out activities intended to ensure occupational safety and the prevention of accidents in the workplace.

The purpose of this Special Part is to ensure that all the above parties adopt rules of conduct in accordance with the provisions of the Model as in the table in the following paragraph, in order to prevent the occurrence of the offences provided for in Article 25-*septies*.

## 4 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS

The management of occupational health and safety risks concerns any type of activity seeking to develop and guarantee a system for the prevention and protection against risks existing in the workplace, in compliance with the provisions of current legislation issued for the prevention of accidents and the protection of occupational health and safety.

As previously illustrated, **each physical structure of the Company has adopted its own “Risk Assessment Document”**, which contains an assessment of the risks to health and safety in the work environment, the identification of prevention and protection measures put in place to protect workers

<sup>56</sup> Article 2 of Legislative Decree No. 81/2008 defines the **Employer** as “the holder of the employment relationship with the worker, or in any case, the person who, according to the type and structure of the organization in which the worker performs his/her activity, is responsible for the organization itself or the production unit, as he/she exercises decision-making and expenditure powers (...)”.

<sup>57</sup> Article 2 of Legislative Decree No. 81/2008 defines a **Supervisor** as “a person who, by virtue of their professional competences and within the limits of the hierarchical and functional powers appropriate to the nature of the mandate conferred, supervises work and ensures the implementation of the directives received, monitoring their correct execution by workers and exercising a functional power of taking initiatives”.



and the programme of measures deemed appropriate to ensure ongoing improvement of safety standards. This Document is prepared in accordance with national regulations and national and European guidelines (ISPESL, INAIL, UNI-EN-ISO, European Health and Safety Agency).

The Company has adopted a Safety Management System for each of its units, which is regularly audited and certified by third party entities.

#### **GENERAL PRINCIPLES OF CONDUCT**

When carrying out operations relating to corporate management, in addition to the rules set out in the Model, the **concerned persons** of accident prevention regulations, who must implement them at various levels, **are obliged to**:

- 1) **Comply in general with applicable Italian and Community legislation;**
- 2) **Comply with the principles of the Code of Ethics of the RDM Group;**
- 3) **Follow the principles and rules identified in the Risk Assessment Document;**
- 4) **Comply with the provisions of the Protocol**, annexed to this document, on safety at work;
- 5) **Scrupulously comply with and ensure compliance with** the general procedures applicable to all physical structures and those adopted to prevent risks identified within the individual Areas/premises of the Company;
- 6) **Coordinate and monitor** compliance with the safety measures by external associates, contractors, suppliers and other entities having contractual relations with the company and present in the Company's Areas/Premises;
- 7) **Refrain from engaging in conduct that could give rise to the type of offence envisaged by Article 25-septies of the Decree.**

**All concerned persons** in the context of their activities are **required to**:

- a) **Ensure**, within the scope of their competence, **compliance with workplace health and safety requirements** by observing general protection measures and assessing the choice of work equipment and the placement of workplaces;
- b) **Promote and implement all reasonable initiatives intended to minimise risks** and remove the causes that may jeopardise the safety and health of employees and third parties who perform their activities at the company;
- c) **Proceed with the acquisition of documentation and certifications required by law;**
- d) **Carry out a careful check and make possible additions to internal prevention procedures, preparing new ones** in line with the specific risk of contravention of the rules referred to in Article 25-septies of the Decree;

- e) **Identify and authorize all company individuals and position holders** who intervene in the stages of the process for identifying hazards, assessing risks and definition of prevention measures, **through internal delegation and assignment, to be granted and retained by the Employer or by persons appointed by it;**
- f) **Provide for the organizational activities and periodic meetings between the persons involved in the safety management system in the production units of reference;**
- g) **Carry out health monitoring and information and training activities** for workers that vary according to the target corporate population;
- h) **Carrying out supervisory activities with reference to compliance with procedures and safe working instructions** by workers;
- i) **Ensure appropriate systems for recording the performance of activities;**
- j) **Comply with technical-structural standards established by law in relation to equipment, plant, workplaces and chemical, physical and biological agents;**
- k) **develop and maintain a constructive cooperative relationship with public institutions** responsible for carrying out workplace health and safety control activities (e.g. Labour Inspectorate, Local Health Authority, fire brigade, etc.);
- l) **Adopt specific selection policies for external companies that may be awarded works or services contracts;**
- m) **Provide, in the context of subcontracting, procurement and supply contracts, for the elaboration and application of measures to safely govern any interference** between companies within the Company unit, including any self-employed workers.

**Failure to comply with and/or violation of the measures provided for in this Model and Protocol as well as in the company procedures/instructions adopted will result in the application of disciplinary penalties,** as provided for in the paragraph “Disciplinary System” herein.

**The detection of violations by external contractors, associates and suppliers shall entail the enforcement of all contractual and legal instruments** available for the protection of the company's rights, including, where appropriate, termination of the contract and compensation for damages.

## **5 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY**

In accordance with the provisions of Article 30 of Legislative Decree 81/2008, the Company has adopted a safety management system to fulfil all legal obligations and to prevent and avoid the occurrence of accidents and conduct that would result in the commission of the offences set out in Article 25-*septies*.

This system is based on the following components:

1. Compliance with technical-structural standards established by law in relation to equipment, plant, workplaces and chemical, physical and biological agents employed in company activities;
2. Analysis and assessment of potential risks within the Areas/premises where the workers operate and formalization of the results of such activities within the *Risk Assessment Document*;
3. Preparation of specific procedures and operating instructions, disclosed to all workers according to the responsibilities and tasks performed, and updating them according to organizational and technological changes having an impact on workers' operations and their health and safety;
4. Recording appropriate and periodic updates following changes to equipment, plant and workplaces;
5. Identification of relationships with Suppliers attributable to the contractual form of the Tender and analysis and evaluation of interference risks, defining preventive measures within the *Single Document on Assessment of Interference Risks* (DUVRI);
6. Implementation of health monitoring initiatives;
7. Performance of periodic employee education, training and information initiatives;
8. Verification of compliance, actual implementation and suitability of the prevention measures adopted for the health and safety of workers and recording of the results thereof.

With regard to this latter aspect, in order to ensure compliance with the conduct and operating and control methods provided for in the procedures and instructions, an appropriate corporate function (Quality, Environment & Emissions, Safety and Health, in short "QESH") has been established. This Function periodically reports to the Chief Executive Officer and to Management as well as to the Supervisory Body<sup>58</sup>, on the objectives achieved and results obtained as well as any critical issues encountered in terms of the protection of health and safety at work.

Due to the measures adopted above and the obtaining of OHSAS 18001:2007 certification for some of the Company's production units, it was considered appropriate to supplement the above by the following:

#### **PROTOCOL**

- Management of occupational health and safety risks.

**PROCEDURES**, applicable to all units and classed as "general" since they relate to the operating, decision-making and control methods to be followed, in accordance with the law, for:

- The assessment of risks;
- Identification, updating and access to applicable legal requirements
- The education, training and information of workers;
- Health monitoring;
- The management of Personal Protective Equipment (PPE);

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<sup>58</sup> The methods and content of the reporting to be sent to the Supervisory Board are indicated in Procedure No. 7 for the management of information flows to the Supervisory Board.

- The management of accidents and incidents;
- Emergency management;
- Management of chemicals and hazardous substances in general;
- The management of contracted works;
- Changes to plant;
- The management of safety in the workplace;
- Communication, participation and consultation on aspects of the safety of persons involved in corporate activities (e.g. employees, managers, suppliers).

## **6 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY**

The Supervisory Body receives periodic and specific information flows from the Manager in charge of the Environment, Occupational Safety and Accident Prevention, from the Company and from the Manager of the Quality, Environment & Emissions, Safety and Health Function.

The information, received as defined in the procedure "Management of Information Flows to the Supervisory Body", is a valid support tool for carrying out verification activities which are scheduled within the annual plan of the SB. These activities aim to assess and ascertain the suitability of, and compliance with, the rules defined in this Model, the Protocol and the Procedures referred to above in order to prevent breaches of accident prevention regulations or the conduct provided for in Article 25-septies of the Decree.

The Supervisory Body is therefore responsible for:

- Proposals that the instructions on the conduct to be followed within the Risk Areas, as identified in this Special Part, are updated.
- Proposals that the corporate procedures relating to the prevention of offences and offences of this Special Part are updated;
- Carrying out periodic checks on compliance with internal procedures and instructions;
- Examining any reports from one of the aforementioned persons having specific obligations and carrying out any necessary or appropriate investigations into the reports received;
- Acting promptly if incidents are reported to determine the general causes and effectively to implement existing measures, including with the support of the QESH function, the Internal Audit function and/or external consultants.

## **SPECIAL PART No. 5 –OFFENCES RELATING TO MONEY LAUNDERING AND RECEIVING**

## 1 OFFENCES RELATING TO MONEY LAUNDERING AND RECEIVING

Article 63 of Legislative Decree No. 231 of 21 November 2007 (“Anti-Money Laundering Decree”), and recently amended by 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, 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” introduced Article 25<sup>octies</sup> in Legislative Decree 231/01, corporate administrative liability for the offences of receiving, laundering and using money, goods or assets of illegal origin provided for by Articles 648 and 648-*bis* and 648-*ter* of the Criminal Code.

**These offences, together with the receiving of stolen goods, therefore also became significant on a national basis.**

With Law No. 186 of 15 December 2014, “Provisions on the disclosure and return of capital held abroad and combating tax evasion”, published in Official Gazette No. 292 of 17 December 2014, the Entity's administrative liability was again extended to include the offence of “self-laundering”. Although to date, the offence of money laundering concerned only a person extraneous to the “original source” offence who, aware of the criminal origin of the sums or other benefits, reused them, concealed them and so on, the new offence means those who committed the offence from which the illegal proceeds derive is also guilty of an offence.

The amendments made by the legislator to Article 25-*octies* therefore required an analysis and study to assess the potential risks of committing new corporate offences. In carrying out this activity, the Company considered **the risk associated with the possible perpetration of said offences was insignificant**, as there is no connection between the incriminated acts and the business activity performed. Some financial intermediaries (banks, insurance companies, brokerage companies, asset management companies) are more exposed to the risk of committing the offences in question, as well as professionals subject to specific obligations pursuant to the Anti-Money Laundering Decree (persons registered in the accountants' register, notaries and lawyers), auditors and other persons carrying out particular activities (credit recovery, cash transport, management of casinos, offering of games competitions).

Moreover, while noting a possible correlation between the new offence of self laundering and tax offences as an “original source” offence, it is considered that the residual risks of committing these offences are adequately covered in the safeguards already in place in the Company.

It was nevertheless considered appropriate to provide information on this aspect.

### **Article 25-*octies*:**

#### ☐ **Receiving stolen goods (Article 648 of the Italian Criminal Code)**

This offence is committed if a person, in order to obtain a profit for himself or others, buys, receives or conceals money or goods obtained by any offence, or in any case is involved in their purchase, receiving or concealment.

☐ **Money laundering (Article 648-bis of the Italian Criminal Code)**

This offence occurs when a person replaces or transfers money, goods or other benefits deriving from an offence committed through wilful misconduct, or performs other operations in relation to them, in such a way as to hinder the identification of their criminal origin.

☐ **The use of money, goods or benefits of unlawful origin (Article 648-ter of the Italian Criminal Code)**

This offence is committed if a person other than the cases of complicity in the offence and the cases provided for in Articles 648 and 648-bis, uses money, goods or other benefits deriving from the offence for economic or financial activities.

☐ **Self-laundering (Article 648-ter 1)**

The offence is committed if the person, after having committed or contributed to committing an offence with wilful intent, uses, replaces or transfers the proceeds of the offence itself (money, goods or other benefits) into economic, financial, entrepreneurial or speculative activities, in order to concretely hinder the identification of the criminal origin of the same proceeds. A specific exemption is provided in the event that the proceeds are destined for the mere use or personal enjoyment of the perpetrator of the conduct.

## 2 SENSITIVE PROCESSES/ACTIVITIES AND AREAS FROM THE STANDPOINT OF MONEY LAUNDERING AND RECEIVING OFFENCES

In light of the nature of the punished conduct and the activity carried out by the Company, **it is considered that these provisions do not have a significant impact and that, in any case, the residual risks of committing these offences are adequately covered in the safeguards already in place in the Company.**

However, the following are identified as **Areas considered at risk** of committing the offences described above:

- Relationships with suppliers at national or international level;
- Management of cash inflows;
- Treasury and Finance Management;
- Intercompany relations;
- Management of extraordinary transactions.

Consequently, the following persons are identified as concerned persons of this Special Part:

- Corporate Purchasing and Logistics;
- Persons with spending powers;
- The Treasury and Finance Function;

- The Administration Function;
- Corporate Sales & Marketing.

