Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231 of 8 June 2001

Updated by the Board of Directors of IPACK IMA S.r.l. on 22 July 2022

This document contains a true translation into English of the original report in Italian "MODELLO DI ORGANIZZAZIONE, GESTIONE E CONTROLLO". The Italian version of the "MODELLO DI ORGANIZZAZIONE, GESTIONE E CONTROLLO" shall prevail upon the English version.

GENERAL SECTION

Attachments:Code of Business Ethics

GENERAL SECTION

1. Foreword

Ipack Ima S.r.l. (hereinafter "**Ipack Ima**" or the "**Company**") decided to adopt its own Organisation, Management and Control Model (hereinafter the "**Model**" or "231 Model") pursuant to the dictates of Italian Legislative Decree 231/2001 (hereinafter also referred to as the "**Decree**") on administrative liability of entities.
In preparing this 231 Model, the Company complied with the provisions of the Guidelines for the construction of Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/2001 (hereinafter the "Guidelines") issued in 2002 by Confindustria, later updated in 2008 and 2014, and approved by the Italian Ministry of Justice, with case law on overriding matters, as well as with the provisions referred to in the "Consolidated principles for the preparation of organizational models and the activity of the organization" issued by CNDCEC, ABI, CNF and Confindustria on February 2019.

2. The administrative liability system for legal entities, companies and associations

The aim of the Decree was to adapt domestic regulations on the liability of entities to several international agreements already adopted by Italy, i.e.: i) the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests; ii) the Convention also signed in Brussels on 26 May 1997 on the fight against corruption; and iii) the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

The Italian Legislative Decree 231/2001, introduced to Italian law an administrative liability system for entities (i.e. legal entity, company, consortium, etc.) for certain offences committed on behalf of or to the benefit of such entities by:

(a) "persons with powers of representation, administration or management of the entity or one of its divisions/departments that has financial and operational autonomy, as well as persons who in a permanent or acting capacity exercise management and control over them" ("senior management") (Art. 5.a of the Decree);

(b) "persons subject to management or supervision by one of the persons referred to in point (a)" ("subordinates") (Art. 5.b of the Decree).

This liability is in addition to the criminal and personal liability of the individual committing the offence.

The regulations therefore aim to widen the boundaries of personal criminal liability by including the direct involvement of "entities" that have benefited from commission of the offence.

This is a form of administrative-criminal liability as, though it involves administrative sanctions, that results from the commission of a predicate offence by one or more of the individuals indicated above, where they have acted on behalf of or in the interests of the entity and can be sanctioned only under the Criminal Code through criminal proceeding investigations.

In particular, the Decree envisages a comprehensive sanctioning system ranging from pecuniary sanctions up to prohibitive sanctions, such as the suspension or cancellation of licences or concessions, a ban on contracting with Public Administration, prohibited exercise of business activities, exclusion or cancellation of financing and grants, or a ban on advertising goods and services.

An administrative sanction can only be inflicted upon a company if all the objective and subjective requirements established by law are met. Specifically: *i*) a determined predicate offence is committed, in the interests of or to the benefit of the company[1]; *ii*) by qualified individuals (senior managers or their subordinates) who did not act solely in their own interests or those of third parties; and *iii*) in the absence of an effective organisation, management and control model.

The liability envisaged in the Decree also applies to offences committed in other countries, provided that the country in which the offence was committed has not taken legal action and the company concerned has its head office in Italy.

2.1 Offences resulting in administrative liability of an entity

Under the terms of Italian Legislative Decree 231/2001, an entity can only be considered liable for offences specifically stated (the “predicate offences”), if committed in its interest or to its benefit by qualified individuals pursuant to Art. 5, paragraph 1 of the Decree, or in cases of specific legal provisions referenced by the Decree.

The instances of offences taken into consideration by the Decree are listed below.

Note that the numbering of these offences has been expanded by regulations issued after Italian Legislative Decree 231/2001. The list is therefore aligned with regulations in force as at the date of approval of the updated Model by the Board of Directors.

It is also specified that, in the drafting of the Model and in its subsequent updates, the rulings of the jurisprudence of legitimacy in matters of criminal law and administrative liability of entities deriving from a crime were also considered.

1 Note a recent decision (Court of Cassation, Criminal Sect. II, no. 295 of 9.01.2018) which in relation to the concept of interest clarified that "The jurisprudence of this Court [...] considers that the two criteria of the imputation of interest and advantage are placed in an alternative relationship, as confirmed by the disjunctive conjunction "o", presents in the text of the provision; the criterion of interest expresses a teleological evaluation of the offense, appreciable ex ante, at the time of the commission of the offense and according to a markedly subjective yardstick in relation to the psychological element of the specific natural person author of the offense; the criterion of advantage, on the other hand, has an essentially objective connotation, as such can be assessed ex post, on the basis of the effects actually derived from the commission of the offense and regardless of the original purpose of the offense. However, gradually, the jurisprudence has moved towards an objective conception not only of the advantage but also of the interest. [...] In fact, for the purposes of configuring the entity's liability, it is sufficient that it be proved that it has obtained an advantage from the crime, even when it has not been possible to determine the actual interest claimed ex ante in consuming the offense and provided that it is not, as mentioned, at the same time ascertained that the latter was committed in the exclusive interest of its author, a natural person or of third parties. It therefore appears correct to attribute to the notion of interest accepted in the first paragraph of art. 5 a dimension that is not strictly or exclusively subjective, which would determine a psychological drift in the assessment of the case, which indeed does not find effective justification in the normative data. It is in fact evident that the law does not necessarily require that the perpetrator of the crime wanted to pursue the interest of the entity in order for the latter's liability to be configurable, nor is it required that the same was even aware of realizing this interest through their conduct

Crimes against Public Administration (Articles 24, 25 and 25-decies of the Decree)

This is the first group of offences originally identified by Italian Legislative Decree 231/2001 and later amended by Italian laws 61/2002, 190/2012, 3/2019[2] and by the Legislative Decree n. 75 of 14 July 2020 and, lastly, by the Decree n. 13 of 2022. The following offences can be attributed to this category of crimes:

- misuse of public funds (Art. 316-*bis*, Italian Criminal Code);
- embezzlement of public funds (Art. 316-*ter*, Italian Criminal Code);
- fraud in public supplies (Art. 356, Italian Criminal Code);
- fraud against the State or other public body or the European Union (Art. 640, paragraph 2.1, Italian Criminal Code);
- aggravated fraud for the purpose obtaining public funds (Art. 640-*bis*, Italian Criminal Code);
- computer fraud against the State or other public body (Art. 640-*ter*, Italian Criminal Code);
- fraud against the European Agricultural Guarantee Fund (Article 2, Italian Law n. 898/1986);
- extortion (Art. 317, Italian Criminal Code);
- bribery to exercise an official duty and bribery to commit an act contrary to official duty (Articles 318, 319 and 319-*bis*, Italian Criminal Code);
- judicial corruption (Art. 319-*ter*, Italian Criminal Code);
- unlawful inducement to give or promise benefits (Art. 319-*quater*, Italian Criminal Code);
- bribery of a public service official (Art. 320, Italian Criminal Code);
- penalties for the corrupting party (Art. 321, Italian Criminal Code);
- attempted bribery (Art. 322, Italian Criminal Code);
- misappropriation, extortion, unlawful inducement to give or promise benefits, bribery and attempted bribery of members of the international courts or bodies of the European Union or international parliamentary assemblies or international organizations assemblies and officials of EU member states and non-EU countries (Art. 322-*bis*, Italian Criminal Code);
- influence peddling (Art. 346-*bis*, Italian Criminal Code)[3];
- embezzlement (Article 314 paragraph 1, Italian Criminal Code), when the fact offends the financial interests of the European Union;

2 31 January 2019 saw the entry into force of Italian Law 3/2019, "*Measures to combat crimes against public administration, as well as on time-barring of the offences and on transparency of political parties and movements*", which introduces important new aspects to the administrative liability of entities. In particular, in addition to making criminal sanctions harsher for certain predicate liability offences pursuant to Italian Legislative Decree 231/2001, the Law introduces changes to the offence of influence peddling (Art. 346-bis, Italian Criminal Code), which is now also included among the catalogue of "231" predicate offences. Furthermore, for certain offences against Public Administration, the new legal measures extend the duration of prohibitive sanctions which, if the offence is committed by a senior manager, can be applied for a minimum four years and a maximum seven years. To temper the harshening of prohibitive sanctions, Law 3/2019 envisages that, in the same cases, the increase does not apply if, prior to first instance sentencing, the entity takes action to avoid any further consequences of the criminal act, to guarantee proof of the offence, to identify the offenders, or to seize the sums of money or other benefits transferred and eliminate the organisational shortcomings that led to the offence, by adopting and implementing organisation models suitable to prevent offences such as that committed.

3 Offence introduced by Italian Law 3/2019.

- embezzled by profit from the error of others (Article 316, Italian Criminal Code), when the fact offends the financial interests of the European Union;
- abuse of office (Article 323, Italian Criminal Code), when the fact offends the financial interests of the European Union;
- inducement not to make statements or to make false statements to the court (Art. 377-bis, Italian Criminal Code).

Cybercrimes and unlawful data processing (Art. 24-bis of the Decree)

This is a series of crimes and offences included in the Decree by Italian Law no. 48 of 18 March 2008 and later amended by Italian Legislative Decree n. 7/2016, n. 8/2016 and Law Decree n, 105/2019. The Decree Article in question envisages administrative liability of an entity in relation to the commission of criminal offences associated with computer systems. The following are included in this category of offences:

- electronic documents (Art. 491-*bis*, Italian Criminal Code);
- unauthorised access to an IT or electronic system (Art. 615-*ter*, Italian Criminal Code);
- unauthorized possession, dissemination and installation of equipment, codes and other means of access to IT or telematic systems (Art. 615-*quater*, Italian Criminal Code);
- unauthorized possession, dissemination and installation of equipment and other means of access, with the intention of damaging or crashing an IT or electronic system (Art. 615-*quinquies*, Italian Criminal Code);
- unlawful interception, blocking or interruption of IT or electronic communications (Art. 617-*quater*, Italian Criminal Code);
- installation of devices to intercept, block or interrupt IT or electronic communications (Art. 617-*quinquies*, Italian Criminal Code);
- damage to information, data and software (Art. 635-*bis*, Italian Criminal Code);
- damage to information, data and software used by the State or other public body, or in any event of public utility (Art. 635-*ter*, Italian Criminal Code);
- damage to IT or electronic systems (Art. 635-*quater*, Italian Criminal Code);
- damage to IT or electronic systems of public utility (Art. 635-*quinquies*, Italian Criminal Code);
- computer fraud by a digital signature services provider (Art. 640-*quinquies*, Italian Criminal Code);
- obstacle and false declarations towards new Authorities in charge of supervising cyber security (Art.1, paragraph 11 of Decree-law 21 September 2019 n.105, so-called Cybersecurity Decree regulating the cybernetic national security perimeter, converted with modifications by the Law no.133 of 18 November 2019)[4].

