



**Organisation, management and control  
model for the prevention of offences  
(according to Italian Legislative Decree 231/2001)**

**FIAMM Energy Technology S.p.A.**

Edition no. 5

Approved with resolution by the Board of Directors on 25/05/2022



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## DEFINITIONS

### Activities at Risk

The activities considered at risk derive from the *Risk Assessment* analysis carried out by the Company and are the Sensitive Activities with a potentially significant associated risk.

### Sensitive Activities

The corporate activities in the scope of which the opportunities, conditions and means for the commission of the Offences could potentially arise.

### Bribery

The UK Bribery Act 2010.

### CCNL (National Collective Bargaining Agreement)

The National Collective Bargaining Agreement for the Private Metalworking and Plant Installation Industry.

### Board of Directors or Management Body

The Board of Directors of FIAMM Energy Technology S.p.A.

### Code of Conduct

The Code of Conduct adopted by FIAMM Energy Technology S.p.A.

### Collaborators

Subjects who have with the Company relationships of collaboration without subordination, commercial representation and other relationships that take the form of a professional service of a non-subordinate nature, whether continuous or occasional, as well as those who, by virtue of specific mandates and proxies, represent the Company towards third parties.

### Italian Legislative Decree 231/2001 or Leg. Dec. 231/2001 or Decree

Italian Legislative Decree no. 231 of 8 June 2001, as amended, introduced into Italian law the regulation of administrative liability arising from offences committed by legal persons, companies and associations, including those without status of legal entity.

### Recipients

Subjects to which the provisions of the Company's Organisation, Management and Control Model apply.

### Employees

All employees of FIAMM Energy Technology S.p.A.

### FIAMM Energy Technology or FET or Company or Organisation or Corporate

The company FIAMM Energy Technology S.p.A.

### Group

The Group of subsidiaries controlled by FIAMM Energy Technology S.p.A.

### Organisation Model or Model 231 or Model

This Organisation, Management and Control Model, of which the ethical and behavioural principles contained in the Code of Conduct, the Group General Procedures, the other organisational tools (by way of example only, organisational charts, guidelines, service orders, company powers of attorney and all the behavioural principles adopted and operating within the Company), as well as the Disciplinary System, also form an integral part.

#### SB or Supervisory Board

Supervisory Board, provided for in Article 6 of the Decree, with the task of supervising the operation of and compliance with the Model, as well as ensuring that it is updated.

#### Corporate Bodies

The Board of Directors and the Board of Statutory Auditors.

#### General Procedures

The Group General Procedures in force and also applicable to FIAMM Energy Technology S.p.A., which are considered an integral part of this Organisation Model.

#### Operating Procedures or Operating Instructions

They indicate, in addition to the General Procedures of the certified Group Occupational Safety Management Systems (SGSLG) and Group Environmental Management Systems (SGAG), all those procedures and operating instructions relevant to the specific reality of FIAMM Energy Technology S.p.A. (Site Quality Management Systems and plant Occupational Health and Environmental Operating Procedures/Instructions).

#### Public Administration or PA

It is understood to mean that complex of authorities, bodies and agents to which the legal system entrusts the care of public interests. They are identified with:

- national, EU and international public institutions, understood as organisational structures with the task of pursuing the satisfaction of the interests of the community by legal means; this public function also qualifies the activity performed by members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- public officials, i.e. those who exercise a public legislative (production of legal rules), judicial (exercise of jurisdictional power), administrative (characterised by the formation or manifestation of the will of the Public Administration or by its performance by means of authoritative or certifying powers) function (pursuant to Article 357 of the Italian Criminal Code);
- persons in charge of a public service, i.e. those who perform an activity regulated in the same manner as a public function, but characterised by the lack of the powers typical of the latter (within the meaning of Article 358 of the Italian Criminal Code).

#### Offences or Offence

The predicate offences and administrative offences relevant to the Decree.

#### SGAG (Group's EMS)

Group's Environmental Management System.

#### QMS

Quality Management Systems of FIAMM Energy Technology S.p.A.

#### SGSLG (Group's OHSMS)

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Group's Occupational Health and Safety Management System.

### Disciplinary System

The corporate Disciplinary System - an integral part of the Organisation Model - aimed at sanctioning the violation of the rules set out in the Code of Conduct, the Model, the Procedures and the corporate Regulations.





## ADOPTION AND UPDATES OF THE MODEL

Date	Description	Deliberative Body
26 January 2017	Model Adoption	Board of Directors
28 May 2018	Model Update	Board of Directors
25 October 2019	Model Update	Board of Directors
11 March 2021	Model Update	Board of Directors
25/05/2022	Model Update	Board of Directors

## SUPERVISORY BOARD APPOINTMENT

Start of Mandate	Expiry/Cessation of Mandate	Composition
04 January 2017	30 June 2017	Monocratic
01 July 2017	31 December 2019	Collegial
01 January 2020	31 December 2022	Collegial
01 January 2023	31 December 2025	Collegial



**GENERAL SECTION**



## 1. FOREWORD

### 1.1. FIAMM ENERGY TECHNOLOGY S.P.A. AND RESONAC CORPORATION

FIAMM Energy Technology S.p.A. (hereinafter also referred to as "FET" or the "Company") is engaged in the sale and distribution of *automotive* components, electric accumulators and industrial accumulators to meet the energy and security needs for the mobility of people, goods and information in the automotive components, industrial battery and telecommunications markets.

The Company's registered office is in Montecchio Maggiore (VI), Viale Europa, no. 75.

The Company was incorporated on 29 June 2016 and, with a deed effective on 1 January 2017, received the business unit related to the production and distribution of automotive and industrial batteries in contribution from its 100% parent company, FIAMM S.p.A..

On 13 February 2017 the Company Hitachi Chemical Co., Ltd., a multinational company part of the Japanese Hitachi Group Ltd., acquired 51% of the share capital of FET.

Effective 1 October 2020, Hitachi Chemical Co., Ltd. resolved to change its company name to "Showa Denko Materials Co., Ltd."

As of December 2022, the Company is wholly owned by Showa Denko Materials Co., Ltd., which changed its name to Resonac Corporation, effective 1 January 2023 and upon completion of the merger process with Showa Denko K.K.

The company has also obtained the following certifications:

- UNI EN ISO 9001:2015
- IATF 16949:2016
- UNI EN ISO 14001:2015
- UNI EN ISO 45001:2018.

### 1.2. ADMINISTRATION AND CONTROL SYSTEM OF FIAMM ENERGY TECHNOLOGY S.P.A.

The Company has entrusted its management to a Board of Directors, consisting of Chairman, Managing Director and three Directors.

There is also a Board of Statutory Auditors (consisting of three full auditors and two alternates) and an external auditing company in charge of auditing the accounts.

### 1.3. RELATIONSHIP WITH FOREIGN LEGISLATION ON ORGANISATION, MANAGEMENT AND CONTROL MODELS: UK BRIBERY ACT OF 2010

Since FET operates in the UK through a subsidiary company, the regulations of the *UK Bribery Act* of 2010 may be relevant with respect to the transactions carried out there. These regulations establish administrative liability for companies in the event of the commission of the offence of active or passive bribery of a subject, whether public or private, by a subject associated with it. In particular, Section 7(2) of the *Bribery Act* provides for the exclusion of liability for the legal person (so-called "exempting person"), if the legal person proves that it has effectively adopted specific procedures aimed at preventing offences, in accordance with the guidelines provided from time to time by the British Ministry of Justice.

Special Section "B" of the Model is devoted to the *Bribery Act*.



## 2. ITALIAN LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

### 2.1. THE CORNERSTONES OF THE REGULATIONS

Italian Legislative Decree no. 231 of 8 June 2001 introduced into our legal system the administrative liability of legal persons, companies and associations, including without status of legal entity (also referred to as "Entities"), in the event of the commission or attempted commission of certain types of offences or administrative crimes in the interest or to the advantage of the Entity by:

- persons holding functions of representation, administration or management of the Entity or of one of its Organisational Units with financial and functional autonomy, as well as natural persons exercising, also de facto, the management and control thereof (so-called "Apical" subjects);
- subjects "Subordinated" to the direction or supervision of the persons referred to in the preceding paragraph.

The regulations do not apply to the State, local and regional public bodies, other non-economic public bodies and bodies performing functions of constitutional importance.

The Decree aimed to bring domestic legislation on the liability of legal persons into line with a number of international conventions to which Italy had long since acceded<sup>1</sup>.

This liability, although defined by the legislator as "administrative", and considered by now almost unanimously as belonging to a *tertium genus*, presents - in terms of substance - features borrowed from criminal liability, since it is ascertained in criminal proceedings, follows the commission of offences and provides for the application of sanctions borrowed from the criminal system.

The liability of the Entity, pursuant to the Decree, is in addition to and does not replace the (criminal) liability of the perpetrator of the offence: in the event that an offence falling within the so-called catalogue of "predicate offences" is committed, both the natural person and the legal person will therefore be susceptible to being subject to criminal proceedings.

### 2.2. OFFENCES AND ADMINISTRATIVE CRIMES PROVIDED FOR IN THE REGULATIONS

The administrative liability of entities arises in the event of the commission (or attempted commission) of the Offences and administrative crimes specified below.

#### 2.2.1. Non-compliance with prohibitory sanctions (Article 23 of the Decree)

Infringement committed by anyone who, in the course of the activity of the entity to which a sanction or prohibitory measure has been applied, transgresses the obligations or prohibitions inherent in such sanctions or measures.

#### 2.2.2. Offences against the Public Administration and its assets (Articles 24 and 25 of the Decree)

- Misappropriation of public funds (Article 316-bis of the Italian Criminal Code)<sup>2</sup>;
- undue receipt of contributions, financing or other disbursements of public funds (Article 316-ter of the Italian Criminal Code)<sup>3</sup>;
- fraud in public procurement (Article 356 of the Italian Criminal Code)<sup>4</sup>;

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<sup>1</sup> Brussels Convention of 26 July 1995 on the Protection of the European Communities' Financial Interests, Convention also signed in Brussels on 26 May 1997 on Combating Bribery Involving Officials of the European Community or Member States, and the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

<sup>2</sup> As amended by Law No. 25 of 28 March 2022, converting into law the Legislative Decree of 27 January 2022, no. 4 (so-called *Sostegni-ter*).

<sup>3</sup> As amended by Law No. 25 of 28 March 2022, converting into law the Legislative Decree of 27 January 2022, no. 4 (so-called *Sostegni-ter*).

<sup>4</sup> As introduced by the Italian Legislative Decree No. 75, 14 July 2020.