### 3 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS

The following are the general principles and prohibitions to be observed with reference to the at-risk areas identified by the parties involved:

#### GENERAL PRINCIPLES OF CONDUCT

Reno De Medici representatives, consultants and *partners* have an **OBLIGATION to:**

- 1) **Comply, in general, with the principles of the Code of Ethics** and particularly those relating to the management of relations with third parties and the management of financial resources;
- 2) **Constantly monitor company cash flows** and in particular the regularity of payments with reference to the full correlation between the recipients/orderers of the payments and the persons actually involved in the transactions;
- 3) **Check the commercial and professional reliability of suppliers and customers;**
- 4) **Identify and registering the data of the natural and legal persons with whom the company enters into contracts** necessary for its activity, including abroad;
- 5) **Carry out checks on the accounting consistency of collection and payment operations;**
- 6) **Refrain from accepting accept cash and bearer securities** (cheques, money orders, etc.) for amounts exceeding those established by specific company procedures;
- 7) **Obtain appropriate information in the case of relationships with parties based in countries considered most exposed to the risk of money laundering.**
- 8) **Comply with applicable tax legislation and requirements.**

#### GENERAL PROHIBITIONS

Reno De Medici representatives and consultants and *partners* are **prohibited from:**

- a) **Proceeding with any transaction and operation relating to sums of money or assets, if there are**, in the circumstances of the transaction or in the characteristics of the counterparty, **elements suggesting the illegal provenance of the assets and money in question;**
- b) **Acting in a manner contrary to the law and internal company procedures** in all activities aimed at managing the personal data of suppliers/clients/partners and managing obligations in the field of taxation;
- c) **Using anonymous means to complete transfer transactions of significant amounts.**



## 4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY

The Company considers that the following **PROTOCOLS** attached to this Model are capable of ensuring adequate measures to prevent the conduct identified above:

- Management of financial resources;
- Management of supplies, services, consultancy and professional assignments.

Together with the following **PROCEDURES**:

- Administrative and accounting procedure "Treasury and Finance Management";
- Administrative and accounting procedure "Purchasing Cycle Management";
- Administrative and accounting procedure - "Active cycle";
- Administrative and accounting procedure "Accounting closure, reporting and preparation of financial statements".

## 5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY

In relation to the prevention and supervision of the risk of commission of the criminal and administrative offences referred to in this special part, taking into account that there is no risk of commission of said offences, the SB will generally monitor the effectiveness and adequacy of this Part, and possibly, subject to agreement with the corporate functions concerned, propose to the Board of Directors the necessary amendments and all adjustments deemed appropriate.

It should be recalled that, for the offences in question, Legislative Decree No. 231 of 2007 introduces the obligation to supervise compliance with the rules set out therein under Article 52<sup>59</sup>.

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<sup>59</sup> Article 52 of Legislative Decree 231/2007 stipulates that:

"1. Without prejudice to the provisions of the Italian Civil Code and special laws, the board of statutory auditors, the supervisory board, the management control committee, the supervisory body referred to in Article 6, paragraph 1, letter b), of Legislative Decree No. 231 of 8 June 2001, and all persons responsible for management control, however named, of the persons subject to this decree, shall supervise compliance with the provisions contained herein.

2. The bodies and persons referred to in paragraph 1:

- a) shall notify the sector-specific supervisory authorities without delay of all acts or facts of which they become aware in the performance of their duties that may constitute a breach of the provisions issued pursuant to Article 7(2);
- b) shall without delay notify the business owner or the legal representative or his delegate of infringements of the provisions of Article 41 of which they are informed;
- c) shall notify the Ministry of Economy and Finance within thirty days of infringements of the provisions of Article 49(1), (5), (6), (7), (12), (13) and (14) and of Article 50 of which they are informed;
- d) shall notify the FIU, within thirty days, of infringements of the provisions contained in Article 36 of which they are informed".

## **SPECIAL PART No. 6 – CYBERCRIME**

## 1 CYBERCRIME

**Law 48/2008** ratifying the Budapest Cybercrime Convention **extended, from 5 April 2008, the administrative liability of legal persons to cybercrime, introducing Article 24-bis into Decree 231/2001.**

This is a significant new development, given that to date, on the basis of the Decree, this head of liability has been provided for only in relation to residual Information Technology offences such as IT fraud committed to the detriment of the State or other public body (Article 24), assistance to terrorist groups by providing communication tools (Article 25 *quater*), distribution, transfer and possession of child pornography (Article 25-*quinquies*, paragraph 1, letter c). It should also be noted that the new legislation not only extends this liability to all IT crimes, but also imposes corporate liability in cases where the actual perpetrator of the offence is not traced.

**The Company held liable is subject, in addition to disbursing large sums of money, to disqualification penalties** such as: a) disqualification from carrying on business; b) suspension or revocation of authorizations, licences or permits which were instrumental to the perpetration of the offence; c) prohibition on contracting with the public administration, except in order to obtain the provision of a public service; d) exclusion from concessions, funding, grants or subsidies and possible revocation of those already granted; e) prohibition on advertising goods or services.

**The introduction of Article 24-bis in Legislative Decree 231/01 therefore requires that the company conducts risk-mapping to assess the risks of commission of the offences in question.** With reference to this type of offence, **Reno De Medici** after mapping sensitive activities and processes, **considered that the perpetration of the IT offences provided for by the Decree cannot be realistically excluded**, as the sensitive activities in which offences may be committed involve each business area that: uses information systems, through the use of hardware and software systems, accesses the Internet, uses email systems or other electronic communication systems.

However, in the context of the corporate processes carried out by the Company **it is considered that the risk of offences is controlled by adequate safeguards, given that the Company has prepared and implemented specific organizational measures, procedures and security solutions.**

In order to better understand the impact of this provision, the following are the types of offence, introduced by **Article 24-bis**, classified into two macro-categories:

### 1. FALSE DISCLOSURES IN PUBLIC OR PRIVATE ELECTRONIC DOCUMENTS.

☐ **Forgery of a public or private electronic document (Article 491-bis of the Criminal Code)**

The offence is committed by carrying out acts of falsification provided for by the Criminal Code relating to falsification of a public electronic document with probative effect. In such cases, the provisions of the chapter relating to public deed shall apply<sup>60</sup>.

An electronic document means an electronic representation of legally relevant acts, facts or data<sup>61</sup>.

☐ **Computer fraud involving electronic signature certification services (Article 640-*quinquies* of the Italian Criminal Code),**

In this case, the person providing electronic signature certification services violates the obligations established by law for the issue of the certificate. This is therefore an offence which can be committed only by a person providing electronic certification services or other services connected with electronic certification services.

**2. FRAUD OR ATTACK ON A COMPUTER OR DATA COMMUNICATIONS SYSTEM.**

Instead, the following offences are included in the second category, which in turn can be classified as (a) offences of unlawful access, and (b) offences of possession.

The following are **offences of unauthorized access**:

☐ **Unauthorized access to a computer or telecommunications system (Article 615-ter of the Italian Criminal Code)**

This offence is committed if a person unlawfully gains access to a computer or electronic system protected by security measures or who remains connected to said systems against the express or tacit will of those who have the right to exclude them.

☐ **Unlawful interception, impediment or interruption of electronic communications or telecommunications (Article 617-*quater* of the Italian Criminal Code)**

This offence is committed if a person disseminates fraudulently accessed communications relating to a computer or telecommunications system or several systems, or impedes or interrupts them. The penalty is imprisonment of from six months to four years.

Unless the act constitutes a more serious offence, the same penalty applies to anyone who reveals, by any means of communication to the public, in whole or in part, the content of the communications referred to in the first paragraph.

☐ **Installation of equipment capable of intercepting, impeding or interrupting electronic communications or telecommunications (Article 617-*quinquies* of the Italian Criminal Code)**

The offence is committed if equipment is installed to intercept, prevent or interrupt communications relating to a computer or electronic system or several systems

<sup>60</sup> Article replaced by Article 2, paragraph 1, letter e) of Legislative Decree 7 of 15 January 2016, with effect from 6 February 2016.

<sup>61</sup> Article 3(1)(b) of Law No. 48 of 18 March 2008 repealed the second part of the provision which stated: "For this purpose, an electronic document is understood as any electronic medium containing data or information with probative effect, or programs specifically intended to process such data". Now, therefore, reference is made to the administrative legislation, specifically Article 1, letter p) of Legislative Decree 82 of 7 March 2005 (Digital Administration Code)

☐ **Damage to information, data and computer programs (Article 635-bis of the Italian Criminal Code)**

This offence is committed if a person destroys, damages or renders, in whole or in part, third parties' information or telematics systems, programs, information or data unusable; on a complaint by the injured party, the offender may be sentenced to imprisonment of between six months and three years. If the act is committed with violence to the person or with threat or with abuse of the role of system operator, the penalty is imprisonment of from one to four years<sup>62</sup>.

☐ **Damage to information, data and computer programs used by the State or by another public body or public utility (Article 635-ter of the Criminal Code)**

This offence is committed when a person commits an act intended to destroy, deteriorate, erase, alter or suppress information, data or computer programs used by the State or by another public body or pertaining to them, or otherwise of public utility. If the act is committed with violence to the person or with threat or with abuse of the role of system operator, the penalty is increased<sup>63</sup>.

☐ **Damage to computer or telecommunications systems (Article 635-quater of the Italian Criminal Code)**

The offence is committed if the person, through the introduction or transmission of data, information or programs, destroys, damages, renders, in whole or in part, other information or telematic systems unusable or seriously impedes their operation. If the act is committed with violence to the person or with threat or with abuse of the role of system operator, the penalty is increased<sup>64</sup>.

☐ **Damage to information or telematic systems of public utility (Article 635-quinquies of the Italian Criminal Code)**

This offence is committed if the act referred to in Article 635-quater is intended to destroy, damage or render, in whole or in part, unusable computer or electronic systems of public utility or to seriously hinder their operation, the penalty is imprisonment of from one to four years. If the act results in the destruction or damage to the computer or telecommunications system of public utility or the latter are rendered unusable in whole or in part the penalty is imprisonment of from three to eight years. If the act is committed with violence to the person or with threat or with abuse of the role of system operator, the penalty is increased.

The following are classed as offences of **unlawful possession**:

☐ **Illegal possession and distribution of access codes to computer or electronic systems (Article 615-quater of the Italian Criminal Code)**

<sup>62</sup> Paragraph replaced by Article 2, paragraph 1, letter m) of Legislative Decree 7 of 15 January 2016, with effect from 6 February 2016. The text previously in force was as follows: "If the circumstance referred to in number 1) of the second paragraph of Article 635 applies or if the act is committed with abuse of the role of system operator, the penalty is imprisonment of from one to four years and is automatically prosecuted."

<sup>63</sup> Paragraph replaced by Article 2, paragraph 1, letter n) of Legislative Decree 7 of 15 January 2016, with effect from 6 February 2016. The text previously in force was as follows: "If the circumstance referred to in number 1) of the second paragraph of Article 635 applies or if the act is committed with abuse of the role of system operator, the penalty is increased."

<sup>64</sup> Paragraph replaced by Article 2, paragraph 1, letter o) of Legislative Decree 7 of 15 January 2016, with effect from 6 February 2016. The text previously in force was as follows: "If the circumstance referred to in number 1) of the second paragraph of Article 635 applies or if the act is committed with abuse of the capacity of system operator, the penalty is increased."

The offence is committed if, in order to obtain a profit for the person acting or for others or to cause damage to others, a person illegally obtains, reproduce, disseminates, communicates or delivers codes, key words or other means giving access to a computer or telematic system, protected by security measures, or otherwise provides guidance or instructions capable of achieving the said purpose.

☐ **Dissemination of equipment, devices or computer programs intended to damage or disrupt a computer or telecommunications system (Article 615-quinques of the Italian Criminal Code)**

This offence is committed if a person disseminates, communicates or delivers a computer program prepared by himself or others, for the purpose or effect of damaging a computer or electronic system, data or programs contained in or relevant to it, or the total or partial interruption or alteration of its operation.

## **2 CORPORATE PROCESSES/ACTIVITIES AT RISK OF CYBERCRIME OFFENCES**

**The offences indicated include, by way of example but not limited to possible conduct that could be committed by anyone with access to a computer workstation.**

They are therefore identified as **At-Risk Areas**:

- The management of the process of creating, processing and filing electronic documents with probative value;
- Access to internal and/or external computer and telematic environments;
- *Information & Communication Technology* management and monitoring;
- Installation of software and management of related inventory.

### **SENSITIVE PROCESSES**

- Management of IT documents
- Confidential data management;
- Management of credentials for access to internal information systems;
- Management of credentials and digital certificates for communications to public offices;
- Electronic document archiving;
- Management of user profiles and of the authentication process;
- Management of access from outside the corporate network by persons belonging to the Entity
- Access to the systems of banks and financial institutions;
- Internet browsing and use of e-mail through corporate information systems;
- Management and protection of the corporate network;
- Management of system outputs and storage devices (e.g. USB, CD);
- Management and physical protection of ICT infrastructures (cabling, network devices, etc.).

### **INSTRUMENTAL PROCESSES**

- Management of activities by third party suppliers relating to networking, application management, and hardware and software systems.

