

**INSIT INDUSTRIA S.p.A.**

**ORGANISATION, MANAGEMENT  
AND CONTROL SYSTEM**

In accordance with Italian Legislative Decree of 8 June 2001, no. 231

(updated on 06/03/2023)

# **GENERAL PART**

# CONTENTS

## GENERAL PART

### ***1. The responsibility of the Institute: the regulatory context***

<b><i>1.1</i></b>	The regulations for the administrative responsibility of legal entities, companies and associations, in accordance with the standards introduced by Italian Legislative Decree 231/2001	p. 4
<b><i>1.2</i></b>	The authors of the offence .....	p. 5
<b><i>1.3</i></b>	The offence types .....	p. 6
<b><i>1.4</i></b>	Offences committed abroad .....	p. 41
<b><i>1.5</i></b>	The sanction system .....	p. 42
<b><i>1.6</i></b>	Criteria for attributing responsibility to the institute and exemption ..... from responsibility: the organisation and management system	p. 44
<b><i>1.7</i></b>	Responsibility of the institute and changes to the company structure. ....	p. 47

### ***2. The Company and its organisational structure***

<b><i>2.1</i></b>	The Company purpose .....	p. 48
<b><i>2.2</i></b>	The Company structure (Governance Model) and the principles behind it .....	p. 48
<b><i>2.3</i></b>	INSIT INDUSTRIA S.p.A. organisational structure .....	p. 51

### ***3. The Organisation, management and control system***

<b><i>3.1</i></b>	Objectives and purposes of the System .....	p. 53
<b><i>3.2</i></b>	The Guidelines and the preparation of the System .....	p. 55
<b><i>3.3</i></b>	The relationship between the System and the Ethics Code .....	p. 56
<b><i>3.4</i></b>	The recipients of the System .....	p. 57
<b><i>3.5</i></b>	System adoption, modification and integration .....	p. 58

### ***4. Communication and training***

<b><i>4.1</i></b>	Communication .....	p. 59
<b><i>4.2</i></b>	Training .....	p. 59

### ***5. Supervisory Board***

<b><i>5.1</i></b>	Function .....	p. 61
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<b>5.2</b>	Requirements .....	p. 61
<b>5.3</b>	Composition, appointment and term .....	p. 62
<b>5.4</b>	Reasons for ineligibility, expiry, suspension and revocation of the members of the Supervisory Board	p. 63
<b>5.5</b>	Execution of the activity: duties and powers .....	p. 65
<b>5.6</b>	Communications to and by the Supervisory Board .....	p. 68
<b>6.</b>	<b><i>The disciplinary system</i></b>	
<b>6.1</b>	General principles and implementation methods .....	p. 71
<b>6.2</b>	Sanctions for the employee workers .....	p. 73
	<b><i>Annexes:</i></b>	
<b>1</b>	Ethics Code	
<b>2</b>	Minutes of the Meeting of the Board of Directors on 20/05/2015	

# **1. THE RESPONSIBILITY OF THE INSTITUTE: THE REGULATORY CONTEXT.**

## **1.1 The regulations for the administrative responsibility of legal entities, companies and associations, in accordance with the standards introduced by Italian Legislative Decree 231/2001.**

With the approval of Italian Legislative Decree of 8 June 2001, no. 231 (hereinafter defined as the “Decree”), which implemented the Enabling Law of 29 September 2000, no. 300, regulations for the administrative responsibility of institutes (legal entities, companies and associations, even those without legal status) for the crimes committed in the interest or to the advantage of the firm by its own personnel were introduced in Italy for the first time.

The Decree initially originates within certain international and EU conventions, ratified by Italy, which require provisions for forms of responsibility of collective institutes and a corresponding sanction system which combat business criminality in a more direct and effective manner.

The institution of the administrative responsibility of companies arises from the empirical consideration whereby the unlawful conduct committed within the business, far from following from the private initiative of the individual, often falls within the scope of a widespread company policy and originates from decisions taken at the top of the institute itself.

With reference to the nature of the administrative responsibility in accordance with Italian Legislative Decree 231/01, the Decree’s Illustrative Report emphasises the *“birth of a tertium genus [third type] which combines the essential traits of the criminal and administrative systems in the attempt to bring together the reasons for the preventive efficacy with the (even more inevitable) reasons for the maximum guarantee”*.

The Decree, in fact, has introduced into Italian law an “administrative”-type form of responsibility of companies - in accordance with the dictates of art. 27 of the Constitution - but with several points of contact with a criminal type responsibility.

In other words, it is a case of “administrative” responsibility *sui generis* [of its own kind], because it can only be applied by the criminal court judge, within the context of laws providing protection prepared by the criminal law and only if all the objective and subjective requirements set by the legislator stand. To be specific, it is necessary that one of the offences for which the administrative responsibility of the institute is envisaged has been committed or attempted, and that this offence has been carried out in the interest of or to the advantage of the company, by a party related in functional terms to the institute.

This extension of responsibility substantially aims to involve, within the punishment of certain offences, the assets of companies and, when all is said and done, the economic interests of the shareholders who, until the entry into force of the Decree in question, were not subject to direct consequences due to the committing of crimes by directors and/or employees.

The administrative responsibility of companies is autonomous in relation to the criminal responsibility of the individual who has committed the offence and goes hand in hand with it.

## **1.2 The authors of the offence.**

The authors of the offence which may lead to the responsibility of the institute may be:

- a) “*persons who carry out functions of agency, administration or management of the institute or one of its organisational units with financial and functional autonomy as well as persons who exercise, also on a de facto basis, the management and control of the institute itself*” (so-called “*senior figures*” in accordance with art. 5, clause 1, letter a), of the Decree);
- b) persons subject to the management or supervision of one of the senior figures (so-called “*second-level staff*” in accordance with art. 5, clause 1, letter b), of the Decree).

To be specific, the senior figures category may include the directors, the director generals and the legal representatives, but also those who carry out the same functions within an “organisational unit” of the institute with financial and functional autonomy such as, for example, the department or plant managers. All the parties *delegated by the directors* to exercise management activities for the company or remote offices also must be considered

to be senior figures, as well as the so-called *de facto* employers.

The category of the parties in a subordinate position includes all those who are subject to the management and supervision of the senior figures and who, in substance, execute the decisions adopted by the top management in the interest of the institute. This category may include all the employees of the institute, as well as all those who act in the name of, on behalf of or in the interest of the institute such as, by way of example, the partners, the semi-subordinate employees, the consultants, the agents and the representatives.

We must note the equivalence applied - with respect to the parties with functions for representation, administration or management of the institute - to the persons with the same functions in an “*organisational unit with financial and functional autonomy*”: this is, as is known, a figure which is ever-increasingly widespread in today’s economic reality, especially within the context of companies structured over several units (as with *Insit Industria S.p.A.* with specific reference to the Montà plant), and this requires special attention in order to draw up an organisational system which turns out to be really effective in practice. We will see, in the special part dedicated to the individual offences, how it is necessary to make sure that every single professional figure potentially at risk of committing offences within *Insit Industria S.p.A.* is monitored, through the preparation of appropriate procedures, in order to ensure good control and effective supervision and monitoring of those “sensitive” activities within the context of the potential committing of the offences stated by the Decree.

### **1.3 The offence types.**

The institute may only be called to respond in relation to certain offences (so-called *predicate offences*), identified by the Decree, and by the laws which expressly refer to the regulations of the Decree, and are as follows:

**Art. 24 Italian Legislative Decree 231/2001 - Undue receipt of funds, fraud to the detriment of the State, a public body or the European Union, for the receipt of public funds and IT fraud to the detriment of the State or a public body and fraud within public supplies**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS
<p>Misuse of funds to the detriment of the State (<b>art. 316-bis Criminal Code</b>)</p> <p>Undue receipt of funds to the detriment of the State (<b>art. 316-ter Criminal Code</b>)</p> <p>Fraud within public supplies (<b>art. 356 Criminal Code</b>)</p> <p>Fraud to the detriment of the State or another public body (<b>art. 640, cl. 2, no. 1 Criminal Code</b>)</p> <p>Aggravated fraud for the receipt of public funds (<b>art. 640-bis Criminal Code</b>)</p> <p>IT fraud (<b>art. 640-ter Criminal Code</b>)</p> <p>Aggravated computer fraud pursuant to Art. 25 octies 1. introduced by L. 238/21 (<b>Art. 640-ter Penal Code</b>)</p> <p>Fraud to the detriment of the European Agricultural Fund (<b>Art. 2 Law 898/86</b>)</p>	<p>Up to five hundred 'quotes' (from two hundred to six hundred quotes if the offence leads to a significant profit or especially serious damages)</p>	<ul style="list-style-type: none"> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>



**Art. 24-*bis* Italian Legislative Decree 231/2001 - IT crimes and unlawful processing of data**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS
<p>Unlawful access to an IT or telematics system (<b>art. 615-<i>ter</i> Criminal Code</b>)</p> <p>Unlawful tapping, impeding or interruption of IT and telematics communications (<b>art. 617-<i>quater</i> Criminal Code</b>)</p> <p>Installation of equipment for tapping, impeding or interruption IT or telematics communications (<b>art. 617-<i>quinquies</i> Criminal Code</b>)</p> <p>Damaging of IT information, data and programmes (<b>art. 635-<i>bis</i> Criminal Code</b>)</p> <p>Damaging of IT information, data and programmes used by the State or by another public body or, in any case, a body of public interest (<b>art. 635-<i>ter</i> Criminal Code</b>)</p> <p>Damaging of IT or telematics systems (<b>art. 635-<i>quater</i> Criminal Code</b>)</p> <p>Damaging of IT or telematics systems of public interest (<b>art. 635-<i>quinquies</i> Criminal Code</b>)</p>	<p>From one hundred to five hundred quotes</p>	<ul style="list-style-type: none"> <li>- disqualification from exercising activity</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on publicising goods and services</li> </ul>

<p>Unlawful holding and diffusion of access codes to IT or telematics systems (<b>art. 615-<i>quater</i> Criminal Code</b>)</p> <p>Diffusion of IT equipment, devices or programmes aiming to damage or interrupt an IT or telematics system (<b>art. 615-<i>quinquies</i> Criminal Code</b>)</p>	<p>Up to three hundred quotes</p>	<ul style="list-style-type: none"> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on publicising goods and services</li> </ul>
<p>Falseness within IT documents (<b>art. 491-<i>bis</i> Criminal Code</b>)</p> <p>IT fraud pertaining to the party providing electronic signature certification services (<b>art. 640-<i>quinquies</i> Criminal Code</b>)</p> <p>Infringement of the regulations on the National Cyber Security Area (<b>art. 1 clause 11 Law Decree 105/2019</b>)</p>	<p>Up to four hundred quotes</p>	<ul style="list-style-type: none"> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>
<p><b>Art. 24-<i>ter</i> Italian Legislative Decree 231/2001 - Organised crime offences</b></p>		
<p><b>PREDICATE OFFENCES</b></p>	<p><b>PECUNIARY SANCTIONS</b></p>	<p><b>DISQUALIFICATION SANCTIONS</b></p>