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- fraud against the State or other public body or body of the European Union (Article 640(2)(1) of the Italian Criminal Code);
- aggravated fraud to obtain public funds (Article 640-bis of the Italian Criminal Code)
  
- computer fraud to the detriment of the State or other public body or the European Union (Article 640-ter of the Italian Criminal Code)<sup>6</sup>;
- undue receipt of aids, premiums, allowances, refunds, contributions or other disbursements charged in full or in part to the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2, Law 898/1986)<sup>47</sup>;
- embezzlement offending the financial interests of the European Union (Article 314(1) of the Italian Criminal Code)<sup>58</sup>;
- embezzlement by profiting from the error of others offending the financial interests of the European Union (Article 316 of the Italian Criminal Code)<sup>69</sup>;
- extortion (Article 317 of the Italian Criminal Code)<sup>10</sup>;
- corruption for the exercise of office (Art. 318<sup>11</sup> and 321 of the Italian Criminal Code);
- bribery for an act contrary to official duties (Article 319 of the Italian Criminal Code);
- aggravating circumstances (Article 319-bis of the Italian Criminal Code);
- bribery in judicial proceedings (Article 319-ter of the Italian Criminal Code);
- undue inducement to give or promise benefits (Article 319-quater of the Italian Criminal Code)<sup>12</sup>;
- bribery of a person in charge of a public service (Article 320 of the Italian Criminal Code);
- penalties for the corruptor (Article 321 of the Italian Criminal Code);
- incitement to bribery (Article 322 of the Italian Criminal Code)<sup>13</sup>;
- embezzlement, extortion, undue inducement to give or promise benefits<sup>14</sup>, bribery and incitement to bribery of members of international courts or bodies of the European Union or of international parliamentary assemblies or international organisations and officials of the European Union and of foreign States (Article 322-bis of the Italian Criminal Code)<sup>15</sup>;
- embezzlement offending the financial interests of the European Union (Article 323 of the Italian Criminal Code)<sup>6</sup>;
- trafficking in unlawful influence (Article 346-bis of the Italian Criminal Code)<sup>17</sup>.

<sup>6</sup> As amended by Law No. 119 of 15 October 2013 (Urgent provisions on security and to combat gender-based violence, as well as on civil protection and the commissioning of provinces) in force since 16 October 2013.

<sup>7</sup> As introduced by the Italian Legislative Decree No. 75, 14 July 2020.

<sup>8</sup> As introduced by the Italian Legislative Decree No. 75, 14 July 2020.

<sup>9</sup> As introduced by the Italian Legislative Decree No. 75, 14 July 2020.

<sup>10</sup> As amended by Law No. 190 of 6 November 2012 (Provisions for the prevention and repression of corruption and illegality in the Public Administration), in force since 28 November 2012.

<sup>11</sup> As amended by Law No. 190 of 6 November 2012 (Provisions for the prevention and repression of corruption and illegality in the Public Administration), in force since 28 November 2012.

<sup>12</sup> Introduced by the Law of 6 November 2012, no. 190.

<sup>13</sup> As amended by Law No. 190 of 6 November 2012 (Provisions for the prevention and repression of corruption and illegality in the Public Administration), in force since 28 November 2012.

<sup>14</sup> As amended by Law No. 190 of 6 November 2012 (Provisions for the prevention and repression of corruption and illegality in the Public Administration), in force since 28 November 2012.

<sup>15</sup> As amended by Law No. 3 of 9 January 2019 (Measures to combat crimes against the Public Administration, as well as on the statute barring of crime and on the transparency of political parties and movements), in force since 31 January 2019.

<sup>16</sup> As introduced by the Italian Legislative Decree No. 75, 14 July 2020.

<sup>17</sup> Introduced in the list of "predicate" offences for the administrative liability of entities by Law No. 3 of 9 January 2019 (Measures to combat crimes against the Public Administration, as well as on the statute barring of crime and on the transparency of political parties and movements), in force since 31 January 2019.



### 2.2.3. Computer crimes and unlawful processing of data (Article 24-bis of the Decree)<sup>18</sup>

- Forgery of a public computer document or a document having evidentiary effect (Article 491-bis of the Italian Criminal Code)<sup>19</sup>;
- abusive access to a computer or telecommunications system (Article 615-ter of the Italian Criminal Code);
- unauthorised possession, dissemination and installation of equipment, codes and other means of accessing computer or telecommunications systems (Article 615-quater of the Italian Criminal Code)<sup>20</sup>;
- possession, dissemination and abusive installation of computer equipment, devices or programs aimed at damaging or interrupting a computer or telecommunications system (Article 615-quinquies of the Italian Criminal Code)<sup>21</sup>;
- unlawful interception, prevention or interruption of computer or telematic communications (Article 617-quater of the Italian Criminal Code);
- Unauthorised possession, dissemination and installation of equipment and other means designed to intercept, prevent or interrupt computer or telematic communications (Article 617-quinquies of the Italian Criminal Code);
- damaging computer information, data and programmes (Article 635-bis of the Italian Criminal Code)<sup>22</sup>;
- damaging computer information, data and programs used by the State or other public body or in any case of public utility (Article 635-ter of the Italian Criminal Code)<sup>23</sup>;
- damaging computer or telecommunication systems (Article 635-quater of the Italian Criminal Code)<sup>24</sup>;
- damaging computer or telecommunication systems of public utility (Article 635-quinquies of the Italian Criminal Code)<sup>25</sup>;
- computer fraud of the electronic signature certifier (Article 640-quinquies of the Italian Criminal Code);
- offences relating to cybernetics security perimeter (Article 1(11), Italian Legislative Decree No. 105, 21 September 2019)<sup>26</sup>.

### 2.2.4. Organised crime offences (Article 24-ter of the Decree)<sup>27</sup>

- Criminal association (Article 416 of the Italian Criminal Code, with the exception of the sixth paragraph);
- criminal association for the purpose of reducing to or keeping in slavery, trafficking in persons, buying and selling slaves and offences concerning violations of the provisions on illegal immigration set out in Article 12 of Italian Legislative Decree 286/1998 (Art. 416, paragraph 6 of the Italian Criminal Code);
- mafia-type association (Article 416-bis of the Italian Criminal Code)
- political-mafia electoral exchange (Article 416-ter of the of the Italian Criminal Code)<sup>28</sup>;
- kidnapping for the purpose of extortion (Article 630 of the of the Italian Criminal Code);

<sup>18</sup> Introduced by the Law no. 48/2008.

<sup>19</sup> As amended by the Italian Legislative Decree No. 7 of 15 January 2016 (Provisions on the repeal of offences and the introduction of crimes with civil monetary penalties, pursuant to Article 2(3) of Law No. 67 of 28 April 2014).

<sup>20</sup> As amended by Law No. 238/2021.

<sup>21</sup> As amended by Law No. 238/2021.

<sup>22</sup> As amended by the Italian Legislative Decree No. 7 of 15 January 2016 (Provisions on the repeal of offences and the introduction of crimes with civil monetary penalties, pursuant to Article 2(3) of Law No. 67 of 28 April 2014).

<sup>23</sup> As amended by the Italian Legislative Decree No. 7 of 15 January 2016 (Provisions on the repeal of offences and the introduction of crimes with civil monetary penalties, pursuant to Article 2(3) of Law No. 67 of 28 April 2014).

<sup>24</sup> As amended by the Italian Legislative Decree No. 7 of 15 January 2016 (Provisions on the repeal of offences and the introduction of crimes with civil monetary penalties, pursuant to Article 2(3) of Law No. 67 of 28 April 2014).

<sup>25</sup> As amended by the Italian Legislative Decree No. 7 of 15 January 2016 (Provisions on the repeal of offences and the introduction of crimes with civil monetary penalties, pursuant to Article 2(3) of Law No. 67 of 28 April 2014).

<sup>26</sup> As amended by Art. 1, para. 11-bis of Italian Legislative Decree No. 105, 21 September 2019, converted with amendments by Law No. 133 of 18 November 2019.

<sup>27</sup> Added by the Law no. 49/2009.

<sup>28</sup> As amended by Law No. 62 of 7 April 2014 (Amendment of Article 416-ter of the Italian Criminal Code, concerning political-mafia electoral exchange), in force since 18 April 2014.

- association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (Article 74, Italian Presidential Decree no. 309, 9 October 1990);
- unlawful manufacture, introduction into the State, offering for sale, transfer, possession and carrying in a public place or a place open to the public of weapons of war or warlike weapons or parts thereof, explosives, clandestine weapons as well as several common firing weapons (Article 407(2)(a)(5) of the Italian Code of Criminal Procedure);

as well as

- offences committed by making use of the intimidating force of the association bond and the resulting condition of subjugation and code of silence, or
- crimes committed with the aim of facilitating the activity of mafia-type associations.

#### **2.2.5. Offences of counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (Article 25-bis of the Decree)<sup>29</sup>**

- Counterfeiting of money, spending and introduction into the State, in concert, of counterfeit money (Article 453 of the of the Italian Criminal Code);
- alteration of money (Article 454 of the of the Italian Criminal Code);
- spending and introduction into the State, without concert, of counterfeit money (Article 455 of the of the Italian Criminal Code);
- spending of counterfeit money received in good faith (Article 457 of the of the Italian Criminal Code);
- forgery of revenue stamps, introduction into the State, purchase, possession or putting into circulation of forged revenue stamps (Article 459 of the Italian Criminal Code);
- counterfeiting watermarked paper in use for the manufacture of public credit cards or stamps (Article 460 of the Italian Criminal Code);
- manufacture or possession of watermarks or instruments intended for the counterfeiting of money, revenue stamps or watermarked paper (Article 461 of the of the Italian Criminal Code);
- use of counterfeit or altered stamps (Article 464 of the Italian Criminal Code);
- counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (Article 473 of the of the Italian Criminal Code);
- introduction into the State and trade of products with false signs (Article 474 of the Italian Criminal Code).

#### **2.2.6. Crimes against industry and trade (Article 25-bis.1 of the Decree)<sup>30</sup>**

- Disturbing the freedom of industry or trade (Article 513 of the Italian Criminal Code);
- unlawful competition with threats or violence (Article 513-bis of the Italian Criminal Code);
- fraud against national industries (Article 514 of the Italian Criminal Code);
- fraudulent trading (Article 515 of the Italian Criminal Code);
- sale of non-genuine foodstuffs as genuine (Article 516 of the Italian Criminal Code);
- sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code);
- manufacture of and trade in goods made by usurping industrial property rights (Article 517-ter of the Italian Criminal Code);

<sup>29</sup> As amended by the Italian Legislative Decree No. 125, 21 June 2016 (Implementation of Directive 2014/62/EU on the protection by criminal law of the euro and other currencies against counterfeiting), in force since 27 July 2016.

<sup>30</sup> Article added by the Law no. 99/2009.

- counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-*quater* of the Italian Criminal Code).