[4] This is a new predicate offense for entities falling within the cybernetic national security perimeter. Specifically, the bodies involved must prepare and update annually a list of their networks, ICT systems and IT services, from whose malfunction or interruption could result in a prejudice for the interests of the State, to be transmitted to the mentioned Authorities (e.g. National Evaluation and Certification Center, set up at the Ministry for Economic Development). However, the so-called perimeter of cybernetic national security has not yet been identified. To this end, within four months from the date of entry into force of the Conversion Law (i.e., by March 21, 2020) a Decree of the President of the Council of Ministers will be issued and only those who will fall within the perimeter will be obliged to comply with the

Organised crime-related offences (Art. 24-ter of the Decree)

This series of offences was included in the Decree by Italian Law 94/2009 and later modified by Law n. 69/2015. The category includes the following offences:

- criminal conspiracy (Art. 416, Italian Criminal Code);
- mafia-type criminal conspiracy, domestic or foreign (Art. 416-*bis*, Italian Criminal Code);
- political-mafia vote-rigging (Art. 416-*ter*, Italian Criminal Code);
- kidnapping for the purpose of robbery or ransom (Art. 630, Italian Criminal Code);
- association for the purpose of unlawful trafficking in narcotic drugs or psychotropic substances (Art. 74, Italian Presidential Decree no. 309 of 9 October 1990);
- all crimes if committed making use of the conditions provided for by art. 416-bis of the Criminal Code to facilitate the activities of the associations provided for in the same article (Law 203/91);
- illegal manufacture, importation, marketing, sale, possession and carrying in a public place of military or pseudo-military weapons or parts thereof, explosives, illegal weapons and the most common firearms, excluding those envisaged in Art. 2, paragraph 3, Italian Law no. 110 of 18 April 1975 (Art. 407, paragraph 2.a).5) of the Italian Code of Criminal Procedure).

Crimes of forgery of money, public credit cards, revenue stamps and identification instruments or signs
(Art. 25-bis of the Decree)

This Article was added to the Decree by Italian Law 409/2001, amended by Law 99/2009 and, later, by Legislative Decree n. 125/2016 . The Article covers the following predicate offences:

- counterfeiting of coins, circulation and importation, acting alone, of counterfeit coins (Art. 453, Italian Criminal Code);
- coin alteration (Art. 454, Italian Criminal Code);
- circulation and importation, acting alone, of counterfeit coins (Art. 455, Italian Criminal Code);
- circulation of counterfeit coins received in good faith (Art. 457, Italian Criminal Code);
- counterfeiting of revenue stamps, importation, purchase, possession or circulation of counterfeit revenue stamps (Art. 459, Italian Criminal Code);
- counterfeiting of safety paper used to manufacture public paper or revenue stamps (Art. 460, Italian Criminal Code);
- manufacture or possession of watermarks or tools for the counterfeiting of coins, revenue stamps or safety paper (Art. 461, Italian Criminal Code);
- use of counterfeit or altered revenue stamps (Art. 464, Italian Criminal Code);

D.L. 105/2019, and therefore to the new predicate offense. These subjects, among other things, will be subject to surveillance and inspection by the Presidency of the Council of Ministers or by the Ministry of Economic Development, depending on the public or private nature of the entity. As of now, it is certain that the rule will apply to public administrations, public and private bodies and operators, based in the national territory on which it depends the exercise of an essential function for the State and from whose malfunction, interruption (even partial) or improper use, may arise a prejudice to national security.

- counterfeiting, alteration or use of trademarks or distinctive marks, or patents, models and designs (Art. 473, Italian Criminal Code);
- importation and marketing of products with false markings (Art. 474, Italian Criminal Code).

Crimes against industry and trade (Art. 25-bis.1 of the Decree)

This Article of the Decree was added by Italian Law 99/2009 and envisages the following predicate offences:

- disruption to the freedom of industry or trade (Art. 513, Italian Criminal Code);
- illegal anti-competitive action using threat or violence (Art. 513-*bis*, Italian Criminal Code);
- fraud against national industries (Art. 514, Italian Criminal Code);
- fraudulent trading (Art. 515, Italian Criminal Code);
- sale of counterfeit food products as genuine (Art. 516, Italian Criminal Code);
- sale of industrial products with false markings (Art. 517, Italian Criminal Code);
- manufacture and marketing of goods produced by misappropriating industrial property rights (Art. 517-*ter*, Italian Criminal Code);
- counterfeiting of geographical indications or designations of origin of food products (Art. 517-*quater*, Italian Criminal Code).

Corporate offences (Art. 25-ter of the Decree)

As part of the corporate law reform, Italian Legislative Decree no. 61 of 11 April 2002 extended the administrative liability system for entities, pursuant to Italian Legislative Decree 231/2001, also to certain corporate offences. This articole was later modified by Law n. 262/2005, by Law n. 69/2015 and by Legislative Decree n. 38/2017. These refer to the following predicate offences in particular:

- false corporate information (Art. 2621, Italian Civil Code);
- minor offences (Art. 2621-*bis*, Italian Civil Code);
- false corporate information of listed companies (Art. 2622, Italian Civil Code);
- obstruction of control (Art. 2625, Italian Civil Code);
- unlawful reimbursement of capital contributions (Art. 2626, Italian Civil Code);
- illegal allocation of shares and reserves (Art. 2627, Italian Civil Code);
- unlawful transactions in shares or investment units of a company or its parent company (Art. 2628, Italian Civil Code);
- transactions to the detriment of creditors (Art. 2629, Italian Civil Code);
- failure to report conflict of interest (Art. 2629-*bis*, Italian Civil Code);
- contrived formation of capital (Art. 2632, Italian Civil Code);
- unlawful allocation of corporate assets by liquidators (Art. 2633, Italian Civil Code);
- private-to-private corruption (Art. 2635, Italian Civil Code);
- attempted private-to-private corruption (Art. 2635-*bis*, Italian Civil Code);
- illegal influence over shareholders' meetings (Art. 2636, Italian Civil Code);
- market rigging (Art. 2637, Italian Civil Code);

- obstructing the exercise of duties of public supervisory authorities (Art. 2638, Italian Civil Code).

Crimes committed for the purpose of terrorism or subversion of democratic order (Art. 25-quater of the Decree)

Art. 25-*quater* was introduced to Italian Legislative Decree 231/2001 by Art. 3, Italian Law no. 7 of 14 January 2003. It refers to "*crimes for the purpose of terrorism or subversion of democratic order, envisaged in the Italian Criminal Code and special laws*", as well as crimes other than the above "*which are in any event committed in violation of the provisions of Art. 2 of the International Convention for the Suppression of the Financing of Terrorism signed in New York on 9 December 1999*"[5]. The category of "*crimes for the purpose of terrorism or subversion of democratic order, envisaged in the Italian Criminal Code and special laws*" is referred to in a general sense by the law, without indicating specific regulations, the violation of which would involve the application of this Article. However, a list of the main predicate offences can include the following:

- subversive conspiracies (Art. 270, Italian Criminal Code);
- aiding and abetting terrorism, domestic or international, or subversion of democratic order (Art. 270-*bis*, Italian Criminal Code);
- aggravating and extenuating circumstances (Article 270-bis.1 Criminal Code);
- aiding and abetting conspiracy (Art. 270-*ter*, Italian Criminal Code);
- terroristic recruitment, domestic or international (Art. 270-*quater*, Italian Criminal Code);
- organization of transfers for terrorist purposes (Article 270-quater.1 Italian Criminal Code);
- terrorist training, domestic or international (Art. 270-*quinquies*, Italian Criminal Code);
- terrorism financing (; Art. 270-*quinquies*.1, Italian Criminal Code);
- misappropriation of assets or sums of money subject to seizure (Art. 270-*quinquies*.2, Italian Criminal Code);
- terroristic conduct (Art. 270-*sexies*, Italian Criminal Code);
- terroristic or subversive attack (Art. 280, Italian Criminal Code);
- terrorist act using lethal bombs or explosives (Art. 280-*bis*, Italian Criminal Code);
- nuclear terrorist acts (Art. 280-*ter*, Italian Criminal Code);
- kidnapping for the purpose of terrorism or subversion (Art. 289-*bis*, Italian Criminal Code);
- kidnapping for the purpose of coercion (Article 289-ter Italian Criminal Code)
- inducement to commit any one of the crimes envisaged in the first and second chapters (Art. 302, Italian Criminal Code);
- formal political conspiracy (Art. 304, Italian Criminal Code);
- organised political conspiracy (Art. 305, Italian Criminal Code);
- armed gang: formation and participation (Art. 306, Italian Criminal Code);

5 This Convention punishes anyone who, illegally and wilfully, provides or collects funds knowing that they will be used, even in part, to carry out: (i) acts intended to cause the death of - or serious injury to - civilians, when the action is designed to intimidate a population or to coerce a government or international organisation; (ii) acts constituting an offence under the terms of conventions on: flight and navigation safety, safeguarding of nuclear material, protection of diplomatic agents, repression of attacks through the use of explosives.

- aiding and abetting members of a conspiracy or armed gang (Art. 307, Italian Criminal Code);
- seizure, hijacking and destruction of an aircraft (Art. 1, Italian Law 342/1976);
- damage to underground installations (Art. 2, Italian Law 342/1976);
- sanctions (Art. 3, Italian Law 422/1989);
- active repentance (Art. 5, Italian Legislative Decree 625/1979);
- New York Convention of 9 December 1999 (Art. 2).

Female genital mutilation practices (Art. 25-quater.1 of the Decree)

This Article of the Decree was added by Italian Law no. 7/2006 and envisages female genital mutilation practices as predicate offences (Art. 583-*bis*, Italian Criminal Code).

Crimes against the individual (Art. 25-quinquies of the Decree)

Art. 25-*quinquies* was introduced to Italian Legislative Decree 231/2001 by Art. 5, Italian Law no. 228/2003, and later by Art. 6, paragraph 1, Italian Law no. 199/2016. The regulation in question envisages and punishes crimes against the individual and, in particular:

- enslavement or holding in slavery or servitude (Art. 600, Italian Criminal Code);
- child prostitution(Art. 600-*bis*, Italian Criminal Code);
- child sexual abuse material(Art. 600-*ter*, Italian Criminal Code);
- possession or access to pornographic material (Art. 600-*quater*, Italian Criminal Code);
- virtual pornography (Art. 600-*quater*.1, Italian Criminal Code);
- tourism initiatives designed to exploit child prostitution (Art. 600-*quinquies*, Italian Criminal Code);
- human trafficking (Art. 601, Italian Criminal Code);
- purchase and sale of slaves (Art. 602, Italian Criminal Code);
- illegal recruitment and forced labour (Art. 603-*bis*, Italian Criminal Code);
- child grooming (Art. 609-*undecies*, Italian Criminal Code).

Market abuse (Art. 25-sexies of the Decree and Art. 187-quinquies Legislative Decree n. 58/1998)

The market abuse offences were introduced to Italian Legislative Decree 231/2001 by Art. 9, Italian Law no. 62/2005. As a result of these new regulations, the Decree envisages that companies can be held liable for the offences of:

- Abuse or unlawful disclosure of privileged information. Recommendation or induction of others to commit the abuse of privileged information (Article 184, Legislative Decree no. 58/1998, so-called "TUF – Consolidated Law on Finance");
- market manipulation (Art. 185, Consolidated Law on Finance).
- prohibition of abuse of privileged information and unlawful communication of privileged information (Article 14 of EU Reg. no. 596/2014);
- prohibition of market manipulation (Article 15 of EU Reg. no. 596/2014)

Crimes of manslaughter and actual bodily harm and grievous bodily harm committed in violation of the rules on the protection of health and safety at work (Art. 25-septies of the Decree)

This category of offences was introduced by Art. 9, Italian Law no. 123/2007 and later amended by Law n. 3/2018, committed in violation of accident prevention regulations and occupational health and safety protection.

Offences of receiving, laundering and use of money, goods or other benefit of unlawful origin, including self-laundering (Art. 25-octies of the Decree)

These offences were introduced to Italian Legislative Decree 231/2001 by Italian Legislative Decree no. 231/2007, by Law 186/2014 , expanding the range of offences under this category. This discipline was lastly amended by Legislative Decree n. 195/2021[6]. In particular, the offences included in the aforementioned category are as follows:

- money laundering (Art. 648-*bis*, Italian Criminal Code);
- receiving (Art. 648, Italian Criminal Code);
- use of money, goods or other benefit of unlawful origin (Art. 648-*ter*, Italian Criminal Code);
- self-laundering (Art. 648-*ter*.1, Italian Criminal Code).