<p>Criminal association aimed at the committing of crimes against individual freedom and related to clandestine immigration (<b>art. 416, cl. 6, Criminal Code</b>)</p> <p>Mafia type associations, including foreign (<b>art. 416-bis Criminal Code</b>)</p> <p>Electoral exchanges between politicians and the mafia (<b>art. 416-ter Criminal Code</b>)</p> <p>Kidnapping of persons for the purpose of robbery or extortion (<b>art. 630 Criminal Code</b>)</p> <p>Other crimes committed by making use of the conditions stated by art. 416-bis Criminal Code or to facilitate Mafia type associations</p> <p>Association aimed at the unlawful trafficking of narcotics or psychotropic drugs (<b>art. 74 lt. Pres. Decree 309/1990</b>)</p>	<p>From four hundred to one thousand quotes</p>	<p>For at least one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>
<p>Criminal association (<b>art. 416, cl. 1-5, Criminal Code</b>)</p> <p>Arms crimes (<b>art. 407, cl. 2, lett. a), no. 5, Code of Criminal Procedure</b>)</p>	<p>From three hundred to eight hundred quotes</p>	

**Art. 25 Italian Legislative Decree 231/2001 - Embezzlement, extortion, undue inducement to give or promise benefits, corruption and abuse of office**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS
<p>Corruption within the performance of one's duties (<b>art. 318 Criminal Code</b>)</p> <p>Responsibility of the corruptor within the performance of one's duties (<b>art. 321 Criminal Code</b>)</p> <p>Instigation to corruption within the performance of one's duties (<b>art. 322, cl. 1 and 3, Criminal Code</b>)</p> <p>Crimes against Public Authorities committed in relation to international public service appointees or public officials (<b>art. 322 bis Criminal Code</b>)</p> <p>Influence peddling (<b>art. 346 bis Criminal Code</b>)</p> <p>Embezzlement in the case of harming EU financial interests (<b>art. 314 Criminal Code</b>)</p> <p>Embezzlement by profiting from the errors of others in the case of harming EU financial interests (<b>art. 316 Criminal Code</b>)</p> <p>Abuse of office in the case of harming EU financial interests (<b>art. 323 Criminal Code</b>)</p>	<p>Up to two hundred quotes (also for the cases of corruption of a public service employee and international corruption)</p>	<p>NO</p>

<p>Corruption through a deed contrary to one's official duties (<b>art. 319 Criminal Code</b>)</p> <p>Corruption within judicial deeds (if the corruption crimes are committed to favour or damage a party within the proceedings) (<b>art. 319-ter, cl. 1, Criminal Code</b>)</p> <p>Responsibility of the corruptor through a deed contrary to one's official duties (<b>art. 321 Criminal Code</b>)</p> <p>Instigation to corruption through a deed contrary to one's official duties (<b>art. 322, cl. 2 and 4, Criminal Code</b>)</p> <p>Crimes against Public Authorities committed in relation to international public service appointees or public officials (<b>art. 322 bis Criminal Code</b>)</p>	<p>From two hundred to six hundred quotes (also for the cases of corruption of a public service employee and international corruption)</p>	<p>For at least one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> </ul>
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<p><b>Extortion (art. 317 Criminal Code)</b></p> <p>Aggravated corruption through a deed contrary to one's official duties if the institute has made a significant profit <b>(art. 319 aggravated in accordance with art. 319-bis Criminal Code)</b></p> <p>Corruption within judicial deeds (if someone is wrongly sentenced to imprisonment) <b>(art. 319-ter, cl. 2, Criminal Code)</b></p> <p>Undue inducement to give or promise benefits <b>(art. 319-quater Criminal Code)</b></p> <p>Responsibility of the corruptor for aggravated corruption through a deed contrary to one's official duties and for corruption within judicial deeds <b>(art. 321 Criminal Code)</b></p> <p>Crimes against Public Authorities committed in relation to international public service appointees or public officials <b>(art. 322 bis Criminal Code)</b></p>	<p>From three hundred to eight hundred quotes (also for the cases of corruption of a public service employee and international corruption)</p>	<p>For at least one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>

**Art. 25-bis Italian Legislative Decree 231/2001 - Counterfeiting money, public credit cards, stamps and recognition instruments or signs**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS
Falsification of money, abuse and introduction into the State, after agreement, of falsified money ( <b>art. 453 Criminal Code</b> )	From three hundred to eight hundred quotes	
Alteration of money ( <b>art. 454 Criminal Code</b> )  Counterfeiting of watermarked paper used for the manufacturing of public credit cards or stamps ( <b>art. 460 Criminal Code</b> )  Manufacturing or holding of watermarks or tools used to falsify money, stamps or watermarked paper ( <b>art. 461 Criminal Code</b> )	Up to five hundred quotes	For no more than one year:  - disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)
Abuse and introduction into the State, without agreement, of falsified money ( <b>art. 455 Criminal Code</b> )	The pecuniary sanctions established for the offences stated by arts. 453 and 454, reduced by one third to half	- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime
Falsification of stamps, introduction into the State, acquisition, holding or circulation of falsified stamps ( <b>art. 459 Criminal Code</b> )	The pecuniary sanctions established for the offences stated by arts. 453, 455, 457 and 464, cl. 2, Criminal Code, reduced by one third	- ban on contracting with the Public Authorities  - exclusion from facilities and revocation of any already granted

<p>Counterfeiting, alteration or use of mark / distinctive signs or of industrial patents, models and designs (<b>art. 473 Criminal Code</b>)</p> <p>Introduction into the State and trading of products with false signs (<b>art. 474 Criminal Code</b>)</p>	<p>Up to five hundred quotes</p>	<p>- ban on publicising goods and services</p>
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<p>Abuse of falsified money received in good faith (<b>art. 457 Criminal Code</b>)</p> <p>Use of counterfeit or altered stamps received in good faith (<b>art. 464, cl. 2, Criminal Code</b>)</p> <p>Use of counterfeit or altered stamps outside of the cases of complicity in the counterfeiting or alteration (<b>art. 464, cl. 1, Criminal Code</b>)</p>	<p>Up to two hundred quotes</p> <p>Up to three hundred quotes</p>	<p>NO</p>
<p><b>Art. 25-bis. 1 Italian Legislative Decree 231/2001 - Crimes against industry and trade</b></p>		
<b>PREDICATE OFFENCES</b>	<b>PECUNIARY SANCTIONS</b>	<b>DISQUALIFICATION SANCTIONS</b>
<p>Disturbed industry or trade freedom (<b>art. 513 Criminal Code</b>)</p> <p>Fraud within trade (<b>art. 515 Criminal Code</b>)</p> <p>Sale of non-genuine food and drink substances as genuine (<b>art. 516 Criminal Code</b>)</p> <p>Sale of industrial products with untruthful signs (<b>art. 517 Criminal Code</b>)</p> <p>Manufacturing and trade of goods created by usurping industrial property rights (<b>art. 517-ter Criminal Code</b>)</p> <p>Counterfeiting of geographical indications or origin denominations for food and drink products (<b>art. 517- quater Criminal Code</b>)</p>	<p>Up to five hundred quotes</p>	<p>NO</p>

<p>Unlawful competition with threats or violence (<b>art. 513-bis Criminal Code</b>)</p> <p>Fraud against national industries (<b>art. 514 Criminal Code</b>)</p>	<p>Up to eight hundred quotes</p>	<ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>
<p><b>Art. 25-ter Italian Legislative Decree 231/2001 - Corporate offences</b></p>		
<b>PREDICATE OFFENCES</b>	<b>PECUNIARY SANCTIONS</b>	<b>DISQUALIFICATION SANCTIONS</b>
False company communications ( <b>art. 2621 Civil Code</b> )	From two hundred to four hundred quotes	NO
Slight matters - stated by art. 2621 Civil Code ( <b>art. 2621 bis Civil Code</b> )	From one hundred to two hundred quotes	NO
False company communications ( <b>art. 2622 Civil Code</b> )	From four hundred to six hundred quotes	NO
False statement in a prospectus ( <b>art. 2623, clause 1, Civil Code</b> )	From two hundred to two hundred and sixty quotes	NO

False statement in a prospectus ( <b>art. 2623, clause 2, Civil Code</b> )	From four hundred to six hundred and sixty quotes	NO
Operations harming creditors ( <b>art. 2629 Civil Code</b> )  Undue distribution of the company assets by the liquidators ( <b>art. 2633 Civil Code</b> )  Unlawful influence on the Shareholders' Meeting ( <b>art. 2636 Civil Code</b> )	From one hundred and fifty to three hundred and thirty quotes	NO
Illegal distribution of the profits and reserves ( <b>art. 2627 Civil Code</b> )	From one hundred to one hundred and thirty quotes	
False statements in the reports or the communications of the audit companies ( <b>art. 2624, clause 1, Civil Code; abrogated in accordance with art. 37, cl. 2, Italian Legislative Decree 39/2010</b> )	From two hundred to two hundred and sixty quotes	
False statements in the reports or the communications of the audit companies ( <b>art. 2624, clause 2, Civil Code; abrogated in accordance with art. 37, cl. 2, Italian Legislative Decree 39/2010</b> )	From four hundred to eight hundred quotes	
Undue distribution of the company assets by the liquidators ( <b>art. 2633 Civil Code</b> )  Unlawful influence on Shareholders Board ( <b>art. 2636 Civil Code</b> )	From three hundred to six hundred and sixty quotes	
Blocking the exercising of the functions of the public supervisory authorities ( <b>art. 2638, cl. 1 and 2, Civil Code</b> )	From two hundred to four hundred quotes	

<p>Impeded control which damages the shareholders (<b>art. 2625, cl. 2, Civil Code</b>)</p> <p>Undue return of the contributions (<b>art. 2626 Civil Code</b>)</p> <p>Unlawful operations on the shares or shareholdings of the company or controlling company (<b>art. 2628 Civil Code</b>)</p> <p>Fake capital formation (<b>art. 2632 Civil Code</b>)</p>	<p>From two hundred to three hundred and sixty quotes</p>	
<p>Rigging the market (<b>art. 2637 Civil Code</b>)</p> <p>Failure to communicate conflict of interests (<b>art. 2629-bis Civil Code</b>)</p>	<p>From four hundred to one thousand quotes</p>	
<p>Corruption between private parties limited to the conduct of those who “<i>give or promise money or other benefits</i>” (<b>art. 2635, cl. 3, Civil Code</b>)</p>	<p>From four hundred to six hundred quotes</p>	
<p>Instigation to corruption between private parties (<b>art. 2635-bis Civil Code</b>)</p>	<p>From two hundred to four hundred quotes</p>	
<p><b>Art. 25-quater Italian Legislative Decree 231/2001 - Crimes with the purpose of terrorism or subversion of the democratic order</b></p>		
<p><b>PREDICATE OFFENCES</b></p>	<p><b>PECUNIARY SANCTIONS</b></p>	<p><b>DISQUALIFICATION SANCTIONS</b></p>

<p>Crimes with terrorism or subversion purposes stated by the Criminal Code or by special laws punished with reclusion for less than 10 years</p>	<p>From two hundred to seven hundred quotes</p>	<p>For at least one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul> <p>Definitive disqualification of the activity if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offences.</p>
<p>Crimes with terrorism or subversion purposes stated by the Criminal Code or by special laws punished with reclusion for no less than 10 years or with a life sentence</p>	<p>From four hundred to one thousand quotes</p>	

**Art. 25-*quater*. 1 Italian Legislative Decree 231/2001 - Female genital organ mutilation practices**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS
Female genital organ mutilation practices (583-bis Criminal Code)	From three hundred to seven hundred euros	<p>For at least one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)</li> <li>- suspension or revocation of the licences, authorisations, accreditation (if it is an accredited private institute) or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services.</li> </ul>

**Art. 25-*quinqüies* Italian Legislative Decree 231/2001 - Offences against the individual**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS

<p>Sex acts with a minor between the ages of fourteen and eighteen, in exchange for money or other payment (<b>art. 600-bis, cl. 2, Criminal Code</b>)</p> <p>Juvenile pornography - Offer or sale of paedo-pornographic material, also by telematic means (<b>art. 600-ter, cl. 3 and 4 Criminal Code</b>)</p> <p>Holding of paedo-pornographic material (<b>art. 600-quater Criminal Code</b>)</p> <p>Soliciting of minors (<b>art. 609-undecies Criminal Code</b>)</p>	<p>From two hundred to seven hundred quotes (even if relating to the pornographic material representing images of minors or parts of them)</p>	
<p>Juvenile prostitution (<b>art. 600-bis, cl. 1, Criminal Code</b>)</p> <p>Juvenile pornography - Recruitment or use of minors for pornographic shows and distribution of paedo-pornographic material, also virtual (<b>art. 600-ter, cl. 1 and 2, Criminal Code</b>)</p> <p>Tourist initiatives aimed at the exploitation of juvenile prostitution (<b>art. 600 quinquies Criminal Code</b>)</p>	<p>From three hundred to eight hundred quotes</p>	<p>For at least one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offence)</li> <li>- suspension or revocation of authorisations, licences or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>

Reduction to or maintenance in slavery or servitude ( <b>art. 600 Criminal Code</b> ) Enslavement ( <b>art. 601 Criminal Code</b> ) Purchase and sale of slaves ( <b>art. 602 Criminal Code</b> )	From four hundred to one thousand quotes	
<b>Art. 25-sexies Italian Legislative Decree 231/2001 - Market abuse</b>		
<b>PREDICATE OFFENCES</b>	<b>PECUNIARY SANCTIONS</b>	<b>DISQUALIFICATION SANCTIONS</b>
Abuse of privileged information ( <b>art. 184 Italian Legislative Decree 58/1998</b> ) Market manipulation ( <b>art. 185 Italian Legislative Decree 58/1998</b> )	From four hundred to one thousand quotes (but if the offences have created for the institute a significant product or profit, the sanction is increased up to ten times this product or profit)	NO
<b>Art. 25-septies Italian Legislative Decree 231/2001 - Manslaughter or serious or very serious injuries committed with infringement of work site accident prevention and health and safety protection standards</b>		
<b>PREDICATE OFFENCES</b>	<b>PECUNIARY SANCTIONS</b>	<b>DISQUALIFICATION SANCTIONS</b>



<p>Manslaughter committed with infringement of article 55, cl. 2, Italian Legislative Decree 81/2008 (<b>art. 589 Criminal Code</b>)</p>	<p>One thousand quotes</p>	<p>For at least three months and no more than one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity</li> <li>- suspension or revocation of authorisations, licences or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>
<p>Manslaughter committed with infringement of work health and safety protection standards (<b>art. 589 Criminal Code</b>)</p>	<p>From two hundred and fifty to five hundred quotes</p>	

<p>Culpable personal injuries committed with infringement of work health and safety protection standards (<b>art. 590, cl. 3, Criminal Code</b>)</p>	<p>No more than two hundred and fifty euros</p>	<p>For no more than six months:</p> <ul style="list-style-type: none"> <li>disqualification from exercising activity</li> <li>suspension or revocation of authorisations, licences or concessions functional for the committing of the crime</li> <li>ban on contracting with the Public Authorities</li> <li>exclusion from facilities and revocation of any already granted</li> <li>ban on publicising goods and services</li> </ul>
<p><b>Art. 25 <i>octies</i> Italian Legislative Decree 231/2001 - Receipt of stolen goods, laundering and use of money, assets or benefits of unlawful origin and self- laundering</b></p>		
<p><b>PREDICATE OFFENCES</b></p>	<p><b>PECUNIARY SANCTIONS</b></p>	<p><b>DISQUALIFICATION SANCTIONS</b></p>

<p>Receipt of stolen goods (<b>art. 648 Criminal Code</b>)</p> <p>Laundering (<b>art. 648-bis Criminal Code</b>)</p> <p>Use of money, assets or benefits of unlawful origin (<b>art. 648-ter Criminal Code</b>)</p> <p>Self-laundering (<b>art. 648 ter-1 Criminal Code</b>)</p>	<p>From two hundred to eight hundred quotes (from four hundred to one thousand quotes if the money, assets or other benefits originate from an offence for which a sentence of reclusion for more than a maximum five years is set)</p>	<p>For no more than two years:</p> <ul style="list-style-type: none"> <li>disqualification from exercising activity</li> <li>suspension or revocation of authorisations, licences or concessions functional for the committing of the crime</li> <li>ban on contracting with the Public Authorities</li> <li>exclusion from facilities and revocation of any already granted</li> <li>ban on publicising goods and services</li> </ul>
<b>Art. 25-octies. 1 Legislative Decree 231/2001 - Crimes relating to non-cash payment instruments.</b>		
<p>Misuse and forgery of non-cash payment instruments (<b>Article 493b of the Criminal Code</b>)</p>	<p>From three hundred to eight hundred quotes</p>	<p>Disqualifying sanctions ex art. 9 paragraph 2</p>
<p>Possession and dissemination of computer equipment, devices or programs aimed at committing crimes regarding non-cash payment instruments (<b>Article 493 quater of the Criminal Code</b>)</p>	<p>Up to five hundred quotes</p>	<p>Disqualifying sanctions ex art. 9 paragraph 2</p>
<b>Art. 25-novies Italian Legislative Decree 231/2001 - Copyright infringement crimes</b>		
<b>PREDICATE OFFENCES</b>	<b>PECUNIARY SANCTIONS</b>	<b>DISQUALIFICATION SANCTIONS</b>

<p>Criminal protection of economic and moral use rights (<b>art. 171, cl. 1, lett. a-bis and cl. 3, Law 633/1941</b>)</p> <p>Criminal protection of software and databases (<b>art. 171-bis Law 633/1941</b>)</p> <p>Criminal protection of audio-visual works (<b>art. 171-ter Law 633/1941</b>)</p> <p>Criminal responsibility pertaining to supports not subject to SIAE [Italian Authors and Publishers' Society] marking (<b>art. 171-septies Law 633/1941</b>)</p> <p>Audio-visual transmissions with conditioned access (<b>art. 171-octies Law 633/1941</b>)</p>	Up to five hundred quotes	<p>For no more than one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>
<b>Art. 25-decies Italian Legislative Decree 231/2001 - Inducement to not make statements or to make untruthful statements to the judicial authorities</b>		
<b>PREDICATE OFFENCES</b>	<b>PECUNIARY SANCTIONS</b>	<b>DISQUALIFICATION SANCTIONS</b>
Inducement to not make statements or to make untruthful statements to the judicial authorities ( <b>art. 377-bis Criminal Code</b> )	Up to five hundred quotes	NO
<b>Art. 25-undecies Italian Legislative Decree 231/2001 - Environmental crimes</b>		
<b>PREDICATE OFFENCES</b>	<b>PECUNIARY SANCTIONS</b>	<b>DISQUALIFICATION SANCTIONS</b>
Environmental pollution ( <b>art. 452 bis Criminal Code</b> )	From two hundred and fifty to six hundred quotes	YES, up to 1 year
Environmental disaster ( <b>art. 452 quater Criminal Code</b> )	From four hundred to eight hundred quotes	YES, up to 1 year

Culpable crimes against the environment ( <b>art. 452 quinquies Criminal Code</b> )	From two hundred to five hundred quotes	
Aggravating circumstances ( <b>art. 452 octies Criminal Code</b> )	From three hundred to one thousand quotes	
Trafficking and abandoning of highly radioactive material ( <b>art. 452 sexies Criminal Code</b> )	From two hundred and fifty to six hundred quotes	
Killing, destruction, capture, extraction and detention of specimens of protected wild animal or vegetable species ( <b>art. 727-bis Criminal Code</b> )	Up to two hundred and fifty quotes	NO
Destruction or deterioration of a habitat within a protected site ( <b>art. 733- bis Criminal Code</b> )	From one hundred and fifty to two hundred and fifty quotes	
	From one hundred and fifty to two hundred and fifty quotes ( <b>cl. 3, 5, first sentence, and 13</b> )	NO

<p>Industrial waste water discharging crimes (<b>art. 137 Italian Legislative Decree 152/2006</b>)</p>	<p>From two hundred to three hundred quotes (<b>cl. 2, 5, second sentence, 11</b>)</p>	<p>For no more than six months:  - disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the offence stated by art. 260 of Italian Legislative Decree 152/2006);</p>
<p>Organised activities for the unlawful trafficking of waste (<b>art. 452 quaterdecies Criminal Code</b>)*</p>	<p>From three hundred to five hundred quotes (<b>cl. 1</b>)  From four hundred to eight hundred quotes (<b>cl. 2</b>)</p>	<p>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime  - ban on contracting with the Public Authorities  - exclusion from facilities and revocation of any already granted  - ban on publicising goods and services</p>

Offences pertaining to unauthorised waste management ( <b>art. 256 Italian Legislative Decree 152/2006</b> )	<p>Up to two hundred and fifty quotes (<b>cl. 1, lett. a, and 6, first sentence</b>)</p> <p>From one hundred and fifty to two hundred and fifty quotes (<b>cl. 1, lett. b, 3 first sentence, and 5</b>)</p> <p>From two hundred to three hundred quotes (<b>cl. 3, second sentence</b>)</p> <p>The sanctions are reduced by half in cases of failure to comply with the regulations contained in or referred to by the authorisations, and failure to meet the requirements and conditions required for the registrations or communications.</p>	<p>In the case of <b>clause 3, second sentence only</b>, they apply for no more than six months:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>
Site renewal offences ( <b>art. 257 Italian Legislative Decree 152/2006</b> )	<p>Up to two hundred and fifty quotes (<b>cl. 1</b>)</p> <p>From one hundred and fifty to two hundred and fifty quotes (<b>cl. 2</b>)</p>	NO
Infringement of the communication and mandatory records and forms keeping obligations ( <b>art. 258 Italian Legislative Decree 152/2006</b> )	<p>From one hundred and fifty to two hundred and fifty quotes (<b>cl. 4, second sentence</b>)</p>	
Unlawful waste trafficking ( <b>art. 259 Italian Legislative Decree 152/2006</b> )	<p>From one hundred and fifty to two hundred and fifty quotes (<b>cl. 1</b>)</p>	

IT waste traceability control system ( <b>art. 260-bis Italian Legislative Decree 152/2006</b> )	<p>From one hundred and fifty to two hundred and fifty quotes (<b>cl. 6 and 7, second and third sentences, and 8, first sentence</b>)</p> <p>From two hundred to three hundred quotes (<b>cl. 8, second sentence</b>)</p>	NO
Offences pertaining to the protection of animal and vegetable species going extinct ( <b>Law 150/1992</b> )	<p>Up to two hundred and fifty quotes (<b>art. 1, cl. 1, art. 2, cl. 1 and 2, art. 6, cl. 4, art. 3-bis, cl. 1</b> if reclusion of no more than one year is envisaged)</p> <p>From one hundred and fifty to two hundred and fifty quotes (<b>art. 1, cl. 2, art. 3-bis, cl. 1</b> if reclusion of no more than two years is envisaged)</p> <p>From two hundred to three hundred quotes (<b>art. 3-bis, cl. 1</b> if reclusion of no more than three years is envisaged)</p> <p>From three hundred to five hundred quotes (<b>art. 3-bis, cl. 1</b> if reclusion of more than three years is envisaged)</p>	NO
Ozone and atmosphere offences ( <b>art. 3, cl. 6, Law 549/1993</b> )	From one hundred and fifty to two hundred and fifty quotes	
Air protection and atmospheric emissions reduction offences ( <b>art. 279, cl. 5, Italian Legislative Decree 152/2006</b> )	Up to two hundred and fifty quotes	