### **2.2.7. Corporate offences (Article 25-ter of the Decree)<sup>31</sup>**

- False corporate communications (Article 2621 of the Italian Civil Code)<sup>32</sup>;
- minor facts (Article 2621-*bis* of the Italian Civil Code)<sup>33</sup>;
- false corporate communications by listed companies (Article 2622 of the Italian Civil Code)<sup>34</sup>;
- misrepresentation in financial statements (Article 2623(1) of the Italian Civil Code - now 173 bis Consolidated Law on Finance);
- falsity in reports or communications of auditing companies (Article 2624 of the Italian Civil Code - now Article 27 of Italian Legislative Decree 39/2010);
- impeded control (Article 2625(2) of the Italian Civil Code);
- undue return of contributions (Article 2626 of the Italian Civil Code);
- illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code);
- unlawful transactions involving shares or quotas in the company or its parent company (Article 2628 of the Italian Civil Code);
- transactions to the detriment of creditors (Article 2629 of the Italian Civil Code);
- failure to disclose a conflict of interest (Article 2629-*bis* of the Italian Civil Code)<sup>35</sup>;
- fictitious capital formation (Article 2632 of the Italian Civil Code);
- undue distribution of company assets by liquidators (Article 2633 of the Italian Civil Code);
- corruption between private individuals (Article 2635(3) of the Italian Civil Code)<sup>36</sup>;
- incitement to bribery among private individuals (Article 2635-*bis* of the Italian Civil Code)<sup>37</sup>;
- unlawful influence on the assembly (Article 2636 of the Italian Civil Code);
- stock manipulation (Article 2637 of the Italian Civil Code);
- obstructing the exercise of the functions of public supervisory authorities (Article 2638(1) and (2) of the Italian Civil Code).

### **2.2.8. Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-*quater* of the Decree)<sup>38</sup>**

- Associations for the purposes of terrorism, including international terrorism or subversion of the democratic order (Article 270-*bis* of the Italian Criminal Code);
- assistance to associates (Article 270-*ter* of the Italian Criminal Code);
- recruitment for the purposes of terrorism, including international terrorism (Article 270-*quater* of the Italian Criminal Code);
- training in activities for the purposes of terrorism, including international terrorism (Article 270-*quinquies* of the Italian Criminal Code);
- conduct for the purposes of terrorism (Article 270-*sexies* of the Italian Criminal Code);
- attack for terrorist or subversive purposes (Article 280 of the Italian Criminal Code);

<sup>31</sup> Added by Legislative Decree 61/2002.

<sup>32</sup> As amended by Law No. 69 of 27 May 2015 (Provisions on crimes against the Public Administration mafia-type associations and false accounting), in force since 14 June 2015.

<sup>33</sup> Article added by the Law no. 69/2015.

<sup>34</sup> As amended by Law No. 69 of 27 May 2015 (Provisions on crimes against the Public Administration mafia-type associations and false accounting), in force since 14 June 2015.

<sup>35</sup> Article added by Law no. 262, Article 31, 28 December 2005.

<sup>36</sup> Letter *s-bis* added by Article 1(77)(b) of Law No. 190 of 2012. As amended by Italian Legislative Decree 38/2017 (Implementation of Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector) in force since 14 April 2017.

<sup>37</sup> Article added by Legislative Decree 38/2017.

<sup>38</sup> Added by the Law no. 7/2003.

- acts of terrorism with deadly or explosive devices (Article 280-bis of the Italian Criminal Code);
- kidnapping for the purpose of terrorism or subversion (Article 289-bis of the Italian Criminal Code);
- incitement to commit any of the offences envisaged by the first and second chapters (Article 302 of the Italian Criminal Code);
- political conspiracy by agreement (Article 304 of the Italian Criminal Code);
- political conspiracy by association (Article 305 of the Italian Criminal Code);
- armed gang: formation and participation (Article 306 of the Italian Criminal Code);
- assistance to participants in armed gangs or conspiracies (Article 307 of the Italian Criminal Code).

The liability of the entity may also arise in relation to the commission of offences for the purpose of terrorism or subversion of the democratic order provided for by special laws, as well as in relation to the commission of different offences, which have in any case been committed in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism, drawn in New York on 9 December 1999.

### **2.2.9. Offence of female genital mutilation practices (Article 25-*quater*.1 of the Decree)<sup>39</sup>**

- Female genital mutilation practices (Article 583-*bis* of the Italian Criminal Code).

### **2.2.10. Crimes against the individual personality (Article 25-*quinquies* of the Decree)<sup>40</sup>**

- Reduction to or keeping in slavery or servitude (Article 600 of the Italian Criminal Code);
- child prostitution (Article 600-*bis* of the Italian Criminal Code);
- child pornography (Article 600-*ter* of the Italian Criminal Code);
- possession of or access to pornographic material (Article 600-*quater*)<sup>41</sup>;
- virtual pornography (Article 600-*quater*.1 of the Italian Criminal Code)<sup>42</sup>;
- tourist initiatives aimed at exploiting child prostitution (Article 600-*quinquies* of the Italian Criminal Code);
- trafficking in persons (Article 601 of the Italian Criminal Code);
- purchase and sale of slaves (Article 602 of the Italian Criminal Code);
- illegal brokering and exploitation of labour (Article 603-*bis*)<sup>43</sup>;
- solicitation of minors (Article 609-*undecies* of the Italian Criminal Code)<sup>44</sup>.

### **2.2.11. Market abuse offences<sup>45</sup>**

#### **Offences (Article 25-*sexies* of the Decree)<sup>46</sup>**

- Abuse or unlawful communication of insider trading information and recommending or inducing others to commit insider trading (Article 184, Legislative Decree No. 58 of 24 February 1998 - Consolidated Law on Finance)<sup>47</sup>;

<sup>39</sup> Article added by the Law no. 7/2006.

<sup>40</sup> Article added by the Law no. 228/2003.

<sup>41</sup> As amended by Law No. 238/2021.

<sup>42</sup> Added by Article 10, Law No. 38, 6 February 2006.

<sup>43</sup> Added by Article 6, Law No. 199, 29 October 2016.

<sup>44</sup> As amended by Law No. 238/2021.

<sup>45</sup> Article added by the Law no. 62/2005.

<sup>46</sup> As amended by the Italian Legislative Decree No. 107, 10 August 2018 (Rules adapting national legislation to the provisions of EU Regulation No. 596/2014 on market abuse) in force since 29 September 2018.

<sup>47</sup> As amended by Law No. 238/2021.

- market manipulation (Article 185, Legislative Decree No. 58 of 24 February 1998 - Consolidated Law on Finance)<sup>48</sup>.

#### Administrative Offences (Article 187-quinquies Consolidated Law on Finance)<sup>49</sup>

- Prohibition of insider trading and unlawful disclosure of insider trading information (Article 14 Regulation (EU) No. 596/2014);
- prohibition of market manipulation (Article 15 Regulation (EU) No. 596/2014).

#### 2.2.12. Offences of manslaughter and grievous or very grievous unintentional injuries committed in violation of the provisions on occupational health and safety (Article 25-septies of the Decree)<sup>50</sup>

- Manslaughter (Article 589 of the Italian Criminal Code, committed in violation of the provisions on occupational health and safety);
- unintentional personal injury (Article 590 paragraph 3, Italian Criminal Code).

#### 2.2.13. Offences of receiving stolen goods, money laundering, use of money, goods or benefits of unlawful origin as well as self-laundering (Article 25-octies of the Decree)<sup>51</sup>

- Receiving stolen goods (Article 648 of the Italian Criminal Code)<sup>52</sup>;
- money laundering (Article 648-bis of the Italian Criminal Code);
- use of money, goods or benefits of unlawful origin (Article 648-ter of the Italian Criminal Code);
- self-laundering (Article 648-ter 1 of the Italian Criminal Code)<sup>53</sup>.

#### 2.2.14. Offences relating to non-cash payment instruments (Article 25-octies.1 of the Decree)<sup>54</sup>

- Misuse and counterfeiting of non-cash payment instruments (Article 493-ter of the Italian Criminal Code);
- Possession and dissemination of computer equipment, devices or programs intended to commit offences involving non-cash payment instruments (Article 493-quater of the Italian Criminal Code);
- Computer fraud aggravated by the fact that the conduct results in a transfer of money, monetary value or virtual currency (Article 640-ter(2) of the Italian Criminal Code).

The new rule also provides for sanctions against the entity arising from the commission of any other offence against public faith, against property, or which in any case offends property provided for in the Criminal Code, when it relates to non-cash payment instruments.

#### 2.2.15. Copyright infringement offences (Article 25-novies of the Decree)<sup>55</sup>

- Disclosure of intellectual works through telematic network (Article 171(1)(a)-bis and (3), Law No. 633/1941);
- software and database offences (Article 171-bis(1), Law No. 633/1941);

<sup>48</sup> As amended by Law No. 238/2021.

<sup>49</sup> As amended by the Italian Legislative Decree No. 107, 10 August 2018 (Rules adapting national legislation to the provisions of EU Regulation No. 596/2014 on market abuse) in force since 29 September 2018.

<sup>50</sup> Article added by the Law no. 123/2007.

<sup>51</sup> Article added by Legislative Decree 231/2007. It should be noted that the rules were updated by Italian Legislative Decree No. 195 of 8 November 2021 which, by intervening on Articles 648, 648-bis, 648-ter and 648-ter.1 of the Italian Criminal Code extended the scope of application of the offences of money laundering, self-laundering, receiving and using stolen goods (within the limits respectively specified by the relevant provisions) also to cases in which the predicate offences are unintentional offences or contraventions. As a result, the scope of application of Italian Legislative Decree 231/2001 was correspondingly expanded.

<sup>52</sup> As amended by Law No. 119 of 15 October 2013 (Urgent provisions on security and to combat gender-based violence, as well as on civil protection and the commissioning of provinces) in force since 16 October 2013.

<sup>53</sup> Article added by the Law No. 186/2014.

<sup>54</sup> Article added by Italian Legislative Decree No. 184 of 8 November 2021.

<sup>55</sup> Article added by the Law no. 99/2009.

- offences relating to intellectual works intended for the radio, television and film circuits or literary, scientific and educational works (Article *171-ter*, Law No. 633/1941);
- violations against SIAE [Italian Society of Authors and Publishers] (Article *171-septies*, Law No. 633/1941);
- tampering with equipment for decoding audiovisual signals with conditional access (Article *171-octies*, Law No. 633/1941).

#### **2.2.16. Offence of inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies of the Decree)<sup>56</sup>**

- Inducement not to make statements or to make false statements to the judicial authorities (Article 377-bis of the Italian Criminal Code).