The Corporate divisions/Functions/Units that are most exposed to the risk of computer crimes and that may give rise to an interest or an advantage for the company are:

- Corporate Information Technology;
- Corporate Administration, Finance and Control;
- Corporate and Legal Affairs;
- Corporate Human Resources;
- Corporate Strategy;
- Corporate Purchasing and Logistics;
- Corporate Energy;

### 3 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS

In order to prevent the risk of offences in question being committed, all persons are required to comply with the following principles of conduct and prohibitions:

#### GENERAL PRINCIPLES OF CONDUCT

Observance of the following is **MANDATORY**:

- 1) The principles set out in the Code of Ethics on the protection of company assets with reference to IT devices;
- 2) The rules and measures adopted by the Company relating to privacy protection and formalised in the Security Policy Document;
- 3) The Regulation for the use of computer, telematic and telephony resources;
- 4) Internal rules relating to the sensitive activities in question, with particular reference to procedures, instructions and policies relating to the management of IT systems adopted by the Company and to the use and management of access credentials.

More specifically, **it is mandatory**:

- a) **To assign to the persons responsible for certain duties, authentication credentials with a code(s) that allows the identification of the person responsible;**
- b) **To change passwords at first use and update them** according to IT procedures;
- c) **To ensure the confidentiality of assigned credentials;**
- d) **To request and promptly proceed to deactivate the authentication credentials in the event of loss of the status** that entitles the person responsible to access the data;
- e) **To provide prior written instructions** defining the methods by which the holder of the authentication credentials, **in the event of prolonged absence or impediment or in the event of the need for system operability and security**, can make the assigned data and/or electronic tools available;

- f) **To submit the authorization profiles assigned to each responsible person in charge to prior authorization by their line manager** together with any change made;
- g) **To identify and authorize system administrators** by means of clear and appropriate written provisions;
- h) **To update the tools adopted** to prevent the risk of intrusion and ensure data protection;
- i) **To backup data** according to the internal procedures adopted;
- j) **To check that the technical – professional and integrity requirements of the Third Parties** are met when analysing, maintaining and/or updating the IT systems, devices (computers, telephony, PCs), licences and software used;
- k) **To formalise in writing and according to the provisions of law any activity carried out by third parties** on the computer systems, devices, licences and software in use;
- l) **To identify and record any activity carried out** by Company employees or third parties on the computer systems, devices, licenses, software in use.

It is prohibited to:

- a) **Falsify public or private computer documents;**
- b) **Illegally access** the computer or electronic system;
- c) **Possess and disseminate keywords or other means** of gaining access to IT or electronic systems;
- d) **Circulate or consign computer programs intended to damage or disrupt a computer or electronic system;**
- e) **Intercept communications** relating to a computer or telecommunications system or between several systems, or impede or interrupt their use;
- f) **Install equipment designed to intercept**, impede or interrupt communications on a computer or telecommunications system;
- g) **Damage or render partially invisible information**, data and programs of other computer or telematic systems;
- h) **Destroy, damage, delete or alter** information, data or computer programs used by or pertaining to the State or other Public Body.

Specifically, **it is prohibited** to:

- **Assign another user's identification code to other responsible persons;**
- **Leave the IT device unattended and accessible** during a work session;
- **Leave a copy of the assigned authentication credentials and password unattended;**



- **Configure new authorized profiles of persons responsible or make amendments to existing profiles without written provision** and according to the authorization mechanisms provided for in internal procedures;
- **Allowing access to data/network folders by Third Parties that have not been previously authorized and duly identified and registered.**

#### **4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY**

Corporate Information Technology has defined an infrastructure and information systems management system based on the following components:

- 1) Compliance with privacy regulations, specifically the RdM Group Privacy Manual, approved by the Board of Directors. In this regard, any breaches of the security of personal data are promptly reported to the Privacy Committee and/or the DPO (Data Protection Officer);
- 2) Management of access profiles to IT and telematic systems through a defined authorization and organizational process;
- 3) Identification and implementation of appropriate physical security measures for access to company IT systems;
- 4) Monitoring system logs;
- 5) Backup operations with verification of their actual efficaciousness;
- 6) Periodic updating of company IT systems;
- 7) Identification and updating of technological tools (e.g. Software/user licences/operating system);
- 8) Upgrading infrastructure protection systems from internal or external attacks with procedures to detect technical vulnerabilities of systems.

In addition to these aspects, in order to prevent the perpetration of computer crimes, the following have been adopted:

##### **PROTOCOLS**

- Management and monitoring of IT/telematic systems and applications;
- Management of the process of creating, processing and storing IT documents.

**GENERAL PROCEDURES** and relating to decision-making and operational methods to be followed with reference to:

- Activation, modification and change of access profiles to information and information systems;
- Use of computer, telematic and telephony resources;
- Execution and management of back-up operations;
- Management of certified electronic mail;
- Management of Information Technology related services;
- *Data breach* management

## **5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY**

In relation to the prevention and supervision of the risk of offences being committed and administrative offences referred to in this special part, the SB has the task of:

- Proposals that the instructions on the conduct to be followed within the Risk Areas, as identified in this Special Part, are updated.
- Proposals that the corporate procedures relating to the prevention of offences and offences of this Special Part are updated;
- Carrying out periodic checks on compliance with internal procedures and instructions;
- Examining any notifications and carrying out any necessary or appropriate checks in relation to notifications received;

The Head of Corporate Information Technology is also required to notify the SB of any changes to the structure and IT security profiles, as well as improvement plans and/or projects with an impact on the control system of the Company's information systems.

On the basis of such periodic communications and their consequences, the SB will assess the adequacy and effectiveness of the measures adopted by proposing the necessary amendments and all adjustments deemed appropriate.

## **SPECIAL PART No. 7- OFFENCES OF ORGANIZED CRIME AND TRANSNATIONAL OFFENCES**

## 1 OFFENCES OF ORGANIZED CRIME AND TRANSNATIONAL OFFENCES

Law No. 146 of 16 March 2006 introduced the new category of *transnational offences*.

The purpose of the aforementioned Law is to provide more effective means of prevention and repression in relation to criminal organizations operating at international level, for which cooperation between different States is necessary.

In accordance with Article 3 of the law, an offence punishable by a maximum term of imprisonment of at least four years is considered to be transnational if an organized criminal group is involved, and:

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

Article 10 lists **the criminal offences whose commission determines the administrative liability of the entity, in the event that the above elements constituting a transnational offence exist and, of course, the criteria for allocating liability to the entity itself laid down in Decree 231** (conduct, the interest or advantage of the entity, commission by a senior or subordinate entity) can be identified.

The offences provided for in the said Article 10 are as follows:

- ☐ **Criminal association (Article 416 of the Criminal Code)**
- ☐ **Mafia-type association (Article 416-bis of the Criminal Code)**
- ☐ **Criminal association involving the smuggling of foreign manufactured tobacco (Article 291-quater of 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)**

In all the four above offences, the criminal law penalty is linked only to the act of promotion, establishment and participation in a criminal association consisting of three or more persons, with the purpose of committing serial offences; this penalty is in addition to that imposed for the offences committed in associated form.

**Mafia-type association (Article 416-bis of the Criminal Code)** differs from criminal association under Article 416 of the Criminal Code due to the fact that those who form part of it “*use the intimidating power of the association bond and the condition of subjugation and silence that derives from it to commit offences, to directly or indirectly acquire the management or control*

***of economic activities, concessions, authorizations, contracts and public services or to make unjust profits or advantages for themselves or for others, or to prevent or hinder the free exercise of the vote or to procure votes for themselves or for others on the occasion of elections”.***

Article 416 bis of the Criminal Code also applies to the Camorra and to other associations, however locally called, which, availing themselves of the intimidating force of the associative bond, pursue objectives corresponding to those of the mafia-type associations.

**The other two types of criminal associations are characterised by being preordained for the purpose of committing specific offences, relating to smuggling foreign manufactured tobacco products or the illicit manufacture, trafficking and possession of narcotic or psychotropic substances.**

**□ Money laundering (Article 648-bis of the Italian Criminal Code)**

This offence is committed if the agent, who has not participated in the perpetration of the underlying offence, replaces or transfers money, assets or other benefits deriving from an intentional offence, or performs other operations in relation to them, in such a way as to hinder the identification of their criminal origin.

The rule should be interpreted as aimed at punishing those who - aware of the criminal origin of money, assets or other benefits - carry out the operations described, with the result that it is more difficult to discover the unlawful origin of the assets considered.

For the purposes of the completion of the offence, it is not required to have acted to obtain a profit or with the aim of favouring the perpetrators of the underlying offence to secure the income.

**□ Use of money, goods or benefits of unlawful origin (Article 648-ter of the Criminal Code)**

The criminal conduct is committed through the use in economic or financial activities of money, goods or other benefits deriving from crime, except in the cases of complicity in the offence and in the cases provided for by Articles 648 (receiving stolen goods) and 648-bis (money laundering).

With regard to money laundering, although the same subjective element of knowledge of the unlawful origin of assets is required, Article 648-ter limits the conduct to the use of these resources in economic or financial activities. Moreover, in view of the broad formulation of the offence of money laundering, it is difficult to imagine any conduct involving assets of unlawful origin which do not in themselves constitute the offence set out in Article 648-bis of the Criminal Code.

**□ Provisions against illegal immigration (people trafficking) (Article 12, paragraphs 3, 3-bis, 3-ter and 5 of Legislative Decree 286 of 25.7.1998)**

The offence referred to in Article 12, paragraph 3 of Legislative Decree 286/1998 consists in the undertaking, for the purposes of obtaining a profit, including indirectly, of acts intended to procure the entry of any person into Italian territory in violation of the immigration provisions, or to procure illegal

entry into another State of which the person is not a citizen or has no permanent residence status. Aggravated penalties are provided for, in particular, for cases in which the above conduct is committed with the aim of recruiting persons to be used for prostitution or sexual exploitation, or concerns the entry of minors to be used in illegal activities in order to facilitate their exploitation.

Furthermore, the conduct of those who, although not having contributed to the illegal entry, in order to derive an unfair profit from the illegality of the foreigner or in the context of the above-mentioned exploitation activities, favours their stay in the territory of the State, is punished (Article 12, paragraph 5 of the aforementioned Legislative Decree).

☐ **Inducement not to make statements or to make false statements to a judicial authority (Article 377-bis of the Criminal Code)**

This offence is committed if, by violence, threats or the promise of money or other benefits, a person summoned to appear before the judicial authorities not to make statements, or to make false statements that can be used in criminal proceedings, where such person has the right to remain silent.

☐ **Personal aiding and abetting (Article 378 of the Criminal Code)**

The criminal conduct consists in providing help to any one - after the commission of a crime for which the law establishes life imprisonment or imprisonment, and other cases of complicity in the same - to evade the investigations of the Authority, or to evade its searches. The offence also occurs when the person being helped is not responsible for or appears not to have committed the offence.

The provision punishes any conduct capable of helping someone to evade investigations by the Authority or to evade the latter's searches. It should be noted that, according to prevailing case law, false information sent to the Judicial Authorities for the purposes indicated above is also punishable for aiding and abetting.

The enactment of the so-called "Security Package" (Law 94 of 15 July 2009) **introduced "organized crime" offences, the main characteristics of which are the elimination of the criterion of "transnationality" for association offences, in particular criminal association (Article 416 of the Criminal Code) and mafia-type association (Article 416-bis of the Criminal Code)** and the introduction of offences of:

- Political/mafia electoral bribery (Article 416-ter of the Criminal Code);
- Kidnapping for the purpose of robbery/extortion (Article 630 of the Criminal Code);
- Offences of illegal manufacture, introduction into the state, offer for sale, sale, possession and carrying in public places or places open to the public of weapons of war, warlike weapons or parts thereof, explosives, clandestine weapons and more common firearms (Article 407 of the Italian Code of Criminal Procedure)

The most important offences listed above are analysed below:

☐ **Mafia political electoral bribery (Article 416-ter of the Italian Criminal Code)**

The offence is committed if sums of money are disbursed by the Company in return for the promise of votes to political figures who are in turn active or maintain connections within criminal associations.

☐ **Kidnapping for the purpose of robbery/extortion (Article 630 of the Criminal Code)**

This offence is committed if the kidnapping of persons, after obtaining an unfair profit, took place in the interests of the Company.

☐ **Offences of illegal manufacture, introduction into the State, offer for sale, sale, possession and carrying in public places or places open to the public of weapons of war, warlike weapons or parts thereof, explosives, clandestine weapons and more common firearms (Article 407, paragraph 2 (5) of the Italian Code of Criminal Procedure)**

The offence is committed if the individuals carry out the activities listed above in order to create a profit for the Company.

## **2 PROCESSES/ACTIVITIES AND SENSITIVE BUSINESS AREAS IN OFFENCES RELATING TO ORGANIZED CRIME AND TRANSACTIONAL OFFENCES**

As emerges from the description of the offences described above, through the instrument of the association offence, other offences could be committed that may be expressly provided for by the Decree (e.g. environmental offences) or are not included in the criminal offences that autonomously incur the administrative responsibility of the Company (e.g. tax offences).