Crimes relating to payment instruments other than cash (Article 25-octies.1)

This article was introduced by Legislative Decree no. 184 of 2021[7]. In particular, the predicate offenses are:

improper use and falsification of payment instruments other than cash (Article 491-ter of the Italian Penal Code);

possession and dissemination of equipment, devices or computer programs aimed at committing crimes concerning payment instruments other than cash (Article 493-quater of the Italian Penal Code)

IT fraud aggravated by the carrying out of a transfer of money, of monetary value or of virtual currency (Article 640-ter of the Italian Penal Code).

6 The Legislative Decree 195 of 2021 implemented the Directive of the European Parliament and of the Council of 23 October 2018. The main changes made by the aforementioned Legislative Decree include: (i) the extension of the number of predicate offenses of receiving stolen goods, laundering, re-use and self-laundering also against fines, providing for new and autonomous editorial frameworks for such cases; (ii) the extension of the configurability of money laundering and self-laundering crimes to assets originating from any "even culpable" crime; and (iii) the introduction of a new hypothesis of aggravated receiving stolen goods in the event that the offense is committed in the exercise of a professional activity.

7 The Legislative Decree 8 November 2021, n. 184, in implementation of Directive (EU) 2019/713 of the European Parliament and of the Council, of 17 April 2019, relating to the fight against fraud and counterfeiting of non-cash means of payment, introduced new types of crime within the of the Criminal Code and, with specific reference to Legislative Decree 231/2001, introduced the following changes: (i) the introduction of the new article 25-octies, entitled "Crimes relating to payment instruments other than cash" (predicate offenses pursuant to articles 493-ter and 493-quater) ; (ii) the introduction of computer fraud as a predicate offense in the formula aggravated by the implementation of a transfer of money, monetary value or virtual currency pursuant to art. 640-ter of the Criminal Code

Furthermore, always pursuant to art. 25-octies.1 of the Decree, in paragraph 2, it is also provided that financial penalties may be applied to the entity in the event of the commission of any other crime against public faith, against assets or which in any case offends the assets provided for by the criminal code. , when it relates to payment instruments other than cash, unless the fact integrates another administrative offense sanctioned more severely

Copyright violation crimes (Art. 25-novies of the Decree)

Italian Law no. 99/2009 introduced Art. 25-*novies* to the Decree, later amended by Law 116/09 and Legislative Decree 121/11. The current text of the regulation envisages administrative liability of the entity in relation to commission of the crimes referred to in Art. 171, paragraphs 1.*a-bis* and 3, Art. 171-*bis*, Art. 171-*ter*, Art. 171-*septies* and Art. 171-*octies*, Italian Law no. 633/1941 in relation to the protection of copyright and other rights associated with its exercise. In particular, the offences included in the aforementioned category are as follows:

- making available to the public, on an electronic network system and using connections of any kind, all or part of any protected intellectual property (Art. 171, paragraph 1.*a-bis*, Italian Law 633/1941);
- criminal protection of the rights of economic and moral use (Article 171, Law No. 633/1941 paragraph 1 letter a-bis and paragraph 3);
- criminal protection of software and databases (Article 171-bis of Law No. 633/1941);
- criminal protection of audio-visual works (Article 171-ter of Law 633/1941);
- criminal liability relating to media (Article 171-septies of Law 633/1941);
- criminal liability relating to conditional access audio-visual broadcasts (Article 171-octies of Law 633/1941).

Environmental offences (Art. 25-undecies of the Decree)

. Art. 25-*undecies* of Italian Legislative Decree 121/11 introduced environmental offences into the “catalogue” of predicate offences envisaged in the Decree. Later, Italian Law no. 68 of 22 May 2015 introduced new provisions on crimes against the environment. Italian Law 68/2015 introduced the new Title VI-*bis* on crimes against the environment to the Italian Criminal Code, i.e. the “*Eco Reati*” (environmental offences) that now includes 13 Articles (from Art. 452-*bis* to Art. 452-*quaterdecies* of the Criminal Code), the last of which, Art. 452-*quaterdecies* (“Organised trafficking of illegal waste”) was recently introduced by Art. 3, paragraph 1.*a)*, Italian Legislative Decree no. 21/2018.
The environmental predicate offences are:

- environmental pollution (Art. 452-*bis*, Italian Criminal Code);
- environmental disaster (Art. 452-*quater*, Italian Criminal Code);
- criminal environmental offences (Art. 452-*quinquies*, Italian Criminal Code);
- trafficking and dumping of highly radioactive material (Art. 452-*sexies*, Italian Criminal Code) and aggravating circumstances (Art. 452-*octies*, Italian Criminal Code);

- aggravating circumstances of the crimes referred to in Articles 452-*bis*, *quater*, *quinquies* and *sexies* of the Italian Criminal Code (Art. 452-*octies*, Italian Criminal Code);
- killing, destruction, capture, removal or possession of specimens of protected wild animal or plant species (Art. 727-*bis*, Italian Criminal Code);
- destruction or damage of habitats in a protected area (Art. 733-*bis*, Italian Criminal Code);
- Import, export, possession, use for profit, purchase, sale, display or possession for sale or for commercial purposes of protected species (Article 1, Article 2, Article 3-bis and Article 6 of Law no. 150/1992);
- discharge of industrial wastewater containing hazardous substances; discharge on land, in subsoil and in groundwater; offshore discharge by ships or aircraft ("Environmental Code" - Art. 137, Italian Legislative Decree 152/06);
- unauthorised waste management activities ("Environmental Code" - Art. 256, Italian Legislative Decree 152/06);
- pollution of land, subsoil, surface water and groundwater ("Environmental Code" - Art. 257, Italian Legislative Decree 152/06);
- violation of reporting and maintenance of compulsory registers and forms obligations ("Environmental Code" - Art. 258, Italian Legislative Decree 152/06); illegal waste trafficking ("Environmental Code" - Art. 259, Italian Legislative Decree 152/06);
- organised trafficking of illegal waste (Art. 452-*quaterdecies*, Italian Criminal Code)[8];
- IT system for controlling the traceability of waste ("Environmental Code" - Legislative Decree 152/06 art. 260-bis)[9]
- violation of reporting and maintenance of compulsory registers and forms obligations ("Environmental Code" - Art. 258, Italian Legislative Decree 152/06)[10];

8 The cases of organised trafficking of illegal waste were governed by Art. 260 of Italian Legislative Decree 152/2006, which was recently repealed by Art. 7, Italian Legislative Decree 21/2018 and replaced by Art. 452-*quaterdecies* of the Italian Criminal Code, which is also intended as a predicate offence under Italian Legislative Decree 231/2001.

9 noted that art. 260-bis ("IT system for controlling the traceability of waste") Legislative Decree 152/2006 provides as the control system for the traceability of waste SISTRI, which, due to the changes made to art. 188 - bis co. 2 lett. a) of Legislative Decree 152/2006 by art. 6, paragraph 2, of the D.L. 135/2018 converted with amendments by Law 11 February 2019 n. 12, will be replaced by the national electronic register for the traceability of waste. For the use of the new RENTRI waste traceability information system, managed at the competent organizational structure of the Ministry of the Environment, now the Ministry of Ecological Transition, with the technical support of the National Register of Environmental Managers, the decrees are being prepared implementation which will serve to regulate the operational, technical, functional aspects, also by updating the register models and the form.

10 Note that Art. 260-*bis* ("IT system for waste traceability control") of Italian Legislative Decree 152/2006, still referred to by Italian Legislative Decree 231/2001 among the environmental predicate offences, is deemed repealed due to the repeal of Art. 36 of Italian Legislative Decree 205/2010 imposed by Art. 6, paragraph 2, Italian Law Decree 135/2018, as amended by the annexe to the conversion law no. 12 of 11 February 2019 with effect from 1 January 2019. This Article envisaged that:

"(…) 6. The penalty referred to in Art. 483 of the Italian Criminal Code shall apply to any person who, in preparing a waste analysis certificate, used in the system for waste traceability control, provides false indications of the nature, composition and chemical and physical characteristics of the waste, and to any person who includes a false certificate among the data to be provided for waste traceability purposes.

7. A transport operator who fails to accompany waste transport with a printed copy of the SISTRI - AREA MOVIMENTAZIONE (handling area) sheet and, where necessary on the basis of current regulations, with a copy of the analysis certificate identifying the waste characteristics, shall be punished by a pecuniary administrative sanction ranging from € 1,600.00 to € 9,300.00. The penalty referred to in Art. 483 of the Italian Criminal Code shall apply in the case of transportation of hazardous waste. The latter penalty shall also apply to a person who, during transportation, makes use of an analysis certificate containing false indications of the nature, composition and chemical and physical characteristics of the waste transported.

8. A transport operator accompanying waste transport with a printed copy of the SISTRI - AREA MOVIMENTAZIONE sheet that has been fraudulently altered shall be punished by the penalty envisaged in the combined provisions of

- importation, exportation, possession, for-profit use, purchase, sale, display or holding for sale or for marketing purposes of protected animal species (Articles 1 and 2, Italian Law 150/92);
- possession of live mammals and reptiles that could constitute a danger to public health and safety (Art. 6, Italian Law 150/92);
- sanctions ("Environmental Code" - Art. 279, paragraph 5, Italian Legislative Decree 152/06);
- termination and reduction of the use of substances harmful to the ozone layer (Art. 3, Italian Law 549/93);
- wilful and negligent shipping pollution (Articles 8 and 9, Italian Legislative Decree 202/07).

Employment of non-EU nationals without valid residence permits (Art. 25-duodecies of the Decree)

This Article, introduced by Italian Legislative Decree 109/2012 and amended by Italian Law 161/2017, envisages administrative liability of the company in relation to commission of the following offences:

- measures against illegal immigration (Art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, Italian Legislative Decree 286/1998);
- employment of non-EU nationals without valid residence permits (Art. 22, paragraph 12-*bis*, Italian Legislative Decree 286/1998).

Racist and xenophobic crimes (Art. 25-terdecies of the Decree)

Italian Law no. 167/2017, integrated by Italian Legislative Decree 21/2018, expanded the list of predicate offences by introducing the new Art. 25-*terdecies* to the Decree.

This new Article states that an entity can be punished in relation to criminal or propagandist offences, instigation and incitement of hate or violence for racist, ethnic, national or religious reasons, referred to in Italian Law 654/1975, committed in such a way as to result in actual danger of spreading, founded wholly or partly on the denial or serious minimisation or the apology for the Holocaust or crimes against humanity and war crimes.

Fraud in sports competitions, abusive gambling or betting and gambling exercised by means of prohibited devices (Art. 24-quaterdecies of the Decree)

Italian Law no. 39/2019 extended the liability of entities to sporting fraud offences and unauthorised exercise of gambling and betting activities, referred to in Articles 1 and 4, Italian Law no. 401 of 13 December 1989[11].

Tax offenses (Art.25-quinquiesdecies of the Decree)

Articles 477 and 482 of the Italian Criminal Code. The penalty is increased by up to one third in the case of hazardous waste.
9. If the conduct referred to in paragraph 7 does not prejudice traceability of the waste, the pecuniary administrative sanction ranging from € 260.00 to € 1,550.00 shall apply".

11 The crime of sporting fraud (Art. 1, Italian Law 401/1989) punishes "*anyone who offers or promises money or other gain or benefit to a participant in a sporting competition organised by recognised federations, in order to achieve a result other than that expected from the correct and fair conduct of the competition, or perpetrates other fraudulent actions for the same purpose*" as well as "*the participant in the competition who accepts money or other gain or benefit, or accepts the promise*". Art. 4, Italian Law 401/1989, instead governs numerous crimes and contraventions associated with the exercise, organisation and sale of gambling and betting activities in violation of authorisations or administrative permits.

Tax offenses have been included among the predicate offenses by Law no. 157/2019 and subsequently extended by Legislative Decree 75/2020.

