

**MEDICA**

**ORGANISATION, MANAGEMENT AND CONTROL  
MODEL**

**pursuant to Legislative Decree no. 231 of 8 June  
2001, as amended and supplemented**

**Approved by the Resolution of the Board of Directors on 30 April 2015.**

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### LIST OF CHANGES

DATE	PARAG. MODIFIED	DESCRIPTION OF THE CHANGE
30/04/2015	//	First issue of the Organisational Model
09/03/2016	//	Revision of the Document on: A) regulatory updates in 2015, including the introduction of the self-laundering crime under Article 648 ter. 1 of the Italian Penal Code, the introduction of new environmental offences under Articles 452 bis of the Italian Penal Code, 452 quater of the Italian Penal Code, 452 quinquies of the Italian Penal Code and 452 sexies of the Italian Penal Code, as well as the amendments made to the rules on false corporate communications under Articles 2621 et seq. of the Italian Civil Code; B) the general implementation of protocols following the introduction of the aforementioned offences within Legislative Decree no. 231/2001.
29.03.2019	//	Revision of the Document on: <ul style="list-style-type: none"> <li>▪ deletion of Special Section "B" and simultaneous expansion of paragraph 2.1</li> <li>▪ addition of paragraph 2.2</li> <li>▪ deletion of Special Section "C" and simultaneous expansion of paragraph 6.24</li> <li>▪ addition of the organisational chart in Annex 1 and contextual reference in paragraph 2.1</li> <li>▪ addition of the General Section of the list of 231 offences in Annex 2</li> <li>▪ addition of the Information flow procedure</li> </ul>

01/03/2021	//	<p>Revision of the Document on:</p> <ul style="list-style-type: none"> <li>▪ the introduction, by Decree-Law no. 124 of 26 October 2019, of the offences referred to in Article 25 <i>quinquiesdecies</i>, i.e. tax offences: fraudulent declarations using invoices or other documents for non-existent transactions as referred to in Article 2, paragraph 1 of Legislative Decree 74/2000; fraudulent declarations using invoices or other documents for non-existent transactions as referred to in Article 2, paragraph 2-bis of Legislative Decree 74/2000; fraudulent misrepresentation by means of other devices as referred to in Article 3, Legislative Decree 74/2000; issue of invoices or other documents for non-existent transactions as referred to in Article 8, paragraph 1 of Legislative Decree 74/2000; issue of invoices or other documents for non-existent transactions as referred to in Article 8, paragraph 2-bis of Legislative Decree 74/2000; concealment or destruction of accounting documents as referred to in Article 10 of Legislative Decree no. 74/2000; fraudulent evasion of payment of taxes referred to in Article 11 of Legislative Decree no. 74/2000;</li> <li>▪ consequent addition of Special Section "R" of Model 231; revision of the Code of Ethics and of the General Sections.</li> </ul>
01/03/2021	//	<p>Revision of the Document on:</p> <ul style="list-style-type: none"> <li>▪ approval of Legislative Decree no. 75 of 14 July 2020, containing the following amendments to Legislative Decree no. 231 of 8 June 2001: <ul style="list-style-type: none"> <li>- amendments to Articles 24 and 25 concerning offences against the State and against the Public Administration, by including the following offences in the catalogue of predicate offences: fraud in public procurement (Article 356 of the Italian Penal Code); Fraud in the area of financing for agriculture (Article 2 Law no. 898 of 23 December 1986); embezzlement (Article 314 of the Italian Penal Code); embezzlement by profiting from the error of others (Article 316 of the Italian Penal Code); abuse of office (Article 323 of the Italian Penal Code);</li> <li>- amendments to Article 25 <i>quinquiesdecies</i> concerning tax offences, by including the following offences in the catalogue of predicate offences, if committed as part of cross-border fraudulent schemes and for the purpose of evading value added tax for a total amount of no less than ten million Euro: false declaration (Article 4 of Legislative Decree no. 74/2000); omitted declaration (Article 5 of Legislative Decree no. 74/2000); undue compensation (Article 10 quater of Legislative Decree no. 74/2000);</li> <li>- introduction of Article 25 <i>sexiesdecies</i> concerning smuggling offences by including the following offences in the catalogue of predicate offences: smuggling in the movement of goods across land borders and customs areas (Article 282 of Presidential Decree no. 43/1973); smuggling in the movement of goods in border lakes (Article 283 of Presidential Decree no. 43/1973); smuggling in the maritime movement of goods (Article 284 of Presidential Decree no. 43/1973); smuggling in the movement of goods by air (Article 285 of Presidential Decree no. 43/1973); smuggling in non-customs zones (Article 286 of Presidential Decree no. 43/1973); smuggling for improper use of goods imported with customs facilities (Article 287 of Presidential Decree no. 43/1973); smuggling in customs warehouses (Article 288 of Presidential Decree no. 43/1973); smuggling in cabotage and traffic (Article 289 of Presidential Decree no. 43/1973); smuggling in the export of goods eligible for the restitution</li> </ul> </li> </ul>