In general, the Company believes that these provisions do not have a significant impact on the type of activity it performs and that, in all cases, the residual risks of committing such offences in the event of favouring or benefiting a criminal organization are adequately covered by the safeguards already in place in the company.

However, the following are identified as **At-Risk Areas** in which potential risks of committing the offences described above may arise:

- Relationships with suppliers at national or international level;
- The management of relations with parties involved in judicial proceedings;
- Management of disputes and settlement agreements;
- Management of cash flows;
- Management of intra-group relationships.

### **As INSTRUMENTAL PROCESSES**

- Selection of goods or services providers (e.g., transport and waste disposal);
- Management of financial resources;
- Management of disputes and settlement agreements;

The Corporate divisions/Functions/Units involved in these processes are:

- Corporate Purchasing and Logistics;
- The Treasury and Finance Function;
- The Corporate & Legal Affairs Function;
- Corporate Administration, Finance and Control;
- Entities with spending powers.

### 3 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS

All persons involved in areas and processes identified as at risk are required to comply with the following principles of conduct and prohibitions in order to prevent conduct pursuant to Article 24<sup>ter</sup>. In general, these processes must be carried out in accordance with the following rules:

- Applicable Italian and foreign legislation;
- The ethical principles adopted by Reno De Medici S.p.A. on the management of relations with third parties and the management of financial resources (Code of Ethics – Appendix 1);
- The Protocols, the company procedures (see paragraph 4 below), the documentation and provisions concerning the company organizational structure and the economic control system for management.

**Contractors** must be made aware of the adoption of the Model and the Ethical Code by the Company, whose knowledge of and compliance with the principles contained therein constitutes their contractual obligation.

#### GENERAL PRINCIPLES OF CONDUCT

Those operating in at-risk areas have an express **OBLIGATION** to comply with:

- 1) **The company's organizational system**, which reflects the fundamental requirements of formalisation and clarity, communication and separation of roles, in particular as regards the attribution of responsibilities, representation, definition of hierarchical structures and operational activities;
- 2) **The operating and control rules defined for the selection of suppliers**, requiring the latter to possess not only of technical-professional requirements but also to be of good repute;
- 3) **Immediately report so the applicable action can be taken, any request or attempt to abuse any Third Party** that may be received that persons may simply become aware of. The Manager is required to send the report received to the competent Functions and to the Supervisory Body.

#### GENERAL AND SPECIFIC PROHIBITIONS

The following are prohibited:



- 1) **To engage in, cooperate or cause conduct which**, taken individually or collectively, **directly or indirectly includes the types of offences** falling within those provided for in this Special Part of the Decree;
- 2) **To engage in conduct in violation of the Company's principles and procedures.**

The following are **specifically prohibited**:

- a) **Paying fees and/or other benefits to suppliers of goods and services and/or Contractors** that are not adequately justified in relation to the type of purchase/service/task to be performed and current practices;
- b) **Allocating sums of money to purposes other than those for which they were authorized.**

#### **4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY**

As stated above, the Company considered the following prevention measures adopted with reference to offences against the Public Administration and Companies to be adequate. The measures taken are therefore as follows:

##### **PROTOCOLS**

- Management of supplies, services, consultancy and professional assignments;
- Management of disputes and settlement agreements;
- Management of financial resources.

##### **PROCEDURES**

- Quality, Environment and Safety System procedures with reference to the selection and evaluation of Suppliers;
- Administrative and accounting procedure for the Purchasing Cycle;
- Administrative and accounting procedure for Treasury and Finance Management.

#### **5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY**

In view of the fact that the risk of the offences being discussed remains, the SB will monitor:

- Verification according to the annual plan drawn up, of effective compliance with the decision-making, operational and control rules defined within the reference processes;
- Proposals that the instructions on the conduct to be followed within the Risk Areas, as identified in this Special Part, are updated.
- Proposals that the corporate procedures relating to the prevention of offences and offences of this Special Part are updated;
- Examine any notifications and carry out any necessary or appropriate checks in relation to the notifications received.



**SPECIAL PART No. 8- OFFENCES RELATED TO INTERFERENCE WITH THE  
FREEDOM OF  
INDUSTRY AND TRADE**

## 1 OFFENCES RELATED TO INTERFERENCE WITH THE FREEDOM OF INDUSTRY AND TRADE

Law No. 99 of 23 July 2009 includes offences against industry and trade provided for in Chapter II of Title VIII of Book II of the Criminal Code, among the offences that could lead to the liability of Entities for the relevant offences.

With regard to this type of offence, **Reno De Medici**, after mapping the activities, **considered that the risk associated with the possible perpetration of such offences appears theoretical excluding the offence of “Fraud in the exercise of trade” the perpetration of which could fall within the scope of the Company’s corporate processes.**

The following is an illustration of all the offences contemplated in

### Article 25-bis

#### ☐ **Interference with the freedom of industry or trade (Article 513 of the Italian Criminal Code)**

Anyone who uses violence against property or fraudulent means to prevent or disrupt the operation of an industry or trade shall be punished, upon complaint by the injured party, if the act does not constitute a more serious offence.

#### ☐ **Unlawful competition with threat or violence (Article 513-bis of the Criminal Code)**

Any person who in the conduct of a commercial, industrial or otherwise productive activity engages in competition with violence or threat

#### ☐ **Fraud against national industries (Article 514 of the Italian Criminal Code)**

Any person who, by offering for sale or otherwise placing in circulation, on domestic or foreign markets, of industrial products, with counterfeit or altered names, trademarks or distinctive signs, causes harm to domestic industry.

#### ☐ **Fraud in commercial activity (Article 515 of the Italian Criminal Code)**

Any person who, in the exercise of a commercial activity, or in a space open to the public, delivers to the buyer one movable for another, or a movable, of an origin, provenance, quality or quantity, other than that declared or agreed,

#### ☐ **Sale of non-genuine food as genuine (Article 516 of the Italian Criminal Code)**

Any person who places on sale or otherwise sells as genuine, a non-genuine food is liable to imprisonment for up to six months or a fine of up to €1,032.

#### ☐ **Sale of industrial products with misleading markings (Article 517 of the Italian Criminal Code)**

Any person who, by offering for sale or otherwise placing in circulation, works of intellectual property or industrial products, with national or foreign names, trademarks or distinctive signs, capable of misleading the buyer as to the origin, provenance or quality of the work or product, shall be punished, if the act is deemed an offence under another legal provision, with imprisonment of up to one year or with a fine of up to twenty thousand Euro.

## **2 SENSITIVE PROCESSES/ACTIVITIES AND AREAS IN THE CONTEXT OF OFFENCES AGAINST THE FREEDOM OF INDUSTRY AND TRADE**

Reno De Medici considers that the risk of the offence of “Fraud in the exercise of trade”, the perpetration of which could fall within the scope of activities carried out by the Company, has adequate cover in the safeguards already in place. It has identified the following **at-risk areas**

- The management of product conformity warranties;
- The management of activities related to the storage, shipping and handling of finished products in the warehouse;
- The management of customer complaints and objections.

### **SENSITIVE PROCESSES**

- Management of shipments;
- Management of the warehouse;
- Management of complaints.

The Corporate divisions/Functions/Units involved in these processes are:

- Plant Management;
- The unit at the Plant in charge of handling the shipments of finished products;
- The unit at the Plant responsible for the Quality of Finished Products;
- Technical customer support.

## **3 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS**

In order to prevent and impede the occurrence of offences in question, all concerned persons hereof, insofar as they are involved in the performance of activities in areas at risk, must comply with the rules of conduct compliant with the provisions of the:

- 1) Principles set out in the RDM Group's Code of Ethics with regard to the management of commercial relations with Third Parties;
- 2) Quality, Environment and Safety System operating procedures aimed at ensuring transparency in the process of issuing orders, managing shipments and complaints;
- 3) Administrative and accounting procedure for the management of the stock of finished products and for the management of pre-invoicing.

It is therefore expressly **PROHIBITED**, for company representatives, directly and for any external contractors (e.g. agents), through specific contractual clauses, to:

- a) **Act in such a way as to commit the offences** considered in the Articles in question in this Special Section;
- b) **Act fraudulently in the exercise of company activities;**
- c) **Engage in any conduct that is not based on fairness and loyalty and that is intended to obtain results causing damage to third parties.**

## **4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY**

The Company has adopted:

- A quality management system, composed of the Quality Manual and the relevant control procedures applied to the entire production chain, able to ensure the quality level promised to the customer in the sales agreement;
- Administrative and accounting procedures with particular reference to the procedure “*Warehouse management*” and the “*Active cycle*”, the control activities of which ensure that the goods delivered are as requested by the client based on the quantity, origin and provenance sought;
- An Antitrust Programme for the RDM Group.

Since these measures were deemed appropriate and able to prevent the perpetration of the offence of “Fraud in the exercise of trade”, no further Protocols and Procedures were prepared.

## **5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY**

In relation to the prevention and supervision of the risk of offences and administrative offences referred to in this special part, the SB will carry out the following tasks:

- a) Proposals that the corporate procedures relating to the prevention of offences and offences of this Special Part are updated;
- b) Carry out periodic checks on compliance with procedures;
- c) Examine any notifications and carry out any necessary or appropriate checks in relation to the notifications received.

## **SPECIAL PART No. 9 – ENVIRONMENTAL OFFENCES**

## 1 ENVIRONMENTAL OFFENCES

With Legislative Decree No. 121 of 7 July 2011, which entered into force on 16 August 2011, Directive 2008/99/EC on the protection of the environment by criminal law was transposed<sup>65</sup>.

This Community Directive represents an important change in the system of regulatory sources of environmental criminal law since it lays down, on the one hand, conduct against the environment to be considered as offences in order to create a minimum level of harmonisation of environmental legislation at European level and on the other hand, a system of similar liability for all legal persons with the aim of ensuring more effective environmental protection.

In particular, the Directive requires Member States to penalize a series of acts causing damage to the environment attributable to natural and/or legal persons and capable of causing damage to the health of persons (death or serious injury) or a significant deterioration in the quality of air, soil, fauna or flora.

Legislative Decree No. 121 of 7 July 2011 transposes the requirements of the Directive:

- (i) identifying the penalties to be applied to unlawful conduct, as identified by the Directive;
- (ii) completing the framework of environmental offences by adding two new Articles to the criminal code: Article 727-bis "Killing, destruction, capture, taking or possession of specimens of protected wild plant or animal species" and 733-bis "Destruction or damaging of habitats within a protected site";
- (iii) governing the liability of legal persons for environmental offences, by introducing Article 25-*undecies* (Environmental Offences) into Legislative Decree No. 231 of 8 June 2001 (hereinafter the "Decree").

Law No. 68 of 22 May 2015 on "Provisions regarding crimes against the environment" further extended the types of offences from which the Company's administrative liability could potentially be incurred, with the consequent application of penalties as well as disqualifications, once the preconditions for commission have been ascertained. Specifically, four new criminal offences, events and environmental damage have been introduced.

The new types of offence are therefore identified in **Article 25-*undecies*** as follows:

### ☐ Environmental pollution (Article 452-bis of the Criminal Code)

The offence is predicated on the occurrence of pollution, identified as significant and measurable impairment or deterioration<sup>66</sup> of specific environmental assets such as a) water or air or extensive or

<sup>65</sup> Legislative Decree No. 121 of 7 July 2011 follows the delegation in Article 19 of Law No. 96 of 4 June 2010, in which the Government was mandated to adopt, within nine months, one or more legislative decrees in order to obtain the provisions of Directive 2008/99/EC on the protection of the environment by criminal law, as well as Directive 2009/123/EC (amending Directive 2005/35/EC on pollution caused by ships and the introduction of penalties for infringements).

<sup>66</sup> From a lexical standpoint, the two terms differentiate between the effects of the conduct, which can be a situation that is generally irreparable ("compromised") which may include conduct that is more or less serious than an act causing damage. From a regulatory standpoint, the term "compromise" is not used to indicate a situation of "actual damage" for which rather the term "deterioration" is preferred (Article 300 of



significant portions of soil or subsoil; b) an ecosystem<sup>67</sup>, biodiversity, including agricultural biodiversity, flora or fauna. The event must be caused by a breach of the prescriptions and/or limits of the authorizations issued or by the absence of the necessary authorizations or by omission<sup>68</sup>. **There must therefore be an effective causal link between the pollution event and the conduct. Pollution may be caused through both active conduct**, i.e. by the occurrence of a significantly harmful or dangerous event, **and by the failure to prevent the damaging or dangerous event** by those who, according to environmental legislation, are required to comply with specific pollution prevention obligations. **Complicity in offences is not in any case excluded** whenever a pollution event (or disaster, as indicated below) is also caused by the commission of a criminal offence of a nature other than the environmental offence. If the offence is ascertained, the Company is liable for fines (from 250 to 600 points) and disqualifications.