Specifically, these are the following crimes referred to in Legislative Decree n. 74/2000:

- fraudulent declaration using invoices or other documents for non-existent operations (Article 2, Legislative Decree n. 74/2000);
- fraudulent declaration through other artifices (Article 3, Legislative Decree n. 74/2000);
- unfaithful declaration (Article 4, Legislative Decree 74/2000) if committed in the context of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million euro;
- omitted declaration (Article 5 of Legislative Decree 74/2000) if committed in the context of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million euro;
- issue of invoices or other documents for non-existent operations (Article 8, Legislative Decree n. 74/2000);
- concealment or destruction of accounting documents, (Article 10, Legislative Decree n. 74/2000);
- undue compensation if committed in the context of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million euros (Article 10-quater of Legislative Decree 74/2000);
- fraudulent removal from the payment of taxes (Article 11, Legislative Decree n. 74/2000).

Smuggling offenses (Article 25-sexiesdecies of the Decree)

With the Legislative Decree n. 75/2020, concerning the implementation of the EU directive 2017/1371 (so-called "PIF Directive") was included in Legislative Decree 231/01, the new Article 25-*sexiesdecies*, which provides that the entity can also respond for smuggling offenses provided for by the Presidential Decree n. 43 of 1973. These are the following types of offenses:

- Smuggling in the movement of goods across land borders and customs spaces (Article 282 of Presidential Decree no. 43/1973);
- Smuggling in the movement of goods in the border lakes (art. 283 DPR n. 43/1973);
- Smuggling in the maritime movement of goods (Article 284 of Presidential Decree No. 43/1973);
- Smuggling in the movement of goods by air (art. 285 DPR n. 43/1973);
- Smuggling in extra - customs areas (Article 286 of Presidential Decree no. 43/1973);
- Smuggling for improper use of imported goods with customs facilities (Article 287 of Presidential Decree no. 43/1973);
- Smuggling in customs warehouses (Article 288 of Presidential Decree no. 43/1973);
- Smuggling in cabotage and circulation (art. 289 DPR n. 43/1973);

- Smuggling in the export of goods eligible for restitution of rights (Article 290 of Presidential Decree No. 43/1973);
- Smuggling in the import or temporary export (art. 291 DPR n. 43/1973);
- Smuggling of foreign manufactured tobaccos (art. 291 - bis DPR n. 43/1973);
- Aggravating circumstances of the crime of smuggling of foreign manufactured tobacco (art. 291 - ter DPR n. 43/1973);
- Criminal association aimed at smuggling foreign manufactured tobacco (art. 291 - quater Presidential Decree no. 43/1973);
- Other cases of smuggling (art. 292 DPR n. 43/1973);
- Aggravating circumstances of smuggling (Article 295 of Presidential Decree no. 43/1973).

Offenses against cultural heritage (Article 25-septiesdecies of the Decree)

With the Law n. 22/2022 the catalogue of offenses was expanded with the introduction of art. 25-septiesdecies ("Crimes against cultural heritage") and art. 25-duoviecies ("Recycling of cultural assets and devastation and looting of cultural and landscape assets"). In detail, the crimes introduced through the new Title VIII-bis of the Second Book of the Criminal Code (articles from 518-bis to 518-quaterdecies) are included, namely:

- *theft of cultural assets (Article 518-bis Italian Criminal Code);*
- *embezzlement of cultural assets (Article 518-ter Italian Criminal Code);*
- *receiving stolen goods (art.518-quater Italian Criminal Code);*
- *forgery in private deeds relating to cultural assets (Article 518-octies Italian Criminal Code);*
- *violations relating to the alienation of cultural assets (art.518-novies Italian Criminal Code);*
- *illicit importation of cultural assets (Article 518-decies Italian Criminal Code);*
- *Illegal exit or export of cultural assets (Article 518-undecies Italian Criminal Code);*
- *destruction, dispersion, deterioration, defacing, soiling and illicit use of cultural or landscape assets (art.518-duodecies Italian Criminal Code);*
- *counterfeiting of works of art (Article 518-quaterdecies Italian Criminal Code).*

Laundering of cultural assets and devastation and looting of cultural and landscape assets (art.25-duodevieces of the Decree)

- *recycling of cultural assets (Article 518-sexies Italian Criminal Code);*
- *devastation and looting of cultural and landscape assets (Article 518-terdecies Italian Criminal Code).*

Transnational offences (Art. 10, Italian Law 146/2006)

Article 10, Italian Law no. 146 of 16 March 2006 envisages administrative liability of the company also in reference to the offences of a transnational nature specified in that law. This category includes the following offences:

- measures against illegal immigration (Art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, Italian Legislative Decree no 286 of 25 July 1998 (consolidated text);
- criminal conspiracy (Art. 416, Italian Criminal Code);
- mafia-type conspiracy (Art. 416-*bis*, Italian Criminal Code);
- criminal conspiracy for smuggling tobacco products processed in other countries (Art. 291-*quater*, Italian Presidential Decree no. 43 of 23 January 1973 (consolidated text));
- association for the purpose of unlawful trafficking in narcotic drugs or psychotropic substances (Art. 74, Italian Presidential Decree no. 309 of 9 October 1990 (consolidated text));
- inducement not to make statements or to make false statements to the court (Art. 377-*bis*, Italian Criminal Code);
- aiding and abetting (Art. 378, Italian Criminal Code).

Such offences are transnational when the offence is committed in one or more countries or, if committed in one country, a substantial part of the preparation and planning of the offence occurs in another country, or further, if committed in one country, an organised criminal group operating in criminal activities in multiple countries is implicated[12].

2.2 Exemption from liability: the organisation, management and control model

Articles 6 and 7 of the Decree envisage that a company cannot be subject to sanctions if it can demonstrate its adoption and effective implementation of Organisation, Management and Control Models suitable to preventing commission of the offences considered, without prejudice to the personal liability of the offender.

If the offense is committed by subjects who hold representative, administrative or management functions of the Entity or one of its organizational units with financial and functional autonomy, as well as by subjects who exercise, even de facto, the management and control of itself, the entity is not liable if it proves that (Art. 6):

a) prior to commission of the offence, the governing body adopted and effectively implemented Organisation, Management and Control Models suitable for preventing the type of offence committed;

b) the duty of supervising the operations and compliance of models and ensuring their updating is assigned to a body of the entity with independent powers of initiative and control (a Supervisory Body);

12 In this case, no further provisions have been added to Italian Legislative Decree 231/2001. The liability derives from an independent provision contained in the aforementioned Art. 10, Italian Law 146/2006, which establishes specific administrative sanctions applicable to the offences listed above, providing - by way of reference - in the final paragraph that "*the provisions of Italian Legislative Decree no. 231 of 8 June 2001 shall apply to the administrative offences envisaged in this Article*". Italian Legislative Decree 231/2007 repealed the provisions of Law 146/2006 in reference to Articles 648-*bis* and 648-*ter* of the Criminal Code (laundering and use of money, goods or benefits of unlawful origin), which became sanctionable for the purpose of Italian Legislative Decree 231/2001 regardless of their transnational nature.

c) the individuals committed the offence by fraudulently circumventing the Model 231;

d) there was failure to supervise or insufficient supervision by the body referred to in point b).

If, on the other hand, the offense is committed by someone subject to the management or supervision of one of the aforementioned subjects, the legal person is liable if the commission of the offense was made possible by non-compliance with the obligations of management and supervision. Such non-compliance is, in any case, excluded if the Entity, before the commission of the crime, has adopted and effectively implemented a Model suitable for preventing crimes of the type that occurred. (art. 7 co. 1)

The legislator has attributed an exempt value to the organization, management, and control models of the company if they are suitable for risk prevention. In this context, it must be considered that the mere adoption of the Model by the management body - which is to be identified in the body holding the management power - does not seem, however, to be a sufficient measure to determine the entity's exemption from liability, as it is also necessary that the model is also effectively implemented.

Art. 6, paragraph 2 of the Decree establishes that the Model must satisfy the following requirements:

a) identifies activities that can give rise to the commission of offences ("**mapping** of activities at risk");

b) envisages specific **protocols** for planning the formation and implementation of the entity's decisions in relation to offences to be prevented;

c) identifies financial resource **management models** suitable for inhibiting the commission of offences;

d) envisages **reporting obligations** to the body assigned to supervision of the operations and compliance of the models;

e) introduces a **disciplinary system** suited to sanctioning non-compliance with the measures indicated in the model.

f) provide, in relation to the nature and size of the organization, as well as the type of activity carried out, suitable measures to ensure that the activity is carried out in compliance with the law and to promptly discover and eliminate risk situations.

The company must in any event demonstrate that it is extraneous to the alleged offences by the senior manager, proving that each of the above-listed requirements is met and, consequently, the circumstances surrounding the offence committed do not derive from its own "organisational blame".

Furthermore, Art. 7, paragraph 4 defines the requirements for effective implementation of the organisation models. In particular, the regulation calls for:

a) **periodic verification**, with changes made to the model as necessary when significant violations of the provisions are found or when there have been changes to the organisation or business activities (model updating);

b) a **disciplinary system** suited to sanctioning non-compliance with the measures indicated in the model.

Another baseline element of the Model, as indicated in a later section, is the establishment of a Supervisory Body to supervise the operations, effectiveness and compliance of the Model, and to arrange its updating.

Art. 6, paragraph 2-*bis* of the Decree, added by Italian Law no. 179 of 30 November 2017, introduced further requirements concerning whistleblowing[13], which Models must have in order to guarantee entities' exemption from administrative liability pursuant to Italian Legislative Decree 231/2001. Specifically, the Models must:

a) allow employees, through one or more channels, to submit detailed reports for the purpose of safeguarding entity integrity on unlawful conduct, material pursuant to the Decree and based on precise and compliant factual elements, or violations of the entity's Model, that have come to their attention in the course of their duties;

b) adopt IT-based methods to guarantee that the whistleblower's identity remains confidential;

c) guarantee and protect the ban on direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly associated with the report;

d) in the disciplinary system, introduce sanctions against those who violate whistleblower protection measures, and against those who with wilful misconduct or gross negligence submit reports that are unfounded.

Art. 6, paragraph 2-*ter* of the Decree also establishes that the adoption of discriminatory measures against whistleblowers can be reported to the National Labour Inspectorate, for action to the extent of its powers, not only by the whistleblower, but also by the whistleblower's trade union.

Lastly, Art. 6 paragraph 2-quater establishes the following as null:

- retaliatory or discriminatory dismissal of the whistleblower;
- change in duties pursuant to Art. 2103 of the Italian Civil Code;
- any other retaliatory or discriminatory measure adopted against the whistleblower.

Therefore, in the event of disputes associated with disciplinary sanctions inflicted, or with demotions, dismissals, transfers or subjecting the whistleblower to other organisational measures with negative effects, direct or indirect, on their working conditions, after submitting the report, the onus will be upon the employer to demonstrate that there were grounds for such measures for reasons extraneous to the report.

13 Law 179/2017 comprises three Articles and its main objective is to guarantee adequate protection for workers. The regulation amended Art. 54-*bis* of the Consolidated Law on Employment in the Public Service, establishing that an employee submitting a report to the entity's corruption prevention officer or to the national Anti-corruption Authority or to the ordinary court or court of audit, of unlawful conduct or abuse learned during the course of his or her employment cannot - for reasons relating to the report - be subject to sanctions, demotion, dismissal, transfer or other organisational measures that have a negative effect on their working conditions.

2.3 Sanctioning system

The following sanctions for entities are envisaged in Articles 9 and 23 of Italian Legislative Decree 231/2001 as a result of commission or attempted commission of the offences indicated above:

- pecuniary sanctions (and precautionary seizure);
- prohibitive sanctions (also applicable as a precautionary measure), which in turn can consist in:
  - temporary or permanent ban on conducting business activities;
  - suspension or removal of authorisations, licences or concessions used to commit the offence;
  - ban on contracting with public administration, except to request provision of a public service;
  - exclusion from aid, financing, grants or subsidies and the withdrawal of any already granted, if any;
  - temporary or permanent ban on advertising goods or services;
- seizure of the price or profit gained from the offence (and precautionary seizure), without prejudice to compensation to the injured party[14];
- publication of the sentence (if a prohibitive sanction is imposed)[15].

