Summary

Compiled by, on	Verified by, on	Approved by, on
SMILAB S.r.l. Amanda Lava 25/05/2024	R-SQ Elisabet Zanini 25/05/2024	Board of Directors G. Dubbini, M. Dubbini, P. Dubbini 13/06/2024

1.0 Relevance Management System (Quality – Safety – Environment)

Quality - Safety - Environment

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2.0 Objective

Illustrate the characteristics of Legislative Decree 231/01, the organisational structure, the supervisory body, the disciplinary system, the adoption/supervision/updating and information/training regarding the administration and management model.

3.0 Scope

Liability for administrative offences dependent on crime.

4.0 Exclusions

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5.0 Liability

CDA is responsible for managing the model, R-SQ is responsible for maintaining the update within the management system.

As required by the Diachem Model, each manager of the company is required to report to the Supervisory Body the commission of crimes relevant for the purposes of Legislative Decree 231/01 and acts, behaviors and events that may lead to a violation of the Model and the Code of Ethics, or more generally are relevant for the purposes of the best effectiveness and effectiveness of the Model itself. Each corporate function to which a certain role has been assigned in one of the phases of the processes indicated herein must promptly report to the SB any conduct that differs from that described in the process and the reasons that made such deviation necessary or appropriate.

6.0 Distribution list (*in the absence of "R-" "ASS-" etc in the code means the entire functional group*)

Controlled distribution	Uncontrolled distribution	Visibility
-	Apical (R-function)	All users

7.0 Main direct documentary references

Input	Output
DSG-SG001 GLOSSARY - DSG-SG001 GLOSSARY - DSG-SG352 CODE OF ETHICS AND CONDUCT DIACHEM S.P.A. - DSG-SG353 CODE OF ETHICS - PSG-SG024 ORGANIZATION CHART AND DEFINITION OF THE STRUCTURE/RESPONSIBILITIES - PSG-SG024 ORGANIZATION CHART AND DEFINITION OF THE STRUCTURE/RESPONSIBILITIES	DSG-SG355 ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/01 - SPECIAL PARTS - - DSG-SG356 Organisation, management and control model ex. Legislative Decree 231/01 - User training dispensation - DSG-SG357 Organisation, management and control model ex. Legislative Decree 231/2001 - Notification format to internal and external parties

8.0 Main references to applicable legislation

ISO Standards for Quality, Safety and Environmental Management Systems;

Consolidated Law on Safety in the Workplace;

Consolidated Environment Act;

Control of the hazard of major accidents involving dangerous substances (Seveso);

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Legislative Decree 231/01 Administrative liability for crime;

Rif. MSG-SG123 Register of Legislation.

9.0 Description of changes to the superseded document – updated document

Updating of the document following the entry into force of Legislative Decree 24/23 and the introduction in the catalogue of predicate offences of the offences provided for in art. 24, 25-ter, 25-octies, 25-octies.1, 25-septiesdecies, 25-undecies, 25-duodevicies.

10.0 Operating Modes

CHAPTER 1: DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 Introduction

With Legislative Decree no. 231 of 8 June 2001 (hereinafter, "Legislative Decree no. no. 231/2001" or the "Decree"), in implementation of the delegation conferred on the Government by art. 11 of Law no. 300 of 29 September 2000[1], the discipline of the "*liability of entities for administrative offences dependent on crime*" has been dictated.

In particular, this discipline applies to entities with legal personality, companies and associations, including those without legal personality.

Legislative Decree no. 231/2001 finds its primary genesis in some international and EU conventions ratified by Italy which require to provide for forms of liability of collective entities for certain types of crime. According to the regulations introduced by the Decree, in fact, companies can be held "liable" for certain crimes committed or attempted, also in the interest or to the advantage of the companies themselves, by members of the company's top management (the so-called "top management" or simply "top management") and by those who are subject to the management or supervision of the latter (art. 5, paragraph 1, of Legislative Decree no. no. 231/2001).[2]

The administrative liability of companies is autonomous from the criminal liability of the natural person who committed the crime and is associated with the latter.

This extension of liability essentially aims to involve in the punishment of certain crimes the assets of the companies and, ultimately, the economic interests of the shareholders, who, until the entry into force of the Decree in question, did not suffer direct consequences from the commission of crimes committed, in the interest or to the advantage of their company, by directors and/or employees[3].

Legislative Decree no. 231/2001 innovates the Italian legal system as both pecuniary and disqualification sanctions are now directly and autonomously applicable to companies in relation to crimes ascribed to persons functionally linked to the company pursuant to art. 5 of the decree.

The administrative liability of the company is, however, excluded if the company has adopted and effectively implemented, before the commission of the crimes, organizational, management and control models suitable

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1 *Legislative Decree no. no. 231/2001 is published in the Official Gazette no. 140 of 19 June 2001; Law 300/2000 in the Official Gazette of 25 October 2000, no. 250.*

2 *Article 5, paragraph 1, of Legislative Decree no. no. 231/2001: "Liability of the entity – The entity is liable for crimes committed in its interest or to its advantage: a) by persons who hold representation, administration or management functions of the entity or of one of its organizational units with financial and functional autonomy as well as by persons who exercise, even de facto, the management and control of the same; b) by persons subject to the direction or supervision of one of the subjects referred to in letter a)".*

3 *Thus the introduction of the Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree no. 231/2001 of Confindustria, released on 7 March 2002, supplemented on 3 October 2002 with an appendix relating to the so-called corporate offences (introduced in Legislative Decree no. 231/2001 with Legislative Decree no. 61/2002) and last updated in June 2021.*

for preventing the crimes themselves; these models can be adopted on the basis of codes of conduct (Guidelines) drawn up by the associations representing companies, including Confindustria, and communicated to the Ministry of Justice.
The administrative liability of the company is, in any case, excluded if the top management and/or their subordinates have acted in their own exclusive interest or in the interest of third parties.

1.2 Nature and Liability

With reference to the nature of administrative liability *pursuant* to Legislative Decree no. 231/2001, the Explanatory Report to the decree underlines the "*birth of a* tertium genus *that combines the essential features of the criminal and administrative systems in an attempt to reconcile the reasons of preventive effectiveness with those, even more inescapable, of the maximum guarantee*".
Legislative Decree no. 231/2001 has, in fact, introduced into our legal system a form of liability of companies of an "administrative" type but with numerous points of contact with a "criminal" liability – in compliance with the dictate of art. 27, first paragraph, of our Constitution[4].
In this sense, see – among the most significant – arts. 2, 8 and 34 of Legislative Decree no. no. 231/2001 where the former reaffirms the principle of legality typical of criminal law; the second affirms the autonomy of the liability of the entity with respect to the ascertainment of the responsibility of the natural person who is the author of the criminal conduct; the third provides for the circumstance that that liability, dependent on the commission of a crime, is established in the context of criminal proceedings and is, therefore, assisted by the guarantees proper to criminal proceedings. Consider, moreover, the afflictive nature of the sanctions applicable to the company.

1.3 Offenders: persons in a top position and persons subject to management

As mentioned above, according to Legislative Decree no. 231/2001, the company is liable for crimes committed in its interest or to its advantage:

1. by "persons who hold representation, administration or management functions of the entity or of one of its organizational units endowed with financial and functional autonomy as well as by persons who exercise, even de facto, the management and control of the entity itself" (the above-defined persons "in a top" or "top" position; art. 5, paragraph 1, letter a), of Legislative Decree no. no. 231/2001);
2. by persons subject to the management or supervision of one of the top management (the so-called subjects subject to the management of others; art. 5, paragraph 1, letter b), of Legislative Decree no. no. 231/2001).

It should also be reiterated that the company is not liable, by express legislative provision (Article 5, paragraph 2, of Legislative Decree no. 231/2001), if the persons indicated above have acted in their own exclusive interest or in the interest of third parties[5].

1.4 Offences

On the basis of Legislative Decree no. 231/2001, the entity can only be held liable for the offences expressly referred to in art. 24/25-duodevicies of Legislative Decree no. 231/2001, if committed in its interest or to its advantage by qualified persons *pursuant* to Article 5, paragraph 1, of the Decree itself or in the case of specific legal provisions that refer to the Decree, as in the case of art. 10 of Law no. 146/2006.

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4 *Art. 27 paragraph 1 of the Constitution of the Italian Republic: "Criminal responsibility is personal".*

5 *The Explanatory Report to Legislative Decree no. no. 231/2001, in the part relating to art. 5, paragraph 2, Legislative Decree no. no. 231/2001, states: "The second paragraph of Article 5 of the scheme borrows from letter e) of the delegation the closure clause and excludes the liability of the entity when natural persons (whether senior management or subordinates) have acted in their own exclusive interest or in the interest of third parties. The rule stigmatizes the case of "breaking" the organic identification scheme; that is, it refers to cases in which the crime of the natural person is in no way attributable to the entity because it was not carried out even in part in the interest of the latter. And it should be noted that, where the manifest extraneousness of the legal person is thus established, the judge will not even have to verify whether the legal person has by chance taken an advantage (the provision therefore operates in derogation from the first paragraph)."*

The cases can be included, for the sake of exposition, in the following categories:

- **undue receipt of disbursements, fraud to the detriment of the State, a public body or the European Union or to obtain public disbursements, computer fraud to the detriment of the State or a public body and fraud in public supplies,** pursuant to art. 24 of Legislative Decree 231/01[6];
- **computer crimes and unlawful data processing.** Article 24-bis of the Decree provides for the administrative liability of the company in relation to the crimes referred to in Arts. 615-ter, 615-quarter, 615-quinquies, 617-quarter, 617-quinquies, 635-bis, 635-ter, 635-quarter, *635-quinquies and 640-quinquies* of the Criminal Code. In art. 24 of Legislative Decree 231/01 also includes the offence provided for in Article 1, paragraph 11 of Legislative Decree 105/2019. concerns the violation of the rules on the National Cyber Security Perimeter;
- **crimes of organized crime.** Article 24-ter of the Decree establishes the extension of the liability of the entity also with reference to the crimes provided for by articles 416 paragraph 6, 416-bis, 416-ter and 630 of the Criminal Code (Criminal Code) and the crimes provided for in article 74 of the consolidated text referred to in Presidential Decree no. 309 of 9 October 1990. Reference is then made to art. 600, 601, 601-bis, 602, 407 of the Criminal Code, art.2 of Law 110 of 18 April 1975 and art. 73 of Presidential Decree 309/1990;
- **embezzlement, bribery, undue inducement to give or promise benefits, corruption and abuse of office.** This is the first group of crimes identified by Legislative Decree no. 231/01 in Article 25, subsequently amended by Law no. 3 of 2019 and Legislative Decree 75/2020[7];
- **counterfeiting of coins, public credit cards, revenue stamps and identification instruments or signs.** These are the crimes against public faith and the crimes of counterfeiting provided for and referred to in Article 25-bis of Legislative Decree 231/2001, inserted by Law Decree No. 350 of 25/09/2001 art. 6 and converted, with amendments, by Law No. 99 of 2015[8];

6*Heading replaced in accordance with the provisions of art. 5, paragraph 1, letter a) no. 1) of Legislative Decree 75/2020. These are the following crimes: embezzlement of public funds (Article 316-bis of the Criminal Code), undue receipt of public funds (Article 316-ter of the Criminal Code), fraud to the detriment of the State or other public body or the European Communities (Article 640, paragraph 2, no. 1 of the Criminal Code), aggravated fraud to obtain public funds (Article 640-bis of the Criminal Code), computer fraud to the detriment of the State and other public bodies (Article 640-ter of the Criminal Code), fraud in public procurement (Article 356 of the Criminal Code), fraud against the European Agricultural Fund (Article 2 of Law No. 898 of 23/12/1986, introduced by Legislative Decree 75/2020), disturbed freedom of tenders (Article 353 of the Criminal Code, introduced by Law 137/2023) and disturbed freedom of the procedure for choosing the contractor (Article 353-bis, introduced by Law 137/2023). The crimes referred to in art. 316-bis, 316-ter, 640-bis were amended by Legislative Decree 13/2022.*

7*This category includes the crimes of embezzlement (Article 314 of the Criminal Code, paragraph 1), embezzlement by profiting from the error of others (Article 316 of the Criminal Code), bribery (Article 317 of the Criminal Code), corruption for the exercise of the function and corruption for an act contrary to official duties (Articles 318, 319 and 319-bis of the Criminal Code), corruption in judicial acts (Article 319-ter of the Criminal Code), undue inducement to give or promise benefits (Article 319-quarter of the Criminal Code), corruption of a person in charge of a public service (Article 320 of the Criminal Code), crimes of bribery (Article 321 of the Criminal Code), incitement to corruption (Article 322 of the Criminal Code), bribery, corruption and incitement to corruption of members of the bodies of the European Communities and officials of the European Communities and of foreign States (Article 322-bis of the Criminal Code), abuse of office (Article 323 of the Criminal Code).*

8*Article 25-bis was introduced into Legislative Decree no. 231/2001 by art. 6 of Legislative Decree 350/2001, converted into law, with amendments, by art. 1 of Law 409/2001. These are the offences of counterfeiting coins, spending and introducing into the State, after concert, counterfeit coins (Article 453 of the Criminal Code), alteration of coins (Article 454 of the Criminal Code), spending and introducing into the State, without concert, counterfeit coins (Article 455 of the Criminal Code), spending counterfeit coins received in good faith (Article 457 of the Criminal Code), falsification of revenue stamps, introduction into the State, purchase, possession or putting into circulation of falsified revenue stamps (Article 459 of the Criminal Code), counterfeiting of watermarked paper used for the manufacture of public credit cards or revenue stamps (Article 460 of the Criminal Code), manufacture or possession of watermarks or instruments intended for the counterfeiting of coins, revenue stamps or watermarked paper (Article 461 of the Criminal Code), use of counterfeit or altered revenue stamps (Article 464 of the Criminal Code). Law no. 99 of 23 July on "Provisions for the development and internationalisation of companies, as well as on energy" in art. 15 paragraph 7, amended art. 25-bis, which now also punishes*

- **crimes against industry and commerce.** Article 25-bis.1 of the decree provides for the administrative liability of the company in relation to the crimes referred to in articles 513, 513-bis, 514, 515, 516, 517, 517-ter and 517-quarter of the Criminal Code;
- **corporate crimes**. Legislative Decree no. 61 of 11 April 2002, as part of the reform of company law, provided for the extension of the regime of administrative liability of entities also to certain corporate crimes (such as false corporate communications, unlawful influence on the shareholders' meeting, referred to in Article 25-ter *of* Legislative Decree no. 231/2001); [9]
- **crimes relating to terrorism and subversion of the democratic order** (referred to in Article 25-quarter *of* Legislative Decree No. 231/2001, introduced by Article 3 of Law No. 7 of 14 January 2003). These are the "*crimes with the purpose of terrorism or subversion of the democratic order, provided for by the Penal Code and special laws*", as well as the crimes, other than those indicated above, "*which have in any case been carried out in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism made in New York on December 9, 1999*")[10];

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the counterfeiting and alteration of trademarks or distinctive signs (art. 473 of the Criminal Code) as well as the introduction into the State of products with false signs (art. 474 of the Criminal Code). Finally, Legislative Decree 125/2016 provides provisions on the criminal protection of the euro against counterfeiting in implementation of Directive 2014/62/EU.