		<p>of rights (Article 290 of Presidential Decree no. 43/1973); smuggling on temporary import or export (Article 291 of Presidential Decree no. 43/1973); smuggling of foreign manufactured tobacco (Article 291 <i>bis</i> of Presidential Decree no. 43/1973); aggravating circumstances of the offence of smuggling foreign manufactured tobacco (Article 291 <i>ter</i> of Presidential Decree no. 43/1973); conspiracy to smuggle foreign manufactured tobacco (Article 291 <i>quater</i> of Presidential Decree no. 43/1973); other cases of smuggling (Article 292 of Presidential Decree no. 43/1973); aggravating circumstances of smuggling (Article 295 of Presidential Decree no. 43/1973);</p> <ul style="list-style-type: none"> <li>▪ consequent revision of Special Section “C” of Model 231;</li> <li>▪ consequent revision of Special Section “R” of Model 231; consequent addition of Special Section “S” of Model 231;</li> </ul> <p>revision of the Code of Ethics and of the General Sections.</p>
28/10/2021	//	<p>Revision of the document on:</p> <ul style="list-style-type: none"> <li>- introduction of Article 25 <i>sexies</i> concerning market abuse offences by including the following offences in the catalogue of predicate offences: abuse of inside information (Article 184 of Legislative Decree no. 58 of 24.02.1998); market manipulation (Article 184 of Legislative Decree no. 58 of 24.02.1998);</li> <li>- implementation of Article 25 <i>ter</i> concerning corporate offences by including the following offences in the catalogue of predicate offences: false corporate communications by listed companies (Article 2622 of the Italian Civil Code); obstruction of supervisory functions (Article 2638);</li> </ul> <ul style="list-style-type: none"> <li>▪ consequent addition of Special Section “T” of Model 231;</li> <li>▪ revision of the Code of Ethics and of the General Sections.</li> </ul>

## FOREWORD

This document, adopted by the Board of Directors of MEDICA S.p.A., represents, pursuant to Legislative Decree no. 231 of 8 June 2001, the set of prevention rules and relative responsibilities for the prevention of the offences referred to in the Decree.

The Model consists of a General Section and several Special Sections.

The General Section describes:

- the operating principles of Legislative Decree 231/01;
- the methods for its adoption and dissemination within the Company;
- the responsibilities of the Supervisory Board and the related information flows;
- the disciplinary system.

The Special Sections describe:

- a detailed mapping of sensitive areas;
- examples of the offences;
- the conduct and prohibitions required of the addressees.

Among the Special Sections, the Code of Ethics establishes the standards of conduct for managers and employees. Compliance with the Code of Ethics is of particular importance, both to ensure the proper functioning and reliability of the Company, as well as to protect its reputation and image in everyday business.

## 1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

Legislative Decree no. 231 of 8 June 2001 on the “Regulation on administrative responsibility of legal entities, companies and associations, including those not having legal personality, pursuant to Article 11 of Law no. 300 of 29 September 2000, (hereinafter also referred to as the “Decree”), which came into force on 4 July of the same year, was aimed at bringing the Italian legislation on the liability of legal persons in line with the international conventions that Italy has long since subscribed to, in particular:

- the Brussels Convention of 26 July 1995 on the protection of the European Community's financial interests,
- the Brussels Convention of 26 May 1997 on Combating Corruption of Public Officials of the European Community and Member States,
- the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

This Decree introduced into Italy's legal system an administrative liability regime – equivalent in practice to criminal liability <sup>(1)</sup> – for legal persons (hereinafter also referred to as the “company/companies”). The latter adds to the liability of the individual who has materially committed certain illegal acts and which aims to involve, in the punishment of the same, the companies in whose interest or advantage the offences in question were committed.

Liability under the Decree also arises in relation with offences committed abroad, provided that the country in which the offence was committed does not prosecute for the same.

The entity's liability exists even if the accused has not been identified, or charges for the offence have been dropped against the offender for a cause other than amnesty or prescription.

Administrative fines against the entity are set within 5 (five) years from the date of the commission of the offence, except in cases of interruption of the limitation period.

### 1.1. Principle of legality

The liability of the entity arises within the limits provided for by the law: the entity “cannot be held liable for an act constituting a criminal offence, if their liability [criminal] in relation to that offense and the related punishments are not expressly provided for by a law that came into force before the act was committed” (Article 2 of the Decree).

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(1) The “criminal” nature of this liability is inferred from four elements: 1) it derives from an offence in the sense that the offence constitutes a prerequisite for the sanction; 2) it is ascertained with the guarantees of a criminal trial and by a criminal magistrate; 3) it entails the application of penal sanctions of a criminal nature (financial sanctions and disqualifying sanctions); 4) the role of guilt is central, applying the principle of guilt.

## 1.2. Objective criteria of assigning liability

There are three types of objective criteria for assigning liability:

- a) The occurrence of one of the offences listed in the Decree from Article 24 to Article 25 *duodecies*.
- b) The offence must have been committed “in the interest or to the advantage of the entity”.

### *Interest and/or advantage*

A further constituent element of this liability is the need for the alleged unlawful conduct to have been committed in the interest or to the advantage of the Entity.

The Entity’s interest or advantage are considered the basis of the latter’s liability even in the event that the perpetrator of the offence or third parties’ interests or advantages coexist, with the sole limitation of the hypothesis in which the interest in the commission of the crime by the subject in a qualified position within the entity is exclusive to the perpetrator of the offence or to third parties.

Since no exempting effect was recognised for the exclusive “advantage” of the offender or of third parties, but only – as mentioned – for the exclusive interest of these persons, the Entity must be held liable even when it does not gain any advantage or when there is an exclusive advantage of the offender or third parties, provided that the Entity has an interest, possibly concurrent with that of third parties, in the commission of the offence perpetrated by persons in a qualified position in their organisation.

Apart from the aforementioned clarifications, the liability provided for by the Decree therefore arises not only when the offending conduct has resulted in an advantage for the Entity itself, but also in the event that, even in the absence of such a concrete result, the offence has been committed in the interest of the Entity. In short, the two terms express legally different concepts and represent alternative assumptions, each with its own autonomy and scope of application.