Culpable pollution caused by ships ( <b>art. 9, cl. 1, Italian Legislative Decree 202/2007</b> )		
Malicious pollution caused by ships or culpable pollution aggravated by causing permanent or, in any case, serious damage to the waters ( <b>art. 8, cl. 1, and 9, cl. 2, Italian Legislative Decree 202/2007</b> )	From one hundred and fifty to two hundred and fifty quotes	For no more than six months: <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the offence stated by art. 8 of Italian Legislative Decree 202/2007)</li> </ul>
Malicious pollution aggravated by causing permanent or, in any case, serious damage to the waters ( <b>art. 8, cl. 2, Italian Legislative Decree 202/2007</b> )	From two hundred to three hundred quotes	<ul style="list-style-type: none"> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>

**Art. 25-*duodecies* Italian Legislative Decree 231/2001 - Use of citizens from third party countries whose residence is irregular**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS
<p>Employment of foreign workers without residence permits or with residence permits which have expired, been revoked or cancelled, aggravated if the number is higher than three, if minors are involved, and if they are subject to especially exploitative conditions (<b>art. 22, cl. 12-<i>bis</i>, Italian Legislative Decree 286/1998</b>)</p> <p>Clandestine immigration regulations (promotion, management, organisation, financing or transport of foreigners without residence permits within the State (<b>art. 12, clause 3, Legislative Decree 286/98 – introduced with Law 161/2017</b>))</p> <p>Aggravating circumstance and increase in sentence in particular cases (<b>art. 12 cl. 3 bis and ter, Leg. Decree 286/98 - introduced with Law 161/2017</b>)</p> <p>Clandestine immigration regulations (aiding the permanence of foreigners without residence permits within the State (<b>art. 12 cl. 5, Leg. Decree 286/98 - introduced with Law 161/2017</b>))</p>	<p>From one hundred to two hundred quotes, within the limit of €150,000.00</p> <p>From four hundred to one thousand quotes</p>	<p>NO</p> <p>Over one year:</p> <ul style="list-style-type: none"> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted ban on publicising goods and services</li> </ul>

**Art. 25-*terdecies* Legislative Decree 231/2001 – Racism and xenophobia.**

PREDICATE OFFENCES	PECUNIARY SANCTIONS	DISQUALIFICATION SANCTIONS
Propaganda and instigation or incitement to hate for reasons of racial, ethnic and religious discrimination ( <b>art. 604 bis Criminal Code</b> )	From two hundred to eight hundred quotes	YES
<b>Art. 25-quaterdecies Legislative Decree 231/2001 – Fraud in sporting competitions, unlawful exercising of gaming or betting activities exercised using prohibited equipment</b>		
Fraud in sporting competitions ( <b>art. 1, Law 401/89</b> )	<p>Up to two hundred and sixty quotes in relation to offences</p> <p>Up to five hundred quotes in relation to crimes</p>	<p>NO</p> <p>Yes, for a period of no less than 1 year</p>
Unlawful exercising of gaming or betting activities ( <b>art. 4, Law 401/89</b> )	<p>Up to two hundred and sixty quotes in relation to offences</p> <p>Up to five hundred quotes in relation to crimes</p>	<p>NO</p> <p>Yes, for a period of no less than 1 year</p>

**Art. 25-quinquiesdecies Legislative Decree 231/2001 – Tax crimes (introduced with Law Decree 124/2019, converted with Law no. 157 of 19/12/2019 and Legislative Decree 75/2020)**

<p>Fraudulent declaration through the use of invoices or other documents for non-existent operations (<b>art. 2, cl. 1, Leg. Decree 74/2000</b>)</p> <p>If the amount of the fake elements is less than one hundred thousand Euro (<b>art. 2, cl. 2 bis, Leg. Decree 74/2000</b>)</p>	<p>Up to five hundred quotes</p> <p>Up to four hundred quotes</p>	<p>YES</p>
<p>Fraudulent declaration through other artifice (<b>art. 3, Leg. Decree 74/2000</b>)</p>	<p>Up to five hundred quotes</p>	<p>YES</p>
<p>Issuing of invoices or other documents for non-existent operations (<b>art. 8, cl. 1, Leg. Decree 74/2000</b>)</p> <p>If the non-existing amount indicated in the invoices is less than one hundred thousand Euro (<b>art. 8, cl. 2 bis, Leg. Decree 74/2000</b>)</p> <p>No declaration (if committed within cross-border systems and to evade VAT for a total of no less than ten million Euro) – <b>art. 5 Legislative Decree 74/2000</b></p>	<p>Up to five hundred quotes</p> <p>Up to four hundred quotes</p>	<p>YES</p>

Untruthful declaration (if committed within cross-border systems and to evade VAT for a total of no less than ten million Euro) – <b>art. 4 Legislative Decree 74/2000</b>	Up to three hundred quotes	
<p>Hiding or destruction of accounting documents (<b>art. 10, Leg. Decree 74/2000</b>)</p> <p>Undue compensation (if committed within cross-border systems and to evade VAT for a total of no less than ten million Euro) – <b>art. 10 quater Legislative Decree 74/2000</b></p>	Up to four hundred quotes	YES
Fraudulent tax evasion ( <b>art. 11, Leg. Decree 74/2000</b> )	Up to four hundred quotes	YES
<b>Art. 25-sexiesdecies Italian Legislative Decree 231/2001 – Contraband (introduced with Legislative Decree 75/2020)</b>		

<p>Contraband within the movement of goods towards customs land and spaces borders (<b>art. 282 Presidential Decree 43/73</b>)</p> <p>Contraband within the movement of goods in border lakes (<b>art. 283 Presidential Decree 43/73</b>)</p> <p>Contraband within the maritime movement of goods (<b>art. 284 Presidential Decree 43/73</b>)</p> <p>Contraband within the aerial movement of goods (<b>art. 285 Presidential Decree 43/73</b>)</p> <p>Contraband in non-customs areas (<b>art. 286 Presidential Decree 43/73</b>)</p>	<p>Up to two hundred quotes (when the border duties exceed one hundred thousand Euro, a sanction of up to four hundred quotes is applied)</p>	<p>YES</p>
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<p>Contraband due to undue use of goods imported with customs subsidies (<b>art. 287 Presidential Decree 43/73</b>)</p> <p>Contraband within customs warehouses (<b>art. 288 Presidential Decree 43/73</b>)</p> <p>Contraband within cabotage and circulation (<b>art. 289 Presidential Decree 43/73</b>)</p> <p>Contraband in the exporting of goods admitted for return of duties (<b>art. 290 Presidential Decree 43/73</b>)</p> <p>Contraband within temporary importing or exporting (<b>art. 291 Presidential Decree 43/73</b>)</p> <p>Other cases of contraband (<b>art. 292 Presidential Decree 43/73</b>)</p> <p>Aggravating circumstances within the contraband (<b>art. 295 Presidential Decree 43/73</b>)</p> <p>Contraband of foreign processed tobaccos (<b>art. 291 bis Presidential Decree 43/73</b>)</p> <p>Aggravating circumstances within the offence indicated by art. 291 bis (<b>art. 291 ter Presidential Decree 43/73</b>)</p> <p>Criminal association aimed at committing the crime indicated by art. 291 bis (<b>art. 291 quater Presidential Decree 43/73</b>)</p>	<p>Up to two hundred quotes (when the border duties exceed one hundred thousand Euro, a sanction of up to four hundred quotes is applied)</p>	<p>YES</p>
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**Art. 10 I. 146/2006 - Ratification and execution of the UN Convention on transnational organised crime**

**PREDICATE OFFENCES**

**PECUNIARY SANCTIONS**

**DISQUALIFICATION  
SANCTIONS**



<p>Criminal association (<b>art. 416 Criminal Code</b>)</p> <p>Mafia type association, including foreign (<b>art. 416-bis Criminal Code</b>)</p> <p>Criminal association aiming at foreign processed tobacco contraband (<b>art. 291-quater Presidential Decree 43/1973</b>)</p> <p>Association aiming at unlawful trafficking of narcotics or psychotropic substances (<b>art. 74 Presidential Decree 309/1990</b>)</p>	<p>From four hundred to one thousand quotes</p>	<p>For at least one year:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity (definitive disqualification if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of one of the predicate offences)</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul> <p>Definitive disqualification from exercising activity if the institute or one of its organisational units are permanently used for the sole or main purpose of permitting or facilitating the committing of the predicate offences.</p>
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<p>Clandestine immigration offences (<b>art. 12, clauses 3, 3-bis, 3-ter and 5, Italian Legislative Decree 286/1998</b>)</p>	<p>From two hundred to one thousand quotes</p>	<p>For no more than two years:</p> <ul style="list-style-type: none"> <li>- disqualification from exercising activity</li> <li>- suspension or revocation of the licences, authorisations or concessions functional for the committing of the crime</li> <li>- ban on contracting with the Public Authorities</li> <li>- exclusion from facilities and revocation of any already granted</li> <li>- ban on publicising goods and services</li> </ul>
<p>Inducement to not make statements or to make untruthful statements to the judicial authorities (<b>art. 377-bis Criminal Code</b>)</p> <p>Personal aiding and abetting (<b>art. 378 Criminal Code</b>)</p>	<p>Up to five hundred quotes</p>	<p>NO</p>

\* Legislative Decree of 1 March 2018, containing "*regulations for the implementation of the principle of delegation of the Code reserve in Criminal matters as per art. 1, clause 85, letter q) of Law of 23 June 2017, no. 103*" abrogated the crime type covered by art. 260 of Legislative Decree of 3 April 2006, no. 152 (supposition of responsibility for Entities as a result of the regulations in art. 25 *undecies* of Legislative Decree 231/01), and the crime type covered by clause 3 *bis* of art. 3 of Law of 13 October 1975, no. 654 (supposition of responsibility for Entities as a result of the reference made by art. 25 *terdecies* of Legislative Decree of 8 June 2001, no. 231). Crime types with similar content to those abrogated have been added to the Criminal Code, respectively, in arts. 452 *quaterdecies* and 604 *bis*: despite the non-coordination of arts. 25 *undecies* and 25 *terdecies* of Legislative Decree of 8 June 2001, no. 231, it is felt that they continue to constitute a supposition of responsibility for Entities.

With regard to this latter category, art. 10 of Italian Law no. 146 of 16/03/06, *“Law ratifying and executing the UN Convention and Protocols on transnational organised crime”*, has stated the administrative responsibility of institutes in relation to the offences defined as *“transnational”*.

Art. 3 of the same Law states that an offence is considered to be a transnational offence if it is *“punished with a sentence of reclusion of no less than a maximum of four years, if an organised criminal group is involved, and: a) it is committed in more than one State; b) or it is committed in one State, but a substantial part of its preparation, management or control takes place in another State; c) or it is committed in one State, but an organised criminal group is implicated which is involved in criminal activity in more than one State; d) or it is committed in one State but has substantial effects in another State”*.

The offences reported above in the table, then, are included in this category.

#### **1.4 Offences committed abroad.**

According to art. 4 of the Decree, the institute may be responsible in Italy in relation to offences - covered by Italian Legislative Decree 231/01 itself - committed abroad.

The Decree’s Illustrative Report emphasises the need to leave unsanctioned a frequently-occurring criminal situation, also to avoid easy avoidance of the entire regulatory structure in question.