9*Article 25-ter was introduced in Legislative Decree 231/2001 by Article 3 of Legislative Decree no. 61/2002. These are the offences of false corporate communications (Article 2621 of the Italian Civil Code as amended by Article 30 of Law No. 262 of 28 December 2005) and false corporate communications to the detriment of shareholders or creditors (Article 2622 of the Italian Civil Code, as amended by the second paragraph of Article 30 of Law No. 262 of 28 December 2005), falsehood in the reports or communications of auditing firms (Article 2624 of the Italian Civil Code; Article 35 of Law No. 28 December 2005, no. 262 prefaced Article 175 of the consolidated text referred to in Legislative Decree no. 58 of 24 February 1998, as amended, in Part V, Title I, Chapter III, art. 174-bis and 174-ter), impeded control (art. 2625, second paragraph, of the Italian Civil Code), fictitious formation of capital (art. 2632 of the Italian Civil Code), undue restitution of contributions (art. 2626 of the Italian Civil Code), illegal distribution of profits and reserves (art. 2627 of the Italian Civil Code), unlawful transactions on shares or quotas of the company or of the parent company (art. 2628 of the Italian Civil Code), transactions to the detriment of creditors (art. 2629 of the Italian Civil Code), failure to communicate the conflict of interest (Article 2629-bis of the Italian Civil Code, introduced by Article 31, first paragraph, of Law No. 262 of 2005, which supplemented letter r) of Art. 25-ter of Legislative Decree no. 231/2001), undue distribution of corporate assets by liquidators (Article 2633 of the Italian Civil Code), corruption between private individuals (Article 2635 of the Italian Civil Code), unlawful influence on the shareholders' meeting (Article 2636 of the Italian Civil Code), rigging (Article 2637 of the Italian Civil Code), obstruction of the exercise of the functions of public supervisory authorities (Article 2638 of the Italian Civil Code), in the newly worded provisions. The legislative decree, definitively approved by the Council of Ministers in the session of 22 January 2010 and awaiting publication in the Official Gazette, which implements Directive 2006/43/EC on statutory auditing, in repealing Article 2624 of the Italian Civil Code and amending Article 2625 of the Italian Civil Code, does not coordinate with Article 25-ter of Legislative Decree no. 231.*
Article 12 of Law No. 69 of 27 May 2015 introduced some amendments to the provisions on the administrative liability of entities in relation to corporate crimes that provide for the amendment and integration of Article 25 ter of Decree 231/01. Amended Art.2621 "False corporate communications" and introduced Art. 2621 bis "Minor facts" of the Civil Code. Legislative Decree 38/2017 amended art 2635 and added art 2635 bis of the CC "incitement to corruption between private individuals"

10 *Article 25-quarter was introduced into Legislative Decree no. 231/2001 by art. 3 of Law no. 7 of 14 January 2003. These are "crimes with the purpose of terrorism or subversion of the democratic order, provided for by the Penal Code and special laws", as well as crimes, other than those indicated above, "which have in any case been carried out in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism made in New York on 9 December 1999". This Convention punishes anyone who, illegally and maliciously, provides or collects funds knowing that the same will be, even partially, used to carry out: (i) acts aimed at causing the death - or serious injury - of civilians, when the action is aimed at intimidating a population, or coercing a government or an international organization; (ii) acts constituting a criminal offence within the meaning of the conventions on: flight and navigation safety, protection of nuclear material, protection of diplomatic agents, suppression of attacks by the use of explosives. The category of "crimes with the purpose of terrorism or subversion of the democratic order, provided for by the Penal Code and special laws" is mentioned by the Legislator in a generic way, without indicating the specific rules whose violation would entail the application of this article. In any case, it is possible to identify as the main predicate crimes art. 270-bis of the Criminal Code (Associations with the purpose of terrorism, including international terrorism or subversion of the democratic order) which punishes those who promote, establish, organize, direct or finance associations that propose to carry out violent acts with terrorist or subversive purposes, and art. 270-ter of the Criminal Code (Assistance to members) which punishes those who give shelter or provide food,*

- **crimes against life and individual safety.** Article 25-quarter *1* of the Decree provides for the practices of mutilation of the female genital organs referred to in Article 853-bis of the Criminal Code among the crimes with reference to which the administrative liability of the company is attributable;
- **crimes against the individual personality,** indicated by Legislative Decree 231/01 in art.25-quinquies. This category includes crimes such as child prostitution, child pornography, human trafficking and enslavement. Art. 25-quinquies was introduced into the Decree by Article 5 of Law No. 228 of 11 August 2003 and amended by Law No. 196/2016 and Legislative Decree No. 21/2018[11];
- **market abuse**, referred to in Article 25-sexies of the Decree, as introduced by Article 9 of Law No. 62 of 18 April 2005 ("*Community Law 2004*"), subsequently amended by Legislative Decree 107/2018 and Law 238/2021[12];
- **crimes relating to crimes of manslaughter and serious or very serious culpable injuries, committed in violation of the rules on the protection of health and safety at work.** Article 25-septies [13] provides for the administrative liability of the company in relation to the crimes referred to in Articles 589 and 590, third paragraph, of the Criminal Code committed in violation of accident prevention regulations and on the protection of hygiene and health at work;
- **crimes of receiving stolen goods, laundering and use of money, goods or utilities of illegal origin and self-laundering.** Article 25-octies[14] of the Decree establishes the extension of the liability of the entity also with reference to the crimes provided for by articles 648, 648-bis and 648-ter and 648-ter.1 of the Criminal Code[15] ;
- **offences relating to non-cash payment instruments**. Article 25-octies.1, added by Legislative Decree 184/2021, introduced the liability of the entity for the crimes provided for by Articles 493-ter, 493-quarter, 640-ter and 512-bis of the Criminal Code[16];

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hospitality, means of transport, means of communication to any of the people who participate in associations with terrorist or subversive purposes.

11*Art. 25-quinquies was introduced in Legislative Decree no. no. 231/2001 by art. 5 of Law no. 228 of 11 August 2003. These are the crimes of reduction or maintenance in slavery or servitude (Article 600 of the Criminal Code), trafficking in persons (Article 601 of the Criminal Code), purchase and alienation of slaves (Article 602 of the Criminal Code), crimes related to child prostitution and its exploitation (Article 600-bis of the Criminal Code), child pornography and its exploitation (Article 600-ter of the Criminal Code), possession of pornographic material produced through the sexual exploitation of minors (Article 600-quarter of the Criminal Code), tourist initiatives aimed at the exploitation of child prostitution (Article 600-quinquies of the Criminal Code), crime of illegal intermediation and exploitation of labour (Article 603 bis of the Criminal Code), solicitation of minors (Article 609-undecies of the Criminal Code).*

12 *The rule provides that the company may be held liable for the crimes of insider dealing (Article 184 of the TUF) and market manipulation (Article 185 of the TUF). According to art. 187-quinquies of the TUF, the entity may also be held liable for the payment of a sum equal to the amount of the administrative fine imposed for the administrative offences of insider dealing (Article 187-bis of the TUF) and market manipulation (Article 187-ter of the TUF), if committed, in its interest or to its advantage, by persons belonging to the categories of "top management" and "persons subject to the direction or supervision of others".*

13 *Article added by art. 9 of Law no. 123 of 3 August 2007.*

14 *Article 63, paragraph 3, of Legislative Decree No. 231 of 21 November 2007, published in the Official Gazette No. 290 of 14 December 2007, S.O. No. 268, implementing Directive 2005/60/EC of 26 October 2005 and on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as well as Directive No. 2006/70/EC, which contains the implementing measures, introduced the new article in Legislative Decree no. 231 of 8 June 2001, which provides, in fact, for the administrative liability of the entity even in the case of crimes of receiving stolen goods, money laundering and use of money, goods or utilities of illegal origin., as well as self-laundering (Article 648 ter. 1 of the Criminal Code introduced by Law 186/2014).*

15 *All articles have been amended by Legislative Decree 195/2021.*

16*Law 137 of 2023 introduced the offence provided for by Article 512-bis, which punishes with imprisonment from two to six years those who, in a fictitious way, attribute to themselves or others the ownership or availability of money, goods or other utilities with*

- **crimes relating to copyright infringement.** Article 25-nonies of the Decree provides for the administrative liability of the company in relation to the crimes referred to in Articles 171, first paragraph, letter a-bis), and third paragraph, 171-bis, 171-ter and 171-septies, 171-octies of Law no. 633 of 22 April 1941;
- **inducement not to make declarations or to make false declarations to the Judicial Authority** (Article 377-bis of the Criminal Code), referred to in Article 25-decies of the Decree[17];
- **environmental crimes.** Article 25-undecies of the Decree provides for the administrative liability of the company in relation to the crimes referred to in Articles 727-bis, 733-bis and 452-bis of the Criminal Code, some articles provided for by Legislative Decree No. 152/2006 (Consolidated Law on Environmental Matters), some articles of Law No. 150/1992 on the protection of endangered animal and plant species and dangerous animals, art. 3, paragraph 6, of Law no. 549/1993 on the protection of stratospheric ozone and the environment and some articles of Legislative Decree no. No 202/2007 on pollution from ships;[18]
- **offences for the employment of illegally staying third-country nationals**. Art. Article 25-duodecies of the Decree provides for the administrative liability of the company in relation to the offences referred to in art. 22, paragraph 12-bis of Legislative Decree 286/1998, art. 12, paragraph 3, 3-bis, 3-ter of Legislative Decree 286/1986, and art.12, paragraph 5, of Legislative Decree 286/1998[19];
- **crimes of racism and xenophobia**. Article 25-terdecies[20] of the Decree provides for the administrative liability of the company in relation to the offences of Article 604-bis of the Criminal Code;
- **fraud in sports competitions, abusive exercise of gaming or betting and games of chance exercised by means of prohibited machines** introduced by Law 39/2019, entitled in art. 25-quaterdecies;
- **tax crimes** introduced by Law 157/2019 and listed in art. 25-quinquiesdecies[21];
- **smuggling offences.** Article 25-sexiesdecies punishes the crime of smuggling governed by Presidential Decree 43/1973[22];
- **crimes against cultural heritage.** Article 25-septiesdecies[23] punishes the cases of theft, embezzlement and receiving stolen cultural property (Articles 518-bis, 518-ter, 518-quarter of the Criminal Code, forgery of private deeds relating to cultural property (Article 518-octies of the Criminal Code), violations in the field of alienation of cultural property (Article 518-novies of the Criminal Code), illegal import or export of cultural property (Articles 518-decies and undecies of the Criminal

the aim of evading legislative provisions on asset prevention or smuggling or facilitating the crimes of receiving stolen goods, recycling and self-laundering.

17 *Art. 25-novies was added by art.4 of law 116/09. The predicate offence is governed by art. 377-bis of the Criminal Code.*

18 *Law no. 68 of 22-5-2015 containing "Provisions on crimes against the environment" significantly amended Legislative Decree 152/06 and introduced a long list of environmental crimes within the CP, most of which are a prerequisite for the administrative liability of the company (art.452 bis – quarter – quinquies – sexies - octies of the CP). This results in an important amendment and integration of Article 25-undecies of Legislative Decree 231/01. Law 137 of 2023 amended arts. 452-bis and 452-quarter of the Criminal Code.*

19 *The aforementioned article was added by paragraph 1 of Article 2, Legislative Decree 109/2012.*

20*Article 25-terdecies was amended by Legislative Decree 21/2018 which provided for the repeal of Article 3 of Law 654/1975 and the introduction of the offence in the Criminal Code, in Article 604 bis.*

21*Art. It was inserted by Legislative Decree 124 of 2019 converted with amendments by Law 19 December 2019, and amended by Legislative Decree 75/2020. The crimes falling into this category are governed by Article 2, paragraph 1, Legislative Decree no. 74/2000, art.2, paragraph 2-bis, Legislative Decree 74/2000, art. 3,8,10,11,4,5,10-quarter of Legislative Decree 74/2000).*

22 *The article was introduced by Article 5, paragraph 1, letter d), Legislative Decree 75/2020.*

23Introduced by Law 22/2022

Code), destruction, dispersion, deterioration, disfigurement, soiling and illegal use of cultural or landscape property (Article 518-duodecies of the Criminal Code), counterfeiting of works of art (Article 518-quaterdecies). Since Diachem does not own cultural property, it was not considered necessary to assess the presence of sensitive activities with respect to the commission of the aforementioned crimes;

- **recycling of cultural property and devastation and looting of cultural and landscape property.** Article 25-duodevicies of the decree punishes the offences referred to in Articles 518-sexies and 518-terdecies[24].

The categories listed above are destined to increase further, in the short term, also due to the legislative tendency to expand the scope of the Decree, also in compliance with international and EU obligations.