The pecuniary sanctions are applied whenever the responsibility of the legal person is ascertained and are determined by the criminal judge through a system based on "quotas". In the calculation of the pecuniary sanction, the judge determines:

- the number of quotas, taking into consideration the seriousness of the offence, the degree of liability of the entity and the action taken to eliminate or mitigate the consequences of the offence and prevent the commission of further offences;
- the amount for each quota, based on the financial position and assets of the entity.

The entity meets the obligation to pay the pecuniary sanction from its own assets or a mutual fund (Art. 27, paragraph 1 of the Decree).

Prohibitive sanctions – in addition to pecuniary ones - apply only in relation to offences for which they are specifically envisaged and provided at least one of the following conditions is satisfied:

- the company has gained a significant profit from commission of the offence and the offence was committed by members of senior management or their subordinates when, in the latter case, the commission of the offence was determined or facilitated by serious organisational shortcomings;

14 Excludes rights purchased by third parties. When it is not possible to enforce seizure, it can be in the form of sums of money, goods or other benefits of equivalent value to the price or profit from the offence.

15 Publication of the sentence is arranged in accordance with Art. 36 of the Italian Criminal Code, as well as by billposting in the municipality in which the entity has its head office. The expense for publication of the sentence, arranged by the court registry, is borne by the entity.

- in the case of repeat offences.

In any event, and without prejudice to the provisions of Art. 25, paragraph 5, the prohibitive sanctions have a duration of no less than three months and no more than two years[16]. The court determines the type and duration of the prohibitive sanction, taking into account the suitability of individual sanctions for preventing offences of the type committed and, if necessary, can impose them jointly (Art. 14, paragraphs 1 and 3, Italian Legislative Decree 231/2001).

Sanctions banning the exercise of business activities, contracting with public administration and advertising goods and services can be imposed as a permanent measure in the most serious cases.

The ban on exercising business activities applies only when imposing other prohibitive sanctions proves inadequate.

Consequently, if the conditions are satisfied for the application of a prohibitive sanction that would result in suspension of the entity's activities, the court can order the continuation of business activities (rather than impose the prohibitive sanction) pursuant to the provisions of Art. 15 of the Decree, for this purpose appointing a commissioner for a period equal to the duration of the prohibitive sanction[17]. The Commissioner ensures the adoption and effective implementation of Organisation, Management and Control Models suitable for preventing the type of offence committed, with the power to take extraordinary administration action only after authorisation from the court.

Confiscation consists in the acquisition of the price or profit of the crime by the State or in the acquisition of sums of money, goods or other utilities of equivalent value to the price or profit of the crime: it does not, however, invest that part of the price or of the profit from the Offense that can be returned to the injured party. Confiscation is always ordered with a conviction.

The **publication of the sentence** can be imposed when a disqualification sanction is applied to the Entity. It is carried out by posting in the municipality where the Entity has its main office as well as by posting it on the website of the Ministry of Justice.

2.4 Attempted crime

Pursuant to Art. 26 of the Decree, in cases of attempt to commit the crimes sanctioned under Italian Legislative Decree 231/2001, the pecuniary sanctions (in terms of amount) and prohibitive sanctions (in terms of duration) are reduced in the range of one third to one half.

The imposition of sanctions is excluded in cases in which the entity voluntarily prevents the action from being carried out or the offence from being committed (Art. 26, Italian Legislative Decree 231/2001). The exclusion of sanctions is

16 This refers to Art. 13, paragraph 2 of the Decree, amended by Italian Law no. 3 of 9 January 2019.

17 The court can order the continuation of business activities when at least one of the following conditions is satisfied:
a) the entity provides a public service or an essential public service, the suspension of which could be seriously detrimental to the community.
b) the suspension of activities of the entity, taking into account its size and the economic conditions of the area in which it is located, could bring about significant repercussions on employment.

justified, in such cases, by the entity's termination of all identification with the parties appointed to act in its name and on its behalf.

2.5 Entity-changing events

Italian Legislative Decree 231/2001 governs the administrative liability system for entities also in relation to entity-changing events such as the transformation, merger, spin-off or winding-up of business. According to Art. 27, paragraph 1 of Italian Legislative Decree 231/2001, the entity meets the obligation to pay the pecuniary sanction from its own assets or a mutual fund, where the concept of assets must refer to companies and legal entities, whilst the concept of mutual fund refers to unrecognised associations.

Articles 28-33 of Italian Legislative Decree 231/2001 govern the impact on administrative liability of the entity of changing events associated with transformation, merger, spin-off and winding-up of business. The law has taken two opposing needs into account:

- on the one hand, to avoid such transactions constituting a means of easily circumventing the administrative liability of the entity;
- on the other hand, to not penalise reorganisation action with no evasive intention.

The explanatory report to Italian Legislative Decree 231/2001 states that "The maximum criterion adopted in this respect was to regulate the type of pecuniary sanctions in compliance with the principles of the Italian Civil Code in terms of the general nature of other debts of the originating entity, yet vice versa maintain the association of prohibitive sanctions with the business sector in which the offence was committed".

In particular, in the case of a merger, the entity resulting from the merger (also by incorporation) is liable for the offences for which the merged entities were liable (Art. 29, Italian Legislative Decree 231/2001).

Art. 31 of the Decree contains common provisions for mergers and spin-offs as regards the calculation of sanctions if such extraordinary transactions take place before legal proceedings have concluded. It clarifies in particular the principle by which the court has to determine the pecuniary sanction, in accordance with criteria envisaged in Art. 11, paragraph 2 of the Decree, in each case in reference to the economic conditions and assets of the entity originally liable, and not those of the entity on which the sanction should be imposed following the merger or spin-off.

In the case of a prohibitive sanction, the entity proving to be liable post-merger or spin-off can ask the court to convert the prohibitive sanction into a pecuniary sanction, provided that: (i) the organisational shortcoming that made commission of the offence possible has been eliminated, and (ii) the entity has arranged compensation for the damage and made available (for the seizure) the portion of profit gained, if any.

Art. 32 of Italian Legislative Decree 231/2001 allows the court to take into consideration any censure already inflicted upon the entities involved in the merger or spin-off in order to determine any repetition, pursuant to Art. 20 of Italian Legislative Decree 231/2001, in relation to offences of the entity resulting from the merger or beneficiary of the spin-off, of offences committed afterwards.

A single regulation is envisaged for cases of business disposal or transfer (Art. 33, Italian Legislative Decree 231/2001); in the event of disposal of the company as part of whose activities the offence was committed, the buyer is jointly liable for payment of the pecuniary sanction imposed on the seller, with the following limitations:

- the seller retains the right to enforce prior payment;
- the liability of the buyer is limited to the value of the company sold and to the pecuniary sanctions recorded in compulsory accounting records or due to administrative offences of which, in any event, it was aware.

Vice versa, prohibitive sanctions imposed on the seller do not extend to the buyer.

2.6 Offences committed in other countries

An entity can be held liable in Italy for offences - contemplated in Italian Legislative Decree 231/2001 - committed in other countries (Art. 4, Italian Legislative Decree 231/2001).

The prerequisites on which liability of the entity is based for offences committed in other countries are:

- the offence must be committed by a person with powers of representation, administration or management of the entity or one of its divisions/departments that has financial and operational autonomy, or by a person who in a permanent or acting capacity exercises management and control over it, pursuant to Art. 5, paragraph 1, Italian Legislative Decree 231/01;
- the head office of the entity must be located in Italy;
- the entity can be held liable only in the cases and conditions stated in Articles 7, 8, 9 and 10 of the Italian Criminal Code (where the law envisages that the offender - an individual - is punished at the request of the Ministry of Justice, action is taken against the entity if the request also indicates the entity and, in compliance with due process referred to in Art. 2, Italian Legislative Decree 231/2001, only for offences for which liability of the entity is envisaged in an ad hoc legal provision);
- if the cases and conditions of the aforementioned Articles of the Italian Criminal Code are satisfied, the country in which the offence was committed does not take action against the entity.

2.7 Offence verification proceedings

The liability for an administrative offence deriving from a crime is ascertained as part of criminal proceedings. In this respect, Art. 36 of Italian Legislative Decree 231/2001 states that "*the responsibility for recognising administrative offences of the entity lies with the competent criminal court for the offences under their jurisdiction. The procedure for ascertaining the administrative offence of the entity must comply with the rules on composition of the bench and the associated proceedings rules for offences on which the administrative offence is based*".

Another rule, inspired by the rationales of effectiveness, standardisation and cost of proceedings, is that of compulsory grouping of proceedings: the

proceedings against the entity must, as far as possible, remain joined with the criminal proceedings brought against the perpetrator of the predicate offence for entity liability (Art. 38, Italian Legislative Decree 231/2001). This rule is tempered by the provisions of Art. 38, paragraph 2 of Italian Legislative Decree 231/2001 which, vice versa, governs cases in which proceedings for the administrative offence are heard separately. The entity appears in criminal proceedings with its own legal representative, unless such representative is charged with the offence underlying the administrative offence. When the legal representative does not appear, the entity is instead represented by defence counsel (Art. 39, paragraphs 1 and 4, Italian Legislative Decree 231/2001)[18].

2.8 Suitability opinion

The ascertainment of a company's liability, assigned to the criminal court, involves:

- verification that the predicate offence(s) has/have been committed[19];
- the suitability opinion on the Model adopted, i.e. on its abstract suitability to prevent the offences referred to in Italian Legislative Decree 231/2001 according to the "*prognosi postuma"* criterion. The suitability opinion is formulated according to a substantively ex ante criterion for which, ideally, the court would be present at the company at the time the offence was committed in order to assess the consistency of the Model adopted. In other words, an Organisation Model is judged "suitable to prevent offences" when, prior to commission of the offence, it could and should have been considered sufficient, with reasonable certainty, to eliminate or at least minimise the risk of commission of the offence which was subsequently perpetrated.

3. Description of the corporate entity

The Company, a joint venture between UCIMA (the Union of Italian Manufacturers of automatic packaging machines) and the Fiera Milano Group, was established on 16 October 2015 as a limited liability company and specialises in the organisation of events in the food and non-food processing and packaging industry.

The Fiera Milano Group, of which Ipack Ima is a member, in fact, covers all typical phases of the exhibition and congress industry, as the largest Italian operator and as one of the largest European and international integrated companies in the sector. In particular, the Fiera Milano Group operates in the following sectors:

- organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services;

18 Court of Cassation, Criminal Sect. VI, sentence no. 15329/2019 of 8 April 2019 - Appointment of the defence counsel of the Entity by the senior manager on trial.

19 Court of Cassation, Criminal Sect. III, sentence no. 11518/2019 of 15 March 2019 - Charges against the entity and minor nature of the offence ("*A potential pronouncement of exemption from liability due to the particularly minor nature of the offence granted to the perpetrator of the predicate offence does not affect the charges brought against the entity, nor can the aforementioned grounds for exemption apply*").

- organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services;
- stand-fitting services, technical services and all exhibition site services for exhibitions and congresses;
- management of conferences and events;
- production of content and supply of online and offline publishing and digital services, as well as those associated with the organisation of events and congresses (events and training).

3.1. Corporate purpose

Specifically, the **corporate purpose** of Ipack Ima includes:

a) organisation, promotion and arrangement of trade fairs, awards, exhibitions, congresses, conventions, conferences and other promotional activities associated with such events, in Italy and abroad;

b) provision of accessory and complementary analysis, research, marketing and logistics services relating to the organisation of trade fairs, exhibitions, awards, congresses, conventions and conferences;

c) publication of catalogues, programmes, periodicals and press releases relating to trade fairs, exhibitions, awards, congresses, conventions and conferences;

d) publishing partnerships with specialist newspapers and magazines for the exhibition sector.