#### **2.2.17. Environmental offences (Article 25-undecies of the Decree)<sup>57</sup>**

These are **offences under the Italian Criminal Code** and special laws. In particular, in relation to the commission of offences under the Criminal Code:

- environmental pollution (Article *452-bis* of the Italian Criminal Code)<sup>58</sup>;
- environmental disaster (Article *452-quater* of the Italian Criminal Code)<sup>59</sup>;
- unintentional offences against the environment (Article *452-quinques* of the Italian Criminal Code)<sup>60</sup>;
- trafficking in and abandonment of highly radioactive material (Article *452-sexies* of the Italian Criminal Code)<sup>61</sup>;
- aggravating circumstances (Article *452-octies* of the Italian Criminal Code)<sup>62</sup>;
- organised activities for the illegal trafficking of waste (Article *452-quaterdecies* of the Italian Criminal Code)<sup>63</sup>;
- killing, destruction, capture, taking or possession of specimens of protected wild animal or plant species (Article *727-bis* of the Italian Criminal Code);
- destruction or deterioration of habitats within a protected site (Article *733-bis* of the Italian Criminal Code).

With reference to the **offences provided for in Italian Legislative Decree 152/2006** "Environmental Regulations":

- discharges of industrial waste water containing hazardous substances; discharges to soil, subsoil and groundwater; discharges to seawater from ships or aircraft (Article 137);
- unauthorised waste management activities (Article 256(1)(a) and (b) and (3), (5) and (6));
- pollution of soil, subsoil, surface water or groundwater (Article 257);
- breach of reporting obligations, the keeping of mandatory registers and forms (Article 258(4), second sentence);
- illicit trafficking in waste (Article 259(1));
- emissions offences (Article 279(5)).

<sup>56</sup> Article added by the Law no. 116/2009.

<sup>57</sup> Article added by Legislative Decree 121/2001.

<sup>58</sup> Article added by the Law no. 68/2015.

<sup>59</sup> Article added by the Law no. 68/2015.

<sup>60</sup> Article added by the Law no. 68/2015.

<sup>61</sup> Article added by the Law no. 68/2015.

<sup>62</sup> Article added by the Law no. 68/2015.

<sup>63</sup> Article added by Legislative Decree 21/2018. In force since 6 April 2018.

By virtue of the Italian Legislative Decree No. 136 of 10 December 2013, converted into Law No. 6 of 6 February 2014, a new Article 256-bis was introduced into the text of Italian Legislative Decree No. 152 of 3 April 2006, entitled "Illegal combustion of waste" which criminally sanctions the conduct of:

- anyone who sets fire to abandoned or uncontrolled waste;
- who deposits or abandons waste, or traffics it across borders with a view to its subsequent lawful combustion.

Although the provision is not specifically referred to in Article 25-undecies, it is of particular relevance with regard to administrative liability since, in the event of the commission (or attempted commission) of the aforementioned offence, it establishes the liability - independent of that of the perpetrators - of the owner (natural person) of the company or the person in charge of the activity, however organised, for failure to supervise, providing for the application of the prohibitory sanctions laid down in Article 9(2) of the Decree.

In relation to the commission of the offences provided for in Law 150/1992 "Discipline of offences relating to the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, as well as rules for the marketing and possession of live specimens of mammals and reptiles that may constitute a danger to public health and safety":

- import, export or re-export, sale, possession for the purpose of sale, transport, etc., in breach of the provisions of Council Regulation (EC) No 338/97 of 9 December 1996, as subsequently implemented and amended, for specimens belonging to the species listed in Annex A to that Regulation, as subsequently amended (Article 1(1) and (2));
- import, export or re-export of specimens, under any customs regime, without the required certificate or permit (etc.) in breach of the provisions of Council Regulation (EC) No. 338/97 of 9 December 1996 and subsequent implementations and amendments, for specimens belonging to the species listed in Annexes B and C of the same Regulation and subsequent amendments, and unless this constitutes a more serious offence (Article 2, paragraphs 1 and 2);
- possession of live specimens of mammals and reptiles from captive breeding that constitute a danger to public health and safety, except as provided for in Law 157/1992 (Article 6(4));
- forgery or alteration of certificates, licences, import notifications, declarations, communications of information for the purpose of acquiring a licence or certificate, use of forged or altered certificates or licences (Criminal Code offences referred to in Article 3-bis(1)).

In relation to the commission of offences provided for by Law 549/1993 "Measures to protect the stratospheric ozone layer and the environment":

- cessation and reduction of the use of harmful substances (Article 3(6)).

In relation to the commission of offences provided for in Italian Legislative Decree 202/2007 "Implementation of Directive 2005/35/EC on ship source pollution and related penalties":

- intentional pollution (Article 8(1) and (2));
- unintentional pollution (Article 9(1) and (2)).

### **2.2.18. Crime of employment of third-country nationals whose stay is irregular (Article 25-duodecies of the Decree)<sup>64</sup>**

- Employment, with fixed-term and indefinite-term subordinate employment contracts of foreign workers who do not have a residence permit, or whose permit has been revoked, cancelled or expired and whose renewal

<sup>64</sup> Article added by Legislative Decree 109/2012.

has not been requested, within the legal time limits, if the workers employed are (a) more than three; (b) minors of non-working age; (c) subject to other particularly exploitative working conditions (Article 22, paragraph 12-bis, Italian Legislative Decree no. 286 of 25 July 1998 - Consolidation Act on Immigration);

- this case consists of favouring the permanence of such nationals in the territory of the State in order to obtain an unfair profit from the illegal status of the foreigner (Article 12(5), Italian Legislative Decree no. 286/98),
- criminal association for the purpose of illegal immigration, also aggravated (Article 12(3), (3-bis) and (3-ter) of Italian Legislative Decree No. 286 of 25 July 1998 - Consolidation Act on Immigration)<sup>65</sup>.

#### **2.2.19. Racism and xenophobia (Article 25-terdecies of the Decree) <sup>66</sup>**

- Propaganda, incitement and prompting to racial discrimination based on the denial, minimisation or apologia of the Shoah, crimes of genocide, crimes against humanity and war crimes (Article 604-bis (3), Italian Criminal Code).

#### **2.2.20. Offences of Fraud in sporting competitions and illegal gaming or betting and gambling by means of prohibited devices (Article 25-quaterdecies of the Decree)<sup>67</sup>**

- Sport Fraud (Article 1 of Law No. 401 of 13 December 1989);
- illegal gaming or betting and gambling by means of prohibited devices (Article 4 of Law No. 401 of 13 December 1989).

#### **2.2.21. Tax offences (Article 25-quinquiesdecies of Italian Legislative Decree no. 231/2001) <sup>68</sup>**

- Fraudulent declaration by use of invoices or other documents for non-existent transactions (Article 2(1) and (2-bis) Italian Legislative Decree No. 74 of 10 March 2000);
- fraudulent declaration by means of other artifices (Article 3 Italian Legislative Decree No. 74 of 10 March 2000);
- misrepresentation (Article 4 Italian Legislative Decree No. 74 of 10 March 2000)<sup>69</sup> if committed as part of cross-border fraudulent schemes and for the purpose of evading value added tax for a total amount of not less than EUR 10 million;
- omitted declaration (Article 5 Italian Legislative Decree No. 74 of 10 March 2000)<sup>70</sup> if committed as part of cross-border fraudulent schemes and for the purpose of evading value added tax for a total amount of not less than EUR 10 million;
- issue of invoices or other documents for non-existent transactions (Article 8(1) and (2-bis) Italian Legislative Decree No. 74 of 10 March 2000);
- concealment or destruction of accounting documents (Article 10 Italian Legislative Decree No. 74 of 10 March 2000);
- undue compensation (Article 10-quater Italian Legislative Decree No. 74 of 10 March 2000)<sup>71</sup> if committed as part of cross-border fraudulent schemes and for the purpose of evading value added tax for a total amount of not less than EUR 10 million;

<sup>65</sup> Article added by the Law no. 161/2017.

<sup>66</sup> As amended by the Italian Legislative Decree No. 21 of 1 March 2018 (Provisions implementing the enabling principle of code reservation in criminal matters pursuant to Article 1(85)(q) of Law No. 103 of 23 June 2017) in force since 6 April 2018.

<sup>67</sup> Article added by the Law 39/2019. In force since 17 May 2019.

<sup>68</sup> Article added by Law No. 157 of 19 December 2019 and subsequently supplemented by Italian Legislative Decree no. 75 of 14 July 2020.

<sup>69</sup> As inserted by Art. 5 (1)(c)(1) of Italian Legislative Decree No. 75, 14 July 2020.

<sup>70</sup> As inserted by Art. 5 (1)(c)(1) of Italian Legislative Decree No. 75, 14 July 2020.

<sup>71</sup> As inserted by Art. 5 (1)(c)(1) of Italian Legislative Decree No. 75, 14 July 2020.



- fraudulent evasion of tax payments (Article 11 Italian Legislative Decree No. 74 of 10 March 2000).

### 2.2.22. Smuggling (Article 25-sexiesdecies of the Decree)<sup>72</sup>

The provision provides for the administrative liability of entities with reference to all the offences provided for in Italian Presidential Decree No. 43 of 23 January 1973, including:

- Smuggling in the movement of goods across land borders and customs areas (Article 282 of Italian Presidential Decree No. 43, 23 January 1973);
- smuggling in the movement of goods in border lakes (Article 283 of Italian Presidential Decree No. 43/1973);
- smuggling in the maritime movement of goods (Article 284 of Italian Presidential Decree No. 43/1973);
- smuggling in the movement of goods by air (Article 285 of Italian Presidential Decree No. 43/1973);
- smuggling in non-customs zones (Article 286 of Italian Presidential Decree No. 43, 23 January 1973);
- smuggling for undue use of goods imported with customs facilities (Article 287 of Italian Presidential Decree No. 43, 23 January 1973);
- smuggling in customs warehouses (Article 288 of Italian Presidential Decree No. 43, 23 January 1973);
- smuggling in cabotage and traffic (Article 289 of Italian Presidential Decree No. 43, 23 January 1973);
- smuggling in the export of goods eligible for duty drawback (Article 290 of Italian Presidential Decree No. 43, 23 January 1973);
- import smuggling or temporary export (Art. 291 of Italian Presidential Decree no. 43, 23 January 1973).