#### ☐ **Environmental disaster (Article 452-*quater* of the Criminal Code)**

The offence is committed if an event of environmental disaster occurs, identified as three different determining situations: 1) irreversible alteration of the equilibrium of an ecosystem; 2) alteration of the equilibrium of an ecosystem whose elimination is particularly onerous and can only be achieved by exceptional measures; 3) offence to public health due to extensive nature of the compromising or its harmful effects or for the number of persons offended or exposed to danger. Article 434 of the Italian Criminal Code does not apply to an “unnamed disaster”, caused by destructive events of extraordinary, even if not necessarily huge proportions capable of producing serious, complex and extensive harmful effects<sup>69</sup> on the life and physical integrity of people. In the case of an environmental disaster **the subject of protection is the environment, hence an environmental disaster can occur even without damage or danger to persons**. The offence against public safety is closely related to the two phenomena of alteration and is a direct consequence, considering the extensive nature of dissemination and expansiveness of the phenomenon such as to endanger, collectively an indefinite number of people

**The event is caused by the violation of the prescriptions and/or limits of the authorizations issued or by the absence of the necessary authorizations or by omission.** There must therefore be **an effective causal link between the event of environmental disaster and the conduct**. Having ascertained the Company's liability, fines (between 400 and 800 points) and prohibitions pursuant to Article 9 of Legislative Decree 231/2001 imposed.

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Legislative Decree 152/2006 “*Damage to the environment is any significant, measurable direct or indirect deterioration of a natural resource or the utility provided by it.*”).

<sup>67</sup> Cf. Supreme Court, Abstracts Office, Criminal Section, Rep. N. III/04/2015, ecosystem means “all living organisms (communities), the surrounding physical environment (habitats) and biotic and chemical – physical relationships within a defined space of the biosphere”

<sup>68</sup> The legislator uses the term “unlawfully” to define the illegal nature of the conduct causing pollution. In this regard, in order to determine ways in which the abusive conduct can constitute the new offence, the interpretation provided by the relevant case law has been analysed. (See Supreme Court, Criminal Section III, Judgement 04-11-2013, No. 44449 and Supreme Court, Criminal Section III, 12-12-2008, No. 46029).

<sup>69</sup> See Supreme Court Criminal Section IV Judgement No. 14859 of 10-04-2015.

☐ **Negligent environmental pollution and negligent environmental disaster (Negligent environmental offences against the environment, Article 452-*quiquies* of the Criminal Code)**

The offence is committed when environmental pollution and environmental disaster occur. **The event must be the result of non-compliance with the requirements and/or limits of the authorizations issued or the commission of conducts capable of causing environmental pollution or disaster. The intent of the person**, required to comply with specific prevention obligations, **is not related to the event** and said person, although having tangible knowledge of the causal connection between the violation of precautionary regulations and the unlawful event, **refrains from acting, in accordance with the obligations imposed, due to negligence, incompetence and imprudence.**

The other cases can be classified as follows:

**A. Water offences:**

☐ **Discharge of industrial wastewater containing hazardous substances (Article 137 of Legislative Decree 152/2006, paragraph 2)**

This offence is committed by discharges of industrial waste water, on the surface or in any case carried out without authorization which is continued or maintained even after the authorization has been suspended or revoked, containing hazardous substances included in the families and groups of substances indicated in Tables 5 and 3/A of Annex 5 to part 3 of Decree 152/2006.

☐ **Discharge of industrial wastewater containing hazardous substances in contravention of requirements (Article 137 of Legislative Decree 152/2006, paragraph 3):**

The offence occurs when industrial wastewater is discharged containing the hazardous substances included in the families and groups of substances indicated in Tables 5 and 3/A of Annex 5 to Decree 152/2006, without complying with the requirements of the authorization, or with the other requirements of the competent authority under Articles 107(1) and 108(4),

☐ **Discharge of industrial wastewater containing hazardous substances above the table limit values (Article 137 of Legislative Decree 152/2006, paragraph 5):**

The offence is committed in cases where industrial wastewater is discharge exceeding, in relation to the substances indicated in table 5 of Annex 5 to part three of Legislative Decree 152/2006, the limit values set out in table 3 or, in the case of land discharge, in table 4 of Annex 5 to Part Three of Decree 152/2006, or the more restrictive limits set by Regions or Independent Provinces or by the competent Authority in accordance with Article 107(1), or the limit values set for the substances contained in table 3/A of Annex 5.

☐ **Discharges into soil, subsoil and groundwater (Article 137 of Legislative Decree 152/2006, paragraph 11)**

This applies in cases of violation of the prohibitions on discharge laid down in Articles 103 (discharges into the soil) and 104 (discharges into the subsoil and groundwater).

## **B. Waste-related offences**

☐ **Unauthorized waste management activities** (Article 256 of Legislative Decree 152/2006, paragraph 1):

The offence is committed if the collection, transport, recovery, disposal, trade and intermediation of waste is carried out without the required authorization, registration or communication referred to in Articles 208,<sup>70</sup> 209<sup>71</sup>, 210<sup>72</sup>, 211<sup>73</sup>, 212<sup>74</sup>: 214<sup>75</sup>, 215<sup>76</sup>, 216<sup>77</sup>.

☐ **Unauthorized landfill** (Article 256 of Legislative Decree 152/2006, paragraph 3):

The offence is committed if an unauthorized landfill is established or operated and if the landfill is even partly intended for the disposal of hazardous waste. Upon conviction or judgement under Article 444 of the Code of Criminal Procedure, the area on which the illegal landfill is built is confiscated if it is the property of the perpetrator or a person complicit in the offence, without prejudice to the obligation to restore the state of the premises.

☐ **Non-compliance with the requirements in the authorization to manage the landfill** (Article 256 of Legislative Decree 152/2006, paragraph 4):

The offence is committed if the requirements contained or referred to in the authorizations for management of a landfill facility, and the requirements and conditions for registrations or communications, are not met.

☐ **Mixing of waste** (Article 256 of Legislative Decree 152/2006, paragraph 5):

Any person who, in violation of the prohibition in Article 187<sup>78</sup> carries out prohibited activities of mixing waste, shall be punished with the penalty referred to in paragraph 1, letter b).

☐ **Temporary storage at the place of production of hazardous medical waste** (Article 256 of Legislative Decree 152/2006, paragraph 5)

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<sup>70</sup> ARTICLE 208 Single authorization for new waste disposal and recovery plants (Article as amended by Article 2, paragraph 29-ter, Legislative Decree No. 4 of 2008)

<sup>71</sup> ARTICLE 209. Renewal of environmental certification for companies

<sup>72</sup> ARTICLE 210. Authorizations in special circumstances (Article repealed by Article 39, paragraph 3, Legislative Decree No. 205 of 2010)

<sup>73</sup> ARTICLE 210. Authorizations in special circumstances (Article repealed by Article 39, paragraph 3, Legislative Decree No. 205 of 2010)

<sup>74</sup> ARTICLE 212. National Register of Environmental Managers

<sup>75</sup> ARTICLE 214. Determination of the activities and characteristics of the waste for admission to simplified procedures (Article replaced by Article 27 of Legislative Decree No. 205 of 2010)

<sup>76</sup> ARTICLE 215. Auto Disposal

<sup>77</sup> ARTICLE 216. Recovery operations

<sup>78</sup> Article 187. Prohibition on mixing of hazardous waste. (Article replaced by Article 15 of Legislative Decree No. 205 of 2010)

Any person carrying out temporary storage at the place of production of hazardous medical waste, in breach of the provisions of Article 227(1)(b)<sup>79</sup>.

☐ **Contravention of notification obligations, keeping of mandatory records and forms** (Article 258 of Legislative Decree 152/2006, paragraph 4)

The offence is committed in the case of undertakings collecting and transporting their own non-hazardous waste referred to in Article 212(8) which do not, on a voluntary basis, adhere to the waste traceability control system (SISTRI) referred to in Article 188-bis(2)(a) and carry out the transport of waste without the form referred to in Article 193 or indicate incomplete or inaccurate data on the form. The offence is also committed in the preparation of a waste analysis certificate, which provides false information on the nature, composition and chemical-physical characteristics of the waste and in the use of the false certificate during transport.

☐ **Illegal waste trafficking** (Article 259 of Legislative Decree 152/2006, paragraph 1);

Anyone carrying out a shipment of waste constituting illegal trafficking within the meaning of Article 26 of Regulation (EEC) No 259 of 1 February 1993, or carrying out a shipment of waste listed in Annex II to said Regulation in contravention of Article 1(3)(a), (b), (e) and (d) of the Regulation. The penalty is increased if hazardous waste is shipped.

☐ **Organized unlawful trafficking of waste** (Article 260 of Legislative Decree 152/2006, paragraph 1)

Any person who, in order to obtain an undue profit, with several operations and through the setting up of continuous and organized resources and activities, transfers, receives, transports, exports, imports, or in any case illegally manages large quantities of waste.

☐ **Organized unlawful trafficking of highly radioactive waste** (Article 260 of Legislative Decree 152/2006, paragraph 2)

Any person who, in order to obtain an undue profit, with several operations and through the setting up of continuous and organized resources and activities, cedes, receives, transports, exports, imports, or in any case illegally manages large quantities of highly radioactive waste.

☐ **Trafficking and abandonment of highly radioactive material (Article 452-sexies of the Criminal Code)**

The offence is committed if highly radioactive material is improperly ceded, purchased, received, transported, imported, exported, procured for others, held, transferred or is unlawfully given away. Aggravating conditions are provided for where the conduct results in the danger of impairment or deterioration of 1) water or air, or large or significant portions of soil or subsoil; 2) ecosystem,

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<sup>79</sup> Article 227, paragraph 1, letter b) refers to the medical waste indicated in Presidential Decree No. 254 of 15 July 2003.

biodiversity, including agricultural, flora or fauna. Finally, a further aggravating factor is provided if the conduct results in danger to the life or physical integrity of persons.

☐ **Criminal association with the aggravating environmental factor (Article 452-octies of the Criminal Code)**

The offence is committed by the promotion, establishment and participation in a criminal association consisting of three or more persons, with the aim of committing environmental offences or a criminal association in which those who are members use intimidation given an association bond and the resultant subjugation and silence to commit environmental offences or to directly or indirectly acquire the management or control of economic activities, concessions, authorizations, contracts and services or public services in environmental matters.

☐ **IT system for monitoring waste traceability** (Article 260-bis of Legislative Decree 152/2006, paragraphs 6, 7 and 8)

▪ **Preparation and inclusion in SISTRI<sup>80</sup> of an analysis certificate with false information**

The offence is committed when a waste analysis certificate is prepared and used as part of the waste traceability control system (SISTRI), which provides false information about the nature, composition and chemical-physical characteristics of the waste and when a false certificate is included in the data to be provided for the purposes of waste traceability.

▪ **Transport without accompanying paper copy of the SISTRI card**

The offence is committed by failure to accompany the waste shipment with the hard copy of the SISTRI - HANDLING AREA form and, where necessary on the basis of current legislation, with a copy of the analytical certificate that identifies the characteristics of the waste.

▪ **Transport of hazardous waste without accompanying paper copy of Sistri form**

The offence is committed by failure to accompany the hazardous waste shipment with the hard copy of the SISTRI - HANDLING AREA form and, where necessary on the basis of current legislation, with a copy of the analytical certificate that identifies the characteristics of the waste.

**C. Remediation offences**

☐ **Site remediation** (Article 257 of Legislative Decree 152/2006, paragraph 1)

▪ **Failure to remediate**

The offence is committed in the event that pollution of soil, subsoil, surface water or groundwater is caused by exceeding the risk threshold concentrations and no remediation has been carried

out in accordance with the project approved by the competent authority in the context of the procedure referred to in Articles 242 (operating and administrative procedures) et seq.

- Failure to Communicate

In the event of the occurrence of an event which is potentially capable of contaminating the site, failure to communicate pursuant to Article 242.

- ☐ **Remediation of sites affected by hazardous substances** (Article 257 of Legislative Decree 152/2006, paragraph 2)

The offence is committed if pollution of the soil, subsoil, surface water or groundwater is caused by hazardous substances.

#### **D. Air pollution offences**

- ☐ **Emission and air quality limit values exceeded** (Article 279 of Legislative Decree 152/2006, paragraph 5);

- **Emission and air quality limit values or requirements established by the authorization exceeded**

The offence is committed if, in operation of a plant, with contravention of the emission limit values or the requirements established by the authorization, Annexes I, II, III or V to Part Five of this decree, or of the plans and programmes or the regulations referred to in Article 271<sup>81</sup> or the requirements otherwise imposed by the competent authority, exceeding the emission limit values in turn causes the plant to exceed the air quality limit values provided for by current legislation.

- **Emission limit values or requirements in the integrated environmental authorization (AIA) exceeded**

The offence is committed if, in operation of a plant, with contravention of the limit values or the requirements set forth in the integrated environmental authorization, exceeding the emission limit values in turn causes the plant to exceed the air quality limit values.