1.5 Sanctioning system

Arts. 9-23 of Legislative Decree no. 231/2001 provide for the following penalties against the company, as a result of the commission or attempted commission of the above-mentioned crimes:

- financial penalty (and precautionary seizure),
- disqualification sanctions (also applicable as a precautionary measure) lasting not less than three months and not more than two years (with the clarification that, pursuant to Article 14, paragraph 1, Legislative Decree no. 231/2001 "*Disqualification sanctions have as their object the specific activity to which the entity's offence refers*") which, in turn, may consist of:
  - prohibition from exercising the activity;
  - suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
  - prohibition of contracting with the public administration, except to obtain the provision of a public service;
  - exclusion from facilitations, financing, contributions or subsidies and the possible revocation of those granted;
  - prohibition of advertising goods or services;
  - confiscation (and preventive seizure in precautionary proceedings);
  - publication of the judgment (in the event of the application of a disqualification sanction).

The financial penalty is determined by the criminal judge through a system based on "quotas" in number of not less than one hundred and not more than one thousand and of an amount varying from a minimum of € 258.22 to a maximum of € 1549.37.

In calculating the financial penalty, the judge determines:

- the number of shares, taking into account the seriousness of the act, the degree of responsibility of the company and the activity carried out to eliminate or mitigate the consequences of the act and to prevent the commission of further offences;
- the amount of the individual share, based on the economic and financial conditions of the company

Disqualification sanctions apply only in relation to crimes for which they are expressly provided for (i.e. crimes against the public administration, certain crimes against public faith - such as counterfeiting of coins - crimes relating to terrorism and subversion of the democratic order, crimes against the individual personality, practices of mutilation of the female genital organs, transnational crimes, health and safety offences as well as offences of receiving stolen goods, money laundering and use of money, goods or utilities of illegal origin, computer crimes and unlawful data processing, organised crime offences, offences against industry and commerce, offences relating to copyright infringement, certain environmental crimes, offences relating to the employment of illegally staying third-country nationals, undue inducement to give or promise benefits , sports fraud and tax offences) and provided that at least one of the following conditions is met:

24The types of crime were introduced with Law 22/2022.

- the company has made a significant profit from the commission of the crime and the crime has been committed by persons in a top position or by persons subject to the management of others when, in the latter case, the commission of the crime has been determined or facilitated by serious organizational deficiencies;
- in the event of repetition of offences[25].

The judge determines the type and duration of the disqualification sanction taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, may apply them jointly (Article 14, paragraph 1 and paragraph 3, Legislative Decree no. 231/2001).
The sanctions of prohibition from carrying out the activity, prohibition from contracting with the public administration and prohibition from advertising goods or services can be applied - in the most serious cases - definitively[26]. It should also be noted that the company's activities may continue (instead of the imposition of the sanction) by a commissioner appointed by the judge pursuant to and under the conditions set out in art. 15 of Legislative Decree no. no. 231/2001[27].

1.6 Attempt

In the event of the commission, in the form of the attempt, of the crimes sanctioned on the basis of Legislative Decree no. 231/2001, the financial penalties (in terms of amount) and disqualification penalties (in terms of duration) are reduced from one third to half.
The imposition of sanctions is excluded in cases where the entity voluntarily prevents the performance of the action or the realization of the event (Article 26 of Legislative Decree No. 231/2001).

1.7 Changes to the entity

Legislative Decree no. 231/2001 regulates the regime of the financial liability of the entity also in relation to the events modifying the same such as transformation, merger, demerger and sale of business.
According to Article 27, paragraph 1, of Legislative Decree no. 231/2001, the entity with its assets or with the common fund is liable for the obligation to pay the financial penalty, whereas the notion of assets must refer

25 *Article 13, paragraph 1, letters a) and b) of Legislative Decree no. no. 231/2001. In this regard, see also art. 20 of Legislative Decree no. no. 231/2001, pursuant to which "There is repetition when the entity, already definitively convicted at least once for an offence dependent on a crime, commits another in the five years following the final conviction."*

26 *See, in this regard, art. 16 d.lgs. no. 231/2001, according to which: "1. A definitive ban from carrying out the activity may be ordered if the entity has made a significant profit from the crime and has already been sentenced, at least three times in the last seven years, to a temporary ban from exercising the activity. 2. The court may definitively impose on the entity the sanction of a ban on contracting with the public administration or a ban on advertising goods or services when it has already been sentenced to the same sanction at least three times in the last seven years. 3. If the entity or one of its organisational units is permanently used for the sole or predominant purpose of allowing or facilitating the commission of offences in relation to which it is liable, a definitive ban from carrying out the activity shall always be ordered and the provisions of Article 17 shall not apply".*

27 *See art. 15 of Legislative Decree no. no. 231/2001: "Judicial commissioner – If the conditions for the application of a disqualification sanction that determines the interruption of the activity of the entity are met, the judge, instead of applying the sanction, orders the continuation of the activity of the entity by a commissioner for a period equal to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions is met: a) the entity carries out a public service or a service of public necessity whose interruption may cause serious damage to the community; (b) the interruption of the entity's activity may, in view of its size and the economic conditions of the territory in which it is situated, have significant repercussions on employment. With the sentence ordering the continuation of the activity, the judge indicates the duties and powers of the commissioner, taking into account the specific activity in which the offence was committed by the entity. Within the scope of the tasks and powers indicated by the judge, the commissioner shall ensure the adoption and effective implementation of organisational and control models suitable for preventing offences of the kind that occurred. He may not carry out acts of extraordinary administration without the authorization of the judge. The profit from the continuation of the business is confiscated. The continuation of the activity by the commissioner cannot be ordered when the interruption of the activity follows the definitive application of a disqualification sanction".*

to companies and entities with legal personality, while the notion of "common fund" concerns non-recognized associations[28].

Arts. 28-33 of Legislative Decree no. 231/2001 regulate the impact on the liability of the entity of the changes related to transformation, merger, demerger and sale of a business.

The Legislator has taken into account two opposing needs:

- on the one hand, to prevent such operations from being a tool to easily evade the administrative liability of the entity;
- on the other hand, not to penalize reorganization interventions without elusive intent.

The Explanatory Report to Legislative Decree no. 231/2001 states "*The general criterion followed in this regard was to regulate the fate of the financial penalties in accordance with the principles dictated by the Civil Code regarding the generality of the other debts of the original entity, maintaining, conversely, the link of the disqualification sanctions with the branch of activity in which the crime was committed*".

In the event of transformation, art. 28 of Legislative Decree no. 231/2001 provides (in line with the nature of this institution which implies a simple change in the type of company, without determining the extinction of the original legal entity) that the liability of the entity for crimes committed prior to the date on which the transformation took effect remains unaffected.

In the event of a merger, the entity resulting from the merger (including by incorporation) is liable for the offences for which the entities participating in the merger were liable (Article 29 of Legislative Decree No. 231/2001).

Art. 30 of Legislative Decree no. 231/2001 provides that, in the event of a partial demerger, the demerged company remains liable for crimes committed prior to the date on which the demerger took effect.

The entities benefiting from the demerger (both total and partial) are jointly and severally liable to pay the financial penalties due by the demerged entity for offences committed prior to the date on which the demerger took effect, up to the actual value of the net assets transferred to the individual entity.

This limit does not apply to beneficiary companies, to which the branch of activity in which the offence was committed is devolved, even if only in part.

Disqualification sanctions relating to offences committed before the date on which the demerger took effect shall apply to entities to which the branch of activity in which the offence was committed has remained or has been transferred, even in part.

Article 31 of the Decree provides for provisions common to mergers and demergers, concerning the determination of penalties in the event that such extraordinary transactions have taken place before the conclusion of the proceedings. In particular, the principle is clarified that the judge must measure the financial penalty, according to the criteria provided for by art. 11, paragraph 2[29], of the Decree, referring in any case to the economic and financial conditions of the entity originally responsible, and not to those of the entity to which the sanction following the merger or demerger should be attributed.

In the event of a disqualification sanction, the entity that will be liable as a result of the merger or demerger may ask the judge to convert the disqualification sanction into a financial penalty, provided that: (i) the organizational fault that made it possible to commit the crime has been eliminated, and (ii) the entity has compensated for the damage and made available (for confiscation) the part of the profit that may have been

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28 *The provision in question makes explicit the Legislator's intention to identify a liability of the autonomous entity with respect not only to that of the offender (see, in this regard, Article 8 of Legislative Decree no. 231/2001) but also with respect to the individual members of the corporate structure. Art. 8 "Autonomy of the entity's liability" of Legislative Decree no. no. 231/2001 provides for "1. The liability of the entity also exists when: a) the offender has not been identified or is not imputable; b) the crime is extinguished for a cause other than amnesty. 2. Unless otherwise provided by law, no proceedings shall be taken against the entity when an amnesty is granted for an offence in respect of which it is liable and the accused has waived its application. 3. The entity may waive the amnesty."*

29 *Art. 11 of Legislative Decree no. no. 231/2001: "Criteria for measuring the financial penalty - 1. In calculating the financial penalty, the judge determines the number of shares taking into account the seriousness of the fact, the degree of responsibility of the entity as well as the activity carried out to eliminate or mitigate the consequences of the fact and to prevent the commission of further offences. 2. The amount of the share shall be set on the basis of the economic and financial conditions of the entity in order to ensure the effectiveness of the sanction. (...)".*

obtained. Art. 32 of Legislative Decree no. 231/2001 allows the judge to take into account the sentences already imposed on the entities participating in the merger or the entity being divided in order to configure the repetition, pursuant to art. 20 of Legislative Decree no. 231/2001, in relation to the offences of the entity resulting from the merger or beneficiary of the demerger, relating to crimes subsequently committed[30]. For the cases of the transfer and contribution of a business, a unitary discipline is provided for (Article 33 of Legislative Decree no. 231/2001);[31] the transferee, in the event of the sale of the business in whose activity the crime was committed, is jointly and severally obliged to pay the financial penalty imposed on the transferor, with the following limitations:

- this is without prejudice to the benefit of the prior enforcement of the transferor;
- The transferee's liability is limited to the value of the transferred business and to the financial penalties that result from the compulsory accounting books or due for administrative offences of which he was, in any case, aware.

On the contrary, the disqualification sanctions imposed on the transferor do not extend to the transferee.

1.8 Offences committed abroad

According to art. 4 of Legislative Decree no. 231/2001, the entity may be called upon to answer in Italy in relation to crimes - contemplated by the same Legislative Decree no. 231/2001 - committed abroad[32]. The Explanatory Report to Legislative Decree no. No. 231/2001 underlines the need not to leave a frequently occurring criminological situation unsanctioned, also in order to avoid easy circumvention of the entire regulatory system in question.

The assumptions on which the liability of the entity for crimes committed abroad is based are:

- the crime must be committed by a person functionally linked to the entity, pursuant to art. 5, paragraph 1, of Legislative Decree no. no. 231/2001;
- the entity must have its main office in the territory of the Italian State;
- the entity may respond only in the cases and under the conditions provided for by art. 7, 8, 9, 10 of the Criminal Code (in cases where the law provides that the culprit (natural person) is punished at

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30 *Art. 32 d.lgs. no. 231/2001: "Relevance of the merger or demerger for the purposes of repetition - 1. In cases where the merged entity or the beneficiary of the division is liable for offences committed after the date on which the merger or division took effect, the court may also consider recurrence, in accordance with Article 20, in relation to convictions handed down against the merging entities or the entity being divided for offences committed before that date. 2. To that end, the court shall take into account the nature of the infringements and the activity in the context of which they were committed, as well as the characteristics of the merger or division. 3. With respect to entities benefiting from the demerger, repetition may be considered, pursuant to paragraphs 1 and 2, only if the branch of activity in which the offence for which the conviction was pronounced against the entity being divided has been transferred to them, even in part". The Explanatory Report to Legislative Decree no. no. 231/2001 clarifies that "The repetition, in this case, does not operate automatically, but is the subject of discretionary assessment by the judge, in relation to the concrete circumstances. With regard to the entities benefiting from the demerger, it can also be recognized only when it is an entity to which the branch of activity in which the previous crime was committed has been transferred, even in part".*

31 *Article 33 of Legislative Decree no. 231/2001: "Transfer of a business". - 1. In the event of the sale of the business in whose activity the offence was committed, the transferee is jointly and severally obliged, except for the benefit of the prior enforcement of the transferor entity and within the limits of the value of the business, to pay the financial penalty. 2. The obligation of the transferee shall be limited to the financial penalties that appear in the compulsory accounting books, or due for administrative offences of which he was in any case aware. 3. The provisions of this article shall also apply in the case of the transfer of a business". On this point, the Explanatory Report to Legislative Decree no. no. 231/2001 clarifies: "It is understood that* even these transactions are likely to lend themselves to evasive liability manoeuvres: and, however, the opposing requirements of protection of trust and the safety of legal traffic are more meaningful than them, since there are hypotheses of succession on a particular basis that leave the identity (and liability) of the transferor or transferor unaltered".

32 *Art. 4 of Legislative Decree no. 231/2001 provides as follows: "1. In the cases and under the conditions provided for in Articles 7, 8, 9 and 10 of the Criminal Code, entities having their principal office in the territory of the State shall also be liable in relation to crimes committed abroad, provided that the State of the place where the act was committed does not prosecute them. 2. In cases where the law provides that the offender is punished at the request of the Minister of Justice, proceedings shall be taken against the entity only if the request is also made against the latter."*

the request of the Minister of Justice, proceedings are taken against the entity only if the request is also made against the entity itself)[33] and, also in compliance with the principle of legality referred to in art. 2 of Legislative Decree no. 231/2001, only in the face of crimes for which his liability is provided for by an *ad hoc legislative provision*;

- if the cases and conditions referred to in the aforementioned articles of the Criminal Code are met, the State of the place where the act was committed does not proceed against the entity.

1.9 Procedure for establishing an offence

Liability for administrative offences arising from a criminal offence is established in criminal proceedings. In this regard, art. 36 of Legislative Decree no. no. 231/2001 provides that *"The competence to hear the administrative offences of the entity belongs to the criminal court competent for the crimes on which they depend. For the procedure for ascertaining the administrative offence of the entity, the provisions on the composition of the court and the related procedural provisions relating to the offences on which the administrative offence depends shall be observed".*

Another rule, inspired by reasons of effectiveness, homogeneity and procedural economy, is that of the mandatory joining of the proceedings: the trial against the entity must remain joined, as far as possible, with the criminal trial instituted against the natural person who is the perpetrator of the predicate crime of the entity's liability (Article 38 of Legislative Decree no. 231/2001). This rule is balanced by the wording of the same Article 38 which, in paragraph 2, regulates the cases in which the administrative offence is proceeded separately[34].