3.2 Governance Model

The Company has adopted a traditional Administration and Control Model, in which governance of the Company is characterised by the presence of:

- **Board of Directors**, appointed to ensure business management. The Articles of Association envisage administration of the Company by a Board of Directors with not less than three and not more than seven members, including the Chairman. The Shareholders' Meeting determines the number at the time of appointment, within the aforementioned limits, as well as the term of office which cannot in any event exceed three years. Directors can be reappointed;
- **Board of Statutory Auditors**, called upon to supervise: compliance with the law and the Articles of Association, as well as with the principles of sound administration in carrying out company business; the adequacy and operations of the organisational structure, the internal control system and the administrative and accounting system of the Company; the financial reporting process; the effectiveness of the internal control, internal audit and risk management systems; the independent audit of the separate and consolidated accounts, as well as the independence of the Independent Auditors, particularly as regards the provision of non-audit services to the entity subject to accounting audit;
- **Shareholders' Meeting**, authorised to decide, inter alia, in an ordinary or extraordinary meeting: on the appointment or removal of members of the Board of Directors and of the Board of Statutory Auditors and their relevant

remuneration and responsibilities; to approve the Financial Statements and the allocation of profits; and on changes to the Articles of Association;

- **Independent Auditors**, assigned to carry out the accounting audit. In accordance with law, the Independent Auditors are entered in a special register established by the Ministry of Economy and Finance, and appointed by the Shareholders' Meeting, based on a justified proposal from the Board of Statutory Auditors. In conducting their activities, the appointed Independent Auditors have access to the information, data (documents or digital), archives and assets of the Company. The Independent Auditors:
    - during the year, verify that company accounts are duly kept and that operating events are correctly recognised in the accounting records.
    - verify whether the financial statements correspond with the accounting entries and the audits conducted, and whether the financial statements comply with current regulations;
    - in a specific report, express an opinion on the financial statements of the Company.

The Company has adopted an internal control and risk management system, represented by a set of rules, procedures and organisational structures which, through suitable identification, measurement, management and monitoring of the main risks, is designed for conducting business that is sound, fair and consistent with its predefined objectives.

The organisational structure of the Company is reflected in its organisation chart and in the set of other business organisation documents (e.g. Workplace Directives, Manuals, Policies, Procedures) that make up the “regulatory corpus” of the Company and which define the duties, areas and responsibilities of the Company’s various departments.

The option is also envisaged for the Company to make arrangements with shareholders according to a Shared Service Agreement strategy. The services covered by the aforementioned Shared Service Agreements can involve sensitive activities referred to in the subsequent Special Sections of this Model and must therefore be governed by a written contract.

As services beneficiary, the Company is responsible for the truthfulness, completeness and adequacy of the documentation or information disclosed to Fiera Milano S.p.A. for the purpose of providing the required services. The competent departments of Fiera Milano S.p.A. or its appointed third-party entities, which provide services to the Company, are required to comply with the principles of conduct envisaged in the Model of the provider company and with the provisions of this Model prepared by the Company as beneficiary of the services governed by the Shared Service Agreements, and abstain from conduct that could give rise to the predicate offences referred to in Italian Legislative Decree 231/2001, on penalty of cancellation of the contract.

4. The Organisation, Management and Control Model of Ipack Ima

In compliance with the ethics and governance principles on which it has based its rules of conduct, the Company has adopted this Model, which is divided into:

- **General Section**, containing the reference regulatory framework, cases of predicate offences relevant for the purpose of administrative liability of entities in consideration of the type and characteristics of their business activities; the company organisation; the structure of the Organisation, Management and Control Model of Ipack IMA; its purpose; the Model recipients; the operating methods for updates; the activities at risk; the composition and operations of the Supervisory Body; training and education activities; and the sanctioning system;
- **Special Sections**, relating to the categories of predicate offences envisaged in Italian Legislative Decree 231/01, with an indication of the sensitive business processes/activities that gain relevance in that they could potentially give rise to the commission of offences, the related control protocols and the conduct guidelines to be adopted.

The Model adopted by the Company is based on an integrated set of methodologies and tools, primarily composed of the following elements:

- **Code of Business Ethics**, brought to the attention also of external parties over which the Company exercises management or supervisory powers and those with stable business partnerships with the Company, and - in more general terms - to stakeholders, as indicated in Attachment A to this Model;
- Full **organisation chart**, clearly identifying the corporate structure;
- **System of delegated powers**, which assigns powers to heads of divisions/departments concerned to manage the activities under their responsibility;
- **Internal policies, guidelines and procedures** governing operating activities, the definition of levels of control and authorisation procedures;
- **Reporting system**, to ensure that anyone becoming aware of situations of the possible violation of prescribed regulations can inform the competent structures without risk of retaliation (see paragraph 4.8 below);
- **Disciplinary and sanctioning system**, intended to be a disciplinary system that governs the conduct associated with potential cases of violation of the Model, the sanctions that can be imposed, the procedure for imposing the sanctions and the related sanctioning system which, instead, refers to the potential imposition of sanctions on third parties who are not employees of the Company (see paragraph 7 below).

4.1. Purpose of the Organisation, Management and Control Model

The purpose of this Model is to represent the system of operating rules and codes of conduct governing the activities of the Company and the control mechanisms adopted by the Company to counteract the different types of offences contemplated in the Decree.

This document also aims to:

- sensitise those who, in various capacities, collaborate with the Company (employees, external collaborators, suppliers, etc.) requesting that, to the extent of the activities carried out in the interests of the Company, they adopt correct and transparent conduct, in line with the ethics values on which pursuit of the corporate purpose is based and sufficient to prevent the risk of commission of offences contemplated in the Decree;
- determine, in all those who work in the name of and on behalf of the Company in the “areas at risk of offences” and “areas instrumental to the commission of offences”, awareness of the risk - in the event of violation of the provisions contained herein - of committing an offence subject to criminal and disciplinary sanctions for the offender and an administrative sanction for the company;
- reiterate that such forms of unlawful conduct are strongly condemned by the Company, in that (even if the Company were apparently to benefit) they are in any event contrary not only to the provisions of law, but also to the ethics principles that the Company intends to adopt in pursuing its corporate mission;
- establish and/or enhance controls that allow the Company to prevent or react promptly to block the commission of offences by senior managers and their subordinates that could result in administrative liability of the Company;
- through monitoring of the business areas at risk, allow the Company to intervene promptly to prevent or combat the commission of such offences, and to sanction conduct in conflict with its 231 Model;
- guarantee its integrity, adopting the obligations specifically envisaged in Art. 6 of the Decree;
- improve effectiveness and transparency in the management of business activities;
- determine that a potential offender is fully aware that the commission of any offence is strongly condemned and contrary not only to the provisions of law, but also to the ethics principles that the Company intends to adopt and to the interests of the Company, also when it could appear to benefit.

4.2. Model recipients

The Board of Directors has adopted the 231 Model, the scope of application of which covers all Company activities potentially at risk of commission of offences pursuant to Italian Legislative Decree 231/01, and the recipients are identified as:

1. members of the corporate bodies, who in an official or acting capacity carry out duties of operation, administration, management or control of the Company, or of one of its divisions/departments with financial and operating independence;
2. managers and employees of the Company, and in general if operating under the management and/or supervision of persons referred to in point 1;

3. third parties that have contractually regulated partnership arrangements with the Company (e.g. consultants, partners and other collaborators).

The Model and the Code of Business Ethics also apply, to the extent of existing relations, to those who, though not employees of the Company, operate under mandate or on behalf of the Company or are in any event associated with the Company through significant legal relations based on the prevention of offences.

4.3. Operating methods adopted to construct the Model

The methodology chosen for preparation of the Model and for its updating follows the step structure defined in the Confindustria Guidelines, in order to guarantee the quality and reliability of the results.

The methodological steps identified at the time of preparation and updating of the Model are as follows:

- **Risk Assessment of processes and activities**, within which the offences indicated in Italian Legislative Decree 231/2001 can be committed and the activities that are deemed instrumental to committing the offences, that is to say the activities which, in principle, could create the conditions for committing the crimes, are identified. Preliminary to this step is the analysis, primarily document-based, of the corporate and organisational structure of the Company, in order to better understand the activities conducted and to identify the business areas covered by the action.
- **Identification of key parties**, to identify those with in-depth knowledge of the sensitive processes/activities and control mechanisms: in this step, individual interviews are held with persons at the highest level of the organisation to gather the information necessary to understand the roles and responsibilities of the parties involved in sensitive processes.
- **Gap analysis and Action Plan**, designed to identify the organisational requirements that characterise an organisation model suited to preventing the offences referred to in Italian Legislative Decree 231/2001 and action to improve the existing Model: gap analysis was therefore conducted between the existing organisation and control model and an abstract reference model assessed on the basis of the contents governed by the Decree and Guidelines.
- **Design and updating of the Model**: this step was supported by the results of previous steps and the guidance provided by the decision-making bodies of the Company.

In general, updating of the Model becomes appropriate in order to:

- align the Model to the Company’s organisational structure following changes, also taking into consideration any developments in the company regulations and procedures system;
- integrate the Model to cover types of offence introduced to Italian Legislative Decree 231/2001 after the adoption or the previous updating of the Model, assessing both the applicability of the new types of offence to the Company and whether the existing control system remains suitable to monitor the risk of commission of the related offences;

- assess the impact on the Model of case law and legal theory developments and changes in the reference guidelines, identifying the appropriate updates and/or additions required;
- integrate the Model on the basis of the results of audits on the Model, adopting any areas for improvement in terms of the control system and protocols brought to light by the audits.

4.4. Relationship between the Model and the Code of Business Ethics

The Company has adopted a Code of Business Ethics which expresses the context in which the key objectives are maintaining ethically correct conduct in day-to-day business activities and compliance with all laws in force.

Amongst other things, the purpose of the Code of Business Ethics is to encourage and promote a high standard of professionalism and avoid behavioural practices in conflict with the interests of the company or that deviate from the law, as well as in conflict with the values that the Company aims to maintain and promote.

The Code of Business Ethics targets members of the corporate bodies, Company employees and all those who, on a permanent or temporary basis, interact with the Company.

The Code of Business Ethics must therefore be considered an essential and integral basis for the Model, as together they constitute a systematic corpus of internal rules for the dissemination of a culture of business ethics and transparency and is a key element of the control system. The rules of conduct it contains, though the two documents have different purposes, are integrated in that:

- the Code of Business Ethics and its additions represent a tool adopted independently and are subject to application in general terms by the Company with the aim of expressing the principles of “business ethics” adopted as its own and with which everyone is expected to comply;
- the Model instead meets the specific provisions contained in the Decree, with the aim of preventing the commission of particular types of offence (as, if committed apparently to the company’s benefit, can result in administrative liability under the terms of the Decree).

4.5. Identification of activities at risk

Adoption of the Model as a tool capable of guiding the conduct of individuals working at Ipack Ima and promoting lawful and fair conduct at all corporate levels, reflects positively on preventing any offence or crime envisaged in law.

However, considering the analysis of the business context, the activities carried out by the Company and the areas potentially exposed to the predicate offences, only the offences and crimes referring to in the individual Special Sections are considered significant and therefore specifically examined in the 231 Model. The listing and detailed discussion of these can be found in the Special Sections of this Model.

In particular, based on the type of activities carried out by the Company, particular attention was paid in defining the Model to identifying potential areas sensitive to the commission of offences envisaged in Articles 24, 24-*bis*, 24-*ter*,

25, 25-*bis*, 25-*bis*.1, 25-*ter*, 25-*quater*, 25-*quinquies* (limited to the offence of illegal recruitment and forced labour, Art. 603-*bis*, Italian Criminal Code), 25-*sexies*, 25-*septies*, 25-*octies*, 25-*octies*.1, 25-*novies*, 25-*decies*, 25-*undecies,* 25-*duodecies,* e 25-*quinquiesdecies*, 25-*septiesdecies* e 25-*duodevieces* of the Decree, in addition to the transnational offences envisaged in Art. 10, Italian Law 146/06.