With regard to the meaning of the terms “interest” and “advantage”, the Government Report accompanying the Decree attributes to the former a markedly subjective value, susceptible of an *ex ante* assessment – the so-called utility purpose – and to the latter a markedly objective value – thus referring to the actual results of the conduct of the offender who, although not having directly targeted an interest of the entity, has in any case realised an advantage in its favour through its conduct – susceptible to an *ex post* verification.

The essential characteristics of interest have been identified in: objectivity, understood as independence from the offender’s personal psychological convictions and in their correlative necessary rooting in external elements, susceptible to verification by any observer; concreteness, understood as demonstration of the interest in relationships that are not merely hypothetical and abstract, but actually exist, to safeguard the principle of offensiveness; topicality, in the sense that the interest must be objectively subsisting and recognisable at the moment in which the fact was recognised and must not be future and uncertain, otherwise lacking the damage to goods necessary for any offense that is not configured as mere a danger; it does not necessarily need to have economic relevance, but can also be attributable to a corporate policy.

In terms of content, the advantage attributable to the Entity – which must be kept distinct from profit – may be: direct, in other words attributable exclusively and directly to the Entity; indirect, in other words mediated by results obtained by third parties, but susceptible to positive repercussions for the Entity; economic, although not necessarily immediate.

With specific reference to occupational health and safety offences, interest and advantage take on a particular connotation. In this regard, the jurisprudence of legitimacy has emphasised that “the requirement of interest exists where the offender has knowingly violated the precautionary regulations in order to obtain a benefit for the Entity, while the requirement of advantage exists where the

natural person has systematically violated the precautionary regulations, enabling a reduction in costs and a containment of expenditure with a consequent maximisation of profit" (Court of Cassation, Section IV, 23 May 2018, no. 38363).

#### *"Group" interest*

The Court of Cassation (Section V, 17 November 2010 - 18 January 2011, P. M. Court of Bari, Trial Tosinvest Servizi s.r.l. and others) addresses for the first time the controversial issue of the criteria for imputation of administrative liability governed by Legislative Decree no. 231 of 2001 to the *holding company* or to the other companies belonging to a group in which one or more companies are directly subject to the aforesaid liability by virtue of criminal conduct committed by persons who hold a qualified position within the group pursuant to Article 5, paragraph 1.

The Court's ruling on the merits previously intervened on a profile completely ignored by the current regulatory system, despite the diffusion of the phenomenon of corporate groups in the modern economic organisation, had already partially marked, albeit with different connotations, the guidelines for the extension of administrative liability to the various components of a business group.

An initial limit to the expansive nature of the aforesaid liability has been identified in the subjective imputation criterion postulated by the Decree, according to which there must be a qualified relationship between the entity (be it the holding company, the parent company or the subsidiary) whose position is being discussed and the perpetrator of the predicate offence, who must play a "top" role within the entity or a subordinate role vis-à-vis the persons exercising management or supervisory prerogatives therein (Court of Milan, 20 December 2004, in *www.rivista231.it*; Court of Milan, 14 December 2004, Cogefi, in *Foro It.*, 2005, II, 527).

A further factor for the extension of liability was subsequently identified in the so-called "group interest", evoked at times in the dimension attributed to it by the Civil Code, following the reform of corporate law, as well as by civil case law (Court of Milan, 20 September 2004, Ivri Holding Company and others, in *Foro It.*, 2005, 556), on other occasions starting from the imputation criteria outlined in the Decree (in particular in Articles 5, paragraph 2 - 12 paragraph 1, letter a) - 13 last paragraph) read in the light of the substantial connections existing between the various entities involved (Preliminary Investigations Magistrate Court of Milan, 26 February 2007, Fondazione M. and others, in *La responsabilità amministrativa delle società e degli enti*, 2007, 4, 139). From the point of view outlined above, since the entity is not liable only if the person who committed the offence acted in its own exclusive interest or that of third parties, it was decided to exclude, due to the inevitable effects that the conditions of the subsidiary have on the parent company, both that the advantages achieved by the subsidiary, as a consequence of the parent company's activity, can be considered achieved by a third party, as well as that the latter's activity can be said to be carried out in the exclusive interest of a third party (Court of Milan, 20 December 2004, cit.). In short, the liability of the legal person in which the perpetrator of the offence committed in the interest or to the advantage of other members of the same business combination occupies a qualified position, unfailingly postulates the existence of ties or links between the entities in question that do not allow the favoured entity to be classified as a third party, insofar as, upstream, the offence perpetrated is objectively intended to satisfy the interest of many subjects including the legal person responsible for the offending conduct (EPIDENDIO, sub *Article 5 of Legislative Decree no. 231 of 8 June 2001*, cit., 9458).

In the case before the Supreme Court, during the preliminary hearing, the trial Judge found that some components of the group of companies headed by the perpetrator of the contested corrupt conduct had derived an advantage from the same, while other companies, although attributable to the same financial group, would not have obtained any significant benefit, so that no charge could be envisaged for them pursuant to the Decree.

In the face of an appeal aimed at emphasising to the contrary the fact that, in reality, the natural person in a senior position indicted for bribery was also a de facto director of the companies identified as not involved, the Supreme Court judges explained the three conditions that must be met in order for the liability of an entity to be affirmed, i.e. the commission of one of the predicate offences provided for in the Decree, the commission of the offence by a person linked to the legal person by organisational-functional relationships, and finally the pursuit of an interest or the attainment of an advantage for the entity, both to be verified in concrete terms.