### 2.2.23. Crimes against cultural heritage (Articles 25-septiesdecies and 25-duodecimes)

Law No. 22 of 9 March 2022, concerning "Provisions on offences against the cultural heritage"<sup>73</sup> extended the administrative liability of organisations also to **crimes against cultural heritage** (Article 25-septiesdecies. In this case, the following offences now constitute predicate offences:

- theft of cultural heritage (Article 518-bis of the Italian Criminal Code),
- misappropriation of cultural heritage (Article 518-ter of the Italian Criminal Code),
- receiving stolen cultural heritage (Article 518-quater of the Italian Criminal Code),
- forgery in private contracts relating to cultural heritage (Article 518-octies of the Italian Criminal Code),
- violations concerning the alienation of cultural heritage (Article 518-novies of the Italian Criminal Code),
- illegal import of cultural heritage (Article 518-decies of the Italian Criminal Code),
- illegal leaving or export of cultural heritage (Article 518-undecies of the Italian Criminal Code),
- destruction, dispersal, deterioration, defacement, soiling, illegal use of cultural or landscape heritage (Article 518-duodecimes of the Italian Criminal Code);
- counterfeiting of works of art (Article 518-quaterdecies<sup>74</sup> of the Italian Criminal Code)

and to the **laundering of cultural heritage and the devastation and looting of cultural and landscape heritage** (Article 25-duodices), such as:

- laundering of cultural heritage (Article 518-sexies) and
- devastation and looting of cultural and landscape heritage (Article 518-terdecies of the Italian Criminal Code).

### 2.2.24. Transnational offences (Article 10 – Law No. 146 of 16 March 2006)

<sup>72</sup> As inserted by Art. 5 (1)(d) of Italian Legislative Decree No. 75, 14 July 2020.

<sup>73</sup> Specifically, the legislation reformed the criminal provisions protecting cultural heritage, currently contained mainly in the Cultural Heritage Code (Italian Legislative Decree No. 42 of 2004), by including them in the Criminal Code and providing for the administrative liability of legal persons when such offences are committed in their interest or to their advantage.

<sup>74</sup> As amended by Law No. 22 of 9 March 2022.

The following offences constitute grounds for the administrative liability of entities, if committed with circumstances such as to qualify them as transnational offences (as defined below):

- criminal association (Article 416 of the Italian Criminal Code);
- mafia-type association (Article 416-bis of the Italian Criminal Code);
- criminal association for the purpose of smuggling foreign manufactured tobacco (Article 291-*quater* of the Consolidated Text of the Italian Presidential Decree No. 43 of 23 January 1973);
- association aimed at the illegal trafficking of narcotic or psychotropic substances (Article 74 of the Consolidated Text of the Italian Presidential Decree No. 309 of 9 October 1990);
- provisions against clandestine immigration (Article 12(3), (3-bis), (3-ter) and (5) of the Consolidated Act referred to in Italian Legislative Decree No. 286, 25 July 1998);
- inducement not to make statements or to make false statements to the judicial authorities (Article 377-*bis* of the Italian Criminal Code);
- personal aiding and abetting (Article 378 of the Italian Criminal Code).

It should be noted that, pursuant to Article 3 of Law no. 146/2006, the “transnational” nature of the aforementioned offences, which is only relevant where the offences are punishable by a maximum term of imprisonment of no less than four years, presupposes that (a) an organised criminal group is involved, and (b) the offence is committed in more than one State or (c) it is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State; or (d) it is committed in one State, but an organised criminal group engaged in criminal activities in more than one State is involved; or (e) it is committed in one State but has substantial effects in another State.

The offences and administrative crimes referred to above may entail the administrative liability of the Entity with its head office in Italy even if committed abroad<sup>75</sup>.

Moreover, the Entity is held liable in connection with the commission - by its representatives - of the offences identified in Articles 24 et seq. even if they were committed in the form of an attempt. In such cases, however, the pecuniary and disqualification penalties are reduced by between one third and one half. The Entity is not liable when it voluntarily prevents the performance of the action or the realisation of the event (Article 26 of Italian Legislative Decree no. 231/2001).

Special Section “A” illustrates the “families” of offences that have been considered in the mapping of activities. Offences not specifically mentioned in Special Section “A” are in any case covered by the Code of Conduct and the General Section of the Model.

### **2.3. THE SANCTIONS STRUCTURE PROVIDED FOR IN THE DECREE**

The sanctions provided for by the Decree against organisations are:

- monetary sanctions;
- disqualifying sanctions;
- confiscation of the price or profit of the offence;
- publication of the conviction.

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<sup>75</sup> Article 4 of Italian Legislative Decree No. 231/2001, under the heading “offences committed abroad”, provides: “1. in the cases and under the conditions laid down in Articles 7, 8, 9 and 10 of the Criminal Code, entities having their head office in the territory of the State shall also be liable in respect of offences committed abroad, provided that the State of the place where the offence was committed does not take action against them. 2. In cases where the law provides that the offender shall be punished at the request of the Minister of Justice, proceedings shall be brought against the entity only if the request is made against the latter”.

**Monetary sanctions** apply whenever the liability of the legal person is established and are determined by the criminal court through a system based on "quotas". The criminal court, within a minimum and a maximum of quotas indicated by the legislator for each offence, as well as the value to be attributed to them, establishes the amount of the monetary sanctions to be imposed on the Entity, in relation to certain parameters, including the seriousness of the offence and the degree of liability of the company.

**Disqualification sanctions** may apply for certain types of offence and for more serious cases (significant profit for the entity or repetition of the offence). They result in:

- disqualification from carrying on business activities;
- suspension and/or revocation of authorisations, licences or concessions functional to the commission of the offence;
- prohibition of contracting with the Public Administration (except to obtain the performance of a public service);
- exclusion from benefits, financing, contributions or subsidies and possible revocation of those granted;
- prohibition of advertising goods or services.

Disqualification sanctions shall not be applied (or shall be revoked, if already applied as a precautionary measure) if the Entity, prior to the declaration of the opening of the first instance hearing, has:

- compensated the damage or repaired it;
- eliminated the harmful or dangerous consequences of the offence (or at least endeavoured to do so);
- placed at the disposal of the Judicial Authority, for confiscation, the profit from the offence;
- eliminated the organisational deficiencies that led to the Offence, by adopting organisational models capable of preventing the commission of new Offences.

**Confiscation** is a mandatory sanction that follows a conviction (Article 19). It consists: (a) in the acquisition by the State of the price or profit of the offence (i.e., respectively, the utility promised to the offender to carry out the offence and the gains, including those of a non-pecuniary nature, resulting from the commission of the offence), or, where it is not possible to proceed with the direct confiscation of the price or profit of the Offence, for example because the economic benefit that the entity has derived immediately from it cannot be found, (b) in the acquisition of sums of money, goods or other utilities of equivalent value to the price or profit of the Offence+ (so-called "equivalent" or "value" confiscation). Confiscation does not, however, cover that part of the price or profit of the Offence that can be returned to the injured party. **Publication of the conviction** may be imposed when a disqualification sanction is imposed on the Entity. The conviction is published by posting it in the municipality where the entity has its head office as well as by publication on the website of the Ministry of Justice.

#### **2.4. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL AS AN EXEMPTION FROM LIABILITY**

The Decree provides that the Company shall not be liable to sanctions if it has adopted and effectively implemented models of organisation, management and control suitable for preventing the commission of the Offences committed, without prejudice to the personal liability of the person who committed the Offence.

The legislator, therefore, has attributed an exemption value to the Company's organisation, management and control models that are suitable for the prevention of risk, as well as adopted and effectively implemented. The Decree also specifies the requirements that the models must meet.

Specifically:

- identifying the activities within the scope of which the Offences provided for in the Decree may be committed;
- providing for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the Offences to be prevented;

- identifying ways of managing financial resources suitable for preventing the commission of such Offences;
- providing for information obligations vis-à-vis the Board responsible for supervising the functioning of and compliance with the models;
- introducing an appropriate disciplinary system to sanction non-compliance with the measures indicated in the Model.

If the Offences is committed by persons holding functions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as subjects exercising, also de facto, the management and control thereof, the Entity is not liable if it proves that:

- the management body has adopted and effectively implemented, prior to the commission of the offence, a Model capable of preventing Offences of the kind committed;
- the task of supervising the operation of and compliance with the Model and ensuring that it is updated has been entrusted to a Board of the Entity endowed with autonomous powers of initiative and control;
- the subjects committed the Offence by fraudulently circumventing the Model;
- there has been no omission or insufficient supervision by the Supervisory Board with regard to the Model.

If, on the other hand, the Offence is committed by subjects under the direction or supervision of one of the above-mentioned subjects, the legal person is liable if the commission of the Offence was made possible by the failure to comply with the obligations of direction and supervision. Such non-compliance is, in any case, excluded if the Entity, before the commission of the Offence, adopted and effectively implemented a Model capable of preventing Offences of the kind committed.

### 3. THE MODEL OF FIAMM ENERGY TECHNOLOGY

#### 3.1. MODEL STRUCTURE

The culture of controls has always been very much alive in the Group, not as a repressive moment, but above all as an opportunity for continuous improvement of the activity towards the achievement of both economic and ethical objectives.

This aim received a further boost from 2017, when the company became part of the Japanese Hitachi Group, and has been maintained in the current organisational set-up. The parent company Resonac Corporation, like the previous majority shareholder, is part of a group listed on the Tokyo Stock Exchange that is subject to the Japanese Financial Instruments and Exchange Act promulgated by the *Japanese National Diet* in June 2006 to ensure that corporate information is disclosed fairly to investors (the so-called J-SOX) and emphasising how Internal Control can influence the financial aspects of a company.

The aforementioned law obliges the "listed company" to develop and operate a system to prevent fraud and errors for companies and subsidiaries in order to achieve reliable financial *reporting*.

Therefore, *Resonac Holdings Corporation, the parent company of Resonac Corporation*, established its own Internal Control Management Guidelines applicable to all its subsidiaries, including FIAMM Energy Technology, by implementing a specific tool to conduct internal evaluation of the processes involved.

As part of its Internal Control System, FET also has a Compliance Committee (coordinated by the Group Compliance Manager), an Export Control Committee, an Information Security Committee, a Risk and Crisis Committee, a Hedging Committee and confirmed the *Internal Auditing* Function of the previous organisation.

Already in 2003, the Group adopted its own Code of Conduct, updated over time and at the same time also adopted by FET, which also applies it in accordance with the Code of Conduct policy of Resonac Corporation Group, of which the Company is a member.

With a Board resolution of 16 May 2017, the Company's Board of Directors approved a document entitled "Corporate Guidelines for the creation and implementation of Organisational Models pursuant to Italian Legislative Decree No. 231/2001". These Guidelines have been drafted in order to be used in view of the adoption of its own Organisational Model *pursuant to* Italian Legislative Decree 231/2001, the implementation of which is proposed by FIAMM Energy Technology S.p.A., through a formal acknowledgement, to all the Italian-based companies controlled by it.

Therefore, after assessing the areas of the company's business activities that are concretely exposed to the risk of the commission of predicate offences pursuant to Italian Legislative Decree 231/2001, the FET Model in particular has enacted:

- Group's General Operating Procedures and Instructions;
- Group's Occupational Health and Safety Management System;
- Group's Environmental Management System;
- General Terms and Conditions of Purchase and Sale.