- ☐ **Measures to protect stratospheric ozone and the environment** (Article 3 of Law 549/93, paragraph 6);

The offence is committed in cases of violation of the provisions of Article 3 (cessation and reduction of the use of harmful substances) and is punished with imprisonment of up to two years and with a fine of up to three times the value of substances used for production, or imported or marketed. In the

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<sup>81</sup> ARTICLE 271 - Emission limit values and requirements for plants and activities (Article as amended by Article 3, paragraph 5, of Legislative Decree No. 128 of 2010)

most serious cases, the conviction results in the revocation of the authorization or licence on the basis of which the activity constituting an offence is carried out.

For all possible offences committed by Entities, the legislator has defined financial penalties commensurate with the severity of the predicate offences with reductions of penalties as defined in Article 12 of the Decree.

The disqualification penalties also apply pursuant to Article 9, paragraph 2 of the Decree, for a term not exceeding 6 months, for the offences of:

- a) discharge of industrial waste water containing hazardous substances;
- b) discharge of industrial waste water containing hazardous substances beyond the limit values;
- c) discharges into soil, subsoil and groundwater;
- d) unauthorized landfills;
- e) intentional or negligent pollution caused by ships;

If the conditions set out in Article 13 of the Decree are met<sup>82</sup>

With regard to permanent disqualification from the exercise of the activity, the legislator, as defined in Article 16, paragraph 3 of Legislative Decree 231/2001, provided for its application if the Entity or its organizational activity are permanently used for the sole or main purpose of enabling or facilitating the perpetration of the offences of:

- f) association involving the unlawful trafficking of waste (Article 260 of Legislative Decree No. 152/2006);
- g) fraudulent spillage of polluting materials into the sea (Article 8, paragraphs 1 and 2 of Legislative Decree No. 202/2007).

**In view of the sector in which the Company operates and the activities characteristic of its production cycle, it is not possible to exclude a priori the perpetration of the types of offences introduced to the Decree or the possible involvement of the Company by way of negligence in the offences intentionally committed by Suppliers (waste Disposal firms/waste Recovery firms/waste Carriers).**

**However, they can be excluded given:**

- a. The **territorial** location of the Company's production units; since no protected animal or plant species are present in the vicinity of the company, the offences of "*Killing, destruction,*

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<sup>82</sup> Disqualification penalties are applied when one of the following conditions is met: a) the entity has made a significant profit from the offence and the offence was committed by persons in a top management role or by persons subject to the management of others when, in this case, perpetration of the offence was held not facilitated by serious organizational deficiencies; b) in the event of repeated offences.



*capture, taking or possession of specimens of protected wild plant or animal species" or "Destruction or damaging of habitats within a protected site" are not relevant.*

- b. **The processes used in activity carried out** which exclude the offences of *"Discharge of prohibited substances from ships or aircraft", "Wilful or malicious pollution caused by ships", the offences relating to the Sistri form and applicable only to carriers and "International trade of animal and plant species in danger of extinction "* and the offence of *"Trafficking and abandonment of highly radioactivity material"*.

Reno De Medici S.p.A. has therefore initiated an analysis of the risks of the areas affected by the potential offences expressly indicated in Article 25-*undecies*, and in any case considers that the environmental management system, implemented and ISO 14001 certification, represent adequate and effective tools for preventing and reducing the risks of commission of the offences.

## 2 ADMINISTRATIVE LIABILITY OF THE COMPANY FOR THE OFFENCES REFERRED TO IN ARTICLE 25-UNDECIES

The offences listed in **Article 25-undecies** are based on:

- Negligent non-compliance with the regulations and environmental measures indicated in Legislative Decree No. 152 of 3 April 2006 as amended (known as the Environmental code), regardless of any direct damage to the environment. Specifically, the conduct consists of formal violations or related to obligations of an administrative nature;
- Identification of the potential perpetrator as the senior manager or a subordinate. Case law rulings have clarified and allowed validity of delegations of functions including for environmental protection if they meet the following requirements: 1) the delegation must be precise and express, without retaining residual discretionary powers for the delegator; 2) the delegated person must be technically capable and professionally qualified for carrying out the task entrusted; 3) the transfer of functions must be justified on the basis of the size of the company or at least its organizational requirements; 4) the delegation must concern not only the functions but the associated decision-making and spending powers; 5) the existence of the delegation is subject to certain legal proof thereof.<sup>83</sup>:
- The existence of an interest or advantage that is closely related and arising from the conduct, for example, cost savings.

It is in fact appropriate to specify that **the above predicate offences may be charged concurrently with other types of offence predicate administrative liability offences pursuant to the Decree** (e.g. conspiracy and organized crime offences, aggravated fraud against the State) **or may themselves constitute predicate offences** for the perpetration of other "231 catalogue offences" (e.g. soil pollution or the uncontrolled temporary storage of medical waste which may endanger the health of workers and pose a risk of occupational diseases).

<sup>83</sup> Cf. Supreme Court Criminal Section II, Judgement No. 29415 of 10 July 2013.



Pursuant to Article 6 of the Decree, if the above requirements are met, the Company may be exempted from administrative liability if it can demonstrate that it has adopted, before the offence is committed, an Organization, Management and Control Model capable of preventing the offence referred to in Article 25-*undecies* and has effectively implemented it through its management body.

In contrast to in occupational health and safety<sup>84</sup> matters, the essential content of the Environmental Models has not been defined.

However, voluntary environmental certifications<sup>85</sup> according to UNI EN ISO 14001 and Emas are regarded by the professional category associations as a basis and a tool for building measures to prevent environmental crime.

### 3 CORPORATE PROCESSES/ACTIVITIES AND AREAS SENSITIVE TO ENVIRONMENTAL OFFENCES

In view of the conduct described above and the productive activity carried out, the Company has identified as **Sensitive Areas**

- All production activities carried out within the Company's physical structures, which have a direct or indirect impact on the environment.

Environmental crimes can be committed in the most diverse ways.

Accordingly, **the concerned persons of this Special Section are all those who are required, in any capacity, to observe or require compliance with legislation on the protection and protection of the environment, including in view of the specific delegation of environmental powers.**

Specifically, the following persons:

- i. Employer;
- ii. Plant Directors;
- iii. all those who are subject to the management and supervision of persons with delegated powers and who, by virtue of specific competences, perform duties in relation to protection and protection of the environment;

The Company has established a Corporate Function (Quality, Environment & Emission, Safety and Health in short "QESH") which is responsible, inter alia, for:

- (i) coordinating and ensuring compliance with environmental legislation;

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<sup>84</sup> Article 30, paragraph 5 of Legislative Decree 91/2008 establishes that "at the time of first application, company organization models defined in accordance with the UNI-INAL Guidelines for an occupational health and safety management system (SGS) of 28 September 2001 or the British standard OHSAS 18001:2007 are presumed to comply with the requirements of this Article for the corresponding parts".

<sup>85</sup> The relevance of the certification is therefore recognised by both the so-called Environmental Code<sup>85</sup>, which provides for example, for the reduction of financial guarantees to the State if the company is certified, as well as by Article 30, paragraph 1, of Legislative Decree 112/2008<sup>85</sup>, which provides for the replacement of "*administrative checks or further administrative verification activities, including for the purposes of any renewal or updating of authorizations to carry out the activity*", by the periodic checks carried out by the Certifying Bodies.

- (ii) updating and implementing company procedures and instructions to protect the environment;
- (iii) checking that concerned persons of the Model comply with the defined organizational measures.

In order to ensure an adequate and effective control system for the protection and protection of the environment, QESH has also provided for a periodic and timely information flow from QESH to the Supervisory Body<sup>86</sup>, to the Chief Executive Officer and to the Management concerning the environmental policy, the objectives pursued and the results achieved, as well as the critical issues and/or problems emerging in the light of new legislation and/or checks carried out.

**Conduct contrary to and/or violation of the Model, environmental protocols and procedures/instructions will be penalized by the Company in accordance with the provisions of the paragraph entitled the Disciplinary System, and by implementing measures vis-a-vis Suppliers and Third Parties in general.**

Any proposed additions to sensitive areas and at-risk processes may therefore be made to the Chief Executive Officer.

## 4 GENERAL RULES OF CONDUCT, CONTROLS AND PROHIBITIONS

All Processes must be carried out in accordance with the laws in force and applicable to the Company, with the ethical principles defined in the Group Code of Ethics and the standards defined by UNI EN ISO 14001: 2004.

The concerned persons are therefore **obliged to**:

### 1) Observe:

- The provisions contained in Legislative Decree 152/2006 and subsequent amendments and integrations;
- The laws, regulations or other measures concerning environmental protection other than under the previous point, defined by Local Authorities (Region, Provincial, Municipalities), by the Italian State and by supranational bodies;
- The requirements of any environmental authorizations issued;

- 2) **Comply with the specific selection policies for companies providing** transport and waste disposal services as well as any other services having an impact on the environment, including works contracts or maintenance services;
- 3) **Ensure that selected Suppliers possess** not only **technical** and professional requirements but **also are of good repute and periodically assess their retention**;
- 4) **Comply with the Company's protocols and operating procedures/instructions** on environmental matters, specific to individual production units;

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<sup>86</sup> The methods and time-scales for communication and transmission of reports to the SB are defined in procedure No. 7 entitled "Procedure for the management of information flows to the SB", to which reference is made (Annex No. 2).

- 5) **Observe and scrupulously observe the general procedures** applicable to all the Company's production units/offices **as well as the specific procedures** adopted on the basis of identified and assessed environmental aspects;
- 6) **Coordinate and monitor compliance**, by Suppliers and other entities with contractual relations with the Company, with **the environmental measures defined by the Company**.

It is mandatory for **Plant Directors, with the support and technical expertise of their Environmental Manager to:**

- a) **Define and formalise an expenditure budget** for interventions at the reference unit (e.g. investments and maintenance) with an impact on the environment, identifying the criteria for allocating priorities and reviewing interventions and ensuring periodic monitoring of actual implementation;
- b) **Carefully assess the choice of equipment and facilities** according to the territorial context in which the production establishment is located (e.g. geomorphological, climatic);
- c) **Ensure the continuous correct functioning of technical - structural standards imposed by law** in relation to equipment, plant, the use of chemical, physical or biological agents and the handling of hazardous substances, adopting the necessary actions to ensure compliance with environmental legislation;
- d) **Assess whether the above technical-structural standards are adequate**, given the best available technology, to achieve compliance with existing laws, regulations and environmental authorizations;
- e) **Promote and implement all reasonable policies and/or initiatives aimed at reducing environmental risks and improving environmental performance;**
- f) **Develop and maintain a constructive cooperative relationship with public authorities and institutions** responsible for carrying out environmental control activities (e.g. Ministry of the Environment, Arpa, Local Authorities, Urban Planning Offices);
- g) **Also cooperate actively with public authorities and institutions** to report critical issues and identify appropriate solutions for continuous improvement and protection of the environment;
- h) **Programme education and training**, to provide adequate knowledge of applicable legislation and the actions required to ensure that the Company's activities are carried out in full compliance with applicable legislation;
- i) **Define specific procedures for the management of emergencies** with environmental impact and appropriate forms of communication;
- j) **Carry out periodic checks on compliance with the limits defined by law and ensure the traceability of the checks carried out** (periodic reporting and analyses carried out by third party entities);
- k) **Organize regular meetings** to discuss problems relating to the production site;

- l) **Report, without delay** to the Coordination Manager, the Manager of Corporate Legal Affairs and the Chief Executive Officer, **situations with anomalies or malfunctions that may pose a risk pursuant to the Decree** and indicate the corrective measures necessary to reduce risk exposure;

**The following are prohibited:**

- 1) **Conduct that could give rise to the types of offence** provided for in Article 25-*undecies*, and jeopardise the health and safety of workers, third parties and the community where the production unit is located;
- 2) **Conduct and/or acts contrary to rules, procedures and instructions regarding the environment that may damage the environment or the health and safety of persons inside and/or outside the Company.**

## **5 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY**

It should firstly be noted that the Company has adopted an Environmental Management System, which is based on the following components:

- Analysis of direct and indirect environmental aspects, including risks in anomalous and emergency conditions, assessing the significance and measures necessary their containment;
- Definition of the Company's Environmental Policy;
- Monitoring of objectives and improvement programmes;
- Analysis and continuous assessment of applicable legal requirements;
- Communication and periodic training of workers;
- Preparation of appropriate documents (Environmental Manuals), and/or
  - a) **GENERAL PROCEDURES** applicable to each production site, some of which relate to sensitive activities, including health and safety:
    - Environmental assessment;
    - Identification, updating and access to applicable legal requirements
    - Education, training and information of workers;
    - Management of Personal Protective Equipment (PPE)
    - Management of incidents and accidents;
    - Emergency management;
    - Management of chemicals and hazardous substances in general;
    - Management of contracted works;
    - Plant modifications;
    - The management of safety in the workplace;
    - Communication, participation and consultation on aspects of the environment for parties involved in business activities (e.g. employees, managers, suppliers).

- b) **SPECIFIC PROCEDURES** prepared on the basis of the risk analysis carried out at each unit to manage all environmental aspects, in an effective and efficacious manner;
- Supervision of compliance with the above procedures and operating instructions by workers.