With specific reference to the holding company and the other companies of the group other than the one on whose behalf the perpetrator of the alleged offence has acted, the second of the three conditions outlined

above can be deemed to exist when the person acting on behalf of those companies collaborates with the natural person who has committed the predicate offence, not being a generic reference in this sense, in other words the entity's belonging to the same group of which the one directly affected by administrative liability is a member.

With regard to the further prerequisite of interest or advantage, the holding company or another group company may be held liable under the provisions of the Decree only where it obtains a potential or actual benefit, albeit not necessarily of a pecuniary nature, deriving from the commission of the predicate offence, which must in any case be ascertained in concrete terms.

Ultimately, the Supreme Court judge seems to endorse the argument according to which the interest of the legal entity (parent company, controlling company or subsidiary) in the commission of the alleged offence cannot be deduced from the asserted existence of a separate interest of the group to which the legal entity belongs, but rather from the concrete recognition of the interest pursued through the commission of the offence and from the verification of whether it also relates to the legal person in question, in the light of the links, in law or in fact, which exist with the various business combinations and in particular with the one to which the natural person who is the principal perpetrator of the offence directly relates.

### *The interest and/or advantage in culpable offences*

The legislation on the criminal liability of entities is generally based on predicate offences of a wilful nature.

The introduction of culpable offences in the field of safety in the workplace – with Law 123 of 3 August 2007 (“new” Article 25 *septies* later repealed and replaced by Article 300 of Legislative Decree 81 of 9 April 2008) – as well as of certain environmental offences (Article 25 *undecies*), has however once again brought to the fore the absolute centrality of the issue concerning the subjective matrix of imputation criteria.

From this point of view, if on the one hand it is argued that in culpable offences the conceptual interest/benefit pair must be referred not to unintended wrongful events, but to the conduct of the natural person in the performance of their activity, on the other hand it is argued that the culpable offence, from a structural point of view, does not reconcile with the concept of interest.

It follows, therefore, that in such a context it will at most be possible to hypothesise how the omission of dutiful conduct imposed by rules of a precautionary nature – intended to prevent accidents in the workplace – could result in a containment of business costs, susceptible to be qualified *ex post* as an “advantage” (think, for example, of the non-supply of PPE or the failure to update equipment dictated by the need to save money).

c) The criminal offence must have been committed by one or more qualified persons, i.e. “persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy”, or by those who “exercise, also *de facto*, the management and control” of the entity (persons in so-called “top positions”); or by “persons subject to the management or supervision of one of the top persons” (so-called “subordinates”).

The perpetrators of the offence from which an administrative liability may arise for the entity can be: 1) persons in a “top position”, such as, for example, the legal representative, the director, the general manager or the manager of an establishment, as well as persons who exercise, even *de facto*, the management and control of the entity; 2) “subordinate” persons, typically employees, but also persons external to the entity, who have been entrusted with a task to be carried out under the direction and supervision of top persons.

Where several persons take part in the commission of the offence (hypothesis of concurrence of persons in the offence *pursuant to* Article 110 of the Italian Penal Code), it is not necessary for the “qualified” person to carry out the typical action provided for by criminal law. It is sufficient that the same makes a knowingly causal contribution to the commission of the offence.

### **1.3. Subjective criteria of assigning liability**

The subjective criterion of attribution of responsibility materialises where the offence expresses a connotative direction of company policy or at least depends on an organisational fault.

The liability of the body, under the provisions of the Decree, is excluded, in the event that before the commission of the offence, it has adopted and effectively implemented an Organisation and Management Model (hereinafter also referred to as the "Model") suitable for preventing the commission of offences of the kind in question.

The liability of the entity, in this respect, is attributable to the "non-adoption or non-compliance with dutiful *standards*" relating to the organisation and activity of the entity; a defect attributable to corporate policy or structural and prescriptive deficits in the corporate organisation.

#### **1.4. Types of offences covered**

The operational scope of Legislative Decree 231/01 concerns the offences listed in Annex 2 to this document.

#### **1.5. Offences committed abroad**

Pursuant to Article 4 of the Decree, the entity may be held liable in Italy in connection with certain offences committed abroad.

The assumptions on which this responsibility is based are:

- a) the offence must be committed abroad by a party functionally linked to the Company;
- b) the Company must have its principal place of business in the territory of the Italian State;
- c) the company can only be held liable in the cases and under the conditions set forth in Articles 7, 8, 9 and 10 of the Italian Penal Code, and if the law states that the natural person responsible is punished at the request of the Minister of Justice, the company is only liable if the request is also formulated against the same;
- d) if the cases and conditions provided for by the aforementioned Articles of the Italian Penal Code exist, the company is liable provided that the authorities of the State of the place where the act was committed do not take action against it.

From another point of view, i.e. that of offences committed in Italy by entities governed by foreign law, it is worth remembering that according to the jurisprudence of legitimacy "the entity is liable, on a par with "anyone" – i.e. any natural person – for the effects of its "conduct", regardless of its nationality or the place where its head office is located or primarily carries out its operations, if the predicate offense was committed in the national territory (or should in any case be considered committed in Italy or applies in some of the cases in which national jurisdiction exists even in the event of a crime committed abroad), on the obvious condition that the additional criteria for attributing liability pursuant to Articles 5 and following of Legislative Decree no. 231/2001 are integrated. For this reason, it is entirely irrelevant that the decision-making centre of the entity is abroad and that the organisational gap occurred outside the national borders, just as, for the purposes of the jurisdiction of the Italian Public Prosecutor's Office, it is entirely irrelevant that an offence is committed by a foreign national resident abroad or that the planning of the offence took place across the border" (Court of Cassation, Section VI, 11 February 2020, no. 11626).