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33 *Article 7 of the Criminal Code: "Crimes committed abroad - According to Italian law, a citizen or foreigner who commits any of the following crimes in a foreign territory is punished: 1) crimes against the personality of the Italian State; 2) crimes of counterfeiting the State seal and use of such counterfeit seal; 3) crimes of forgery in currencies having legal tender in the territory of the State, or in revenue stamps or in Italian public credit cards; 4) crimes committed by public officials in the service of the State, abusing powers or violating the duties inherent in their functions; 5) any other crime for which special provisions of law or international conventions establish the applicability of Italian criminal law". Article 8 of the Criminal Code: "Political crime committed abroad - A citizen or foreigner who commits a political crime in a foreign territory not included among those indicated in number 1 of the previous article, shall be punished according to Italian law, at the request of the Minister of Justice. If it is a crime punishable by complaint by the injured party, it is necessary, in addition to this request, also to file a complaint. For the purposes of criminal law, any crime that offends a political interest of the State, or a political right of the citizen, is a political crime. A common crime determined, in whole or in part, by political motives is also considered a political crime." Article 9 of the Criminal Code: "Common crime of a citizen abroad - A citizen, who, except in the cases indicated in the two previous articles, commits in foreign territory a crime for which Italian law establishes life imprisonment, or imprisonment of not less than three years, shall be punished according to the same law, provided that it is in the territory of the State. If it is a crime for which a penalty restricting personal liberty of a shorter duration is established, the offender is punished at the request of the Minister of Justice or at the request or complaint of the injured party. In the cases provided for by the preceding provisions, in the case of an offence committed against the European Communities, a foreign State or a foreigner, the offender shall be punished at the request of the Minister of Justice, provided that his extradition has not been granted, or has not been accepted by the Government of the State in which he committed the offence." Article 10 of the Criminal Code: "Common crime of the foreigner abroad – A foreigner who, except in the cases indicated in articles 7 and 8, commits in foreign territory, to the detriment of the State or a citizen, an offence for which Italian law establishes life imprisonment, or imprisonment of not less than one year, shall be punished according to the same law, provided that he is in the territory of the State, and there is a request from the Minister of Justice, or an application or complaint by the injured party. If the offence is committed to the detriment of the European Communities of a foreign State or of a foreign State, the offender shall be punished according to Italian law, at the request of the Minister of Justice, provided that: 1) he is in the territory of the State; 2) it is a crime for which the penalty is life imprisonment or imprisonment of not less than three years; 3) his extradition has not been granted, or has not been accepted by the Government of the State in which he committed the crime, or by that of the State to which he belongs".*

34 *Art. 38, paragraph 2, Legislative Decree no. no. 231/2001: "Proceedings shall be taken separately for the administrative offence of the entity only when: a) the suspension of the proceedings has been ordered pursuant to Article 71 of the Code of Criminal Procedure [suspension of the proceedings due to the incapacity of the accused, Ed.]; b) the proceedings have been settled by the summary judgment or by the application of the penalty pursuant to Article 444 of the Code of Criminal Procedure [application of the penalty on request, Editor's note], or the criminal decree of conviction has been issued; c) compliance with the procedural provisions makes it necessary." For the sake of completeness, reference is also made to art. 37 of Legislative Decree no. no. 231/2001, pursuant to which "The administrative offence of the entity shall not be ascertained when criminal proceedings cannot be initiated or continued against the offender due to the lack of a condition for prosecution" (i.e. those provided for in Title III of Book V of the Code of Criminal*

The entity participates in the criminal proceedings with its legal representative, unless the latter is accused of the crime on which the administrative offence depends; when the legal representative does not appear, the constituted entity is represented by the defender (Article 39, paragraphs 1 and 4, of Legislative Decree no. 231/2001).

1.10 Exempt value of Organisation, Management and Control Models

A fundamental aspect of Legislative Decree no. 231/2001 is the attribution of an exempt value to the company's organisation, management and control models.

In the event that the crime has been committed by a person in a top position, in fact, the company is not liable if it proves that (Article 6, paragraph 1, Legislative Decree no. 231/2001):

- the management body has adopted and effectively implemented, before the commission of the act, organizational and management models suitable for preventing crimes of the kind that occurred;
- the task of supervising the functioning and compliance of the models and of ensuring that they are updated has been entrusted to a body of the company with autonomous powers of initiative and control;
- the persons committed the crime by fraudulently circumventing the organizational and management models;
- there was no omission or insufficient supervision by the supervisory body.

In the case of a crime committed by top management, there is, therefore, a presumption of liability on the part of the company due to the fact that these subjects express and represent the policy and, therefore, the will of the entity itself. This presumption, however, can be overcome if the company manages to demonstrate its extraneousness to the facts alleged against the top management by proving the existence of the above-listed requirements and, consequently, the circumstance that the commission of the crime does not derive from its own "organizational fault".[35]

On the other hand, in the case of a crime committed by persons subject to the direction or supervision of others, the company is liable if the commission of the crime was made possible by the violation of the management or supervisory obligations to which the company is required[36].

In any case, the violation of management or supervisory obligations is excluded if the company, before the commission of the crime, has adopted and effectively implemented an organizational, management and control model suitable for preventing crimes of the kind that occurred.

In the case of a crime committed by a person subject to the direction or supervision of a top manager, there is a reversal of the burden of proof. The prosecution must, in the case provided for by the aforementioned Article 7, prove the failure to adopt and effectively implement an organizational, management and control model suitable for preventing crimes of the kind that occurred.

Procedure: complaint, request for proceedings, request for proceedings or authorisation to proceed, referred to, respectively, in art. 336, 341, 342, 343 of the Code of Criminal Procedure).

35 *The Explanatory Report to Legislative Decree no. no. 231/2001 expresses itself, in this regard, in these terms: "For the purposes of the liability of the entity, therefore, it will be necessary not only that the crime is objectively linked to it (the conditions under which this occurs, as we have seen, are governed by Article 5); moreover, the crime must also be an expression of company policy or at least derive from an organizational fault". And again: "it starts from the (empirically founded) presumption that, in the case of a crime committed by a top management, the "subjective" requirement of liability of the entity [i.e. the so-called "organizational fault" of the entity] is satisfied, since the top management expresses and represents the policy of the entity; if this does not happen, it will be up to the company to demonstrate its extraneousness, and this can only be done by proving the existence of a series of competing requirements."*

36 *Article 7, paragraph 1, of Legislative Decree no. no. 231/2001: "Subjects subject to the management of others and organisational models of the entity – In the case provided for in Article 5, paragraph 1, letter b), the entity is liable if the commission of the offence was made possible by non-compliance with the obligations of management or supervision".*

Legislative Decree no. 231/2001 outlines the content of the organisational and management models, providing that the same, in relation to the extension of delegated powers and the risk of committing offences, as specified by art. 6, paragraph 2, must:

- identify the activities in the context of which crimes may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the company's decisions in relation to the crimes to be prevented;
- identify methods of managing financial resources suitable for preventing the commission of crimes;
- provide for information obligations towards the body responsible for supervising the operation and compliance with the models;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

Art. 7, paragraph 4, of Legislative Decree no. 231/2001 also defines the requirements for the effective implementation of organisational models:

- periodic verification and possible modification of the model when significant violations of the requirements are discovered or when changes occur in the organization and activity;
- a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

1.11 Codes of Conduct (Guidelines)

Article 6, paragraph 3, of Legislative Decree 231/2001 provides that "*The organisational and management models may be adopted, guaranteeing the requirements referred to in paragraph 2, on the basis of codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice which, in agreement with the competent Ministries, may formulate, within thirty days, observations on the suitability of the models to prevent crimes*". Confindustria, in implementation of the provisions of the aforementioned article, has defined the Guidelines[37] for the construction of organisation, management and control models (hereinafter, the "Confindustria Guidelines") providing, among other things, methodological indications for the identification of risk areas (sector/activity in which crimes may be committed), the design of a control system (the so-called protocols for the planning of training and implementation of the institution's decisions) and the contents of the organization, management and control model.

In particular, the Confindustria Guidelines suggest that member companies use risk *assessment* and *risk management processes* and provide for the following phases for the definition of the model:

- identification of risks and protocols;
- adoption of some general tools, the main ones being a Code of Ethics with reference to offences *pursuant to* Legislative Decree 231/2001 and a disciplinary system;
- identification of the criteria for the selection of the Supervisory Body, indication of its requirements, tasks and powers and information obligations.

The Confindustria Guidelines were transmitted, before their dissemination, to the Ministry of Justice, pursuant to art. 6, paragraph 3, of Legislative Decree no. 231/2001, so that the latter could express its observations within thirty days, as provided for by art. 6, paragraph 3, of Legislative Decree no. 231/2001, referred to above. The latest version was published in June 2021.

37*It should be noted that the reference to the Guidelines of this trade association is made due to the registration of the Company, and/or its secondary offices, with both Confcommercio and Confindustria. However, since the Confindustria Guidelines present a more complete and organic treatment of the topics relating to the transposition of Legislative Decree no. 231/2001 with respect to the more restricted "Code of Ethics" issued by Confcommercio (and moreover largely inspired in its contents by the Confindustria Guidelines, the first version of which is prior to that of the aforementioned Code of Ethics), it was deemed preferable to use as a primary reference in this document the reference to the provisions of the Confindustria Guidelines, without prejudice to the constant verification of the compatibility of the references made with the corresponding principles expressed by the Code of Ethics of Confcommercio.*

Diachem S.p.A. has adopted its own organisation, management and control model on the basis of the Guidelines drawn up by the main trade associations and, in particular, the Confindustria Guidelines.

1.12 Suitability Syndicate

The ascertainment of the company's liability, attributed to the criminal court, takes place through:

- the verification of the existence of the predicate crime for the liability of the company;
- the suitability review on the organizational models adopted.

The judge's review of the abstract suitability of the organisational model to prevent the offences referred to in Legislative Decree no. 231/2001 is conducted according to the criterion of the so-called "posthumous prognosis".

The judgment of suitability must be formulated according to a substantially *ex ante* criterion for which the judge is ideally placed in the company reality at the time when the offence occurred to test the congruence of the model adopted. In other words, the organizational model that, before the commission of the crime, could and should be considered such as to eliminate or, at least, minimize, with reasonable certainty, the risk of the commission of the crime that subsequently occurred, must be judged "suitable for preventing crimes".

CHAPTER 2: DESCRIPTION OF THE COMPANY – ELEMENTS OF THE GOVERNANCE MODEL AND THE GENERAL ORGANIZATIONAL STRUCTURE OF THE COMPANY

2.1 Diachem S.p.A.

Diachem S.p.A. carries out its activities in the sector of manufacture (also on behalf of third parties) and trade, also in the form of representations, of chemical products.

The company also deals with the production and sale of electricity and heat from renewable agroforestry and photovoltaic sources.

The company may provide for the acquisition and sale of shareholdings in companies or entities of any nature or type, also based abroad, as well as the execution of financial transactions of any kind, and the provision of technical, commercial and financial advice to third parties.

The company may also proceed with the purchase, sale, exchange, construction, renovation, lease, loan and in general any other negotiation of movable and immovable property.

The company may also:

- carry out any transaction and/or contract concerning movable and immovable property, real and/or credit and personal rights, and enter into contracts for the negotiation and placement, both on its own behalf and as a commission agent, of securities, bonds, securities of any kind and goods, to make advances on the same and any commercial, industrial and financial transaction having affinity and connection with the objects indicated above;
- conclude carry-overs in general;
- to provide guarantees, including real guarantees, or sureties or endorsements for obligations assumed by third parties, whatever the purpose or object, falling within the powers of the Board of Directors to issue such guarantees, sureties or endorsements.

The Company has its registered office in Albano Sant'Alessandro with offices and factory in Caravaggio (BG).

2.2 Diachem S.p.A. governance model

The Board of Directors has all the powers for the ordinary and extraordinary management of the Company.

The Board of Directors, without prejudice to the limits provided for by art. 2381 of the Italian Civil Code, may delegate its powers in whole or in part individually to one or more of its members, including the President, or to an executive committee composed of some of its members, determining the limits of the delegation and the powers assigned.

The legal representation of the Company, before third parties and in court, is the responsibility of the Chairman of the Board of Directors, as well as, within the limits of the powers attributed to them, of the managing directors.

The Board of Directors is composed of a minimum of three and a maximum of nine members[38]; The directors remain in office for a period not exceeding three financial years established at the time of appointment. The directors may be re-elected[39].
The Board of Directors has the power to control and to take over the transactions falling within the proxies, as well as the power to revoke the proxies themselves. The company employs a statutory auditing firm.

2.3 Diachem S.p.A. Organization Model

He reports directly to the Board of Directors:

- Employer;

The following reports directly to the Employer on safety matters:

- RSPP;

The following report to the Employer:

- Competent Doctor,
- Resp. Quality System,
- Resp. Environment and Safety System;

The following report directly to the Board Member, for the industrial area:

- Plant Manager,
- Resp. Commercial Industrial,
- Resp. Supplies;

The following report directly to the Board of Directors, for the administrative area:

- CFO
- Resp. Staff
- Resp. Management Control;

The following report to the Board of Directors, for the commercial area:

- Resp. Strategic Marketing,
- Resp. Export Commercial,
- Resp. Commercial Italy,
- Resp. Regulatory,
- Resp. TRM.

2.4 The quality, safety and environmental management system

As part of the improvement of its processes, the Company has adopted and maintains an active Management System for Quality, Health and Safety at Work and the Environment.
The Company has also submitted its Management System to certification by recognized third parties, which has been found to comply with the requirements of the applicable international standards, namely:

- UNI EN ISO 9001 – Quality Management System,
- UNI EN ISO 14001 - Environmental Management System,
- UNI ISO 45001 – Management system for Health and Safety at work.