The above system defines:

- (i) Roles and responsibilities in environmental matters, also in line with existing delegations of functions;
- (ii) Control activities involving staff working within the organization;
- (iii) The methods of communication and reporting of environmental performance;
- (iv) Procedures for recording activities in individual processes to ensure traceability and the presence of documents attesting to the operations and actions carried out by the persons involved

This system is periodically checked by the QESH Function and by certification bodies.

Given the existence of this System and the identification and assessment of residual risks, the Company considered it appropriate to adopt a:

#### **PROTOCOL**

- Environmental risk management

And also **specific PROTOCOLS** for each production unit.

To supplement the measures indicated in the Protocols are the following **PROCEDURES**:

- Administrative and accounting procedure for the Purchasing Cycle, with reference to the management of waste disposal firms/carriers and the methods of stipulating contracts for the supply of services and for the possible sale of waste;
- Administrative and accounting procedure for Assets, with regard to the divestment of assets.

## **6 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY**

The supervisory tasks of the SB with regard to compliance with the Model with reference to environmental offences are as follows:

- a) Proposals that existing procedures and instructions be updated to reflect the conduct identified in this Special Part.
- b) Proposals that the corporate procedures relating to the prevention of offences and offences of this Special Part are updated;
- c) Carrying out periodic checks on compliance with internal procedures;
- d) Examining any reports from one of the aforementioned persons having specific obligations and carrying out any necessary or appropriate investigations into the reports received;

- e) Promptly taking action on receipt of reports and/or news of orders to ascertain the general causes and the effective implementation of the existing measures, also with the support of QESH, Internal Audit and/or external consultants;
- f) Receive the Company's Annual Environmental Performance Reports.

## **SPECIAL PART No. 10 - OFFENCES AGAINST THE INDIVIDUAL**

## 1 OFFENCES AGAINST THE INDIVIDUAL

Law No. 228/2003 on measures against people trafficking introduced into the Decree Article 25-*quinqüies*, which provides for the application of administrative penalties on Entities for the perpetration of offences against the individual. Article 25-*quinqüies* has been the subject of various amendments over the years by subsequent regulatory measures (see Law No. 108/2010; Law No. 172/2012; Legislative Decree No. 24/2014, Legislative Decree No. 39/2014 and Law No. 199/2016).

In particular, it should be noted that with Law No. 199/2016 "*Provisions on combating phenomena of undeclared work, the exploitation of labour in agriculture and the realignment of remuneration in the agricultural sector*", the legislator introduced into Article 25-*quinqüies*, Article 603-bis of the Criminal Code. (Illegal intermediation and exploitation of labour), reformulating the conduct and decreeing "zero tolerance" against not only the intermediary, but also the employer that uses labour, through the tightening of penalties, the strengthening of the institution of confiscation and the intensification of controls throughout the territory.

Article 25-*quinqüies* therefore includes the following offences:

- ☐ Reduction to or maintenance in a state of slavery or servitude (Article 600 of the Italian Criminal Code);
- ☐ Child prostitution (Article 600-*ter* of the Criminal Code);
- ☐ Possession of pornographic material (Article 600-*quater*);
- ☐ Virtual pornography (Article 600-*quater* (1) of the Criminal Code);
- ☐ Tourism for the purpose of exploiting child prostitution – Article 600-*quinqüies* of the Italian Criminal Code);
- ☐ Trafficking in persons (Article 601 of the Italian Criminal Code);
- ☐ Purchase and sale of slaves (Article 602 of the Italian Criminal Code);
- ☐ Unlawful intermediation and exploitation of labour (Article 603-*bis*);
- ☐ Grooming of minors (Article 609-*undecies*).

As extensively indicated in the general part of the Model, pursuant to Article 6, paragraph 2, letter a) of the Decree, the managing body is required to identify the company activities within which a predicate offence could be committed incurring the administrative liability of the Company.

**With reference to the cases introduced in Article 25-*quinqüies*, the analyses carried out did not reveal a concrete risk of the perpetration of such offences in the context of the activities carried out by the Company, with the exception of the offence of "unlawful intermediation and exploitation of labour".**

Such an offence could exist even if the person who committed the offence contributed to its creation with persons outside the organization, such as, for example, suppliers to whom the Company entrusts



works, construction and/or services. In fact, there could be an advantage for the Company attributable to a reduction in corporate costs if it used labour agencies that perform illegal intermediation or if assigned a service, works or contract to a Supplier that has committed the offence in question.

The only possible offence for the company is set out below:

□ **Unlawful intermediation and exploitation of labour (Article 603-bis)**

The unlawful conduct consists in the performance of unlawful intermediation or the use, hiring or employment of labour, including through intermediaries, subjecting workers to conditions of exploitation and taking advantage of their state of need. The new formulation of the offence identifies the existence of one of the following conditions as an indication of exploitation:

- i. repeated payment of wages in a manner that is clearly at variance with national or territorial collective agreements concluded by the most representative trade unions at national level, or in any case disproportionate to the quantity and quality of the work performed;
- ii. repeated infringement of legislation on working hours, rest periods, weekly rest days, compulsory leave and holidays;
- iii. violations of workplace safety and hygiene legislation;
- iv. the subjection of workers to degrading working conditions, surveillance methods or housing conditions.

## 2 SENSITIVE AREAS AND PROCESSES FOR CRIMES AGAINST THE INDIVIDUAL

With reference to the conduct of “Unlawful intermediation and exploitation of labour”, the Company has carried out the necessary analyses of the corporate context and the processes and activities in which the conduct could - in abstract terms - be carried out. It therefore considered that the rules of conduct, organizational measures and controls adopted are appropriate in order to prevent the perpetration of offences, in the form of the following processes

### ***Processes at risk***

- Management of subcontracted staff;
- Management of relations with employment subcontracting companies,
- Qualification of Suppliers entrusted with services, works and/or construction.
- Management of contractual relationships with suppliers entrusted with services, works and/or construction.

Additions to the above risk areas and instrumental processes may be made by the Company's Board of Directors at the proposal of the Supervisory Body.

## 3 CONCERNED PERSONS OF THE SPECIAL PART

This Special Part is intended for all persons involved in the process of managing subcontracted staff assigned to the company, managing relations with the subcontracting recruitment companies, as well

as the qualification of suppliers entrusted with services, works and contracts and the respective checks of compliance with the contractual provisions.

## 4 GENERAL RULES

Employees and persons assigned to manage the activities they perform must be aware of and comply with:

- 1) In general, applicable Italian and foreign regulations;
- 2) The Ethical Principles adopted by the Company referred to in the Code of Ethics of the RDM Group;
- 3) The administrative and accounting procedures of the Parent Company adopted by the Company relating to the administrative management of staff, relations with companies providing subcontracted workers, and the qualification and verification (contractual and legal requirements) of suppliers entrusted with services, construction and contracts;
- 4) Company procedures, documentation and provisions concerning the company's organizational structure and the economic control system of management.

### Rules of conduct, controls and prohibitions

With reference to areas at-risk, the persons involved, delegates and possibly consultants and partners, in carrying out the required activities **must comply with**:

- The company's organizational system, which reflects the fundamental requirements of formalisation and clarity, communication and separation of roles, in particular as regards the attribution of responsibilities, representation, definition of hierarchical structures and operational activities;
- The operating and control rules defined:
  - To manage the subcontracted staff;
  - To ensure the traceability of training undergone by subcontracted staff pursuant to Legislative Decree 81/08;
  - To qualify potential Suppliers to whom services, works and/or construction within its production units are entrusted, including any subcontractors;
  - To obtain evidence that the Supplier/Sub-supplier staff employed in the performance of the service, work or construction have been duly recruited and trained to perform the activities assigned pursuant to Legislative Decree 81/08;
  - To govern the procedures for performance of the services provided by the Suppliers in specific contractual clauses, signed by the Parties;
  - To verify the effective performance of the service by the Supplier in accordance with legal and contractual provisions;

- To qualify and enter into contracts with only authorized employment subcontracting agencies.

Persons must also immediately report any request for undue advantage or attempted abuse it by any Third Party that they receive or simply become aware of. The Manager is required to send the report received to the competent Functions and to the Supervisory Body.

**It is therefore prohibited:**

- a) To engage in, cooperate or cause conduct which, taken individually or collectively, directly or indirectly includes the types of offences falling within those provided for in this Special Part of the Decree;
- b) To engage in conduct in violation of the Company's principles and procedures;
- c) To maintain relations with Suppliers that have perpetrated the conduct identified or that are party to such conduct by any sub-suppliers.

## **5 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY**

The Company has already adopted specific protocols:

- Staff selection, recruitment and management;
- Management of supplies and services, consultancy and professional assignments to Third Parties,

and within the administrative and accounting procedures of the Parent Company relating to the management of the Purchasing Cycle and to the administrative and accounting management of staff.

Since these measures were deemed appropriate and capable of preventing the perpetration of the offence of "unlawful intermediation and exploitation of labour", no further protocols and procedures were prepared.

## **6 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY**

The SB shall, in general, monitor the effectiveness and adequacy of this Part, and if necessary, subject to agreement with the parties involved, propose to the Board of Directors any necessary amendments and all adjustments deemed appropriate. The SB is specifically responsible for:

- a) Proposing that the instructions on the conduct to be followed within the Risk Areas, as identified in this Special Part, are updated.
- b) Carrying out periodic checks on compliance with internal procedures;
- c) Examining any reports from previously listed persons and recipients of tasks and duties and therefore to carry out any necessary or appropriate investigations into the reports received.

## **SPECIAL PART NO. 11 - TAX OFFENCES**

## 1 THE CASES OF TAX OFFENCES

Law No. 157 of 19 December 2019 published in the Official Gazette No. 301 of 24 December 2019 and subsequently amended by Legislative Decree No. 75/2020 introduced for the first time the provision for criminal liability of legal persons for whose benefit criminal conduct is committed in the field of taxation. It should be noted that before this amendment, the legislator did not include tax offences among those for which an entity may be held liable pursuant to Legislative Decree 231 of 8 June 2001 (hereinafter the “Decree”). Tax offences were therefore pursued through charging the Company with predicate offences such as money laundering, self-laundering and criminal association, including transnational offences, for the purpose of tax evasion.

Article 25-*quiquiesdecies*, entitled “Tax offences”, was then inserted into the body of the Decree, introducing, in the category of predicate offences incurring the administrative liability of legal persons, the following tax offences, provided for by Legislative Decree No. 74 of 10 March 2000. For such offences, the law provides for levying on Entities, the fines and the disqualifications established in Article 9, paragraph 2, letters c), d) and e) of Legislative Decree 231/2001 (i.e. the prohibition on contracting with the public administration, except in order to obtain the provision of a public service; the exclusion from concessions, financing, grants or subsidies and possible revocation of those already granted; the prohibition on advertising goods or services).

### ☐ **Fraudulent declaration using invoices or other documents for non-existent transactions (Article 2 of Legislative Decree No. 74/00)**

The offence is committed when anyone records fictitious liabilities in an annual tax or VAT return, in order to evade tax and, to this end, makes use of invoices or other documents relating to non-existent transactions. It should be noted in this regard that receipts, notes, invoices, contracts, transport documents, debit and credit notes relating to transactions not actually carried out in whole or in part, documents indicating fees or VAT to a greater extent than the actual amount, transactions referring to entities other than that invoking the expense, are understood as such. The conduct must be adopted in the interest and to the advantage of the Company. In this specific case, the objective is to recover the VAT paid, through one or more fictitious transactions and the use of shell companies.

The non-existence of transactions can be understood both in an objective sense, when the transactions were not carried out, and in a subjective sense, when they were carried out (and therefore the declaring person actually incurred the expense), but on behalf of one or more persons other than those named in the documents. This category also includes so-called “carousel fraud”.

For the offence of fraudulent declarations through the use of invoices or other documents based on non-existent transactions, Article 25-*quiquiesdecies* of Legislative Decree 231/2001 provides that a legal person is liable for a fine of up to five hundred penalty points, increased by one third if, following the perpetration of the above offences, the Entity has obtained a significant profit and the

disqualifications established in Article 9, paragraph 2, letters c), d) and e) of Legislative Decree 231/2001 are also applicable.

☐ **Fraudulent declaration by other forms of deception (Article 3 of Legislative Decree No. 74/00)**

The offence is committed when, in order to evade taxes on income or VAT, the perpetrator of the offence performs simulated operations, objectively or subjectively, or using false documents or other fraudulent means that could hinder the ascertainment and mislead the financial Administration; said person states a value of assets in the tax declarations of an amount less than the actual amount, or includes fictitious liabilities, payables and deductions, when both: a) the evaded tax, whether personal income or VAT, is higher, with respect to each of them, than thirty thousand Euro; b) the total amount of assets subtracted from the tax base, including by indicating fictitious liabilities, is greater than five per cent of the total amount of the assets indicated in the declaration, or in any case, is greater than one million five hundred thousand Euro; or if the total amount of the fictitious payables employed to reduce the tax base is greater than five percent of the amount of the tax or in any event, exceeds thirty thousand Euro.