#### **1.6. Sanctions**

The administrative sanctions for administrative offences dependent on a crime are:

- financial sanctions;
- disqualifying sanctions;
- confiscation of assets;
- publication of the conviction sentence.

For the administrative offense resulting from a crime, the financial sanction is always applied. The court determines the financial sanction taking into account the seriousness of the fact, the degree of liability of the Company, as well as the activity carried out by it to eliminate or mitigate the consequences of the fact or to prevent the commission of further offences.

The financial sanction is reduced in cases where:

the perpetrator committed the offence essentially in their own interests or those of third parties and the company did not benefit as a result, or only benefited to a minimal extent;

the financial loss caused was particularly low;  
the company has made good the loss in full and has eliminated the harmful or dangerous consequences of the offence or, in any case, has taken effective action in that direction;  
the company has adopted and implemented an organisational model capable of preventing offences of the kind that have occurred.

Disqualifying sanctions apply when at least one of the following conditions is met:  
the company has derived a significant profit from the offence – committed by one of its employees or by a person in a top position – and the commission of the offence was determined or facilitated by serious organisational deficiencies;  
in the event of repeated offences.

In particular, the main disqualifying sanctions – applicable only to the offences referred to in Articles 24, 24 *bis*, 24 *ter*, 25, 25 *bis*, 25 *quater*, 25 *quater*<sup>1</sup>, 25 *quinquies*, 25 *septies*, 25 *octies*, 25 *novies*, 25 *undecies*, 25 *duodecies*, 25 *terdecies*, 25 *quaterdecies*, 25 *quinquiesdecies*, 25 *sexiesdecies* of the Decree – are:

- a ban from conducting business activities;
- suspension or revocation of the authorisations, licences or concessions needed in order to commit the offence;
- the prohibition to contract with the Public Administration, except to obtain the services of a public service;
- exclusion from benefits, loans, contributions, or subsidies and the potential revocation of those already granted;
- prohibition from advertising goods or services.

Where necessary, disqualifying sanctions may also be applied jointly.

The court ruling against the organisation always confiscates the proceeds or profit from the offence, except for the part that can be returned to the offended party. The rights acquired by third parties in good faith are not affected.

Confiscation may also take an “equivalent” form, i.e. where confiscation cannot be ordered in relation to the proceeds or profit of the offence, it may be ordered in relation to sums of money, goods or other utilities with a value equivalent to the proceeds or profit of the offence.

Publication of the conviction sentence may be ordered when a disqualification sanction is imposed on the Company.

If the conditions exist for application of a disqualifying measure that will interrupt the company’s business, instead of applying the measure, the courts may allow the company’s business to continue under the control of a court-appointed administrator for a period of time equal to the duration of the disqualifying measure that would have been applied, when at least one of the following conditions exists: a) the company carries out an essential public service whose interruption could seriously harm the community; b) taking into account the size of the company and the economic conditions of the territory in which it is located, interruption of the business could have significant repercussions on employment.

The profit arising from carrying out the business activity is confiscated.

Disqualifying sanctions may also be applied definitively.

Permanent disqualification from carrying out the activity may be applied if the company has made a considerable profit and has already been convicted, at least three times in the last seven years, to a temporary disqualification from carrying out the activity.

When the company has already been convicted and given the same punishment at least three times in the last seven years, the courts may permanently disqualify it from dealing with the Public Administration, or ban it from advertising goods or services.

If the company or an organisational unit of the company is permanently used only or mainly to allow or facilitate the commission of offences for which it will be held liable, a permanent disqualification from the business activity is always applied.

In this context, Article 23 of the Decree, which provides for the offence of “Failure to comply with disqualifying sanctions”, is also relevant.

This offence occurs if, in the performance of the Entity’s activity to which a disqualifying sanction has been applied, the obligations or prohibitions inherent in such sanctions are violated.

In addition, if the Entity derives a significant profit from the commission of the aforementioned offence, the application of disqualifying sanctions, even different and additional to those already imposed, is envisaged.

By way of example, the offence could be committed in the event that the Company, despite being subject to the disqualifying sanction of a ban to come into contract with the Public Administration, it nevertheless participates in a public tender.

### **1.7. Disqualifying and real precautionary measures**

As a precautionary measure, a disqualifying sanction or a preventive or disqualifying seizure may be imposed on the company subject to proceedings.

The precautionary disqualifying measure – which consists in the temporary application of a disqualifying sanction – is ordered where two requirements exist: a) in case of serious indications that the company is liable for an administrative offence committed as a result of an offence (serious indications exist where one of the conditions set out in Article 13 of the Decree are ascertained: the company has derived a significant profit from the offence – committed by one of its employees or by a person in a “top” position – and the commission of the offence was determined or facilitated by serious organisational deficiencies; in the event of a repetition of the offence;) b) in case of well-founded and specific elements that give rise to the concrete danger that offences of the same nature as the one for which proceedings are underway may be committed.

The actual precautionary measures take the form of preventive seizure and conservative seizure. Preventive seizure is ordered in relation to the proceeds or profit of the offence, where the offence is attributable to the company, regardless of whether there are serious indications of guilt against the company.

Conservative seizure is ordered in relation to movable or immovable assets belonging to the company, as well as in relation to sums or things owed to it, if there are reasonable grounds to believe that a lack of guarantees exists in relation to the payment of the financial sanction, the costs of the proceedings and any other sum due to the State treasury.