It should be emphasized that the tools and resources of the Quality, Environment and Health and Safety Management System are functional not only to the pursuit of their own purposes, but also for the purpose of preventing the crimes referred to in Legislative Decree no. 231/2001 as they are capable, by their nature, of hindering both culpable conduct and malicious conduct that characterize the commission of crimes involving the administrative liability of the company.

38*Article 23 of the Statutes of Diachem.*

39*Article 22 of the Statute of Diachem.*

CHAPTER 3: ORGANIZATION, MANAGEMENT AND CONTROL MODEL AND METHODOLOGY FOLLOWED FOR ITS PREPARATION

3.1 Introduction

The adoption of an organisational, management and control model pursuant to Legislative Decree no. 231/2001, in addition to representing a reason for exemption from the Company's liability with reference to the commission of the types of offences included in the Decree, is an act of social responsibility on the part of the Company from which benefits arise for all *stakeholders*: shareholders, managers, employees, creditors and all other parties whose interests are linked to the fate of the company.

The introduction of a system for controlling business activities, together with the establishment and dissemination of ethical principles, improving the already high *standards* of conduct adopted by the Company and fulfilling a regulatory function as they regulate the conduct and decisions of those who are called upon to work in favour of the Company on a daily basis in accordance with the aforementioned ethical principles and *standards* of conduct.

The Company has therefore intended to launch a series of activities (hereinafter, the "Project") aimed at making its organisational model compliant with the requirements of Legislative Decree no. 231/2001 and consistent both with the principles already rooted in its governance culture and with the indications contained in the Confindustria Guidelines.

3.2 Diachem's Project for the definition of its organisation, management and control model pursuant to Legislative Decree 321/2001

The methodology chosen to carry out the Project, in terms of organization, definition of operating methods, structuring in phases, assignment of responsibilities among the various company functions, has been developed in order to guarantee the quality and authoritativeness of the results.

The Project has been divided into five phases summarized in the table below.

Stages	Activity
Step 1	***Launch of the Project and identification of the processes and activities in which the offences referred to in Legislative Decree no. 231/2001 may be committed***. *Presentation of the Project in its complexity, collection and analysis of the documentation, and preliminary identification of the processes/activities in which the crimes referred to in Legislative Decree no. no. 231/2001 (so-called "sensitive" processes/activities).*
Step 2	***Identification of key officers***. *Identification of* key officers*, i.e. people who, based on functions and responsibilities, have an in-depth knowledge of sensitive areas/activities, as well as the control mechanisms currently in place, in order to determine the areas of intervention and a detailed interview plan.*
Step 3	***Analysis of sensitive processes and activities.*** *Identification and analysis of sensitive processes and activities and control mechanisms in place, with particular attention to preventive controls and other compliance elements/activities.*
Step 4	***Gap analysis and Action Plan***. *Identification of the organisational requirements characterising a suitable organisational, management and control model pursuant to Legislative Decree no. 231/2001 and of the actions to "strengthen" the current control system (processes and procedures).*
Step 5	***Definition of the organization, management and control model***. *Definition of the organisational, management and control model pursuant to Legislative Decree no. 231/2001 articulated in all its components and operating rules and consistent*

	with the Confindustria Guidelines.

The methodologies and criteria applied in the various phases of the Project will be explained below.

3.2.1 Launch of the Project and identification of the processes and activities in which the offences referred to in Legislative Decree 231/2001 may be committed

Art. 6, paragraph 2, letter a) of Legislative Decree no. 231/2001 indicates, among the requirements of the model, the identification of the processes and activities in the context of which the crimes expressly referred to in the Decree may be committed. In other words, these are those business activities and processes that are commonly defined as "sensitive" (hereinafter, "sensitive processes" and "sensitive activities").

The purpose of Phase 1 was precisely the identification of the business areas subject to the intervention and the preliminary identification of sensitive processes and activities.

In particular, following the presentation of the Project, a work team was created consisting of external professionals and internal resources of the Company with the assignment of their respective tasks and operational roles.

Preparatory to the identification of sensitive activities was the analysis, mainly documentary, of the corporate and organizational structure of the Company, carried out in order to better understand the Company's activities and to identify the business areas subject to the intervention.

The collection of the relevant documentation and the analysis of the same from both a technical-organizational and legal point of view have allowed an initial identification of sensitive processes/activities and a preliminary identification of the functions responsible for these processes/activities.

At the end of Phase 1, a detailed work plan of the subsequent phases was prepared, which could be revised according to the results achieved and the considerations that emerged during the Project.

The activities carried out in Phase 1, which ended with the sharing of the sensitive processes/activities identified with the Work Team, are listed below:

- collection of documentation relating to the corporate and organizational structure (e.g.: organizational charts, main organizational procedures, main task sheets, powers of attorney, etc.);
- analysis of the documentation collected to understand the Company's business model;
- detection of the company's areas of activity and related functional responsibilities;
- Preliminary identification of sensitive processes/activities pursuant to Legislative Decree no. no. 231/2001;
- preliminary identification of the competent functions of the identified sensitive processes.

3.2.2 Identification of Key Officers

The purpose of Phase 2 was to identify those responsible for sensitive processes/activities, i.e. resources with an in-depth knowledge of sensitive processes/activities and control mechanisms currently in place (hereinafter, "*key* officers"), completing and deepening the preliminary inventory of sensitive processes/activities as well as the functions and subjects involved.

In particular, key officers have been identified as the people at the highest organizational level who are able to provide detailed information on individual business processes and the activities of individual functions. In *addition to the Chairman of the Board of Directors, key officers were therefore considered the first lines responsible for the functions involved in carrying out sensitive processes and some second-level managers.*

The activities carried out during Phase 2 are listed below, at the end of which a preliminary "map of sensitive processes/activities" was defined towards which to direct the analysis activity, through interviews and in-depth analysis, of the subsequent Phase 3:

- collection of further information through in-depth documentary analysis and meetings with the internal representatives of the Project as well as with the Work Team;
- identification of additional subjects able to make a significant contribution to the understanding/analysis of sensitive activities and related control mechanisms;
- preparation of the map that "crosses" sensitive processes/activities with the relevant key officers;
- preparation of a detailed plan of interviews to be carried out in the following Phase 3.

3.2.3 Analysis of sensitive processes and activities

The objective of Phase 3 was to analyse and formalise for each sensitive process/activity identified in Phases 1 and 2: i) its main phases, ii) the functions and roles/responsibilities of the internal and external parties involved, iii) the existing control elements, in order to verify in which areas/sectors of activity the offences referred to in Legislative Decree no. no. 231/2001.

In this phase, therefore, a map was created of the activities that, in consideration of the specific contents, could be exposed to the potential commission of the crimes referred to in Legislative Decree no. no. 231/2001.

The analysis was carried out on the basis of personal interviews with key *officers* who also had the aim of establishing management processes and control tools for each sensitive activity, with particular attention to *compliance* elements and existing preventive controls to oversee them.

In the survey of the existing control system, the following control principles were taken as a reference, among other things:

- existence of formalized procedures;
- traceability and ex-post *verifiability* of activities and decisions through adequate documentary/information supports;
- segregation of duties;
- existence of formalized delegations/powers of attorney consistent with the organizational responsibilities assigned.

The interviews were carried out by professionals who are experts in *risk management* and *process analysis*.

The results of the interviews, conducted in the manner described above, were shared with the Work Team.

Below is a list of the various activities that characterized Phase 3, at the end of which the document "Matrix for the identification of areas at risk" was drawn up, the fundamental contents of which are:

- Carrying out structured interviews with the Key Officers, as well as with the personnel indicated by them, in order to collect, for the sensitive processes/activities identified in the previous phases, the information necessary to understand:
  - the elementary processes/activities carried out,
  - the internal/external functions/subjects involved,
  - their roles/responsibilities,
  - the system of existing controls;
- sharing with key officers what emerged during the interviews;
- formalization of the map of processes/activities in a special form that collects the information obtained and any critical issues on the controls of the sensitive process analyzed.

3.2.4 Gap Analysis and Action Plan

The purpose of Phase 4 consisted in identifying i) the organisational requirements characterising an organisational model suitable for preventing the offences referred to in Legislative Decree no. 231/2001 and ii) actions to improve the existing organisational model.

In order to detect and analyse in detail the existing control model to protect the risks identified and highlighted in the *risk assessment activity* described above and to assess the compliance of the model itself with the provisions of Legislative Decree no. 231/2001, a comparative analysis (the so-called "*gap analysis*") was carried out between the existing organisational and control model ("*as is*") and an abstract reference model assessed on the basis of the content of the discipline referred to in Legislative Decree no. no. 231/2001 ("*to be*").

Through the comparison made with the *gap analysis* , it was possible to deduce areas for improvement of the existing internal control system and, on the basis of what emerged, an implementation plan was prepared aimed at identifying the organizational requirements characterizing an organization, management and control model in compliance with the provisions of Legislative Decree no. 231/2001 and the actions to improve the internal control system.

Phase 4 ended with the sharing of the *gap analysis document* and the implementation plan (so-called "Phase 4"). *Action Plan*) with the Work Team and the Top Management.

3.2.5 Definition of the organization, management and control model

The purpose of Phase 5 was to prepare the Company's organisation, management and control model, divided into all its components, in accordance with the provisions of Legislative Decree no. 231/2001 and the indications provided by the Confindustria Guidelines.

The implementation of Phase 5 was supported by the results of both the previous phases and the policy choices of the Company's decision-making bodies.

3.3 Diachem's organisation, management and control model

The Company's construction of its own organisational, management and control model *pursuant* to Legislative Decree no. 231/2001 (hereinafter, the "Model") therefore entailed an *assessment of* the existing organisational model in order to make it consistent with the control principles introduced by Legislative Decree no. 231/2001 and, consequently, suitable for preventing the commission of the offences referred to in the Decree itself.

Legislative Decree no. no. 231/2001, in fact, attributes, together with the occurrence of the other circumstances provided for by art. 6 and 7 of the Decree, a discriminating value for the adoption and effective implementation of organisational, management and control models to the extent that the latter are suitable for preventing, with reasonable certainty, the commission, or attempted commission, of the offences referred to in the Decree.

In particular, pursuant to paragraph 2 of art. 6 of Legislative Decree no. 231/2001, an organization, management and control model must meet the following requirements:

- identify the activities in the context of which crimes may be committed;
- provide for specific control protocols aimed at planning the formation and implementation of the entity's decisions in relation to the crimes to be prevented;
- identify methods of managing financial resources suitable for preventing the commission of crimes;
- provide for information obligations towards the body responsible for supervising the operation and compliance with the models;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

In light of the foregoing considerations, the Company has prepared a Model which, on the basis of the indications provided by the Confindustria Guidelines, takes into account its own particular corporate reality, in line with its *governance* system and is able to enhance the existing controls and bodies.

The adoption of the Model, pursuant to the aforementioned Decree, does not constitute an obligation. The Company has, however, deemed this adoption to be in accordance with its corporate policies in order to:

- establish and/or strengthen controls that allow the Company to prevent or react promptly to prevent the commission of crimes by top management and persons subject to the management or supervision of the former that entail the administrative liability of the Company;
- to raise awareness, with the same purposes, of all those who collaborate, in various capacities, with the Company (external collaborators, suppliers, etc.), requiring them, within the limits of the activities carried out in the interest of the Company, to adapt to conduct such as not to involve the risk of committing crimes;
- guarantee its integrity, adopting the obligations expressly provided for by art. 6 of the Decree;
- improve the effectiveness and transparency in the management of business activities;
- to determine a full awareness in the potential offender of committing an offence (the commission of which is strongly condemned and contrary to the interests of the Company even when he or she could apparently benefit from it).

The Model, therefore, represents a coherent set of principles, procedures and provisions that: i) affect the internal functioning of the Company and the ways in which it relates to the outside world and ii) regulate the

diligent management of a system of control of sensitive activities, aimed at preventing the commission, or attempted commission, of the crimes referred to in Legislative Decree no. no. 231/2001.
The Model, as approved by the Company's Board of Directors, includes the following constituent elements:

- process of identifying the company activities in which the crimes referred to in Legislative Decree no. no. 231/2001;
- provision of control *protocols (or standards)* in relation to the sensitive activities identified;
- the process of identifying the methods of managing the financial resources suitable for preventing the commission of crimes;
- supervisory body;
- information flows to and from the Supervisory Body and specific information obligations towards the Supervisory Body;
- disciplinary system to sanction the violation of the provisions contained in the Model;
- training and communication plan for employees and other parties who interact with the Company;
- criteria for updating and adapting the Model;
- Code of Ethics;
- IT Code of Ethics.

The above-mentioned constituent elements are represented in the following documents:

- Organisation, management and control model *pursuant to* Legislative Decree 231/01 (consisting of this document and the attached special parts);
- Code of Ethics;
- IT Code of Ethics.

The document "Organisation, management and control model *pursuant to* Legislative Decree no. 231/01" contains:
(i) in the General Part, a description of:

- the regulatory framework of reference;
- the Company's corporate reality, *governance* system and organisational structure;
- the characteristics of the Company's supervisory body, specifying the powers, tasks and information flows concerning it;
- the function of the disciplinary system and the related sanctioning system;
- the training and communication plan to be adopted in order to ensure knowledge of the measures and provisions of the Model;
- the criteria for updating and adapting the Model;

(ii) in the Special Parts, a description of the following:

- to the types of crime referred to by Legislative Decree no. 231/2001 that the Company has decided to take into consideration due to the characteristics of its business;
- sensitive processes/activities and related control *standards*.

The document provides for the Code of Ethics and the IT Code of Ethics approved by resolution of the Board of Directors as integral parts of the Model and essential elements of the control system.
The Code of Ethics and the IT Code of Ethics collect the ethical principles and values that form the corporate culture and that must inspire the conduct and conduct of those who operate in the interest of the Company both inside and outside the company organization, in order to prevent the commission of the predicate offences of the administrative liability of entities.
The approval of the Code of Ethics creates a coherent and effective body of internal legislation, with the aim of preventing incorrect conduct or conduct that is not in line with the Company's directives and is fully integrated with the Diachem S.p.A. Model.