The premises on which the responsibility of the institute for offences committed abroad are as follows:

- the offence must be committed by a senior figure, in accordance with art. 5, clause 1, Decree;
- the institute must have its main headquarters within Italy;
- the institute may only be responsible in the cases and at the conditions stated by arts. 7, 8, 9 and 10 of the Criminal Code;
- the State in which the place where the offence was committed is located does not take action against the institute.

In concrete terms, this means, for the purposes of this organisation system, that we must also consider the operations which *Insit Industria S.p.A.* carries out abroad e.g. for purchases and/or sales in countries other than Italy. This aspect will be assessed in terms of what is significant here in the special part, where we deal with the individual offence hypotheses for which the legislator has envisaged the responsibility of the collective institute.

### 1.5 The sanction system.

Art. 9 of the Decree contains a list of the sanctions envisaged for the company following the committing or attempted committing of the crimes specified above.

The sanctions in question are:

- a) pecuniary sanctions;
- b) disqualification sanctions;
- c) confiscation, also for an equivalent value (and protective seizure at the preliminary stage);
- d) publication of the sentence (if a disqualification sanction is applied).

The following are included among **disqualification sanctions** (which may also be applied as preliminary measures) for no less than three months and no more than two years:

- a) disqualification from exercising activity;
- b) suspension or revocation of the authorisations, licences or concessions functional for the committing of the crime;
- c) ban on contracting with the Public Authorities, except to obtain the provision of a public service;
- d) exclusion from facilities, financing, contributions or subsidies and possible revocation of those already granted;
- e) ban on publicising goods or services.

These sanctions may only be applied in relation to the offences for which they are expressly stated such as, for example, offences against the Public Authorities (arts. 24 and 25 of the Decree); to the offences like counterfeiting (art. 25-bis of the Decree); to the terrorism and

subversion of the democratic order crimes (art. 25-quater of the Decree); to the crimes against the individual (art. 25-quinquies of the Decree); to the offences of manslaughter and culpable personal injuries committed with infringement of accident prevention and workplace health and safety protection standards (art. 25-septies of the Decree); to the environmental offences (art 25 undecies of the Decree), and to tax crimes (art. 25 quinquiesdecies of the Decree).

In addition, for the purposes of the possible application of the disqualification sanctions in question, at least one of the following conditions must be met:

- the institute has obtained a significant profit from the offence and the offence has been committed by a senior figure or by a subordinate party, but only if the committing of the offence has been facilitated by major organisational omissions;
- in the event of reiterated crimes.

The judge establishes the type and the duration of the disqualification sanction by accounting for the suitability of the individual sanctions for preventing crimes of the type committed and, if necessary, may apply them jointly (art. 14, clause 1 and clause 3, of the Decree).

The disqualification from exercising activity, ban on contracting with the Public Authorities and ban on publicising goods or services sanctions may be applied - in the most serious cases - definitively. Also note, instead of the application of the disqualification sanction, the possible continuation of the company activity by a commissioner appointed by the judge in accordance with art. 15 of the Decree.

On the other hand, the disqualification sanctions will not be applied if the institute, before the debate of first instance is declared to have started:

- has compensated for the damages and has eliminated the harmful or dangerous consequences of the offence (or, at least, has taken action to ensure this);
- has provided the Judicial Authorities with the profit of the offence;
- has eliminated the organisational omissions which led to the offence, adopting and implementing organisational systems for preventing the committing of offences of the same kind as the one committed.

The **pecuniary sanction**, on the other hand, is established by the Criminal Court Judge using a system based on “quotes” whose number may be no less than one hundred and no more than one thousand, the amount varying from a minimum of €258 to a maximum of €1,549 (**in concrete terms, the sanction may vary from a minimum of €25,800.00 to a maximum of €1,549,000.00**). In calculating the pecuniary sanction, the Criminal Court Judge establishes the number of quotes by considering the following: the gravity of the offence, the level of responsibility of the company and the action taken to eliminate or attenuate the consequences of the offence and to prevent the committing of further crimes. In establishing the amount of the single quote, the Judge considers the economic and financial state of the company in order to make sure the sanction is effective.

## **1.6 Criteria for attributing responsibility to the institute and exemption from responsibility: the organisation and management system.**

The execution, in all its constituent elements, of one of the predicate offences is just one of the conditions for the possible application of the regulations dictated by the Decree.

There are, in fact, further elements relating to the methods for attributing the offence to the institute which, in accordance with their nature, may be subdivided into objective and subjective attribution criteria.

The **objective** criteria require that:

- the offence has been committed by a *party with a qualified relationship with the legal entity*;
- the offence has been committed *in the interest of or to the advantage* of the institute. The **exclusive** advantage of the agent (or of a third party) does not lead to any responsibility the institute, as this is a situation in which the legal entity is clearly extraneous to the offence.

To affirm the responsibility of the institute, as well as the requirements stated so far, which make it possible to make an objective connection between the offence committed and the activity of the institute, the legislator also requires a **subjective** type requirement to apply, that

is, culpable conduct of the institute in relation to the committing of the offence. This subjective requirement is identified with:

- the so-called “*organisational liability*” of the institute, understood as infringement of adequate rules of diligence self-imposed by the institute itself aiming to prevent the specific crime risk. In other words, the institute is responsible for an organisation defect, that is, because it has not adopted and effectively implemented a suitable management and control plan for preventing the committing of offences internally.

The organisational liability does not take shape as culpability inherently [*in re ipsa*] as the institute can and must be exonerated from responsibility when it shows that it has adopted and implemented the organisation, management and control measures required to prevent the committing of offences of the same kind as the one committed.

The Decree, in fact, excludes the responsibility of the institute when, *before the offence* is committed, the institute has set up and effectively implemented an Organisation, Management and Control System (the System) for preventing the committing of crimes of the kind committed.

The System operates as an exemption factor whether the predicate offence has been committed by a senior figure or a subordinate party.

However, for the offences committed by the senior figures, the Decree introduces a sort of *presumption of responsibility of the institute* (and of inversion of the burden of proof) and, therefore, to be exonerated from responsibility, it will be the institute which has to demonstrate that:

- 1) the management unit adopted and effectively implemented, before the offence was committed, a System for preventing crimes of the type committed;

- 2) the task of supervising and monitoring the functioning of and compliance with the System as well as updating has been assigned to *an organism of the institute with autonomous powers of initiative and control* (Supervisory Board);

- 3) the senior figures committed the offence by *fraudulently* avoiding the System;

4) there has not been *omitted* or *insufficient supervision* on the part of the Supervisory Board.

On the other hand, for the offences committed by the subordinate parties, the institute may only be responsible (with the prosecution having the burden of proof) if it is seen that *“the committing of the offence has been made possible by the failure to comply with the management or supervision obligations”* which the top company management or the parties delegated by these are typically subject to.

On the other hand, these duties are presumed to have been observed *“if the institute, before the offence was committed, adopted and effectively implemented an organisation, management and control system for preventing offences of the type committed”*.

The adoption and effective implementation of the System, although it is not a legal *obligation*, is, then, the only instrument available to the institute to show that it is extraneous to the offences and, then, to be exonerated from the responsibility established by the Decree.

On this point, note that the mere adoption of the system is not sufficient; in reality, it is necessary that it is efficient and effective in concrete terms.

With regard to the efficacy, the legislator, in art. 6, clause 2 of the Decree, states that the system must meet the following requirements:

- identify the activities within which there is the possibility that offences are committed;
- include specific protocols for planning the formation and implementation of the decisions of the Institute in relation to the offences to be prevented;
- include information obligations in relation to the Supervisory Board;
- introduce an internal disciplinary system for sanctioning failure to comply with the measures indicated in the System;
- introduce an Ethics Code relating to the required conduct within the company activities.

The characteristic of the effectiveness of the System, on the other hand, is related to its effective implementation which, in accordance with art. 7, clause 4, of the Decree, requires:



- regular checking and possible modification of the System when significant infringements of the regulations are discovered or when there are changes within the organisation or activities (updating of the System);
- a disciplinary system for sanctioning failure to comply with the measures indicated in the System.

### **1.7 Responsibility of the institute and changes to the company structure.**

The Decree regulates the regime for the responsibility of the institute in cases of *changes*: company transformation, merger, demerger and transfer and, on this point, states the rule that, if the *“institute is transformed, it is still responsible for the offences committed prior to the date on which the transformation took effect”*. The new institute, then, will be subject to the sanctions applicable to the original institute for offences committed prior to the transformation.

In the case of mergers, the Decree states that the institute created by the merger, also by means of incorporation, is responsible for the offences for which the institutes participating in the merger were responsible.

In cases of partial demergers, on the other hand, the Decree states that the responsibility of the demerged institute for the offences committed prior to the demerger remains. However, the institutes which benefit from the demerger, partial or total, are jointly obliged to pay the pecuniary sanctions due from the demerged institute for offences prior to the demerger. The obligation is limited to the value of the equity transferred.

If the merger or demerger have taken place before the conclusion of the judgement on the ascertaining of the responsibility of the institute, the judge, in calculating the pecuniary sanction, will take into account the economic conditions of the original institute and not those of the institute created by the merger.

In any case, the disqualification sanctions apply to the institutes within which the activity branch where the offence was committed has remained or been transferred, even in part.

In the case of transfer or assignment of the company within which the offence was committed, the Decree establishes that, notwithstanding the benefit of prior encashment for the transferring party, the transferee is jointly obliged with the transferor to pay the pecuniary sanction, within the limits of the value of the company transferred and within the limits of the pecuniary sanctions stated within the obligatory accounting records or which the transferee was in any case aware of.

## **2. THE COMPANY AND ITS ORGANISATIONAL STRUCTURE.**

### **2.1 The Company purpose.**

In brief, the Company purpose is as follows: processing of rubber, plastic, thermoplastic elastomer (TPE) and similar materials in general, in Italy and abroad, including planning, development and experimentation activities pertaining to products made with these materials.

### **2.2 The Company structure (Governance Model) and the principles behind it.**

The company capital is almost totally held by Insit Industria S.r.l. and it operates at locations in Corso Govone 18, Turin, where the company's registered offices are located, along with the administrative offices, and Corso Manzoni 69, Montà (CN - Cuneo), where the production plant is located.

*Insit Industria S.p.A.*, has always favoured the so-called traditional governance system but recently, when preparing the System, found it to be necessary to redefine the delegation of managerial functions to be assigned to the individual members of the Board of Directors and to third party special company attorneys, establishing responsibilities and limits which were more in line with the actual activity carried out by each.

Therefore, the meeting of the Board of Directors on 20/05/2015 redefined the appointments within the Board of Directors, also by means of a redistribution of the managerial duties, in relation to workplace health and safety protection and work injury prevention, as well as environmental protection.

To be specific, the company is structured as follows:

- Shareholders' Meeting: the Shareholders' Meeting decides, within ordinary and extraordinary sessions, on the matters reserved for it by the Law and by the Company By-Laws.
- Board of Directors: the *Insit Industria S.p.A.* Board of Directors has six members (Chairman, Vice Chairman, two Co-Director Generals and two Directors), who stand for the period

established by the Shareholders' Meeting at the time of appointment and, in any case, for no more than three financial years, that is, until the Shareholders' Meeting called for the approval of the financial statements for the last financial year in which they stand. The members of the Board of Directors may be re-elected.

The Board of Directors is invested with the most broad-ranging powers for the ordinary and extraordinary running of the Company. To be specific, the Board of Directors is reserved the duties and the related powers for the approval of the budgets, commercial and economic matters, investments and financial matters, the purchase, sale and leasing of companies or company branches to and from third parties, the purchase and sale of real estate assets, the stipulation of loans with issuing of real guarantees (collateral) in favour of third parties and, finally, the appointment and dismissal of executives and the establishing of the relative economic treatment, including the provision of any bonuses.