With regard to the offences referred to in Articles 25-*quater.*1, 25-*quinquies* and 25-*terdecies* art. 25-quaterdecies, art. 25-sexiesdecies, art. 25-septiesdecies and art. 25-duodevieces it was considered that the specific activity carried out by the Company does not present risk profiles such as to reasonably justify the possibility of their commission in the interest or to the advantage of the same.

For the aforementioned cases, reference to principles contained in this 231 Model and in the Code of Business Ethics of the Company is therefore deemed to be complete in binding corporate officers, collaborators and partners to complying with the values of solidarity, personal protection, fairness, morality and observance of laws.

4.6. Identification of the control protocols

The identification of areas at risk aimed to detect the business activities of the Company that require the definition of general and specific control protocols.

The protocols were developed with the aim of establishing the rules of conduct and operating methods with which the Company must comply, in reference to carrying out activities defined as “sensitive”.

Each control protocol contains the operating segment of reference, the departments/divisions concerned, the prevention activity guidelines that must be followed and the prevention activities planned to reasonably combat specific potential for offences.

4.7. Adoption, updating and amendment of the Model

As the Model is a “*document issued by the governing body*” (in compliance with Art. 6, paragraph 1.a) of Italian Legislative Decree 231/2001), subsequent amendments or additions of a substantial nature are the responsibility of the Company’s Board of Directors. For this purpose, amendments and additions that become necessary as a result of developments in reference regulations or which imply a change in the rules and principles of conduct contained in the Code of Business Ethics, the powers and duties of the Supervisory Body and in the sanctioning system defined, are considered substantial.

Amendments, updates and additions to the Model must always be reported to the Supervisory Body. Where appropriate, the latter also invites and reminds the Company to adapt the Model to any regulatory and/or organisational changes.

The operating procedures adopted in implementation of this Model are amended by the competent company divisions/departments, if it can be shown that their effectiveness can be improved for the purpose of more accurate implementation of the Model’s provisions. The relevant corporate divisions/departments will also arrange amendments or additions to the operating procedures as required to implement any reviews of this Model.

4.8. Whistleblowing

As mentioned in paragraph 2.2, pursuant to Art. 6, paragraph 2-bis of the Decree, in addition to the e-mail address of the Supervisory Body (see paragraph 5.3 “Information flows and reporting to the Supervisory Body”), reporting channels are made available to the recipients of this Model to report unlawful conduct, based on precise and compliant factual elements. In particular, all employees and members of the Company’s corporate bodies report the commission or alleged commission of offences referred to in the Decree, as well as every violation or alleged violation of the Code of Business Ethics, the Model or procedures established for its implementation.

The Company’s suppliers and collaborators, in carrying out business activities for the Company, report violations as referred to in the previous paragraph on the basis of clauses indicated in the contracts binding them to the Company.

The reports will be managed in compliance with provisions of the respective internal organisational measures adopted by the Company with regard to whistleblowing.

In particular, the following transmission channels have been set up:

- Corporate website of Ipack IMA S.r.l., in the specific section dedicated to whistleblowing, by completing the special web form.
- Mail - Security Manager, Fiera Milano S.p.A., SS del Sempione 28, 20017 Rho (Milan).

The Company guarantees that the identity of the whistleblower remains confidential, regardless of the channels used, in its management of the report.

Also note that, pursuant to Art. 6, paragraph 2-bis.d) of Italian Legislative Decree 231/01, in addition to those indicated in the chapter “Disciplinary system”, further sanctions are envisaged “*against those who violate whistleblower protection measures, and against those who with wilful misconduct or gross negligence submit reports that prove unfounded*”[20].

5. Supervisory Body

According to the provisions of the Decree, the entity can be exempt from liability following the commission of offences by senior managers or their subordinates if the governing body has:

- adopted and effectively implemented organisation, management and control models suitable for preventing the offences considered;
- assigned the duty of supervising the operations and compliance of the model and ensuring its updating to a body of the entity with independent powers of initiative and control.

Assignment of the aforementioned duties to a body with independent powers of initiative and control, together with their correct and effective performance, therefore represents an indispensable prerequisite for the exemption from liability envisaged in the Decree.

20 Moreover, the Court of Cassation, Criminal Section (with sentence no. 35792 of 26 July 2018) recently specifically confirmed that an employee gaining unauthorised access to an IT system to gather proof of alleged offences in the workplace commits the offence referred to in Art. 615-ter of the Italian Criminal Code (unauthorised access to an IT system) and cannot claim the protection reserved for whistleblowers.

The Decree does not provide indications regarding membership of the Supervisory Body. In the absence of such indications, the Company has adopted a solution which, taking into account the intended purpose of the regulation, is in relation to its size and organisational complexity able to ensure the effectiveness of controls and activities assigned to the Supervisory Body.

Without prejudice of the provisions of later paragraphs relating to a collegial body if the Company should adopt such a decision, the Company has identified its **Supervisory Body** as a monocratic board on which the majority of members are external to the organisation.

The position recognised to the Supervisory Body within the business organisation is such as to guarantee independence of control initiative from all forms of interference and/or conditioning by any member of the organisation, also as it reports directly to the Board of Directors. Members of the Supervisory Body, as holders of such office and in carrying out their duties, are not subject to the hierarchical and disciplinary powers of any other corporate body or department.

5.1 Composition and operations

For appointment as member of the Supervisory Body, the subjective requirements of eligibility must be satisfied.

The Supervisory Body remains in office for the term indicated in the deed of appointment and can be renewed.

The appointment of the Supervisory Body can be terminated for one of the following reasons:

- expiry of the term of office;
- withdrawal of the Body by the Board of Directors;
- withdrawal of the member,;
- one of the reasons for lapse indicated below has arisen.

The termination is ordered by Board of Directors resolution, after obtaining a binding opinion from the Board of Statutory Auditors of the Company.

If the Supervisory Body should lapse or be withdrawn, the Board of Directors appoints a new Supervisory Body without delay, with the outgoing Supervisory Body remaining in office until it is replaced.

In the event of removal or withdrawal of a member of the Supervisory Body, the Board of Directors appoints a new member without delay, with the outgoing member remaining in office until replaced.

In particular, the following are reasons for ineligibility or lapse of office of a member of the Supervisory Body:

a) direct or indirect ownership of equity interests of an extent that allows the exercise of considerable influence over the Company;
b) having carried out administrative duties - in the three years prior to appointment as member of the Supervisory Body or the establishment of consulting/collaboration arrangements with the Body - in business undertakings subject to bankruptcy, compulsory winding-up or other insolvency proceedings, except where on the basis of suitable elements and according to a reasoned and proportionate criterion the Company

confirms that the interested party was extraneous to the events resulting in the business crisis;

c) a final conviction or sentence accepting a plea bargain, in Italy or another country, for crimes with fraudulent intent referred to in Italian Legislative Decree 231/2001;
d) the office or duties within the company covered by the member of the Supervisory Body have terminated;
e) lack of autonomy and independence, i.e. the presence of blood relatives, relatives by marriage or similar to the fourth degree of members of the Board of Directors or Board of Statutory Auditors of the Company, or such members of Group companies; as well as the existence of long-term paid relations with the Company of consultants or service providers;
f) absence of professionalism.

At the time of appointment acceptance, each member issues a statement confirming the absence of reasons for ineligibility pursuant to points a), b), c) and e).

Under its direct supervision and responsibilities, in carrying out its assigned duties the Supervisory Body can count upon the cooperation of all the Company's departments and structures or external consultants, making use of their respective expertise and professionalism. This option allows the Supervisory Body to guarantee a high level of professionalism and the necessary continuity of action.

The Supervisory Body is provided with funds, decided by the Administrative Body as part of the corporate annual budget, that can be used autonomously to meet all needs relating to the correct performance of its duties.

Each member of the Supervisory Body is remunerated for the duties carried out, through the remuneration approved by the Board of Directors.

5.2. Duties and powers of the Supervisory Body

The activities carried out by the Supervisory Body cannot be overseen by any other Company body or department, except that the Board of Directors, however, is in any event responsible for supervising the adequacy of its operations since the Board of Directors is ultimately responsible for the operations and effectiveness of the Model.

The Supervisory Body is granted powers of initiative and control necessary to ensure effective and efficient supervision of operations and compliance of the Model with the provisions of Art. 6 of the Decree.

In particular, in order to discharge and exercise its duties, the Supervisory Body is assigned tasks and granted the power to:

- supervise the operations of the Model, with respect to reducing the risk of commission of the offences referred to in the Decree and in reference to the capacity to bring to light any unlawful conduct;
- supervise the existence and persistence over time of the efficiency and effectiveness requirements of the Model, also in terms of correspondence between the operating methods actually adopted by Model recipients and the procedures formally envisaged or referred to therein;

- arrange, develop and promote constant updating of the Model, where necessary submitting proposals to the governing body on any updates and adjustments to be made through amendments and/or additions proving necessary as a result of: i) significant violations of the provisions of the Model; ii) significant changes to the internal structure of the Company and/or methods for conducting business activities; iii) regulatory changes.
- ensure periodic updating of the system for identifying, mapping and classifying sensitive activities;
- detect any deviation emerging from the analysis of information flows and reports in the conduct required of the heads of the various departments;
- also in compliance with internal organisation measures adopted by the Company as regards whistleblowing, promptly inform the governing body, so that appropriate action can be taken, of confirmed violations of the Model that could give rise to liability of the Company;
- organise the reports and ensure the relevant information flows to the Board of Directors and to the Board of Statutory Auditors;
- self-govern its operations by adopting a regulation for its activities which envisages: scheduling of activities, calculation of the due dates for controls, identification of analysis criteria and procedures, minuting of meetings, governance of information flows originating from the corporate structures;
- envisage specific controls, including spot checks, on sensitive business activities;
- promote and define initiatives for the dissemination of awareness and understanding of the Model, as well as personnel training and sensitisation to compliance with the principles contained in the Model, paying particular attention to those working in the areas at highest risk;
- promote communications and training on the contents of the Decree, on the impact of regulations on company activities and on the rules of conduct, where necessary differentiating the training programme and paying particular attention to employees working in the areas at highest risk;
- verify that the compulsory participation in training courses is ensured, also implementing controls on attendance;
- verify that all employees are guaranteed knowledge of the forms of conduct that must be reported under the terms of the Model, making them aware of the methods for submitting reports;
- provide clarification on the meaning and application of the provisions contained in the Model;
- prepare an effective internal communications system allowing the dissemination of significant news for the purpose of the Decree;
- as part of the overall corporate budget, prepare an annual budget to be submitted for approval by the Board of Directors in order to have sufficient means and funds to carry out its duties in full autonomy, without limitations that could result from its access to insufficient funds;

- freely access any division or business unit of the Company - without the need for prior consent in compliance with current regulations - to request and acquire information, documents and data considered necessary for all employees and managers to carry out the duties envisaged in the Decree;
- request information relating to collaborators, consultants, agents and external representatives of the Company;
- promote the implementation of any disciplinary action.

5.3 Information flows and reporting to the Supervisory Body

The Supervisory Body is the recipient of any information, documentation and / or communication, including from third parties relating to compliance with the Model.

All Recipients of this Model are required to provide information to the Supervisory Body, to be carried out as a result of:

i) reports;

ii) information.

The Supervisory Body ensures the utmost confidentiality with regard to any news, information, report, under penalty of revocation of the mandate and the disciplinary measures defined below, without prejudice to the needs inherent in carrying out investigations in the event that the support from external consultants to the SB or other corporate structures.

All information and reports referred to in this Model are kept by the Supervisory Body, in accordance with the provisions on the protection of personal data.