In this context, Article 23 of the Decree, which provides for the offence of “Failure to comply with disqualifying sanctions”, is also relevant.

This offence occurs if, in the performance of the Entity’s activity to which a precautionary disqualifying sanction has been applied, the obligations or prohibitions inherent in such sanctions are violated.

In addition, if the Entity derives a significant profit from the commission of the aforementioned offence, the application of disqualifying measures, even different and additional to those already imposed, is envisaged.

By way of example, the offence could be committed in the event that the Company, despite being subject to the disqualifying measure of a ban to come into contract with the Public Administration, nevertheless participates in a public tender.

## 1.8. Actions exempt from administrative liability

Article 6, paragraph 1 of the Decree provides for a specific form of exemption from administrative liability if the offence was committed by persons in a so-called “top position” and the Company proves that:

- the governing body has adopted and effectively implemented, prior to the commission of the offence, a Model capable of preventing the commission of offences of the kind committed;
- it has entrusted an internal body, the so-called Supervisory Board – endowed with autonomous powers of initiative and control – with the task of supervising the operation of and actual compliance with the Model in question, as well as ensuring that the same has been updated;
- the persons in a so-called “top position” committed the offence by fraudulently circumventing the Model; there was no omission or insufficient control on the part of the so-called Supervisory Board.

Article 6, paragraph 2 of the Decree also stipulates that the Model must meet the following requirements:

- identify the corporate risks, i.e. the activities within the scope of which offences may be committed;
- exclude the possibility that any person operating within the Company may justify their conduct by alleging ignorance of corporate regulations and avoid the possibility that, in the normal course of events, the offence may be caused by an error – also due to negligence or inexperience – in the assessment of corporate directives;
- introduce a suitable disciplinary system to punish non-compliance with the measures indicated in the Model;
- identify ways to manage financial resources suitable for preventing such offences from being committed;
- provide a system of preventive controls that cannot be circumvented except intentionally;
- set forth the obligation to provide information to the Supervisory Board appointed to supervise the proper functioning of and compliance with the Model.

Article 7 of the Decree provides for a specific form of exemption from administrative liability, in cases where the offence has been committed by so-called “subordinates”, but it is established that the Company, before the offence was committed, had adopted a Model capable of preventing offences of the same kind as the one that occurred.

Specifically, in order to be exempt from administrative liability, the company must:

- adopt a Code of Ethics that sets out principles of conduct in relation to offences; define an organisational structure capable of guaranteeing a clear and organic allocation of tasks, implementing a segregation of functions, and inspiring and controlling correct behaviour; formalise manual and computerised corporate procedures that regulate the performance of activities (the “segregation of duties” between those who perform crucial phases of a process at risk is a control tool particularly effective as a preventive measure);
- assign authorisation and signatory powers consistent with the defined organisational and operational responsibilities;
- communicate to personnel, in a capillary, effective, clear and detailed manner the Code of Ethics, the corporate procedures, the sanctions system, the authorisation and signatory powers, as well as all other appropriate tools to prevent the commission of unlawful acts;
- provide for an appropriate system of sanctions;
- set up a Supervisory Board characterised by adequate autonomy and independence, whose members have the necessary professionalism to perform the required activities;
- provide for a Supervisory Board capable of assessing the adequacy of the Model, supervising its operation, ensuring that it is updated, and operating with continuity of action and in close connection with the different corporate functions.

## 2. COMPANY HISTORY

MEDICA S.p.A. has been operating in the Mirandola biomedical district (in Emilia-Romagna, Italy) since 1985. Innovation and the development of new blood purification products have always been the Company's core business. Over the years, R&D activities have been complemented with a highly automated production capacity. MEDICA covers the full design and development of single-use medical devices and electro-medical machines.

In recent years, the drive to identify new products and high-margin markets has led MEDICA to launch the MEDICA Water Division, for the development and marketing of microbiological water filtration devices, and to start developing products for bioregenerative medicine.

Menfis, a division of MEDICA S.p.A., instead offers systems for chemohyperthermy, urodynamics, leucocytapheresis, hipec, gastrointestinal manometry, pHmetry and uroflowmetry.

MEDICA manufactures both OEM products and under its own brand for leading international dialysis players. It also manages its own market in several countries (including China and the USA) through established distributors. The product portfolio is extremely diversified in both disposable devices (dialysis filters, blood filters, haemoconcentrators, plasma filters, water filters, catheters, blood lines) and electro-medical devices (neonatal dialysis, CRRT, leucocytapheresis, oncology, gastroenterology, urodynamics). The Company's export focus is, on the other hand, common to all product lines, including automatic machines for the production of disposable medical devices.

### 2.1. Organisation and governance

The organisational structure of MEDICA S.p.A. is represented by the chart shown in Appendix 1 to this Document. The safety organisation is defined as required by law and identified within the Risk Assessment Document.

The governance model provides for a Board of Directors, whose Chairman is vested with the following powers, as per the Articles of Association. Management of employees and the conclusion and underwriting of loans with credit institutions, committing the Company without limitation of amount, providing any guarantees required.