The Board of Directors has appointed two co-Director Generals, who have been granted wide-ranging powers and delegations, while the Chairman and the Vice Chairman of the Board have been granted all the powers, to be exercised separately, for ordinary and extraordinary administration, in relation to the business and its functioning, with the exclusion of the powers which may not be delegated in accordance with the law, and those reserved for the Board of Directors.

- Board of Auditors: the Company Board of Auditors has three Standing Auditors and two Replacement Auditors who stand for three financial years and may be re-elected. The Board of Auditors has the duties and powers stated by arts. 2403 and 2403 bis of the Italian Civil Code and is responsible for the account auditing of the Company.

All the Company Standing Auditors and Replacement Auditors meet the integrity and professionalism requirements stated by article 148, clause 4, of the Consolidated Law as well as the independence requirements stated by article 148, clause 3, of the Consolidated Law.

On the basis of the corporate governance decisions of *Insit Industria S.p.A.*, correctness and fairness are the inspiring and informing principles and represent, in fact, the top of a pyramid of

values which inspire the organisation of the business, ideally passing from the Ethics Code to the procedures which cross through all of the activities and which the operating practices comply with.

The procedures must ensure compliance with the following principles:

- **traceability:** it must be possible to reconstruct the formation of the deeds and documents and the informational/document sources used to support the activity carried out, as a guarantee for the transparency of the choices made;
- **separation of duties:** those who make or implement the decisions, those who have to provide accounting evidence of the operations decided on and those who have to check and audit these as stated by the law and the procedures included in the internal audit system must not be the same parties;
- **signing powers and authorisation powers:** there must be formalised rules for the exercising of signing powers and internal authorisation powers;
- **archiving/keeping of the documents:** the documents pertaining to the activity must be archived and retained, by the competent function, with methods which do not permit subsequent modification, except with appropriate evidence;
- **privacy & confidentiality:** access to the documents already archived, as stated above, must be justified and only permitted for the competent party on the basis of the internal standards or a delegate of this party, the Board of Auditors and the Supervisory Board.

### **2.3        INSIT INDUSTRIA S.p.A. organisational structure.**

The reason why *Insit Industria S.p.A.* re-designed the granting of powers and delegations was the wish to create effective company control, also with reference to work safety issues and environmental protection and all other activities which constitute risk areas for the Company.

In this sense, the Company decided to sub-divide the activity and the consequent responsibilities into specific sectors, each with broad-ranging management and spending

autonomy under one of the two Co-Director Generals: one responsible for the commercial and purchasing areas and one responsible for the administrative-financial area.

In addition, both Co-Director Generals have been appointed as employers with specific duties (see Annexes A and B to the Minutes of the Board of Directors Meeting on 20/05/2015) for work health and safety and environmental protection; they exercise the powers and the duties attributed to them assisted by the Plant Manager, appointed accordingly as special attorney and delegated employer.

Following the redefinition of these powers and the relative responsibilities, *Insit Industria S.p.A.* has redesigned the Company and safety organisation charts.

### **3. THE ORGANISATION, MANAGEMENT AND CONTROL SYSTEM.**

#### **3.1 Objectives and purposes of the System.**

The decision by *Insit Industria S.p.A.* to adopt an organisation, management and control system in accordance with the Decree not only aims to limit the risk of committing the crimes stated by the Decree or to allow the Company to benefit from the exonerating factor envisaged by it, but aims to improve the good Corporate Governance of the Company.

This Organisation, Management and Control System, therefore, adopted on the basis of legal regulations, constitutes, to all effects and purposes, the internal company regulations.

The Company is also convinced that the system adopted, notwithstanding its peculiar purpose and the required compliance with the legal requirements, must be introduced within the realities of the Company, especially by adapting its system of internal controls, and stating the specific purposes of guaranteeing the compliance of the company practices with the ethical standards and the correct and lawful execution of the activities.

In this context, the main objective is the construction of the basis for a structured and organic system of organisational, management and control procedures, aiming to prevent the committing of the offences stated by the Decree and to make the system of controls more effective.

More generally, the System is a key tool for informing all the employees and all “third parties” (suppliers, clients, commercial partners, etc.), obliged to adopt correct and transparent conduct which is in line with the ethical values which inspire the Company in its pursuit of the company purpose.

What is stated in this System, then, aims to affirm and disseminate a business culture based on legality, an indispensable condition for lasting economic success: no unlawful conduct, even if it is carried out in the interest of or to the advantage of the business, may be considered to be in line with the policy adopted by the company.

The System also aims to disseminate a culture of control and information which must govern all the decisional and operating stages of the company activity, in full awareness of the risks deriving from the possible committing of offences.

The System adopted must involve every aspect of the activity of the Company, through a distinction between the operating duties and the control duties, with the objective of correct handling of the possible risk situations and/or conflict of interest situations.

The System must also be integrated with the existing Management Systems for which it is a founding and essential element.

To be specific, through the adoption of the System, *Insit Industria S.p.A.* aims to pursue the following main ends:

- identify the company areas and the relative sensitive activities which, due to their particular nature, may involve a risk of offence in accordance with the Decree;
- assess the current control system and, where required, adapt it in order to guarantee that the risk of committing offences is reduced to an "acceptable level";
- define a system of rules which establishes the general lines of conduct (Ethics Code) and specific lines of conduct (organisational procedures) for governing the company activities in the "sensitive" sectors;
- permit, thanks to constant monitoring of its own Operating Areas (with reference to the activities at risk) and the Operating Protocols, intervention in good time to prevent or combat the committing of the offences;
- train the personnel in relation to the content of the System, the Ethics Code and, more generally, the authorisation powers, the hierarchical lines of dependency, the procedures, the information flows and everything which helps to make the company activity transparent;
- create within the recipients of the System the awareness that one may, in the event of infringement of the regulations contained herein, commit crimes which are subject to criminal and disciplinary sanctions (as well as the administrative sanctions which the Company might apply);



- appoint and attribute to a Supervisory Board specific duties with regard to checking the effective functioning, the adequacy and the updating of the System.

### **3.2 The Guidelines and the preparation of the System.**

The organisational systems, as stated by art. 6, clause 3, of the Decree, “may be adopted [...] on the basis of codes of conduct drawn up by the associations representing institutes, communicated to the Ministry of Justice which, in agreement with the competent Ministries, may formulate, within thirty days, observations on the suitability of the systems for preventing the offences”. It has, however, to be emphasised that the indications contained in the guidelines prepared by the Sector Associations only represent a reference context and do not cover all the precautions which may be adopted by the individual institutes within the context of the autonomy of choice of the organisational systems considered to be most suitable.

Within the preparation and creation of this System, the Company has been inspired by the latest version of the Confindustria Federation Guidelines (updated to March 2014 and stated to be suitable by the Ministry of Justice).

The methodology followed for the preparation of this System has taken into account the following aspects:

- analysis of the organisational structure of the Company and consequent interviews with the Company management in order to map the activities at risk (so-called “sensitive activities”), that is, the Company activities within which the predicate offences stated by Italian Legislative Decree 231/2001 may be committed;
- attribution to the parties involved in the formation and implementation of the Company intentions, within the different activities carried out, of powers in line with the organisational responsibilities assigned;
- attribution to an independent control organism (Supervisory Board) of specific duties for monitoring and supervising the dissemination, functioning and observance of the System;

- dissemination within the Company of rules of conduct and Company procedures and policies which comply with the principles established within the System and involvement of all the Company levels in their implementation;
- the need to check the correct functioning of the System in concrete terms and to proceed, if required and on the basis of the indications emerging from the application experience, with System updating.

Therefore, on the basis of the reference company documentation, the so-called auditing activity carried out both by formulating specific questionnaires and through interviews with the Company functions involved, it has been possible to precisely trace the so-called activities “at risk” so that it has been possible to identify the individual Areas, the sensitive activities and the functions involved which may potentially be exposed to the risk of committing of the offences stated by the Decree.

On the basis of the “mapping” activity, then, the technical and organisational prevention-based measures to be adopted have been specified and detailed by identifying the delegations and authorisations granted *ad hoc* to parties with reference to specific duties and matters, as well as the analysis and possible implementation of the current company procedures and/or drafting of new procedures, when required.

The System has a *General Part*, which describes and governs the overall functioning of the organisation, management and control system adopted to prevent the committing of the predicate offences, and as many special parts (which provide further details with respect to the General Part) as the number of areas identified and classified as “at risk” of the committing of these offences, with an indication of the protocols for containing the risk identified.

The System implementation project was started by the Company, with a series of preliminary assessment, in July 2013, with granting of an engagement for this on 13/01/2014.

### **3.3 The relationship between the System and the Ethics Code.**

The *Insit Industria S.p.A.* Ethics Code, which will be adopted with a decision of the Board of Directors, even though its nature different from that of this Organisational System, must, however, be considered to inspire the basic principles of conduct and ethics which the company focuses on within its pursuit of the company purpose: these principles must necessarily be complied with by all those who interact with the company itself in any way.

The Ethics Code, then, is an essential groundstone of the System, given that the regulations contained in the System presuppose compliance with the indications in the Ethics Code, forming a systematic group of internal standards for disseminating a culture of company ethics and transparency.

The Ethics Code, to be considered to be fully referred to herein, is attached to the System and is an integral part of it.

### **3.4 The recipients of the System.**

The rules contained in the System and in the Ethics Code apply to those who carry out representation, administration or management functions for the Company or one of its Organisational Units, as well as all the employees operating at both the Turin and Montà units.

The System and the Ethics Code, finally, apply to those who, although they do not have a subordinate working relationship with *Insit Industria S.p.A.*, operate with a mandate from or on behalf of the Company or are in any case related to the Company by continuous relations within the company activities considered to be sensitive.

For these purposes, the Co-Director Generals to whom the contracts or the relations relate identify, with an assessment after the fact, the parties external to the Company to whom it is appropriate to apply the regulations of the System and the Ethics Code, considering the activity carried out, establishing their communication methods in order to ensure they are known to all the interested parties.

The recipients of the System and the Ethics Code must comply with total correctness and diligence with all the regulations and protocols contained therein, as well as all the procedures for implementing these.

### **3.5 System adoption, modification and integration.**

The Board of Directors is exclusively responsible for the adoption, modification and integration of the System.

The Supervisory Board, within the scope of the powers granted to it in accordance with art. 6, clause 1, lett. b), and art. 7, clause 4, lett. a) of the Decree, has the duty of making proposals to the Board of Directors in relation to the updating and adaptation of this System, and of indicating new legislation, circumstances or organisational omissions identified within the supervision and monitoring activity which reveals the need/opportunity to modify or integrate the System.

In any case, the System must be modified or integrated by the Board of Directors in good time, after consultation with the Supervisory Board, when the following has occurred:

- infringement or avoidance of the System regulations which have shown it to be ineffective or insufficient for the purposes of preventing the predicate offences;
- significant changes to the internal Company structure and/or the business activity execution methods;
- statutory changes.

The System modifications, updates and integrations must always be communicated to the Supervisory Board.

The individual operating procedures referred to within the System are modified, following a specific indication to the Supervisory Board, by the competent company functions, if they are seen to be ineffective for the purposes of correct implementation of the System.

## **4. COMMUNICATION AND TRAINING**

### **4.1 Communication.**

The System and the Ethics Code are communicated to all the Company personnel and all the members of the Company Boards by the Co-Director General - Administrative and Financial Director, responsible for personnel management, using the disclosure means considered to be most appropriate. The same Co-Director General, having consulted with the Supervisory Board, establishes the best methods for certifying receipt of the System and the Ethics Code by the Company personnel.