This Model consists of a General Section and two Special Sections. These Sections describe the general functioning of the Model and indicate the activities at risk and the principles of conduct as well as, in essence, the control principles.

The following also form an integral part of the Model:

- the Map of Sensitive Activities issued on the basis of paragraph 3.5 of this General Section (Annex No. 2 - Map of Sensitive Activities);
- Procedures and other company provisions containing supplementary and applicative indications referring to the Model (procedures, other application measures, specific information obligations). Please refer to the lists of these provisions (Annex No. 3 - List of Group provisions in relation to the prevention of offences applied within the companies and Annex No. 4 - List of main procedures and specific operating instructions of the Company).

### **3.2. OBJECTIVES AND GOALS PURSUED THROUGH THE ADOPTION AND CONTINUOUS UPDATING OF THE MODEL**

The decision to adopt an Organisation, Management and Control Model derives from the primary intention of raising awareness of all persons interacting with the Company with respect to the adoption of correct conduct in order to avoid the commission of Offences. It is also crucial for FET to protect its image as well as the interests and expectations of its various *stakeholders* (shareholders, employees, suppliers, etc.).

With the adoption of this Organisation Model, therefore, the Company aims to:

- make all those who work in the name and on behalf of the Company aware, with particular reference to those who operate in the so-called sensitive areas, that in the event of violations of the provisions set out in the Model, they may incur in the commission of offences liable to criminal sanctions against them, as well as “administrative” sanctions that may be imposed on the Company;
- make such subjects aware that the aforesaid unlawful conducts are strongly condemned by the Company, since they are always and in any case contrary to the provisions of the law, the corporate culture and the ethical principles adopted as its own guidelines in business activities;
- enable the Company to take timely action to prevent or counteract the commission of Offences or at least to significantly reduce the damage caused by them;
- improve the corporate governance and image of FET.

The preparation of this Model is also inspired by the Guidelines issued by Confindustria on 7 March 2002 and updated over time.

In preparing the Model, account was taken that the Company operates in close synergy with other Group companies, sharing coordination and control systems and functions. Within this framework, the proper functioning of each Group company is only possible through a high level of harmonisation and standardisation of their activities. In this way, it is possible to ensure the efficiency of processes on the one hand and their compliance with the law on the other. In particular, with regard to the Models, any variation to the identified risks, protocols and other measures for preventing offences not motivated by specific and well-founded reasons on the part of a company could result in an increase in the risks themselves, by rising the number of exceptions that the operators themselves should know, apply and verify.

### **3.3. THE RECIPIENTS OF THE MODEL**

The principles and provisions of this document must be observed by:

- persons who hold representative, administrative or, where appropriate, management positions in FET or in one of its organisational units with financial and functional autonomy;
- any persons subject to the direction or supervision of one of the above-mentioned subjects.

The subjects thus identified are hereinafter referred to as “Recipients”.

### 3.4. THE "CONSTRUCTION" AND UPDATING OF THE MODEL

The work activity aimed at preparing the Model involved:

- the identification of sensitive sectors/activities/areas, with reference to the offences referred to in Italian Legislative Decree No. 231/2001, through the analysis of company documents made available by the Company (by way of example: articles of association, company registration certificate, etc.);
- the analytical examination of the sensitive areas, with a prefiguration of the methods and instruments through which it would be possible to commit the Offences relevant to the Decree by the company, its administrative bodies, employees and, in general, the figures referred to in Article 5 of the Decree (also through meetings and interviews with the persons concerned);
- the identification of existing internal rules and protocols, whether formalised or not, with reference only to the areas identified as at risk of Offence;
- the definition of standards of conduct and control, for those activities that it was deemed appropriate to regulate;
- the discipline of the ways of managing financial resources suitable for preventing the commission of Offences;
- the identification of the person in charge of supervising the functioning and updating of this Model (the so-called Supervisory Board) and the reporting system to and from the Supervisory Board itself;
- the implementation of the Group Code of Conduct;
- the provision of an appropriate disciplinary system to sanction both non-compliance with the measures indicated in the Model and violations of the Code of Conduct.

The process of updating the Model, on the other hand, takes the form of its periodic review considering:

- changes in the organisation or activities;
- regulatory changes relevant for the purposes of Italian Legislative Decree No. 231/2001, new case law, the guidelines of the association representing the Company (Article 6(3) of Italian Legislative Decree No. 231/2001), applicable standards as well as doctrinal contributions on the subject of the administrative liability of entities or changes in corporate organisation occurred in the meantime;
- the needs for improvement arising from i) proposals by members of the Company's organisation (including through the appropriate reporting channels) or ii) observations made by the Supervisory Board.

### 3.5. MAP OF SENSITIVE ACTIVITIES

In accordance with the provisions of the Decree and in the manner outlined in the previous paragraph, the Company's Sensitive Activities have been identified, taking into account FET's current operations.

The main areas and corporate processes that may constitute an opportunity or a method for the commission of offences relevant to the Decree are identified in a special activity matrix, which is constantly updated during the organisation's *Continuous Risk Assessment* process (Annex no. 1 - Analytical risk identification table and Annex no. 2 - Map of sensitive activities).

### 3.6. APPROVAL OF THE MODEL, AMENDMENTS AND ADDITIONS

The Organisation, Management and Control Model is an act of issuance by the Management Body.

Amendments and additions to this Model, therefore, are made by the FET Board of Directors, also on the information of the Company's Supervisory Board.

The Board of Directors of the Company also takes decisions concerning the implementation of the Model, by evaluating and approving the actions necessary for the implementation of its constituent elements.

Supervision of the functioning and observance of the Model is the responsibility of the Supervisory Board of FIAMM Energy Technology S.p.A., which is also in charge of updating it.

### 3.7. TRAINING PROTOCOLS AND IMPLEMENTATION OF DECISIONS AIMED AT PREVENTING ALL OFFENCES COVERED BY THE MODEL

The Protocols that constitute effective control principles in the prevention of all offences covered by the Model are:

- the **Code of Conduct**: it encompasses the ethical principles - such as fairness, loyalty, integrity and transparency - that must inspire conduct in the conduct of business and in general in the performance of corporate activities in all their expressions, for the proper functioning, reliability and positive image of the Company;
- the **verifiability, documentability, consistency and congruity** of each operation: for each operation there must be adequate documentary support on which it is possible to proceed at any time to carry out checks that attest to the characteristics and motivations of the operation and identify who authorised, carried out, recorded, verified the operation itself;
- the **segregation of duties**: the system must ensure the application of the principle of segregation of duties, whereby authorisation to carry out a transaction must be under the responsibility of a person other than the person who accounts for, operationally executes or controls the transaction;
- the **documentation of controls**: the control system must document (possibly by means of minutes) the performance of controls, including supervisory controls;
- the **organisational system - organisational charts**: within the corporate organisational chart, line organs are defined, which are entrusted with decision-making responsibility for the organisational structure according to hierarchical level, and staff organs, which are assigned advisory, support, standardisation and support duties for the activities of line organs;
- the **organisational system - the system of delegations and proxies**: in principle, it must be characterised by elements of "security" for the purposes of preventing Offences.

"Delegation" is understood to mean that internal act of assigning duties and tasks, reflected in the organisational communication system. "Proxy" means the unilateral legal transaction whereby the company grants powers of representation to third parties.

Holders of a corporate function who require powers of representation in order to perform their duties shall be granted a "general proxy" of appropriate scope and consistent with the functions and management powers assigned to the holder through the "delegation".

In FET, there is a system of delegation of powers that establishes the procedure for the formation and implementation of the company's will with the following prerequisites:

- size of the company, such as to require the effective division of tasks;
- adherence of the delegation to real organisational needs, not merely aimed at relieving directors of their responsibilities;
- technical-professional capacity and suitability of the delegate to perform the task;
- absence of technical interference on the part of the delegator and lack of knowledge of the delegate's failures;
- certain evidence of the delegation: there must be precise and unavoidable internal rules that specifically and punctually regulate the content of the delegation, as well as its conferral and publicity, in accordance with the provisions of the Group General Procedures pertaining to the specific area of competence;



- the **organisational system - job descriptions**: they indicate the purpose of the position, the main areas of responsibility, the reference organisation, the main relationships of the role and the operational dimensions
- the **periodic audit processes**: the actual, correct and complete implementation of the model and the procedures implementing it are verified on a periodic basis through *audit* activities conducted by the various relevant functions.

More specific protocols are indicated in the Chapters of the Special Section and in the List of Group Provisions in relation to the prevention of offences applied within the companies (Annex No. 3) and in the List of main procedures and specific operating instructions of the Company (Annex No. 4). It should be noted that the principles of conduct and control and the provisions indicated with reference to a particular Chapter of the Special Section (group of offences) often also have specific effectiveness in the prevention of offences indicated in other Chapters, even when the same provisions are not referred to in or with reference to them.

### 3.8. MANNER OF MANAGING FINANCIAL RESOURCES

In the management of financial resources, the Company has in place, in order to prevent, in particular, offences that may be committed by using such resources for unlawful purposes or in an unlawful manner (offences indicated in the Special Section):

- that only persons with the appropriate proxy are authorised to manage and handle financial flows;
- that all payments are made against invoices managed in the system with the relevant orders and in any case approved by the requesting function, which certifies their performance and consequently authorises payment;
- that cash payments are not permitted as standard practice, with the exception of those of insignificant value (stamps, etc.);
- that limits be set on the autonomous use of financial resources, by defining quantitative thresholds consistent with the organisational roles and responsibilities assigned to individual persons;
- that all movements of financial flows are carried out with traceable instruments.

Recipients who, by reason of their position or function, are involved in the management of financial flows are required to:

- operate in compliance with the Code of Conduct, the laws and regulations in force;
- justify the use of financial resources and certify their relevance and appropriateness;
- guarantee the traceability of the stages of the decision-making process relating to financial relations with third parties, through the archiving of the relevant documentation supporting the transactions;
- ensure that all dispositions on bank accounts in the company's name, as well as payments made by different methods (e.g. non-transferable cheques, company credit cards), are adequately documented and authorised in accordance with the delegation system in force.

In the context of the aforementioned conduct, it is prohibited to:

- make/receive payments in cash or by non-traceable means of payment;
- make/receive payments that are not properly documented;
- create funds against unjustified payments (in whole or in part);
- make/receive payments for which the adequacy of the agreed consideration has not been certified.

More specific protocols are indicated in the Chapters of the Special Section and in the List of Group Provisions in relation to the prevention of offences applied within the companies (Annex No. 3) and in the List of main procedures and specific operating instructions of the Company (Annex No. 4).