To allow the Supervisory Body to supervise the effective operations and compliance of the Model and to arrange updating, a constant exchange of information has to be defined and implemented between the Model recipients and the Supervisory Body in relation to significant news and any critical issues identified by the Model Recipients, as well as to the commission or alleged commission of offences referred to in the Decree or violations of the Code of Business Ethics, the Model or Procedures.

In addition, when the Model Recipients discover areas for improvement in the definition and/or application of the prevention protocols defined in this Model, they prepare and promptly submit written notes (the “Information Flows”) to the Supervisory Body containing the following:

- a description of the implementation status of prevention protocols for activities at risk under their responsibility;
- a description of the audit activities conducted with regard to implementation of the prevention protocols and/or action taken to improve their effectiveness;
- a justified indication of any need to amend the prevention protocols;

- any additional content that can be specifically requested, as necessary, by the Supervisory Body.

To allow accurate compliance with the provisions of this paragraph, the following e-mail address was established: organismodivigilanza@ipack-ima.it.

5.4. Supervisory Body reporting to the corporate bodies

In order to ensure its full autonomy and independence in the performance of its functions, the Supervisory Body reports directly to the Board of Directors and reports on the correct implementation of the Model and the emergence of any critical issues.

The Supervisory Body reports on the correct implementation of the 231 Model. The Supervisory Body reports on the correct implementation of the Model and promptly informs the Board of Directors and the Board of Statutory Auditors if any extraordinary situations arise (e.g., significant violations of the principles contained in the Model, new regulations on administrative liability of entities, the need to promptly update the 231 Model, etc.).

The Supervisory Body also prepares:

i) a half-yearly report on activities carried out for submission to the Board of Directors and the Board of Statutory Auditors;

ii) an annual report summarising the activities carried out, including an action plan for the following year, for submission to the Board of Directors and the Board of Statutory Auditors.

The Supervisory Body may carry out, in the context of sensitive corporate activities and if it deems it necessary for the purpose of carrying out its functions, checks not provided for in the activity plan (so-called "surprise checks").

The Body may ask to be heard by the Board of Directors whenever it deems it appropriate to speak with said body; likewise, the SB is granted the possibility of requesting clarifications and information from the Board of Directors.

On the other hand, the Supervisory Body may be convened at any time by the Board of Directors to report on particular events or situations inherent to the functioning and compliance with the Model.

Meetings with the corporate bodies to which the Supervisory Body reports are documented, and the related documentation is archived.

5.5 Supervisory Body reporting to the Supervisory Body of Fiera Milano S.p.A.

In compliance with the operational independence of the Supervisory Body of Ipack Ima, which exercises its duties autonomously, the Supervisory Body of Fiera Milano S.p.A. can ask it for information relating to adoption, implementation and updating, to the supervisory and training activities carried

out, an all other information considered useful or necessary for the correct application of the Model and the governing provisions of the Decree.

The Supervisory Body of Ipack IMA submits a copy to the Fiera Milano S.p.A. Supervisory Body of final reports on activities carried out, as submitted to the corporate bodies of the Company.

6. Dissemination of the Model

In order to effectively implement the Model, the Company ensures correct disclosure of its contents and principles within and outside the Company's organisation.

In particular, the Company's objective is to extend communication of the contents and principles of the Model not only to its own employees, but also to parties which, though not formally qualifying as an employee, work - even occasionally - on the Company's behalf, performing an activity that could give rise to administrative liability of entities.

The Code of Business Ethics and General Section of the Model were also published on the Company's web site. In addition, this Model was published in full on the Intranet of the Fiera Milano Group.

The communications and training activities targeting recipients are diversified according to their duties, and in any event are based on the principles of completeness, clarity, accessibility and continuity with a view to allowing the various users to be fully aware of the corporate provisions with which they must comply and the rules of ethics on which their conduct must be drawn.

The communications and training activities are supervised by the Supervisory Body, which is assigned the duty of promoting and defining initiatives for the dissemination of awareness and understanding of the Model, and training to sensitise personnel on compliance with the principles of the Model, as well as promoting and preparing communications and training on the contents of the Decree and the impact of regulations on the Company's activities and rules of conduct. The organisation and operations management of communication and training initiatives are the responsibility of the relevant departments.

6.1 Personnel training and education

Every employee must:

- acquire awareness of the principles and contents of the 231 Model;
- learn the operating methods required to carry out their duties;
- in relation to their own role and responsibilities, actively participate in the effective implementation of the 231 Model, reporting any shortcomings found;
- participate in training courses specific to their duties.

In order to ensure effective and rational communication activities, the Company promotes and facilitates employees' awareness of the contents and principles of the 231 Model, to differing degrees of depth depending on their position and role.

Employees are informed through inclusion of the current version of the 231 Model on the company Intranet.

Suitable communications tools were adopted to update employees on any amendments to the 231 Model, as well as any significant procedural, regulatory or organisational changes.

The Supervisory Body promotes all training activities it deems suitable for the purpose of correct information and sensitisation within the company on the issues and principles of the 231 Model.

As regards training, the competent corporate divisions/departments define training programmes targeting the dissemination of awareness of the 231 Model and submit these programmes for prior examination by the Supervisory Body. The training programmes cover the following topics:

- introduction to the regulations and their implementing methods. In particular, all personnel were made aware of the consequences on the Company of any commission of offences by persons acting on its behalf, the essential characteristics of offences envisaged in the Decree and the function performed by the 231 Model in this context;
- illustration of the individual components of the 231 Model and the specific situations they are expected to prevent;
- in reference to individual business processes, illustration of the operating methods associated with operations in the individual areas of activities considered at risk, using interactive training methods.

Systems are set up, manual or digital, to verify participation in these training programmes.

The material used for the training is sent to new recruits, also by electronic means. Subject to prior agreement with their line manager, the potential organisation of a specific seminar is assessed.

7. Disciplinary system

Art. 6 paragraph 2.e) and Art. 7 paragraph 4.b) of Italian Legislative Decree 231/2001 establish (in reference to holders of senior management positions and their subordinates) the compulsory adoption of "*a disciplinary system suited to sanctioning non-compliance with the measures indicated in the model*".

The effective implementation of the Model, in fact, has to rely on the preparation of a suitable disciplinary system which performs an essential function in the architecture of Italian Legislative Decree 231/2001, constituting a means of safeguarding internal procedures.

Any infringements would compromise the bond of trust between the Parties, legitimising the Company's imposition of disciplinary sanctions.

A substantial premise of the disciplinary power of the Company is attribution of the violation to the employee (whether a subordinate, senior manager or collaborator), regardless of whether the circumstances of such conduct qualify as a significant violation.

A fundamental requirement of the sanctions is that they are proportionate to the violation found, and such proportionality must be assessed on the basis of three criteria:

- the seriousness of the violation;

- the type of employment relations established with the employee, collaborator, manager, etc., taking into account the specific regulations in place in legislative and contractual terms;
- any repeat offences.

Prior to or at the time of imposing a disciplinary measure, as soon as the Supervisory Body of Fiera Milano receives news that an offence has been committed, or even just an attempt, it implements the following measures, in particular, in order to limit the negative consequences or in any event reduce the damaging impact of the offence on the entity:

- specific audit, if necessary with Internal Audit Department involvement, to verify the activities carried out by the Company in the area affected by any criminal proceedings and the risk profiles;
- reports to the Board of Directors and the Board of Statutory Auditors.

In addition, note that the Company can likewise adopt the following measures in particular:

- issue of a formal warning to the employee, stating that the conduct adopted by him/her does not comply with the provisions of the model and internal procedures;
- relief from duty of the employee concerned while the specific audit is being carried out (with temporary suspension or other action depending on the seriousness, as necessary).

7.1 Employees

Without prejudice to the aforementioned measures, violations of the rules of conduct stated in this Model constitute disciplinary offences.

Consequently, in addition to measures to be adopted by the Supervisory Body in compliance with provisions of the previous paragraph, violations of the Model of Fiera Milano and the Code of Business Ethics of the Group result in the imposition of sanctions envisaged in national pay agreements, taking into account the particularly delicate nature of the system and the seriousness of even the slightest violation of the Model.

The National Pay Agreements for third sector, distribution and services employees are taken into consideration.

There is also a Supplementary Company Contract which, to the extent compatible with current legal provisions and higher-level contracts, governs all employee working relations with the sole exception of those of managers.

In procedural terms, Art. 7 of Italian Law 300/70 (the Workers' Charter) applies.

1. FINE

An employee who violates the internal procedures envisaged in the Model or adopts conduct non-compliant with provisions of the Model in carrying out an activity in an area at risk, is for doing so subject to a disciplinary sanction in the form of a fine, for an amount not exceeding four hours of their normal remuneration.

2. SUSPENSION

An employee who commits multiple violations of the internal procedures envisaged in the Model or repeatedly adopts conduct non-compliant with provisions of the Model in carrying out an activity in an area at risk, is subject to the disciplinary sanction of suspension of remuneration and from service for a period of between one and ten days.

3. DISMISSAL

a) An employee who, when carrying out an activity in one of the areas at risk, adopts conduct non-compliant with the provisions of the Model and is unequivocally designed to commit one of the offences sanctioned by Italian Legislative Decree 231/2001, is for so doing subject to the disciplinary sanction of dismissal with pay in lieu of notice and employee severance indemnity.

b) An employee who, when carrying out an activity in one of the areas at risk, adopts conduct non-compliant with the provisions of the Model and is sufficient to result in the actual liability of the Company for measures envisaged in Italian Legislative Decree 231/2001, is subject to the disciplinary sanction of dismissal without notice.

The sanctions are imposed by the Chief Executive Officer of the Company or by one of his appointed delegates.

7.2 Managers

With reference to the procedure to apply, accepting the stricter guidance, that adopted for Managers complies with the provisions of Art. 7 of the Workers' Charter.

1. DISMISSAL

A manager who, in one of the areas at risk, adopts conduct non-compliant with the provisions of the Model or violates the internal procedures it envisages, thereby performing an act contrary to the interests of the Company or adopting conduct that is unequivocally designed to commit one of the offences sanctioned by Italian Legislative Decree 231/2001, is in so doing subject to dismissal.
The sanctions are imposed by the Chief Executive Officer of the Company or by one of his appointed delegates.

7.3 External collaborators

Any violation, by external collaborators, consultants, trade partners or other persons or entities with contractual relations with the Company for carrying out activities considered sensitive, of the provisions and rules of conduct envisaged in the 231 Model and applicable to them, or any commission by them of offences contemplated in Italian Legislative Decree 231/2001, will pursuant to the Italian Civil Code give the right to the Company to cancel the contract in accordance with the specific clauses included in the related contracts.

Such clauses might envisage, for example, the obligation upon the third parties in question not to take action or adopt conduct that results in violation of the Code of Business Ethics of the Company and/or of the provisions of the Decree.

In cases of violation of this obligation, the right must be envisaged for the Company to terminate the contract, with the application of penalties if necessary.

The Company obviously retains the prerogative of claiming compensation for damages deriving from violation by the aforementioned third parties of provisions and rules of conduct envisaged in the Model.

7.4 Directors

In cases of conduct that violates the provisions of the Model by one of the Directors, the Supervisory Body will submit a written report to the entire Board of Directors and the Board of Statutory Auditors.

The Board of Directors will therefore be responsible for assessing the situation and adopting measures considered appropriate, in compliance with current regulations. In the most serious cases, the Board of Directors can propose removal from office.

7.5 Statutory Auditors

In cases of conduct that violates the provisions of the Model by a member of the Board of Statutory Auditors, the Supervisory Body will arrange for the Board of Directors and the Board of Statutory Auditors to be informed.

The Board of Directors will therefore be responsible for assessing the situation and adopting measures considered appropriate, in compliance with current regulations. In the most serious cases, the Board of Directors can propose removal from office.