CHAPTER 4: THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

4.1 The Supervisory Body

On the basis of the provisions of Legislative Decree no. 231/2001 – Article 6, paragraph 1, letters a) and b) – the entity may be exempted from liability resulting from the commission of crimes by qualified persons *pursuant to* Article 5 of Legislative Decree no. 231/2001, if the management body has, among other things:

- adopted and effectively implemented an organisational, management and control model suitable for preventing the offences considered;
- entrusted with the task of supervising the functioning and compliance with the Model and of ensuring that it is updated[40] to a body of the entity with autonomous powers of initiative and control.

The task of continuously supervising the widespread and effective implementation of the Model, its compliance by the recipients, as well as proposing its updating in order to improve its efficiency in the prevention of crimes and offences, is entrusted to this body established by the company internally.
The entrustment of the aforementioned tasks to a body with autonomous powers of initiative and control, together with the correct and effective performance of the same, represents, therefore, an indispensable prerequisite for the exemption from liability provided for by Legislative Decree no. no. 231/2001.
The Confindustria Guidelines[41] suggest that it is a body characterized by the following requirements:

- autonomy and independence;
- professionality;
- continuity of action.

The requirements of autonomy and independence would require the absence, on the part of the supervisory body, of operational tasks which, by making it a participant in decisions and activities that are precisely operational, would jeopardize its objectivity of judgment, the provision for the supervisory body to report to

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40 The Explanatory Report to Legislative Decree no. 231/2001 states, in this regard: "*The entity* (...) *it will also have to supervise the effective operation of the models, and therefore their observance: to this end, to ensure the maximum effectiveness of the system, it is provided that the company makes use of a structure that must be set up internally (in order to avoid easy manoeuvres aimed at pre-establishing a licence of legitimacy for the company's work through the use of compliant bodies, and above all to found a real fault of the entity), endowed with autonomous powers and specifically responsible for these tasks* (...) *of particular importance is the provision of a burden of information towards the aforementioned internal control body, functional to ensure its own operational capacity* (...)".

41 The Confindustria Guidelines specify that the necessary requirements can be summarized in:

- ***Autonomy and independence:*** *"the task of supervising the functioning and observance of the models and taking care of their updating is entrusted to a body of the entity endowed with autonomous powers of initiative and control".*
- ***Professionalism:*** *This connotation refers to the wealth of tools and techniques that the Body must possess in order to be able to effectively carry out the assigned activity. These are specialized techniques typical of those who carry out "inspection" activities, but also consultancy for the analysis of control systems and of a legal and, more particularly, criminal law. As regards the inspection and analysis of the control system, the reference - by way of example - to statistical sampling is evident; risk analysis and assessment techniques; measures for their containment (authorization procedures; mechanisms for opposing tasks; etc.);* flow-charting *of procedures and processes for identifying weaknesses; interviewing and questionnaire techniques; elements of psychology; methodologies for detecting fraud; etc. These are techniques that can be used a posteriori, to ascertain how a crime of the species in question could have occurred and who committed it (inspection approach); or as a preventive measure, to adopt - at the time of the design of the Model and subsequent amendments - the most suitable measures to prevent, with reasonable certainty, the commission of the same crimes (advisory approach); or, again, currently to verify that daily behaviors actually respect those codified.*
- ***Continuity of action****: in order to be able to guarantee the effective and constant implementation of such an articulated and complex model as the one outlined, especially in large and medium-sized companies, it is necessary to have a structure dedicated exclusively and full-time to the supervision of the Model devoid, as mentioned, of operational tasks that could lead it to take decisions with economic and financial effects".*

the highest top management as well as the forecast, as part of the annual *budgeting* process, financial resources allocated to the functioning of the supervisory body.
Moreover, the Confindustria Guidelines provide that "*in the case of a mixed composition or with internal subjects of the Body, since total independence from the body cannot be required by the members of internal origin, the degree of independence of the Body must be assessed as a whole*".
The requirement of professionalism must be understood as the wealth of theoretical and practical knowledge of a technical-specialized nature necessary to effectively carry out the functions of the supervisory body, i.e. the specialized techniques of those who carry out inspection and consultancy activities.
The requirement of continuity of action makes it necessary to have an internal structure in the supervisory body dedicated on an ongoing basis to the supervision of the Model.
Legislative Decree no. 231/2001 does not provide indications on the composition of the supervisory body[42].
In the absence of such indications, the Company opted for a solution that, taking into account the purposes pursued by the law, was able to ensure, in relation to its size and organisational complexity, the effectiveness of the controls to which the supervisory body is responsible, in compliance with the requirements of autonomy and independence highlighted above, also in light of the recent rulings on the monocratic composition of the body.
In this context, the Supervisory Body (hereinafter referred to as the "Supervisory Body" or "SB") of the Company is a collegial body identified by virtue of the professional skills gained and personal characteristics, such as a strong capacity for control, independence of judgment and moral integrity.

4.1.1 General principles on the subject of instruction, appointment and replacement of the Supervisory Body "SB"

The Company's Supervisory Body is established by resolution of the Board of Directors and remains in office for the period established at the time of appointment and in any case for as long as the Board of Directors that appointed it remains in office and is eligible for re-election.
Appointment as a member of the Supervisory Body is subject to the presence of the subjective eligibility requirements[43].
In the selection of members, the only relevant criteria are those relating to the specific professionalism and competence required for the performance of the functions of the Body, to integrity and absolute autonomy and independence with respect to the same; the Board of Directors, at the time of appointment, must acknowledge the existence of the requirements of independence, autonomy, integrity and professionalism of its members[44].

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42 *The Confindustria Guidelines specify that the discipline dictated by Legislative Decree no. no. 231/2001 "does not provide indications about the composition of the Supervisory Body (SB). This allows you to opt for both a mono and multi-subject composition. In the multi-subject composition, internal and external members of the entity may be called upon to be part of the SB (...). Although in principle the composition seems indifferent to the legislator, however, the choice between one or the other solution must take into account the purposes pursued by the law and, therefore, must ensure the profile of effectiveness of the controls in relation to the size and organizational complexity of the entity". Confindustria, Guidelines, cit., in the final version updated in June 2021.*

43 *"This applies, in particular, when one opts for a multi-subject composition of the Supervisory Body and concentrates all the different professional skills that contribute to the control of corporate management in the traditional corporate governance model (e.g. a non-executive or independent director who is a member of the internal control committee; a member of the Board of Statutory Auditors; the person in charge of internal control). In these cases, the existence of the aforementioned requirements is already ensured, even in the absence of further indications, by the personal and professional characteristics required by the law for independent directors, statutory auditors and for the person in charge of internal controls". Confindustria, Guidelines, cit., in the final version updated in June 2021.*

44 *In the sense of the need for the Board of Directors, at the time of appointment, "to acknowledge the existence of the requirements of independence, autonomy, integrity and professionalism of its members", Order of 26 June 2007 Trib. Naples, Office of the Judge for Preliminary Investigations, Section XXXIII.*

In particular, following the approval of the Model or, in the case of new appointments, at the time of conferral of the appointment, the person designated to hold the office of member of the Supervisory Body must issue a declaration in which he or she certifies the absence of the following reasons for ineligibility:

- conflicts of interest, including potential ones, with the Company such as to jeopardise the independence required by the role and duties of the Supervisory Body;
- direct or indirect ownership of shareholdings of such a size as to allow it to exercise significant influence over the Company;
- administration functions – in the three financial years prior to the appointment as a member of the Supervisory Body or the establishment of the consultancy/collaboration relationship with the same Body – of companies subject to bankruptcy, compulsory administrative liquidation or other insolvency proceedings;
- conviction, even if it has not become final, or sentence of application of the penalty on request (the so-called plea bargain), in Italy or abroad, for the crimes referred to by Legislative Decree no. 231/2001 or other crimes in any case affecting professional morality and honor;
- condemn, by means of a judgment, even if not final, to a penalty that involves the disqualification, even temporary, from public offices, or the temporary disqualification from the management offices of legal persons and companies;
- pending proceedings for the application of a preventive measure pursuant to Law No. 1423 of 27 December 1956 and Law No. 575 of 31 May 1965 or pronouncement of the seizure decree *pursuant* to Article 2 *bis* of Law No. 575/1965 or decree for the application of a preventive measure, whether personal or real;
- lack of the subjective requisites of integrity provided for by Ministerial Decree no. 162 of 30 March 2000 for members of the Board of Statutory Auditors of listed companies, adopted pursuant to art. 148 paragraph 4 of the TUF.

Should any of the above-mentioned reasons for ineligibility arise against an appointed person, ascertained by a resolution of the Board of Directors, he or she shall automatically lose his or her office.

The Supervisory Body may benefit – under its direct supervision and responsibility – in the performance of the tasks entrusted to it, from the collaboration of all the functions and structures of the Company or of external consultants, making use of their respective skills and professionalism. This power allows the Supervisory Body to ensure a high level of professionalism and the necessary continuity of action.

The above-mentioned reasons for ineligibility must also be considered with reference to any external consultants involved in the activities and performance of the Supervisory Body's duties.

In particular, at the time of the assignment, the external consultant must issue a specific declaration in which he certifies:

- the absence of the reasons listed above for ineligibility or reasons preventing the assumption of the office (for example: conflicts of interest, family relationships with members of the Board of Directors, top management in general, auditors of the Company and auditors appointed by the auditing firm, etc.);
- the circumstance of having been adequately informed of the provisions and rules of conduct provided for by the Model.

The revocation of the powers of the Supervisory Body and the attribution of such powers to another person may only take place for just cause (also linked to organizational restructuring of the Company) by means of a specific resolution of the Board of Directors.

In this regard, "just cause" for revocation of the powers connected with the office of member of the Supervisory Body means, by way of example but not limited to:

- serious negligence in the performance of the tasks related to the assignment such as: failure to draw up the half-yearly information report or the annual summary report on the activities carried out to which the Body is required; failure to draw up the supervisory programme;
- the "omitted or insufficient supervision" by the Supervisory Body – according to the provisions of art.

6, paragraph 1, letter d), Legislative Decree no. no. 231/2001 – resulting from a conviction, even if not final, issued against the Company pursuant to Legislative Decree no. no. 231/2001 or by a sentence of application of the penalty on request (the so-called plea bargain);

- in the case of an internal member, the assignment of functions and operational responsibilities within the company organization that are incompatible with the requirements of "autonomy and independence" and "continuity of action" proper to the Supervisory Body. In any case, any organisational provision concerning the Board of Directors (e.g. termination of employment, transfer to another position, dismissal, disciplinary measures, appointment of a new manager) must be acknowledged by the Board of Directors;
- in the case of an external member, serious and ascertained reasons of incompatibility that nullify their independence and autonomy;
- the failure to meet even one of the eligibility requirements.

Any decision concerning individual members or the entire Supervisory Body relating to revocation, replacement or suspension is the exclusive competence of the Board of Directors.

4.2 Functions and powers of the Supervisory Body

The activities carried out by the Supervisory Body may not be reviewed by any other body or function of the Company. The verification and control activity carried out by the Body is, in fact, strictly functional to the objectives of effective implementation of the Model and cannot replace or replace the institutional control functions of the Company.

The Supervisory Body is granted the powers of initiative and control necessary to ensure effective and efficient supervision of the operation and compliance with the Model in accordance with the provisions of art. 6 of Legislative Decree no. no. 231/2001.

The Body has autonomous powers of initiative, intervention and control, which extend to all sectors and functions of the Company, powers that must be exercised in order to effectively and promptly carry out the functions provided for in the Model and by the rules implementing the same.

In particular, the Supervisory Body is entrusted, for the performance and exercise of its functions, with the following tasks and powers[45]:

- regulate its operation also through the introduction of a regulation of its activities that provides: the scheduling of activities, the determination of the time intervals of controls, the identification of analysis criteria and procedures, the regulation of information flows from company structures;
- supervise the functioning of the Model and with respect to the prevention of the commission of the crimes referred to in Legislative Decree no. 231/2001 and with reference to the ability to bring to light the materialization of any unlawful conduct;
- carry out periodic inspection and control activities, of a continuous nature - with a time frequency and method predetermined by the Supervisory Activities Programme - and surprise checks, in consideration of the various sectors of intervention or the types of activities and their critical points

45 *In detail, the activities that the Body is called upon to carry out, also on the basis of the indications contained in art. 6 and 7 of Legislative Decree no. 231/2001, can be summarized as follows:*

- *supervision of the **effectiveness** of the model, which takes the form of verifying the consistency between the concrete conduct and the model established;*
- *examination of the **adequacy** of the model, i.e. its real (and not merely formal) ability to prevent, in principle, unwanted behaviour;*
- *analysis of the **maintenance** over time of the requirements of solidity and functionality of the model;*
- *care of the necessary **dynamic updating** of the model, in the event that the analyses carried out make it necessary to make corrections and adjustments. This treatment, as a rule, is carried out in two distinct and integrated moments;*
- *presentation of **proposals for adapting** the model to the corporate bodies/functions capable of implementing them concretely in the corporate fabric.*
- ***follow-up**, i.e. verification of the implementation and effective functionality of the proposed solutions.* Confindustria, Guidelines, cit., in the final version updated June 2021.

in order to verify the efficiency and effectiveness of the Model;

- freely access any management and unit of the Company – without the need for any prior consent – to request and acquire information, documentation and data, deemed necessary for the performance of the tasks envisaged by Legislative Decree no. 231/2001, by all employees and managers. In the event that a reasoned refusal to access the documents is opposed, the Body shall draw up, if it does not agree with the opposite reason, a report to be sent to the Board of Directors;
- request relevant information or the presentation of documents, including electronic documents, pertaining to risk activities, from directors, control bodies, auditing firms, collaborators, consultants and in general from all parties required to comply with the Model. The obligation of the latter to comply with the request of the Body must be included in the individual contracts;
- to take care of, develop and promote the constant updating of the Model, formulating, where necessary, to the management body proposals for any updates and adjustments to be made through the amendments and/or additions that may be necessary as a result of: i) significant violations of the provisions of the Model; ii) significant changes in the internal structure of the Company and/or in the methods of carrying out business activities; iii) regulatory changes;
- verify compliance with the procedures set out in the Model and detect any behavioural deviations that may emerge from the analysis of information flows and reports to which the heads of the various functions are required and proceed in accordance with the provisions of the Model;
- ensure the periodic updating of the system for the identification of sensitive areas, mapping and classification of sensitive activities;
- to take care of relations and ensure the flow of information for which it is responsible to the Board of Directors, as well as to the independent auditors;
- promote communication and training interventions on the contents of Legislative Decree no. 231/2001 and the Model, on the impacts of the legislation on the company's activities and on the rules of conduct, also establishing controls on attendance. In this regard, it will be necessary to differentiate the program by paying particular attention to those who work in the various sensitive activities;
- verify the preparation of an effective internal communication system to allow the transmission of relevant information for the purposes of Legislative Decree no. 231/2001 guaranteeing the protection and confidentiality of the whistleblower;
- ensure knowledge of the conduct that must be reported and the methods of reporting;
- provide clarifications regarding the meaning and application of the provisions contained in the Model;
- formulate and submit to the approval of the management body the expenditure forecast necessary for the proper performance of the tasks assigned, with absolute independence. This expenditure estimate, which must guarantee the full and correct performance of its activities, must be approved by the Board of Directors. The Body may autonomously commit resources that exceed its spending powers, if the use of such resources is necessary to deal with exceptional and urgent situations. In these cases, the Body must inform the Board of Directors at the immediately following meeting;
- promptly report to the management body, for appropriate measures, any ascertained violations of the Model that may result in the Company becoming liable;
- verify and evaluate the suitability of the disciplinary system pursuant to and for the purposes of Legislative Decree no. no. 231/2001.