#### 4. THE SUPERVISORY BOARD OF FIAMM ENERGY TECHNOLOGY

Italian Legislative Decree 231/2001, in Article 6(1)(b), specifies as a necessary condition for exemption from administrative liability that the Entity must set up a Supervisory Board within the Company, with “the task of supervising the operation of and compliance with the models and ensuring that they are updated”. It must also be “endowed with autonomous powers of initiative and control” to ensure the effective and efficient implementation of the Model.

The Board of Directors has chosen to provide FET with a collegial Supervisory Board, appointing four members: three “external” (one expert in criminal law, one expert in corporate law, one with expertise in business organisation and business ethics) and one “internal” (the Company's *Chief Audit Executive*); one of these individuals also assumes the role of Chairman of the Supervisory Board.

In view of the synergies with the other Group companies highlighted in paragraph 3.1. above, the Supervisory Board operates in close connection with the Supervisory Boards of those companies, through meetings usually held jointly and on the basis of verification activities that may involve several corporate entities at the same time.

The Supervisory Board remains in office for three years and may be re-elected. The relevant remuneration is determined by the Board of Directors upon appointment and for the entire term of office.

##### 4.1. REQUIREMENTS OF THE SUPERVISORY BOARD

The Company considers it particularly important that the choice of the Supervisory Board be made in full compliance with the indications of the Decree and the guidelines of the main trade associations. The requirements for the Supervisory Board are set out below.

###### Autonomy and Independence

The Board must remain free from any form of interference and pressure from top management and not be in any way involved in the exercise of operational activities and management decisions. The Supervisory Board must not find itself in a situation of conflict of interest and must not be assigned operational tasks that could undermine its autonomy. The Supervisory Board must report to the company's top operational management and must not be subject to hierarchical links with the top management of the Company or with subjects holding operational powers within the company. In addition, the Supervisory Board must have free access to all the functions of the Company, without the need for any prior consent, in order to obtain any information or data deemed necessary for the performance of the tasks provided for by Italian Legislative Decree No. 231/2001.

###### Professionalism

The Board must possess the necessary tools and techniques for the concrete and effective performance of the assigned activity. The professionalism and authority of the Supervisory Board are then connected to its professional experience: in this sense, the Company considers of particular importance the careful examination of the *curricula* of the possible candidates and their previous work experience, favouring profiles that have matured specific professionalism in the field of inspection and consultancy activities. These characteristics, coupled with autonomy and independence, guarantee objectivity of judgement.

###### Continuity of action

The Supervisory Board continuously carries out the activities necessary for the supervision of the Model with adequate commitment and with the necessary powers of investigation, meeting as a rule on a quarterly basis.

## 4.2. GROUNDS FOR INELIGIBILITY, REVOCATION, DIVESTMENT AND SUSPENSION OF THE MEMBERS OF THE SUPERVISORY BOARD

### Ineligibility

The Board of Directors has expressly established the following causes of ineligibility for the members of the Supervisory Board who will hold office over time.

The following persons cannot be elected, and if elected they are divested:

- those who have been convicted with a judgement, even if not final, or with a judgement applying the penalty on request (so-called plea bargaining) and, even if with a conditionally suspended penalty, subject to the effects of rehabilitation:
  - a. to imprisonment for a term of not less than one year for one of the offences provided for in Italian Royal Decree No. 267 of 16 March 1942;
  - b. to imprisonment for a term of not less than one year for one of the offences provided for in the rules governing banking, financial, securities and insurance activities and in the rules governing markets, securities and payment instruments;
  - c. to imprisonment for a term of not less than one year for offences against the Public Administration, against public faith, against property, against the public economy and for offences relating to tax matters;
  - d. to imprisonment for a term of not less than two years for any non-negligent offence;
  - e. for one of the offences provided for in Title XI of Book V of the Italian Civil Code as reformulated by Italian Legislative Decree No. 61/2002;
  - f. for an offence involving and having resulted in the conviction to a penalty resulting in disqualification, including temporary disqualification, from public office, or temporary disqualification from the executive offices of legal persons and companies;
  - g. for one or more offences among those exhaustively provided for in the Decree, even if sentenced to lesser penalties than those indicated in the preceding points;
- those against whom one of the prevention measures provided for in Article 10(3) of Italian Law No. 575 of 31 May 1965, as replaced by Article 3 of Italian Law No. 55 of 19 March 1990, as amended, has been definitively applied;
- those against whom the accessory administrative sanctions provided for in Article 187-*quater* of Italian Legislative Decree No. 58/1998 have been applied.

The members of the Supervisory Board must self-certify by means of a declaration in lieu of affidavit that they are not in any of the above-mentioned conditions, expressly undertaking to notify any changes to the content of such declarations.

### Revocation

Any revocation of the members of the Board must be decided by the Management Body and may only be ordered for reasons connected with serious breaches of the mandate undertaken, including breaches of the confidentiality obligations set out below, as well as for the causes of divestment set out below.

### Divestment

The members of the Supervisory Board are also divested when, after their appointment, they:

- are convicted by final judgement or plea bargaining for one of the offences indicated in points a, b, c, d, e, f and g of the conditions of ineligibility indicated above;
- have breached confidentiality obligations strictly related to the performance of their duties.

### Suspension

The members of the Supervisory Board are suspended from exercising their functions when:

- they are convicted by non-final judgement for one of the offences indicated in points a, b, c, d, e, f and g of the conditions of ineligibility indicated above;
- a personal precautionary measure is applied;
- one of the prevention measures provided for in Article 10(3) of Italian Law No. 575 of 31 May 1965, as replaced by Article 3 of Italian Law No. 55 of 19 March 1990, as amended, has been temporarily applied.

### 4.3. TASKS OF THE SUPERVISORY BOARD

The Supervisory Board has the following tasks:

- to supervise the observance and functioning of the Model;
- to take care of its updating.

These tasks are performed by virtue of the allocation of spending powers, which provide for the use of an annual budget adequate to fulfil their functions.

FET's Board of Directors considers that the Supervisory Board may nevertheless autonomously commit resources in excess of its spending powers, if the use of such resources is necessary to deal with exceptional and urgent situations. In such cases, the Body must inform the Board of Directors of the Company without delay.

In order to perform the tasks entrusted to it, the Supervisory Board may make use of all the corporate functions or of external consultants, under its direct supervision and responsibility.

The Supervisory Body:

- supervises the effectiveness of the Model, in particular by verifying the consistency between the Model itself and the concrete rules adopted in the areas of Risk Activities;
- periodically verifies, through the analysis of information obligations, as well as by means of sample surveys, that the rules defined in the Model and the measures put in place are observed and function correctly. These information obligations include the transmission of all reports of audits carried out internally or received from external parties, such as certification bodies and customers; the data referred to in the information flows are checked by the Board on a sample basis, with particular regard to the information concerning the checks on compliance with the Model set out therein. The information received also enables the Board to request any additional information relating to sensitive areas from the functions concerned. In any case, the examination of information obligations is not intended to detect aspects of a technical nature, which are subject to the more specific controls provided for in the Model's procedures;
- ensures that the Code of Conduct and all the provisions contained therein are complied with by all persons in any capacity working in the Company;
- verifies the maintenance over time of the requirements of soundness and functionality of the Model and reports to the Board of Directors any opportunities to update and improve the Model, taking into account the evolution of the law and jurisprudence, besides as a result of changes to the Organisation and the Model's operating methods detected;
- supervises the proper functioning of the control activities for each area at risk, promptly reporting anomalies and malfunctions of the Model, after discussion with the corporate functions concerned;
- monitors the dissemination of the Code of Conduct and the Model to the Recipients, also with the help of the corporate intranet, and supports, at the request of the competent Functions, initiatives of an informative nature.

#### 4.4. REPORTING ACTIVITIES OF THE SUPERVISORY BOARD

In order to guarantee full autonomy and independence in the performance of its functions, the Supervisory Board reports directly to top management and reports on the implementation of the Model, as well as on any critical issues, by means of certain *reporting* lines:

- the first, possibly, when specific needs arise, to the Managing Director and the Group *Compliance Manager*;
- the second, on a quarterly basis, to the Managing Director, the Group *Compliance Manager* and the Chairman of the Board of Statutory Auditors, with which the updated register of findings during the period must be submitted;
- the third one, every six months, by means of a written report to the Board of Directors, in which the activities carried out during the period must be indicated in detail, in terms of controls performed and results obtained, as well as any suggestions for updating the Model.

The Supervisory Board must also prepare a half-yearly calendar of activities planned for the following period.

The Supervisory Board may, however, carry out checks not envisaged in the plan of action (so-called "surprise checks") within the scope of sensitive corporate activities and when it deems it necessary for the performance of its functions.

The Supervisory Board may ask to be heard by the Board of Directors whenever it deems it appropriate.

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

These meetings must be minuted, and copies of the minutes must be kept by the Supervisory Board (as well as by the bodies involved from time to time), as set out in the following paragraph.

#### 4.5. INFORMATION OBLIGATIONS TOWARDS THE SUPERVISORY BOARD

In accordance with the provisions of Article 6(2)(d) of Italian Legislative Decree No. 231/2001, the Supervisory Board will be the recipient of information flows from all the corporate functions involved; these flows are aimed at facilitating the activity of monitoring the effectiveness of the Model and of ascertaining the causes that may make it possible for the hypotheses of conduct relevant under the Decree to occur.

The Supervisory Board ensures the utmost confidentiality with regard to any information it receives, under penalty of revocation of its mandate and the disciplinary measures defined below, without prejudice to the requirements inherent in carrying out investigations in the event that the support of consultants external to the Supervisory Board or other corporate structures is required.

All information referred to in this Model shall be kept by the Supervisory Board in a special computer and/or paper archive, in compliance with the provisions contained in the EU Privacy Regulation 679/2016 on the processing of personal data (GDPR): the records of the Supervisory Board shall be kept at the Company's offices and contained in separate and closed cabinets, accessible only to its members and for the sole reasons related to the performance of the aforementioned tasks, under penalty of immediate divestment.

The Recipients of this Model and, in particular, the Function Managers for the area of their competence, are also required to transmit through the specific application on the company intranet called "Information to the Supervisory Board", by way of example, to the Supervisory Board the information concerning:

- measures and/or information coming from the judicial police or any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons for the Offences under the Decree, concerning the Company;
- visits, inspections and checks initiated by the competent bodies (regions, regional authorities and local authorities) and, at their conclusion, any findings and sanctions imposed;
- requests for legal assistance made by subjects within the Company, in the event of the initiation of legal proceedings for one of the Offences under the Decree;
- reports prepared by the company structures as part of their control activities, from which critical elements emerge with respect to the rules of the Decree;
- periodically, information on the actual implementation of the Model in all the corporate Functions involved in the Risk Activities identified;
- periodically, news on the actual compliance with the Code of Conduct at all levels of the company;
- information on the evolution of the Risk Activities identified;
- the system of delegated and proxy powers adopted by the Company;
- risk or compliance indicators with reference to each chapter of Special Section "A".