A Director with the following powers:

- Representing the Company with insurance companies, underwriting policies for any risk up to the amount of € 40,000.00, submitting claims for damages, assisting in appraisals and accepting settlements, including by way of amicable settlement.
- Carrying out banking transactions, disposing of and withdrawing from the Company's accounts in favour of the same or of third parties through the issue of cheques or by correspondence, from both liquid assets and credit lines granted; Requesting provisional and definitive bank guarantees for participation in tenders; Endorsing bank cheques, bank drafts, postal and telegraphic money orders, vouchers and cheques of any kind and of any amount issued or received by the Company and converting them into cash; Discounting bills of exchange and any other security in lieu of money and signing the related administrative documents; Issuing bank receipts on account or as payment for the collection of Company invoices and presenting the same for collection; Signing and withdrawing funds, within the limits of credit granted to the Company by credit institutions; Handling the collection of credit; Providing formal notice to debtors, issuing bills of protest, serving injunctions, carrying out preventive and executory measures and, if necessary, revoking them.
- Overseeing the control and direction of the administration office, excluding personnel management;
- Representing the Company with entities for the administration and supply of electricity, water, gas, telephony services, postal and telecommunications services and the Internal Revenue Service.

A Director with the following powers:

- Developing agreements with companies worldwide that can supply products and/or services synergistic with MEDICA's products, with the power to stipulate sales and purchase and/or supply agreements;

- Representing the company vis-à-vis public and private entities for the participation in tenders of all kinds for the award of supplies, producing the required and necessary documentation, signing contracts and minutes necessary for stipulating agreements;
- Representing the Company for the subscription of equity investments in other companies deemed useful for the development of MEDICA products, up to an amount of € 100,000.00, and in any case in compliance with the provisions of the Articles of Association;
- Researching companies to develop and sign commercial and industrial cooperation agreements.

A Director with the following powers:

Responsibility for the Company's intellectual property sector. Entering into, amending and terminating agreements for the acquisition and granting of patents; entering into active and passive agreements for the exploitation, in any way, of patents and/or utility models and licences for the use of patents with or without exclusivity, up to an amount of € 25,000.00. Carrying out all the required actions in order to obtain the necessary authorisations in relation to the use in Italy and abroad of the Company's intellectual property, in relation to the products derived therefrom. Entering into contracts and agreements with public and private entities for collaboration in the study and research processes related to obtaining patents and trademarks; performing all operations necessary for the registration of the company's trademarks and patents and the maintenance of said registrations in all countries in which the Company's products are marketed, up to an amount of € 25,000.00.

A special attorney with the following powers:

- Following negotiations and concluding sales agreements with public and private entities, both in Italy and abroad, of products manufactured by the Principal Company and distributed by the Principal Company;
- Concluding and terminating agency and distribution agreements, both in Italy and abroad, for products manufactured by the Principal Company and distributed by the Principal Company;
- Concluding agreements for participation in trade fairs and congresses, both in Italy and abroad;
- Issuing statements concerning relations between the Company and third parties for the issuance of entry visas by the competent authorities;
- Concluding technical assistance agreements with public and private entities, both in Italy

and abroad;

A special attorney with the following powers:

- Following negotiations and concluding sales agreements with public and private entities, both in Italy and abroad, of products manufactured by the Principal Company and distributed by the Principal Company;
- Concluding and terminating agency and distribution agreements, both in Italy and abroad, for products manufactured by the Principal Company and distributed by the Principal Company;
- Concluding agreements for participation in trade fairs and congresses, both in Italy and abroad;
- Issuing statements concerning relations between the Company and third parties for the issuance of entry visas by the competent authorities;
- Concluding technical assistance agreements with public and private entities, both in Italy and abroad;

The supervision of activities relating to compliance with Legislative Decree no. 231/01 is implemented by means of a set of rules, procedures and organisational control structures aimed at enabling, through an adequate risk identification and management process, a correct and law-abiding conduct of business.

This system is reflected in this Organisational Model, defined and implemented by the Board of Directors, which periodically checks its adequacy and actual functioning, including through the support of the Supervisory Board.

The Board of Directors is also responsible for:

- The approval of the draft budget;
- The approval of extraordinary transactions and corporate restructuring;
- Deliberations on events or decisions with a legal/corporate/image impact;

- Deliberation on corporate risk/liability situations;
- Interaction with the Supervisory Board;
- The granting and revocation of powers of attorney and proxies.

The Board of Statutory Auditors is responsible for supervising compliance with the principles of proper administration and the adequacy of the organisational structure, the internal control system and the administrative and accounting system, as set forth in Article 2403 of the Italian Civil Code.

The statutory audit and certification of the financial statements is carried out by auditing companies.

## **Organisational Structure**

### **Board Members**

Luciano Fecondini (Chairman)

Chiara Stancari

Marco Fecondini

Letizia Bocchi

Andrea Moschetti (Independent Director)

### **Members of the Board of Auditors**

Anna Laura Mazza (Chairwoman)

Giuseppe Campadelli (Standing Auditor)

Riccardo Vergnanini (Standing Auditor)

Giuliano Malavasi (Alternate Auditor)

Matteo Luppi (Alternate Auditor)

### **Members of the Supervisory Board**

Marco Pala

Anna Laura Mazza

### **Main offices**

Giovanni Plasmati (CFO)

Chiara Stancari (Administration Manager)

Giuseppe Palumbo (Membranes and Filters R&D)

Davide Bagnoli (Head of Active Medical Devices R&D and Design)

Luca Roversi (Head of Disposable Medical Devices Production and R&D)

Antonio Rossetti (Head of QMS/RA)

Sergio Emiliani (Head of Marketing and Sales – Menfis Division)

Daniele Giubertoni (Head of Marketing and Sales – Blood Purification)

Marco Fecondini (Head of Marketing and Sales – MEDICA Water Division)

Marco Pala (Legal Office Manager)

Letizia Bocchi (Head of Patents and Trademarks)