For the parties external to the Company who receive the System and the Ethics Code, appropriate communication forms are envisaged. The contracts which regulate the relations with these parties must contain clauses which provide information about the company business policies (with particular reference to the Ethics Code and the System) and require the contracting parties to comply with the principles established therein.

The Ethics Code is published in full on both the Company Intranet and its Internet site, while the System is published in full on the Company Intranet and in abbreviated form on its Internet site.

### **4.2 Training.**

The Company undertakes to implement training programmes with the purpose of guaranteeing the effective implementation of the Ethics Code and the System by the employees and the members of the Company Boards.

The training programmes deal with the Decree and the reference statutory context, the Ethics Code and this System (and their subsequent integrations, modifications or updates); the training level is modulated, with a different level of detail, in relation to the positions and qualifications of the recipients of the a training and the different levels of their involvement in the sensitive activities.

The training initiatives may also be carried out remotely by using IT systems (e.g.: videoconference, e-learning).

Taking part in the training programmes specified here is obligatory and infringement of these obligations, as it constitutes an infringement of the System, is subject to the sanctions envisaged.

## **5. SUPERVISORY BOARD**

### **5.1 Function.**

In accordance with art. 6, clause 1, lett. b) of the Decree, with the approval of the System, *Insit Industria S.p.A.* will set up a specific control organism (Supervisory Board - 'OdV') with the duty of continuous monitoring of the effective functioning and observance of the System itself and organising its updating; among other things, it will have the duty of proposing modifications and/or integrations to the Board of Directors in all cases in which this becomes necessary.

### **5.2 Requirements.**

The members of the Supervisory Board must meet certain professionalism, autonomy and independence requirements. The Supervisory Board must carry out the functions attributed to it while guaranteeing the required continuity of action.

#### **- Professionalism**

This requirement refers to the set of professional and technical tools and instruments which the members of the Supervisory Board must possess to be able to carry out their activity effectively. It is desirable, therefore, that the Supervisory Board consists of parties with specific skills in inspections, in analysis of control and audit systems and in the legal sphere (criminal law in particular), in order to guarantee the presence and availability of different professional skills which are in any case adequate for the execution of the relative functions. Where necessary, the Supervisory Board may also make use of the assistance and support of external skills, to obtain opinions on specialist matters.

#### **- Autonomy and independence.**

The autonomy and independence requirements are key: the Supervisory Board must be able to operate without any form of interference or conditioning from any member of the institute, especially management.

These principles, in fact, would have no significance if the members of the Supervisory Board were conditioned at an economic and personal level or were subject to conflicts of interest, even potential ones.

For these precise purposes, it is necessary to make sure that the members of the Supervisory Board are not directly involved in the operating and management activities which they have to supervise and monitor.

In this sense it is indispensable that the Supervisory Board is at the highest hierarchical position possible within the company structure, with the Supervisory Board reporting to the top company unit, that is, the Board of Directors.

The Supervisory Board must have autonomous spending powers on the basis of an annual expense budget, approved by the Board of Directors, as proposed by the Supervisory Board itself. In any case, the Supervisory Board may ask for an integration of the funds assigned, if they are not sufficient for the work the Board has to do, and may extend its spending autonomy at its own initiative in exceptional or urgent situations, which will then be reported to the Board of Directors.

The activities carried out by the Supervisory Board may not be syndicated by any other company organism or structure.

#### **- Continuity of action.**

The Supervisory Board must be able to guarantee the required continuity within its functions, also by scheduling its activities and checks, reporting on the meetings and regulating the information flows originating from the company structures.

### **5.3 Composition, appointment and term.**

In the absence of specific indications within Italian Legislative Decree 231/2001, *Insit Industria S.p.A.* has opted for a solution which, considering the ends pursued by the law, can ensure the effectiveness of the checks carried out by the Supervisory Board, in relation to the size of the company and its organisational complexity.



In accordance with art. 6, clause 1, lett. b), of Legislative Decree 231/2001, whereby the Supervisory Board has “autonomous powers of initiative and control”, and in light of the indications provided by the Confindustria Guidelines, *Insit Industria S.p.A.* has identified the ideal Supervisory Board as a collective Board with three members.

The Supervisory Board is appointed by the Company Board of Directors, with a measure providing reasons and acknowledging the compliance with the integrity and professionalism requirements.

The candidates for the position of member of the Supervisory Board must self-certify in writing that they meet the requirements indicated above and that they are not subject to any of the ineligibility conditions (refer to the section on ineligibility), expressly undertaking to communicate any changes with respect to these declarations.

When accepting the position, the members of the Supervisory Board, having studied the System and formally subscribing to the Ethics Code, undertake to carry out the functions attributed to them while guaranteeing the required continuity of action.

The term for the position of member of the Supervisory Board is the same as the Board of Directors and any advance winding up of the Board of Directors leads to the expiry of the term for the members of the Supervisory Board.

The Board of Directors appoints the Chairman of the Supervisory Board, choosing him/her from among the members who are not part of the Company personnel.

#### **5.4 Reasons for ineligibility, expiry, suspension and revocation of the members of the Supervisory Board.**

Although the Decree does not contain any explicit indication about the integrity requirements for the members of the Supervisory Board, for the System to be coherent, and also to respond to any criticism which might be raised at a judicial level, the System should state specific reasons for ineligibility as a member of this Supervisory Board and for incompatibility for remaining on.

In all cases of death, retirement, expiry, suspension or revocation, the Board of Directors replaces the ex-member in good time.

- **Ineligibility.**

To be specific, those subject to the conditions stated by art. 2399 of the Italian Civil Code may not be appointed as members of the Supervisory Board.

The following are also reasons for ineligibility:

- pending criminal proceedings pertaining to one of the Decree's predicate offences;
- a sentence (or plea bargain), even if not definitive, for one of the predicate offences stated by the Decree or, in any case, a sentence, even if not definitive, involving disqualification, even temporarily, from the management offices of legal entities or businesses. Any eventual reforming of the non-definitive sentence (or plea bargain) does away with the reason for ineligibility but does not affect any intervening loss of the role;
- the application of a sanction by the CONSOB Authority, due to having committed one of the administrative offences pertaining to market abuse, as stated by the Consolidated Financial Law (TUF);
- having been subject to personal or economic prevention measures ordered by the judicial authorities.

- **Expiry.**

After the appointment, the loss of the subjective requirements or the occurrence of one of the conditions leading to ineligibility for a member of the Supervisory Board means immediate expiry of the position.

- **Suspension.**

The following are reasons for suspension from the position of member of the Supervisory Board:

- a non-definitive sentence for one of the predicate offences stated by the Decree or, in any case, a sentence, even if not definitive, involving disqualification, even temporarily, from the management offices of legal entities or businesses;
- the application of a personal interim measure.

### ● **Revocation.**

Any revocation of the members of the Supervisory Board may only take place for good reason, through a decision of the Board of Directors, having had the opinion of the Board of Auditors, good reason meaning serious negligence within the execution of the duties related to the position such as, among others:

- failure to draw up the reports providing information about the activity carried out to the Board of Directors and the Board of Auditors;
- failure to deal with the indications received in relation to the committing or alleged committing of offences as specified by the Decree, as well as infringement or alleged infringement of the Ethics Code, the System or the procedures established to implement the System;
- failure to call and hold meetings of the Supervisory Board for at least one year.

In any case, the *Insit Industria Spa* Board of Directors may revoke the members of the Supervisory Board when there are significant infringements pertaining to the mandate granted, in relation to the duties indicated in article 6 of the Decree; for cases of serious infringement of the privacy and confidentiality obligations, and when there are reasons for ineligibility as stated above, prior to the appointment as a member of the Supervisory Board not indicated in the self-certification.

## **5.5 Execution of the activity: duties and powers.**

As stated, the Supervisory Board has autonomous powers of initiative and control which allows it to effectively execute the tasks and duties stated by the System.

To do this, the Supervisory Board has its own operating rules, created through the adoption of special Regulations (Supervisory Board Regulations), which are brought to the attention of the Board of Directors.

The Supervisory Board does not have management powers or decisional powers relating to the execution of the Company activities, powers for organising or modifying the Company structure or sanction powers.

The Supervisory Board is assigned the duty of supervising and monitoring the functioning of and compliance with the System as well as its updating. For these purposes, the Supervisory Board is assigned the following duties and powers:

- a) checking the efficiency, effectiveness and adequacy of the System with respect to the prevention of the committing of the offences stated by the Decree, indicating and proposing the need for updates to the Board of Directors in good time;
- b) check compliance with the Ethics Code, the rules of conduct, the prevention protocols and procedures stated by the System, identifying any divergent conduct;
- c) carry out inspections at regular intervals, in accordance with the methods and deadlines indicated in the Regulations;
- d) propose the adoption of the disciplinary sanctions to the relevant function in good time;
- e) supervise and control the planning, scheduling and subsequent execution of the personnel training programmes relating to the System and the Ethics Code;
- f) freely access any *Insit Industria S.p.A.* working unit, without the need for prior notice, to request, obtain and acquire information, documentation and data considered to be necessary for the execution of the specific function attributed by the System;
- g) access and/or request all the information concerning the activities considered to be at risk of offence, as identified in the Special Parts of the System;
- h) prepare a programme of regular checks for the effective application of the control procedures within the “Sensitive Activities” and their efficacy, notwithstanding the fact that the

primary responsibility for checking the activities is still the remit of the operating management and is an integral part of the Company processes;

i) collect, process and retain the significant information with regard to the compliance with the System and, where necessary, update the list of information which must be sent to the Supervisory Board or must be kept available for it;

l) monitor the Sensitive Activities. For these purposes, the Supervisory Board is kept constantly informed about the evolution of the activities in these risk areas and has free access to all the Company documentation. The Supervisory Board must also be informed by all the personnel about any situations within the company activity which may expose the Company to the risk of offence;

m) make use of the assistance and support of any external consultants for problems and issues of particular complexity or which require specific skills.

The Supervisory Board carries out its functions by coordinating with the company management on the aspects pertaining to the interpretation and monitoring of the System's reference regulatory and statutory context, and, for the matters pertaining to the protection of workplace health and safety, it works with the Prevention and Protection Service and the other specific figures indicated by the sector standards and regulations. The Supervisory Board also coordinates with the company functions involved in the activities at risk in relation to all aspects of the implementation of the System's operating procedures.

The Supervisory Board must also coordinate with the competent functions present in the company for the various specific profiles.

In addition, every year, the Supervisory Board also sends the Board of Directors a written report in the implementation of the System.

The meetings with the Units/Functions the Supervisory Board refers to must have Minutes drawn up, as with the regular meetings of the Supervisory Board. These Minutes must be retained by the Board itself.

The Board of Directors has the right to call the Supervisory Board which, in turn, has the right ask the Chairman of the Board of Directors to call a Board of Directors Meetings for urgent matters.

The members of the Supervisory Board and the parties it makes use of, in any way, must comply with the privacy & confidentiality obligation for all the information they obtain within the exercising of their functions.

## **5.6 Communications to and by the Supervisory Board.**

For the Supervisory Board to be able to do its work in actual specific terms, there must be a scheme (drawn up by the Board itself) for the information which must be sent systematically to the Supervisory Board on a quarterly, half-yearly or annual basis, in accordance with the type of information to be sent, with particular reference to the scheduled workplace health and safety reports.