The determining factor is that, in addition to making a false accounting statement, the perpetrator makes use of fraudulent means characterised by a particular degree of deception, consisting of the ability to hinder their detection, from the standpoint of both tax and criminal law.

For the offence of fraudulent declarations by other means, Article 25-*quinquiesdecies* of Legislative Decree 231/2001 provides that a legal person is liable for a fine of up to five hundred penalty points, increased by one third if, following the perpetration of the above offences, the Entity has obtained a significant profit and the disqualifications indicated in Article 9, paragraph 2, letters c), d) and e) of Legislative Decree 231/2001 are also applicable.

☐ **Issue of invoices or other documents for non-existent transactions (Article 8 of Legislative Decree No. 74/00)**

The offence is committed when, in order to allow third parties to evade income or value added taxes, the agent issues invoices or issues other documents for non-existent operations. The conduct requires that the invoice or document is outside the factual or legal scope of the issuer by delivery or sending to a potential third-party user who has not taken part in the perpetration of the falsification. It is relevant whether the recipient of the invoice or document states the relevant fictitious elements in the declaration, since the legislator conceived an independent class of offence that does not depend on the actual use by the third party of the false tax document and occurrence of actual tax evasion. Specific intent is required, i.e. The aim of facilitate tax evasion by third parties which, however, need

not be exclusive, “as the offence is also committed when the conduct is intended also to obtain a concomitant personal profit<sup>87</sup>”.

For the offence of issuing invoices or other documents for non-existent transactions, Article 25-*quinqüesdecies* of Legislative Decree 231/2001 provides for a fine of up to five hundred penalty points. If the untrue amount indicated in the invoices or documents for a tax period is less than one hundred thousand Euro (Article 8, paragraph 2-bis of Legislative Decree 74/2000), the fine is up to four hundred points.

The disqualifications provided for in Article 9, paragraph 2, letters c), d) and e) of Legislative Decree 231/2001 are also applicable.

#### ☐ **Concealment or destruction of accounting documents (Article 10 of Legislative Decree No. 74/00)**

The offence is committed when, in order to evade income tax or VAT, or to enable tax evasion by third parties, the agent conceals or destroys in whole or in part the accounting records or documents whose preservation is mandatory, so as to prevent reconstruction of the income or volume of business. The essential precondition for the commission of the offence is the prior preparation of such documentation by the taxpayer, of which evidence is required, as it is not possible to assume said prior preparation. Specifically, accounting records and documents whose preservation is mandatory are understood as documentation which is required by law in relation to the various categories of persons, and documentation which is legally required to be kept for the purposes of reconstructing income or turnover. Concealment postulates an activity designed to conceal such documentation as to cause unavailability, while destruction is understood as the physical elimination of the document, either through the total dismantling of the medium (physical or computer), or by the erasure or partial deletions intended to render it non-intelligible.

For such offences, Article 25-*quinqüesdecies* of Legislative Decree 231/2001 provides that a legal person is liable to pay a fine of up to four hundred units and the disqualifications indicated in Article 9, paragraph 2, letters c), d) and e) of Legislative Decree 231/2001 are also applicable.

#### ☐ **Fraudulent evasion of payment of taxes (Article 11 of Legislative Decree 74/00)**

The offence is committed when, in order to avoid the payment of income or value added taxes or interest or administrative penalties relating to such taxes of a total amount exceeding fifty thousand Euro, the agent deceives or performs other fraudulent acts relating to its assets, capable of rendering the compulsory collection procedure ineffective in whole or in part. In order to supplement the offence, it is not necessary, at the time when the criminal acts are committed, for there to be an ongoing

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<sup>87</sup> Supreme Court, Criminal Section III, 24 May 2019, No. 39316

enforced collection procedure or even only an assessment procedure. Finally, the provision expressly requires that the conduct is capable of rendering the compulsory collection procedure ineffective in whole or in part, regardless of whether this objective is actually achieved.

According to case law, any conduct which, even if formally lawful, is nevertheless characterised by elements of deception or subterfuge, must be considered fraudulent, i.e. it must be recognised an expedient has been employed that was designed to exclude asset guarantees from enforcement procedures.

For such offences, Article 25-*quinquiesdecies* of Legislative Decree 231/2001 establishes that a fine of up to four hundred penalty units is imposed on the legal person and that the fine is increased by one third if the entity has obtained a significant profit as a result of the perpetration of the aforementioned criminal tax offences.

#### ☐ **Misrepresentation (Article 4 of Legislative Decree 74/2000)**

The offence is committed if, in order to evade tax on income or value added tax, assets for an amount less than the actual amount or non-existent liabilities are recorded in one of the Company's annual returns relating to these taxes, when, both: a) the tax evaded is higher, with reference to any of the individual taxes, than one hundred thousand Euro; b) the total amount of assets subtracted from the basis of taxation, including by indication of non-existent liabilities, is higher than ten per cent of the total amount of the assets indicated in the return, or in any case, is higher than two million Euro. No account is taken of incorrect classification, of the valuation of objectively existing assets or liabilities, with respect to which the concretely applied criteria have nevertheless been indicated in the financial statements or in other documentation relevant for tax purposes, of the violation of the criteria for determining the year in question, of the non-relevance, of the non-deductibility of actual liabilities.. Assessments which taken together do vary by less than 10% from the correct assessments do not give rise to the imposition of penalties.

#### ☐ **Failure to make a Declaration (Article 5 of Legislative Decree No. 74/2000)**

The offence is committed if anyone, for the purpose of evading income or value added tax, does not submit, having been obliged to do so: (i) one of the declarations relating to such taxes, when the evaded tax is higher, with respect to any of the individual taxes, than fifty thousand Euro; (ii) the withholding tax declaration, when the amount of unpaid withholdings exceeds fifty thousand Euro.

A declaration submitted within ninety days of the expiry of the deadline or not signed or not drawn up on a printed form conforming to the prescribed model shall not be considered as failure to make a tax return.

#### ☐ **Undue offsetting (Article 10-quater of Legislative Decree No. 74/2000)**



The offence arises if the sums due are not paid, by offsetting, pursuant to Article 17 of Legislative Decree No. 241 of 9 July 1997, receivables not due, for an annual amount exceeding fifty thousand Euro.

Given the introduction of these new offences, pursuant to Article 6, paragraph 2, letter a) of the Decree, the management body has identified the areas and processes within which conduct may be committed, which it considers cannot be excluded a priori.

## **2 SENSITIVE AREAS AND PROCESSES FOR CRIMES AGAINST THE INDIVIDUAL**

The Company has carried out specific risk assessments identifying the processes and activities in which the offence could - in abstract terms - be committed and has analysed the control system already adopted for the management of accounting management processes.

Specifically, administrative and accounting procedures were found to ensure the following control principles: (a) Defined authorization levels: i.e. clear and formalised 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; (a) Division of tasks assigned: i.e. maintaining a mechanism of *maker* and *checker* by correctly distributing responsibilities and activities, in order to avoid functional overlaps or operational allocations that focus critical activities on a single individual; (c) Operational, control and supervision activities formalised and performed correctly, on the basis of objective criteria and through the presence of security mechanisms able to ensure adequate protection and physical access to the data and corporate applications used, that are appropriate and in accordance with the duties assigned. Decision-making processes related to predefined objective criteria; (d) Traceability of actions, operations and transactions through adequate documentary or IT support.

In addition, the supporting management and accounting system makes it possible to document and trace the operations carried out and carry out checks on the areas and activities considered to be at greater risk of offence.

### ***Processes at risk***

- Keeping of accounts;
- Intercompany service and goods management;
- Management of the supply of goods, services and consultancy and professional services;
- Management of bonuses to customers, returns and complaints;
- Management of cash inflows and outflows;
- Management of the issue of shipping documents and related invoices for the sale of goods;
- Management of functionalities in the accounting system;
- Management of access to the accounting system and electronic invoicing system;
- Management of the functionalities in the electronic invoicing management system;

- Management and filing of accounting documents;
- Management of tax obligations;
- Management of tax dispute;
- Management of bank sureties and guarantees;
- Management of extraordinary transactions.

Corporate management/Functions/organizational units involved in the implementation of the Processes/Activities described above are:

- Corporate Administration, Finance and Control and the units that perform administrative services at the production plants;
- Corporate Purchasing and Logistics;
- Corporate Sales & Marketing;
- Corporate Legal;
- The Customer Technical Support Department (ATC);
- Plant Management;
- Corporate Information Technology

Additions to the above risk areas and instrumental processes may be made by the Company's Board of Directors at the proposal of the Supervisory Body.

### **3 GENERAL RULES**

Employees and persons assigned to manage the above activities must be aware of and comply with:

- 1) In general, applicable Italian and foreign regulations;
- 2) The Ethical Principles adopted by the Company referred to in the Code of Ethics of the RDM Group;
- 3) The protocols (annex 3 to the Model);
- 4) The administrative and accounting procedures relating to the management of the assets and Purchasing Cycle, inventory, treasury management and finance cycle and the closure of the accounting data for the period for the purposes of calculating taxes and the various legally binding tax obligations;
- 5) The Group guidelines with reference to the policy for the management of intra-group transactions, the management of returns and complaints and premiums to customers and inventory procedures;
- 6) Procedures relating to the management of IT processes with reference to the management of access to the accounting system, back-up methods for data in the accounting system, the use of software for electronic invoicing, the management, filing and saving of accounting documents in electronic format;

- 7) The procedure for managing extraordinary transactions;
- 8) The Procedure for regulating Related Party Transactions approved by the Board of Directors of RDM S.p.A.;

### **Rules of conduct, controls and prohibitions**

With reference to areas at-risk, the persons involved, delegates and possibly consultants and partners, in carrying out the required activities **must comply with**:

- The company's organizational system, which reflects the fundamental requirements of formalisation and clarity, communication and separation of roles, in particular as regards the attribution of responsibilities, representation, definition of hierarchical structures and operational activities;
- The operating and control rules defined for the keeping of accounts, the filing and management of accounting documents, the communication of tax returns;

**Competent and appointed persons** working in sensitive areas have an **OBLIGATION**:

- To act correctly, transparently and collaboratively, in compliance with the law and internal company protocols and procedures, in all **activities for the formation of accounting and tax documents**;
- To act correctly, in compliance with the law and internal company procedures, paying **maximum attention and accuracy in the acquisition, processing and illustration of accounting and tax data and information**;
- **To cooperate with the Authorities** during any inspections, identifying within the company, from time to time, for each inspection, a person responsible for ensuring coordination between the personnel of the various business units in order to ensure that the latter perform their duties correctly;

Persons must also immediately report any request for undue advantage or attempted abuse it by any Third Party that they receive or simply become aware of. The Manager is required to send the report received to the competent Functions and to the Supervisory Body.

### **It is therefore prohibited:**

- d) To engage in, cooperate or cause conduct which, taken individually or collectively, directly or indirectly includes the types of offences falling within those provided for in this Special Part of the Decree;
- e) To engage in conduct in violation of the Company's principles and procedures;
- f) To maintain relations with Suppliers that have perpetrated the conduct identified or that are party to such conduct committed by any sub-suppliers.

## 4 PROTOCOLS, PROCEDURES AND CODES ADOPTED BY THE COMPANY

The Company has already adopted specific protocols:

- Keeping of accounts;
- Management of supplies and services, consultancy and professional assignments to Third Parties,

as well as within the Company's administrative and accounting procedures relating to the management of the Cycle, Purchase Cycle, Warehouse, Treasury and Finance Management, and the closure of the accounting data for the period for the purposes of calculating taxes and fulfilling the various legally binding tax obligations;

Based on the sensitive processes identified, **the Company considered that the following are capable of providing a reasonable guarantee of prevention of tax offences:**

- **Administrative procedures - accounting statements prepared by the Head Financial Reporting Officer** pursuant to Law 262 of 28 December 2005;
- **Procedure governing Related Party Transactions;**
- **Procedure for the management of extraordinary transactions;**
- **The Protocols** "Supply management, services, consultancy and professional assignments", "Management of financial resources", "Bookkeeping, preparation of financial statements and other related activities".

**However, it considered it appropriate to supplement these organizational and procedural measures with:**

### **PROTOCOL:**

- Tax management;

### **Procedure:**

- Management of intercompany transactions.

## 5 INSTRUCTIONS AND CHECKS BY THE SUPERVISORY BODY

The SB shall, in general, monitor the effectiveness and adequacy of this Part, and if necessary, subject to agreement with the parties involved, propose to the Board of Directors any necessary amendments and all adjustments deemed appropriate. The SB is specifically responsible for:

- d) Proposing that the instructions on the conduct to be followed within the Risk Areas, as identified in this Special Part, are updated.
- e) Carrying out periodic checks on compliance with internal procedures;

- f) Examining any reports from previously listed persons and recipients of tasks and duties and therefore to carry out any necessary or appropriate investigations into the reports received.

## **ANNEXES**

## **ANNEX 1 – CODE OF ETHICS**

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



## **ANNEX 3 – PROTOCOLS**

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