## **5. COMMUNICATION, TRAINING AND DISSEMINATION**

### **5.1. GENERAL PROVISIONS**

The Company intends to ensure that all those who work for FET are fully and correctly acquainted with the Code of Conduct, the Model, the contents of the Decree and the obligations deriving therefrom, also through repeated communications over time.

Training and information are managed by the Human Resources Function, assisted by the Supervisory Board and in close coordination with the heads of the Functions involved in the application of the Model.

### **5.2. INITIAL COMMUNICATION**

This Model is disclosed to all company resources by means of an official communication from the Chairman or Managing Director of the Company.

New employees are given an information set, consisting of the Code of Conduct and the company's Organisation Model, with which to ensure that they are provided with knowledge considered of primary importance. Furthermore, the Supervisory Board supports the Human Resources Function in the initial activity of specific information on the Model, consistent with the responsibility of the position that the resource will hold.

All subsequent amendments and information concerning the Model will be communicated to company resources through official information channels.

### **5.3. TRAINING**

Participation in training activities aimed at disseminating knowledge of the regulations set out in the Decree, the Organisation, Management and Control Model and the Code of Conduct is mandatory. The training will take into account, in the contents and delivery methods of the relevant courses, the qualification of the Recipients, the risk level of the area in which they work and whether or not they hold representative functions in the area.

Unexcused absence from training sessions is considered a disciplinary offence, in accordance with the Disciplinary System set out below.

The Company plans to implement training courses that illustrate, according to a modular approach:

- the regulatory environment;
- the Code of Conduct and the Organisation, Management and Control Model adopted by the Company, including the General Section and the Special Section;
- the role of the Supervisory Board and the tasks assigned to it by the Company.

The Supervisory Board verifies that training programs are qualitatively adequate and effectively implemented.

a specific section of the company intranet IS set up, dedicated to the subject and updated periodically, in order to allow stakeholders to know in real time any changes, additions or implementations of the Code of Conduct and the Model.

The training programs and the contents of the information notes must be forwarded to the Supervisory Board.

**5.4. INFORMATION TO "THIRD PARTY RECIPIENTS"**

The Company imposes knowledge of and compliance with the Model also among the so-called "Third Party Recipients": in the letters of appointment to external subjects (Consultants, Collaborators, Customers, Suppliers of goods or services, as well as those who are from time to time contemplated among the Recipients of the same) special informative notes are attached concerning the application of the Organisation, Management and Control Model and compliance with the Code of Conduct.

Express termination clauses are also included in contracts signed by the Company, which make explicit reference to compliance with the provisions of the Model and the Code of Conduct.

## 6. WHISTLEBLOWING

Following the entry into force of Law No. 179 of 30 November 2017 on "Provisions for the protection of whistleblowers who report crimes or irregularities of which they have become aware in the context of a public or private employment relationship", the Models must also provide for:

- one or more channels enabling the persons indicated in Article 5(1)(a) and (b) to submit, for the protection of the entity's integrity, detailed reports of unlawful conduct, relevant under this decree and based on precise and concordant factual elements, or of violations of the entity's organisational and management model, of which they have become aware by reason of their functions; these channels guarantee the confidentiality of the identity of the whistleblower in the management of the report;
- at least one alternative reporting channel suitable for ensuring, by computerised means, the confidentiality of the whistleblower 's identity;
- the prohibition of direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly linked to the report;
- in the disciplinary system adopted pursuant to paragraph 2(e), sanctions against those who breach the measures for the protection of whistleblowers, as well as against those who make reports that turn out to be unfounded with malicious intent or gross negligence.

FET has adopted specific provisions implementing these regulatory requirements.

## **7. DISCIPLINARY SYSTEM**

### **7.1. GENERAL PROFILES**

The provision of an appropriate Disciplinary System to sanction non-compliance with the rules indicated in the Model is a necessary condition required by Italian Legislative Decree 231/2001, Article 6(2)(e), for the exemption from administrative liability of Entities and to ensure the effective and efficient adoption of the Model.

The system itself is aimed at penalising non-compliance with the principles and obligations of conduct set out in this Model, which in themselves constitute a breach of the relationship of trust established between the person concerned and FET, regardless of the external relevance of such facts. The imposition of disciplinary sanctions for violation of the principles and rules of conduct set out in the Model, in fact, is irrespective of whether or not criminal proceedings are instituted and of the outcome of the consequent judgement for the commission of one of the unlawful conducts set out in the Decree.

Following the identification of a case of non-compliance with the measures of the Model, an investigation procedure is initiated. This investigation procedure is conducted by the Functions in charge of imposing disciplinary sanctions in cooperation with the responsible Management, taking into account the seriousness of the conduct, the possible recurrence of the misconduct or the degree of guilt.

The Supervisory Board has no disciplinary powers. It follows that, as regards the ascertainment of the aforesaid breaches, disciplinary proceedings and the imposition of sanctions, the powers already conferred on the competent Functions remain unchanged, and they shall therefore impose, with consistency, impartiality and uniformity, sanctions proportionate to the respective breaches of the Model and in compliance with the provisions in force concerning the regulation of labour relations. The Supervisory Board is in any case responsible for monitoring the Disciplinary System with reference to the offences in question, in cooperation with the competent Functions of the Company.

The sanction measures for the different figures are set out below.

### **7.2. SANCTIONS AGAINST NON-MANAGEMENT EMPLOYEES**

Conduct by employees in violation of the individual rules of conduct set out in this Model, the Code of Conduct, the Procedures and the corporate protocols adopted by the Company are defined as "disciplinary offences".

The sanctions that can be imposed on employees are adopted in accordance with the procedures laid down in the applicable legislation.

Express reference is made to the categories of punishable facts provided for by the existing sanctions structure, i.e. the provisions of the CCNL (National Collective Bargaining Agreement) for the Private Metalworking and Plant Installation Industry, brought to the attention of all Recipients also by means of posting on company notice boards, as provided for by Article 7(1) of Law 300/1970 - Workers' Statute.

In application of the principle of proportionality, depending on the seriousness of the infringement committed, the disciplinary sanctions set out below are provided for. In particular, the type and extent of sanctions will also be applied in relation to:

- the extent to which the behaviour was intentional, the level of negligence, recklessness or carelessness, also with regard to the extent to which the event could have been predicted;
- overall conduct of the Employee, with particular regard to the existence or otherwise of employee's disciplinary records;
- organisational position of the persons involved in the facts constituting the misconduct and other particular circumstances accompanying the disciplinary violation.

#### Verbal reprimand

It applies in the case of the most minor non-compliance with the principles and rules of conduct laid down in this Model, such conduct being related to a minor non-compliance with contractual rules or directives and instructions issued by management or superiors.

#### Written reprimand

It applies in the case of non-compliance with the principles and rules of conduct laid down in this Model, with respect to non-compliant or inadequate conduct to an extent that can be considered, even if not minor, not serious, correlated with a non-serious failure to comply with contractual rules or directives and instructions issued by management or superiors.

#### Fine not exceeding three hours' hourly pay calculated on the minimum wage scale

It applies in the case of a repeated infringement of the breaches referred to in the preceding paragraph.

#### Suspension from work and pay for up to three days

It applies in the case of more serious infringements than those referred to in the previous paragraph.

#### Disciplinary dismissal with notice

It applies in the case of serious and/or repeated infringement of the rules of conduct and Procedures contained in the Model, which do not conflict with the law and contractual provisions.

#### Disciplinary dismissal without notice

It applies in the case of the adoption of a conscious conduct in conflict with the prescriptions of this Model which, even if it is only liable to constitute one of the Offences sanctioned by the Decree, damages the element of trust that characterises the employment relationship, or is so serious as not to allow its continuation, even temporarily.

Infringements punishable by the aforementioned sanction include the following intentional conduct:

- drafting of incomplete or untruthful documentation;
- failure to draw up the documents required by the Model;
- violation or circumvention of the control system provided for by the Model in any way carried out, including the removal, destruction or alteration of the documentation relating to the Procedure, obstruction of controls, prevention of access to information and documentation by the persons in charge of controls or decisions.

### **7.3. SANCTIONS AGAINST MANAGERS**

Infringement of the principles and rules of conduct contained in this Model by managers, or the adoption of a conduct that does not comply with the aforementioned prescriptions, will be subject to disciplinary measures modulated according to the seriousness of the infringement committed, in accordance with

the provisions of the CCNL (National Collective Bargaining Agreement) for industrial company managers applied by the Company. For the most serious cases, termination of employment is provided for, in view of the special trust link between managers and employers.

It is also a disciplinary offence:

- the failure of managerial staff to supervise the correct application, by hierarchically subordinate workers, of the rules laid down in the Model;
- breach of the obligation to inform the Supervisory Board of the commission, even if attempted, of the relevant Offences;
- infringement of the rules of conduct contained therein by the managers themselves;
- the assumption, in the performance of their respective duties, of conduct that does not conform to conduct reasonably expected of a manager, in relation to the role held and the degree of autonomy recognised.

#### **7.4. SANCTIONS AGAINST DIRECTORS AND MEASURES AGAINST AUDITORS**

The Shareholders' Meeting may apply any appropriate measure permitted by law against any Director who has committed a violation of this Model, including the following sanctions, determined according to the seriousness of the fact and guilt, as well as the consequences thereof:

- formal written reprimand;
- fine equal to the amount of two to five times the fees calculated on a monthly basis.

In the case of violations constituting just cause for revocation, the Meeting shall take the measures within its competence and take the further steps required by law.

In the event of a violation by a member of the Board of Statutory Auditors, the Supervisory Board must immediately inform the Board of Directors, by means of a written report.

In the event of violations constituting just cause for revocation, the Board of Directors shall convene the Meeting.

#### **7.5. SANCTIONS AGAINST NON-EMPLOYED THIRD PARTIES**

Any violation of the prescriptions of the Model by Consultants, Collaborators, Suppliers and all those who are from time to time included among the "Recipients" of the same, shall be sanctioned by the competent bodies on the basis of the internal company rules, in accordance with the provisions of the contractual clauses included in the relevant contracts, and in any case with the application of conventional penalties, which may also include the automatic termination of the contract (pursuant to Article 1456 of the Italian Civil Code), without prejudice to damages.

#### **7.6. WHISTLEBLOWING SANCTIONS**

With reference to the reports referred to in Chapter 6 of this Model, sanctions are provided for:

- against those who violate the whistleblower protection measures;
- against those who maliciously or grossly negligently make reports that turn out to be unfounded.