In carrying out its activities, the Body may make use of the functions present in the Company by virtue of their competences.

4.3 Information obligations towards the Supervisory Body – Information flows

The Supervisory Body must be promptly informed, by means of a special communication system, of those acts, behaviours or events that may lead to a violation of the Model or which, more generally, are relevant for the purposes of Legislative Decree no. no. 231/2001.

Compiled by, on	Verified by, on	Approved by, on
SMILAB S.r.l. Amanda Lava 25/05/2024	R-SQ Elisabet Zanini 25/05/2024	Board of Directors G. Dubbini, M. Dubbini, P. Dubbini 13/06/2024

The obligation to inform about any conduct contrary to the provisions contained in the Model is part of the broader duty of diligence and obligation of loyalty of the employee.
The corporate functions operating in the field of sensitive activities must transmit to the Supervisory Body information regarding: i) the periodic results of the control activities carried out by them in implementation of the Model, also upon request (summary *reports* of the activities carried out, etc.); ii) any anomalies or atypical features found in the available information.
The information may concern, but is not limited to:

- operations that fall within sensitive activities (for example: information relating to new staff hires, unscheduled inspections by Public Officials, etc.);
- measures and/or news from judicial police bodies, or from any other authority, which show that investigations are being carried out, including against unknown persons, for the crimes contemplated by Legislative Decree no. 231/2001 and that may involve the Company;
- requests for legal assistance submitted by employees in the event of the initiation of legal proceedings against them and in relation to the offences referred to in Legislative Decree no. no. 231/2001, unless expressly prohibited by the judicial authority;
- reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions with critical profiles with respect to compliance with the rules and provisions of the Model could emerge;
- information relating to the disciplinary proceedings carried out and any sanctions imposed (including the measures taken against employees) or the measures to dismiss these proceedings with the related reasons;
- any other information that, although not included in the list above, is relevant for the purposes of a correct and complete supervision and updating of the Model.

With regard to consultants, external collaborators, suppliers, etc., there is a contractual obligation to provide immediate information for them in the event that they receive, directly or indirectly, from an employee/representative of the Company a request for conduct that could lead to a violation of the Model.
In this regard, the following general provisions apply:

- Any reports relating to: i) the commission, or the reasonable danger of committing, crimes referred to in Legislative Decree no. no. 231/2001; ii) conduct that is not in line with the rules of conduct issued by the Company; iii) conduct that, in any case, may lead to a violation of the Model;
- the employee who becomes aware of a violation, attempt or suspected violation of the Model, may contact his or her direct hierarchical superior or, if the report is unsuccessful or the employee feels uncomfortable contacting his or her direct superior to make the report, report directly to the Supervisory Body;
- consultants, external collaborators, suppliers, with regard to the relationships and activities carried out with the Company, may report directly to the Supervisory Body any situations in which they receive, directly or indirectly, from an employee/representative of the Company a request for conduct that could lead to a violation of the Model;
- in order to effectively collect the reports described above, the Supervisory Body will promptly and thoroughly communicate to all interested parties the methods and forms of carrying them out;
- the Supervisory Body assesses at its discretion and under its own responsibility the reports received and the cases in which it is necessary to take action;
- Determinations regarding the outcome of the assessment must be justified in writing.

The correct fulfilment of the obligation to provide information by the employee cannot give rise to the application of disciplinary sanctions[46].

46 *"By regulating the methods of compliance with the obligation to inform, it is not intended to encourage the phenomenon of reporting so-called internal rumors (whistleblowing), but rather to create that system of reporting real facts and/or behaviors that does not follow the hierarchical line and that allows staff to report cases of violation of rules by others within the entity, without fear*

The Company adopts suitable and effective measures to ensure that confidentiality is always guaranteed regarding the identity of those who transmit to the Body information useful for identifying conduct that does not comply with the provisions of the Model, the procedures established for its implementation and the procedures established by the internal control system, without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly accused and/or in bad faith.

4.3.1 Collection and storage of information

All information, reports, reports provided for in the Model are kept by the Supervisory Body in a special archive (computer or paper) for a period of at least 10 years.

4.3.2 Supervisory Body Reporting

The Supervisory Body reports on the implementation of the Model, the emergence of any critical aspects, and the need for modifications. Separate reporting lines are provided by the Supervisory Body:

- on an ongoing basis, reports to the Board of Directors, in the person of the Chairman;
- on a periodic half-yearly basis, it submits a report to the Board of Directors and to the independent auditors.

Meetings with the corporate bodies and with the Chairman to whom the Supervisory Body reports must be documented. The Supervisory Body takes care of the archiving of the relevant documentation.
The Supervisory Body prepares:

- on a periodic basis, an information report, relating to the activities carried out, to be presented to the Board of Directors;
- on an ongoing basis, written reports concerning specific and specific aspects of its activities, considered to be of particular importance and significance in the context of prevention and control activities, to be submitted to the Chairman of the Board of Directors;
- immediately, a communication relating to the occurrence of extraordinary situations (for example: significant violations of the principles contained in the Model, legislative innovations on the administrative liability of entities, significant changes in the Company's organisational structure, etc.) and, in the event of reports received that are of an urgent nature, to be submitted to the Chairman of the Board of Directors.

The periodic reports prepared by the Supervisory Body are also prepared in order to allow the Board of Directors to make the necessary assessments to make any updates to the Model and must at least contain:

- any problems that have arisen regarding the methods of implementation of the procedures envisaged by the Model or adopted in implementation or in the light of the Model;
- the report of reports received from internal and external parties regarding the Model;
- the disciplinary procedures and sanctions that may be applied by the Company, with exclusive reference to risky activities;
- an overall assessment of the functioning of the Model with any indications for additions, corrections or modifications.

CHAPTER 5: WHISTLEBLOWING REPORTS

5.1 Reports of wrongdoing or alleged wrongdoing

With Legislative Decree No. 24 of 10 March 2023, EU Directive 2017/1937 on "the protection of natural persons who report breaches of European Union law" was transposed into Italian law. The Decree amended the previous national legislation, regulating the protection regime of persons who report unlawful conduct carried out in violation of European and national provisions, based on well-founded reasons and detrimental to the public interest or the integrity of the entity.
It is possible to submit the internal report in writing in the following ways:

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of retaliation. In this sense, the Body also assumes the characteristics of the Ethics Officer, without - however - attributing disciplinary powers to him that it will be appropriate to allocate to a special committee or, finally, in the most delicate cases to the Board of Directors". Confindustria, Guidelines, cit., in the version updated to June 2021.

- by paper transmission, by ordinary mail or registered mail with return receipt, addressed to the website in via Mozzanica 11,24043 Caravaggio (BG), for the attention of the Whistleblowing Manager (in a sealed envelope bearing the words "To the attention of the Whistleblowing Whistleblowing Manager - confidential and personal);
- by physical delivery of the report to the website in via Mozzanica 11,24043 Caravaggio (BG), for the attention of the Whistleblowing Manager (in a sealed envelope bearing the words "To the attention of the Whistleblowing Whistleblowing Manager - confidential and personal);
- through the IT platform "My Whistleblowing" available at the web address https://areariservata.mygovernance.it/#!/WB/Diachem, by filling in the form prepared for this purpose, and accessible from the https://diachemagro.com/whistleblowing/ website.

As an alternative to internal reports made in writing through the IT platform, reports can be made through the following alternatives:

- orally by recording a voice message within the IT platform "My Whistleblowing" indicated above;
- at the reasoned request of the reporting person, by means of a direct meeting scheduled within a reasonable time, in accordance with the procedures published on the https://diachemagro.com/whistleblowing/ website.

The discipline of Decree no. 24/2023 imposes the prohibition of acts of retaliation or discriminatory acts towards the whistleblower, for reasons directly or indirectly related to the report submitted: the whistleblower manager is therefore required to maintain the utmost confidentiality with respect to the identity of the whistleblower and all persons connected to him.

Any false, defamatory or bad-faith reports will result in disciplinary sanctions being applied to the whistleblower. The extent of the disciplinary measure will be commensurate with the seriousness of the offence committed.

The Company has adopted, in accordance with the provisions of Decree 24/2023, a specific procedure with which it has thoroughly defined the phases of the reporting process and the methods for archiving and storing reports.

CHAPTER 6: DISCIPLINARY SYSTEM

6.1 Functions of the disciplinary system

Art. 6, paragraph 2, letter e) and art. 7, paragraph 4, letter b) of Legislative Decree no. 231/2001 indicate, as a condition for the effective implementation of the organisational, management and control model, the introduction of a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model itself.

Therefore, the definition of an adequate disciplinary system is an essential prerequisite for the discriminatory value of the model with respect to the administrative liability of entities.

The adoption of disciplinary measures in the event of violations of the provisions contained in the Model is independent of the commission of a crime and the conduct and outcome of any criminal proceedings initiated by the judicial authority[47].

Compliance with the requirements contained in the Model adopted by the Company must be considered an essential part of the contractual obligations of the "Recipients" defined below.

Violation of the rules of the same damages the relationship of trust established with the Company and may lead to disciplinary, legal or criminal action. In the most serious cases, the violation may lead to the

47 *"The disciplinary assessment of the conduct carried out by employers, except, of course, the subsequent possible control by the labour court, does not necessarily have to coincide with the judge's assessment in criminal proceedings, given the autonomy of the violation of the Code of Ethics and internal procedures with respect to the violation of the law that involves the commission of a crime. The employer is therefore not required, before acting, to wait for the end of any criminal proceedings in progress. The principles of timeliness and immediacy of the sanction make it not only unnecessary, but also inadvisable to delay the imposition of the disciplinary sanction pending the outcome of any trial instituted before the criminal court". Confindustria, Guidelines, cit., in the version updated to 31 March 2008.*

termination of the employment relationship if carried out by an employee, or to the termination of the relationship if implemented by a third party.
For this reason, it is required that each Recipient be familiar with the rules contained in the Company's Model, as well as the reference rules governing the activity carried out within the scope of their function.
This sanctioning system, adopted pursuant to art. 6, second paragraph, letter e) of Legislative Decree no. 231/2001 must be considered complementary and not alternative to the disciplinary system established by the same CCNL in force and applicable to the various categories of employees employed by the Company.
The imposition of disciplinary sanctions in the event of violations of the Model is independent of the possible establishment of criminal proceedings for the commission of one of the crimes provided for by the Decree.
The sanctioning system and its applications are constantly monitored by the Supervisory Body.
No disciplinary proceedings may be dismissed, nor may any disciplinary sanction be imposed, for violation of the Model, without prior information and opinion of the Supervisory Body.

6.2 Sanctions and disciplinary measures

6.2.1 Sanctions against Employees

The Code of Ethics, the IT Code of Ethics and the Model constitute a set of rules to which the employees of a company must comply also pursuant to the provisions of art. 2104 and 2106 of the Italian Civil Code and by the National Collective Labour Agreements (CCNL) on rules of conduct and disciplinary sanctions. Therefore, all conduct carried out by employees in violation of the provisions of the Code of Ethics, the Model and its implementation procedures, constitutes a breach of the primary obligations of the employment relationship and, consequently, infringements, entailing the possibility of the establishment of disciplinary proceedings and the consequent application of the related sanctions.
In the present case, the following are applicable to employees with the qualification of blue-collar, white-collar and middle managerial workers, in compliance with the procedures provided for by art. 7 of Law no. 300 of 20 May 1970 (Workers' Statute) – the provisions provided for by the CCNL.
These measures are those provided for by the disciplinary rules, and precisely, depending on the seriousness of the infractions, the following disciplinary measures are envisaged:

- verbal warning;
- written warning;
- a fine not exceeding three hours of hourly wage calculated on the minimum wage;
- suspension from work and pay for up to a maximum of three days;
- Dismissal for shortcomings.