This scheme must also state that it is obligatory for all the company functions to provide the Supervisory Board with information relating to the occurrence of a particular event pertaining to the prevention of the predicate offences, so that it is informed in good time about any regulation infringements.

Regardless of that, the Supervisory Board draws up, with the frequency established in the Regulations, a written report to be sent to the Board of Directors, which must contain at least the following: a summary of the activities carried out in the period considered by the Supervisory Board; a description of any problems/issues which have arisen in relation to the operating procedures for implementing the System regulations; a description of any new activities at risk of offence identified; a report on the indications received and what has been identified directly, in terms of alleged infringements of the System regulations, the Ethics Code, the prevention protocols and the relative implementation procedures, as well as the checks carried out in relation to that; information about any committing of significant offences for the purposes of the Decree; an overall assessment of the System's functioning and efficacy, with

possible proposals for integrations, corrections or modifications; an indication of any changes in the regulatory context and/or the methods for the execution of the business activity which require the System to be updated; a report on the expenses incurred.

The Board of Directors has the right to call the Supervisory Board at any time so that it reports on its activities.

The information obligations pertaining to any conduct which infringes the System regulations are part of the broader-ranging duty of worker diligence and loyalty established by the Italian Civil Code.

Those who report such circumstances in good faith are protected against all forms of retaliation, discrimination or penalisation and, in any case, the confidentiality of the identity of the whistleblower is guaranteed, notwithstanding legal obligations and the protection of the rights of the Company or the people accused wrongly and/or in bad faith.

Full compliance with the information obligation on the part of the worker cannot give rise to the application of disciplinary sanctions.

In order to receive the indications described above in an efficient manner, the Supervisory Board will communicate the indication and reporting methods and forms to all relevant parties.

The Supervisory Board assesses the indications received at its own discretion and responsibility and decides when action is required.

In order to ensure full compliance with the regulations in this paragraph, an email address has been set up - [odv@insitindustria.com](mailto:odv@insitindustria.com) - (which guarantees confidentiality about the matters reported) which employees, members of the Company Boards and external partners can use to report to the Supervisory Board. If access to the computer system is not possible or it is not available, reports and indications can be made to the Supervisory Board members orally or by internal mail.

These reports and indications are retained by the Supervisory Board using the methods indicated in the Regulations.

Infringement of the information obligations in relation to the Supervisory Board as stated here is an infringement of the System and leads to the application of a sanction (refer to the sanction system paragraph).

The information, indications or reports stated in the System are retained by the Supervisory Board in a special archive (computerised or paper) which may only be accessed by the Supervisory Board members.



## **6. THE DISCIPLINARY SYSTEM**

### **6.1 General principles and implementation methods.**

The Decree indicates, as a condition for effective implementation of the System, the introduction of a disciplinary system for sanctioning failure to comply with the regulations indicated therein.

The definition of an adequate disciplinary system, therefore, is an essential prerequisite for the purposes of justification of the organisation system in terms of the administrative responsibility of the institute.

As a result, a disciplinary system has been created with graded sanctions, from the least to the most serious, respecting the principle of proportionality between the infringement identified and the penalty applied.

The application of the disciplinary system regulations stated by the System does not replace or presuppose the application of any further sanctions of other kinds (criminal, administrative, tax law) which might derive from the same matters. However, if the infringement committed also constitutes an offence to be dealt with by the judicial authorities and the Company cannot, with the tools available, reconstruct the events clearly, it may wait until the judicial case ends before adopting disciplinary measures.

Infringement by the employees of the individual regulations and rules of conduct stated in the System is at all times a disciplinary offence.

The measures indicated in the System whose infringement must be sanctioned are communicated to all the employees by means of internal circulars, attached in locations accessible to all, and are binding for all Company employees.

The disciplinary measures may be applied to the employee workers in accordance with the regulations in art. 7 of the Workers' Statute and the National Collective Labour Contract [CCNL] (in the case of *Insit Industria S.p.A.*, this is the Collective Labour Contract for workers in the wood, cork, furniture and industrial sector), as well as any special standards and regulations applicable.

Compliance with the regulations of the Ethics Code and the System applies within work contracts of all types and kinds, including the contracts with Executives, project-based contracts, part-time contracts, etc., as well as contracts with so-called semi-subordinate employees.

The disciplinary process is implemented at the initiative of the Supervisory Board, which also has a consulting function within the full execution of the disciplinary process.

To be specific, the Supervisory Board, having been informed about an infringement or an alleged infringement of the Ethics Code or the System, takes action immediately to make the checks required, guaranteeing privacy and confidentiality for the party being looked into.

If an infringement by a Company *employee* (meaning any party related to the Company by a subordinate working relationship) is ascertained, the Supervisory Board immediately informs the party responsible for disciplinary proceedings which, in the case of *Insit Industria S.p.A.*, will be the Co-Director with responsibility for the Personnel and the Delegated employer.

If the infringement pertains to a Company *Executive*, the Supervisory Board must also inform, as well as the party responsible for disciplinary proceedings, that is, the Co-Director with responsibility for the Personnel, the Board of Directors, in the form of a written report.

If the infringement pertains to a Company *Director*, the Supervisory Board must immediately inform the Chairman of the Board of Auditors and the Board of Directors, if not directly involved, in the form of written reports.

If the infringement pertains to a *member of the Board of Auditors*, the Supervisory Board must immediately inform the Board of Directors, as well as the Chairman of the Board of Auditors, if not directly involved, in the form of a written report.

If there is an infringement by the *partners* or *external parties* operating with a Company mandate, with a written report the Supervisory Board informs the Board of Directors and

the Function Manager to whom the contact or relationship pertains.

The units or functions responsible for disciplinary proceedings start the procedures for which they are responsible to deal with the charges and possibly apply sanctions.

The sanctions for infringements of the regulations of the Ethics Code and this System are adopted by the appropriate units in terms of the powers and duties attributed by the By-Laws or the internal company regulations.

The Supervisory Board monitors the application of the disciplinary sanctions applied.

During the disciplinary proceedings, all legal obligations and contractual obligations pertaining to the application of disciplinary sanctions are complied with, as are the procedures, regulations and guarantees stated by the Workers' Statute and the specific National Collective Labour Contract [CCNL] applicable.

## **6.2 Sanctions for the employee workers.**

At the time of the drafting of this System, the professional figures operating within Insit Industria S.p.A. are: executives, blue-collar employees and white-collar employees.

### **White-Collar Employees and Blue-Collar Employees.**

The conduct of the employee workers which infringes the individual rules of conduct stated in this System are disciplinary breaches. The disciplinary measures which may be applied to these workers, in accordance with the procedures stated by article 7 of the Workers' Statute and any special standards and regulations applicable, are those stated by the sanction system within the National Collective Labour Contract [CCNL].

#### **Art. 79 for blue-collar employees envisages:**

- A verbal warning;
- A written warning;
- A fine of no more than three hours pay;
- Suspension from work and of pay for up to a maximum of five days;

- Dismissal with prior notice;
- Dismissal without prior notice.

Art. 115 for white-collar employees envisages:

- A verbal reprimand;
- A written reprimand;
- A fine of no more than three hours pay;
- Suspension from work and of pay for up to a maximum of five days;
- Dismissal with prior notice;
- Dismissal without prior notice.

All the guarantees and the regulations in the Workers' Statute and the reference National Collective Labour Contract [CCNL] remain applicable with regard to the charging procedure; these include the following:

- The obligation - in relation to the application of any disciplinary measure - to first make the charge with the employee and listen to what he/she has to say in defence;
- The obligation - except for verbal reprimands - that the charge is made in writing and that the measure is not applied until 5 days have passed from the receipt of the charge (within which time the employee may present his/her justifications);
- The obligation to inform the employee in writing about the disciplinary measure, the reasons having to be stated.

As for the ascertainment of the breaches, the disciplinary measures and the application of the sanctions, the powers already granted to the company management remain unchanged, within the limits of the respective remits.

Notwithstanding the obligations for the Company originating from the Workers' Statute and the reference CCNL, the conduct subject to sanction constituting infringement of this System is as follows:

- Infringement by the employee of internal procedures stated by this System (e.g. failure to comply with the procedures stated, failure to make communications to the Supervisory Board in relation to required information, etc.) or adoption, within the execution of activities pertaining to Sensitive Areas, of conduct which does not comply with the System regulations;
- Infringement of internal procedures stated by this System or adoption, within the execution of activities pertaining to Sensitive Areas, of conduct which does not comply with the System regulations which exposes the Company to an objective situation of risk of the committing of one or more of the offences stated by the Decree;
- Adoption, within the execution of activities pertaining to Sensitive Areas, of conduct which does not comply with the System regulations and which aims in an unequivocal manner at the committing of one or more of the offences stated by the Decree;
- Adoption, within the execution of activities pertaining to Sensitive Areas, of conduct which clearly infringes the System regulations such that it leads to the concrete application to the Company of sanctions stated by the Decree.

The disciplinary sanctions will be proportional to the level of responsibility and autonomy of the employee, any existence of disciplinary precedents pertaining to that employee, the intentionality of the conduct and the seriousness of the conduct, this meaning the level of risk to which the Company may reasonably consider itself to be exposed - in accordance with the Decree - following the conduct punished.

The disciplinary system is subject to constant checking and assessment by the Supervisory Board, the Co-Director with responsibility for the Personnel and the Delegated employer, the latter being responsible for the concrete application of the disciplinary measures outlined here, when notified by the Supervisory Board and having consulted with the hierarchical superior of the party responsible for the conduct in question.

### **Executives.**

The managerial relationship is characterised by the eminently-fiduciary nature of the role and so the conduct of the *Executives*, as well as having repercussions within the Company, stands as an example for all those operating within the company and so also has repercussions in relation to the external image of the Company. Therefore, compliance on the part of the Company Executives with the regulations in the Ethics Code, the System and the relative implementation procedures is an essential part of the role of the Executives.

In relation to *Executives* who have infringed the Ethics Code, the System or the procedures established for implementation, the function with disciplinary power applies the relevant processes to make the charges and apply the most appropriate sanctions, in accordance with the CCNL for Executives and the procedures stated by art. 7 of the Workers' Statute (in cases of disciplinary dismissal in accordance with the most recent case law).

The sanctions must be applied in accordance with principles of gradualness and proportionality in relation to the seriousness of the matter and the culpability or possible malice and intent. Among other things, the charge may involve a precautionary measure of revocation of any authorisations/delegations assigned to the party in question, and up to possible termination of the working relationship and contract in the case of infringements which are so serious that the relationship of trust with the Company is lost.

### **Directors.**

In the case of an infringement of the System by the Directors, the Supervisory Board will promptly inform the Board of Directors and the Board of Auditors who will inform the Shareholders' Meeting and take the appropriate measures which, in the case of intentional infringements of the organisational system, may also lead to revocation of the position and loss of any economic entitlements.

### **Auditors.**

If an infringement is committed by one or more Auditors, the Supervisory Board must inform the Board of Directors immediately, that is, the Chairman and the Co-Director Generals, and the Board of Auditors, that is, the Chairman, if not involved directly, in the form of a written report.

The parties receiving the information from the Supervisory Board may, as stated by the law, take the appropriate measures including, for example, calling of Shareholders' Meeting, in order to apply the most appropriate measures in accordance with the law.

When the infringements are serious enough to constitute good reason for revocation, the Board of Directors proposes to the Shareholders' Meeting the adoption of the relevant measures and completes the further obligations stated by the law.

#### **Externals and partners.**

All conduct of Externals or Partners which clashes with the lines of in conduct indicated by this System which involves the risk of the committing of an offence sanctioned by the Decree may lead to the termination of the contractual relationship.