The employer may not take any disciplinary action against the employee without having previously challenged the charge and without having heard him in his defense. Except for the verbal warning, the complaint must be made in writing and disciplinary measures cannot be imposed before 5 days have elapsed, during which the worker can present his justifications. If the measure is not imposed within 6 days following these justifications, they will be considered accepted.
Based on the principles and criteria set out above:

a) A worker incurs written warnings, fines or suspensions if, for example:

- does not show up for work or leaves his or her workplace without justified reason or does not justify the absence within the day following that of the start of the absence itself, except in the case of justified impediment;
- without justified reason delays the start of work or suspends it or anticipates its termination;
- he commits slight insubordination towards superiors;
- he carries out the work entrusted to him negligently or with deliberate slowness;
- due to carelessness or negligence, the company material or the material being processed is damaged;
- is found in a state of manifest drunkenness, during working hours;
- outside the company he carries out, on behalf of third parties, work pertaining to the company itself;
- contravenes the smoking ban;
- carries out minor work on the company on his own behalf or on behalf of third parties, outside

working hours and without subtracting company material, with the use of the company's own equipment;

- otherwise violates the observance of this Agreement or commits any failure that is detrimental to the discipline, morals, hygiene and safety of the establishment

b) The dismissal with notice measure will be applied when the worker commits, for example, one of the following offences:

- insubordination to superiors;
- significant culpable damage to the company material or processing material;
- execution without a work permit on the farm on one's own behalf or on behalf of third parties, during working hours, of a minor amount, without the use of material and/or equipment of the firm;
- brawl in the plant outside the processing departments;
- abandonment of the workplace by personnel who are specifically entrusted with surveillance, custody and control tasks;
- unjustified absences prolonged beyond four consecutive days or repeated absences three times in a year on the day following holidays or holidays;
- sentence to a prison sentence imposed on the worker, with a sentence that has become final, for an action committed not in connection with the performance of the employment relationship, which harms the moral figure of the worker;
- recidivism in any of the shortcomings referred to in point a)

c) The dismissal without notice will be applied in the event that the worker causes moral or material damage to the company or that he performs, in connection with the performance of the employment relationship, actions that constitute a crime under the law such as:

- intentional damage to the company's material or processing material;
- theft in the company;
- execution, without permission and during working hours, of work on the farm on one's own behalf or on behalf of third parties, of a minor nature and with the use of material and/or equipment of the firm;
- theft of documents, tools or other company objects.

In the event of dismissal without notice, the company may order the non-disciplinary precautionary suspension of the worker with immediate effect, for a maximum period of six days. If the dismissal is applied, it will take effect from the moment of the suspension ordered.

6.2.2 Sanctions against Managers

The managerial relationship is characterized by the eminently fiduciary nature. The conduct of the Manager, in addition to being reflected within the Company, constituting a model and example for all those who work there, also has repercussions on the external image of the same. Therefore, compliance by the Company's managers with the requirements of the Code of Ethics, the IT Code of Ethics, the Model and the related implementation procedures is an essential element of the managerial employment relationship.

With regard to Executives who have committed a violation of the Code of Ethics, the IT Code of Ethics and the Model or the procedures established in implementation thereof, the function holding the disciplinary power initiates the relevant proceedings to make the relevant complaints and apply the most appropriate sanctions, in accordance with the provisions of the CCNL Executives and, where necessary, in compliance with the procedures referred to in art. 7 of Law no. 300 of 30 May 1970.

The sanctions must be applied in compliance with the principles of gradualness and proportionality with respect to the seriousness of the act and the fault or possible intent. Among other things, the objection may be ordered as a precautionary measure to revoke any powers of attorney entrusted to the person concerned, up to the possible termination of the relationship in the presence of violations so serious as to cause the relationship of trust with the Company to be terminated.

6.2.3 Sanctions against Directors

In the event of violations of the provisions contained in the Model, the Code of Ethics or the IT Code of Ethics by one or more Directors, the Board of Directors will be informed so that appropriate measures can be taken in accordance with the regulations or requirements adopted by the Company. It should be noted that pursuant to art. 2392 of the Italian Civil Code, directors are liable to the company for failing to fulfil the duties imposed by law with due diligence. Therefore, in relation to the damage caused by specific detrimental events strictly attributable to the failure to exercise due diligence, the exercise of a social liability action pursuant to Article 2393 of the Italian Civil Code and following may be related in the opinion of the Shareholders' Meeting.
In order to ensure the full exercise of the right of defence, a reasonable period must be provided within which the person concerned can submit justifications and/or written defence and can be heard.

6.2.4 Sanctions against Statutory Auditors

Upon notification of a violation of the provisions and rules of conduct of the Model by one or more Statutory Auditors[48], the Supervisory Body must promptly inform the Board of Directors of the incident.
The recipients of the information provided by the Supervisory Body may take, in accordance with the provisions of the Articles of Association, the appropriate measures including, for example, the convening of the Shareholders' Meeting, in order to adopt the measures deemed most appropriate.
In order to ensure the full exercise of the right of defence, a deadline must be provided within which the person concerned can submit justifications and/or written defence and can be heard.

6.2.5 Sanctions against collaborators and external parties operating on behalf of the Company

With regard to collaborators or external parties who operate on behalf of the Company, the sanctioning measures and the methods of application for violations of the Code of Ethics, the Model and the related implementation procedures are preliminarily determined.
These measures may provide for the termination of the relationship for the most serious violations, and in any case when they are such as to damage the Company's trust in the person responsible for the violations.
If a violation occurs by these parties, the SB informs the Chairman of the Board of Directors in a written report.

6.2.6 Measures against the Supervisory Body

In the event of negligence and/or inexperience on the part of the Supervisory Body in supervising the correct application of the Model and their compliance and in failing to identify cases of violation of the Model and proceed with their elimination, the Board of Directors will take the appropriate measures in accordance with the procedures provided for by current legislation, including the revocation of the appointment and without prejudice to the request for compensation.
In order to ensure the full exercise of the right of defence, a deadline must be provided within which the person concerned can submit justifications and/or written defence and can be heard.
In the event of alleged unlawful conduct by members of the Supervisory Body, the Board of Directors, upon receipt of the report, investigates the actual offence that has occurred and then determines the relevant sanction to be applied.

CHAPTER 7: TRAINING AND COMMUNICATION PLAN

7.1 Premise

In order to effectively implement the Model, the Company intends to ensure the correct dissemination of its contents and principles inside and outside its organisation.
In particular, the Company's objective is to communicate the contents and principles of the Model not only to its employees but also to persons who, although not formally qualified as employees, work – even occasionally – to achieve the Company's objectives by virtue of contractual relationships. In fact, the recipients of the Model are both persons who hold representation, administration or management functions

48 *Although the Statutory Auditors cannot be considered - in principle - subjects in a top position, as stated by the same Explanatory Report of Legislative Decree no. no. 231/2001 (p. 7), however, it is theoretically conceivable that the same auditors were involved, even indirectly, in the commission of the offences referred to in Legislative Decree no. no. 231/2001 (possibly by way of competition with individuals in top positions).*

in the Company, and persons subject to the management or supervision of one of the aforementioned entities (pursuant to Article 5 of Legislative Decree no. 231/2001), but also more generally, all those who work to achieve the purpose and objectives of the Company. The recipients of the Model therefore include the members of the corporate bodies, the subjects involved in the functions of the Supervisory Body, employees, collaborators, external consultants, suppliers, etc.
The Company, in fact, intends to:

- to determine, in all those who operate in its name and on its behalf in the "sensitive areas", the awareness of being able to incur, in the event of violation of the provisions contained therein, an offence punishable by sanctions;
- inform all those who operate in any capacity in its name, on its behalf or in any case in its interest that the violation of the provisions contained in the Model will result in the application of appropriate sanctions or the termination of the contractual relationship;
- reiterate that the Company does not tolerate unlawful conduct, of any kind and regardless of any purpose, as such conduct (even if the Company is apparently in a position to take advantage of it) is in any case contrary to the ethical principles to which the Company intends to adhere.

The communication and training activity is diversified according to the recipients to whom it is addressed but is, in any case, based on principles of completeness, clarity, accessibility and continuity in order to allow the various recipients to be fully aware of the company provisions they are required to comply with and the ethical rules that must inspire their behavior.
These recipients are required to comply punctually with all the provisions of the Model, also in fulfilment of the duties of loyalty, fairness and diligence that arise from the legal relationships established by the Company.
The communication and training activity is supervised by the Supervisory Body, which is assigned, among other things, the tasks of "promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for the training of personnel and their awareness of compliance with the principles contained in the Model" and of "promoting and developing communication and training interventions on the contents of Legislative Decree no. no. 231/2001, on the impacts of the legislation on the company's activity and on the rules of conduct".

7.2 Employees

Each employee is required to: i) become aware of the principles and contents of the Model, the Code of Ethics and the IT Code of Ethics if applicable; ii) know the operating methods with which its activity must be carried out; iii) actively contribute, in relation to their role and responsibilities, to the effective implementation of the Model, pointing out any deficiencies found in it.
In order to ensure effective and rational communication, the Company promotes knowledge of the contents and principles of the Model and the implementation procedures within the organization applicable to them, with a degree of in-depth analysis diversified according to the position and role held.
Employees and new hires are given an extract of the Model, the Code of Ethics and, if necessary, the IT Code of Ethics and are guaranteed the possibility of consulting them directly in the company network in a dedicated document area; and they are required to sign a declaration of knowledge and compliance with the principles of the Model, the Code of Ethics and the IT Code of Ethics described therein. In any case, for employees who do not have access to the company network, this documentation is made available to them by posting on the company bulletin boards and in the personnel portal.
Communication and training on the principles and contents of the Model, the Code of Ethics and, if applicable, the IT Code of Ethics are guaranteed by the heads of the individual functions who, according to what is indicated and planned by the Supervisory Body, identify the best way to use these services.
Training initiatives can also take place remotely through the use of computer systems (e.g.: video conferencing, e-learning, staff meetings, etc.).
At the end of the training event, participants will have to fill in a questionnaire, thus certifying that they have learned the contents of the course.

Suitable communication tools will be adopted to update the recipients of this paragraph on any changes made to the Model, as well as any significant procedural, regulatory or organisational changes.

7.3 Members of the corporate bodies and persons with representative functions of the Company

The members of the corporate bodies and persons with representative functions of the Company are made available a hard copy of the Model at the time of acceptance of the office conferred on them and will be required to sign a declaration of compliance with the principles of the Model itself and the Code of Ethics.
Suitable communication and training tools will be adopted to update them on any changes made to the Model, as well as any significant procedural, regulatory or organisational changes.

7.4 Supervisory Body

Specific training or information (e.g. regarding any organisational and/or business changes in the Company) is intended for the members of the Supervisory Body and/or the persons it uses in the performance of its functions.

7.5 Other recipients

The communication of the contents and principles of the Model must also be addressed to third parties who have contractually regulated collaboration relationships with the Company (for example: suppliers, consultants and other independent collaborators) with particular reference to those who operate in the context of activities considered sensitive pursuant to Legislative Decree no. no. 231/2001.
To this end, the Company will provide third parties with an extract of the Reference Principles of the Model and the Code of Ethics and will evaluate the opportunity to organize ad hoc training sessions if it deems it necessary.
Training initiatives can also take place remotely through the use of computer systems (e.g.: video conferencing, e-learning, etc.).

CHAPTER 8: ADOPTION OF THE MODEL – CRITERIA FOR SUPERVISION, UPDATING AND ADAPTATION OF THE MODEL

8.1 Checks and control on the Model

The Supervisory Body must draw up an annual supervisory programme through which it plans, in principle, its activities, providing for a calendar of activities to be carried out during the year, the determination of the time intervals of controls, the identification of analysis criteria and procedures, the possibility of carrying out unscheduled checks and controls.
In carrying out its activities, the Supervisory Body may avail itself of the support of functions and structures within the Company with specific expertise in the corporate sectors subject to control from time to time, both with reference to the execution of the technical operations necessary for the performance of the control function, and of external consultants. In this case, the consultants must always report the results of their work to the Supervisory Body.[49]
The Supervisory Body is recognized, during the audits and inspections, the broadest powers in order to effectively carry out the tasks entrusted to it[50].

8.2 Upgrade and Adjustment

The Board of Directors resolves on the updating of the Model and its adaptation in relation to amendments and/or additions that may be necessary as a result of:

- significant violations of the provisions of the Model;
- changes in the internal structure of the Company and/or in the methods of carrying out business activities;

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49 *"This approach makes it possible to combine the principle of responsibility that the law reserves for the body referable to the entity with the greater specific professionalism of external consultants, thus making the body's activity more effective and penetrating". Thus, with reference to the possibility of establishing an ad hoc supervisory body (an alternative possibility to the attribution of the role of supervisory body to the Internal Control Committee or to the internal auditing function), Confindustria, Guidelines, cit., in the version as at 31 March 2008.*

50 *See paragraph 4.2.*

- regulatory changes;
- results of the checks.

Once approved, the amendments and instructions for their immediate application are communicated to the Supervisory Body, which will, without delay, make the same changes operational and ensure the correct communication of the contents inside and outside the Company.

The Supervisory Body retains, in any case, precise tasks and powers regarding the care, development and promotion of the constant updating of the Model. To this end, it formulates observations and proposals, relating to the organisation and control system, to the corporate structures in charge of this or, in cases of particular importance, to the Board of Directors.

In particular, in order to ensure that changes to the Model are made with the necessary timeliness and effectiveness, without at the same time incurring any lack of coordination between the operating processes, the requirements contained in the Model and their dissemination, the Chairman of the Board of Directors periodically makes, where necessary, amendments to the Model relating to descriptive aspects. It should be noted that the expression "descriptive aspects" refers to elements and information deriving from acts resolved by the Board of Directors (such as, for example, the redefinition of the organization chart) or from company functions with specific delegation (e.g. new company procedures).

On the occasion of the presentation of the annual summary report, the Supervisory Body submits to the Board of Directors a specific information note on the changes made in implementation of the delegation received in order to make it the subject of a ratification resolution by the Board of Directors.

In any case, the Board of Directors remains solely responsible for resolving updates and/or adjustments to the Model due to the following factors:

- intervention of regulatory changes on the administrative liability of entities;
- identification of new sensitive activities, or changes to those previously identified, also possibly related to the start of new business activities;
- formulation of observations by the Ministry of Justice on the Guidelines pursuant to art. 6 of Legislative Decree no. 231/2001 and art. 5 et seq. of Ministerial Decree no. 201 of 26 June 2003;
- commission of the crimes referred to in Legislative Decree no. 231/2001 by the recipients of the provisions of the Model or, more generally, of significant violations of the Model;
- finding of deficiencies and/or gaps in the provisions of the Model following checks on the effectiveness of the same.

The Model will, in any case, be subject to a periodic review procedure every three years to be arranged by resolution of the Board of Directors.