### **Employer**

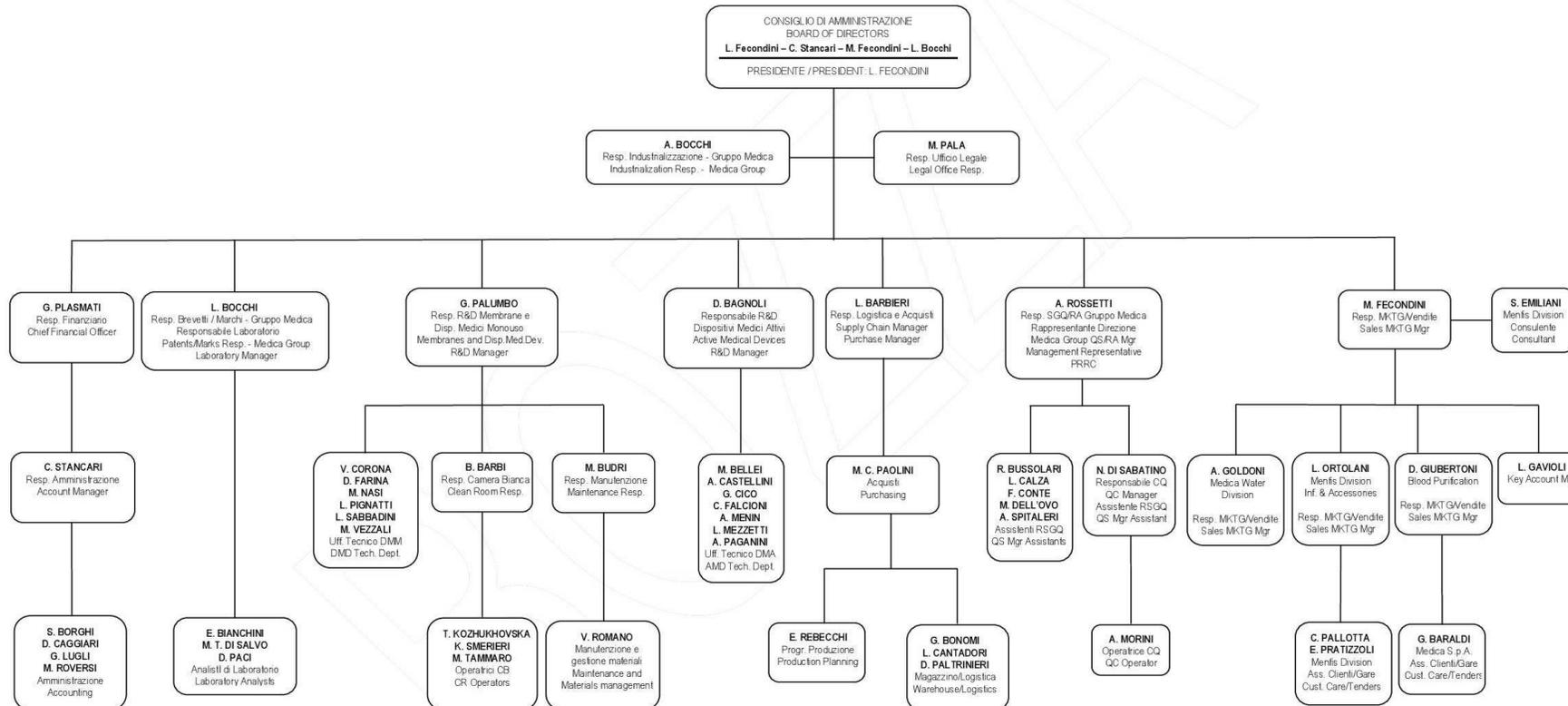
Luciano Fecondini

### **Auditing Company**

Ernst & Young

# MEDICA S.p.A. ORGANISATIONAL CHART

## ORGANIGRAMMA - ORGANIZATION CHART



TOTALE PERSONALE  
TOTAL STAFF **57** UNITA'  
UNITS

EMESSO IL  
ISSUED ON **09/02/2022**

DMM / DMD = DISPOSITIVI MEDICI MONOUSO / DISPOSABLE MEDICAL DEVICES  
DMA / AMD = DISPOSITIVI MEDICI ATTIVI / ACTIVE MEDICAL DEVICES

## 2.2. The Group

MEDICA exercises control over the following companies

Sarmed Srl	Production of filters and components for filtration and purification systems and equipment.
Tecnoideal Srl	Design, assembly and sale of medical devices for filtration.
Medica Mediterranee	Moulding, assembly and sterilisation of single-use medical devices.

MEDICA encourages the administrative bodies of its subsidiaries to adopt Model 231, by means of constant reminders and solicitations.

### 3. PURPOSE

In order to ensure conditions of fairness and transparency in the conduct of business and corporate activities, the Company deemed it necessary to adopt the Model in line with the provisions of Legislative Decree no. 231 of 2001.

The Model aims to describe the operating methods adopted and the responsibilities assigned in MEDICA S.p.A.

The Company believes that the adoption of this Model constitutes, over and above the legal requirements, a valid tool for raising awareness and informing all employees and all other stakeholders (consultants, partners, etc.).

The aims of the Model are therefore to:

- prevent and reasonably limit the possible risks associated with the Company's activities, with particular regard to risks related to illegal conduct;
- make all those who work in the name and on behalf of MEDICA S.p.A. in the areas of activity at risk, aware of the possibility of committing, if the provisions set out in the Model are violated, an offence punishable by criminal and/or administrative sanctions not only against them, but also against MEDICA S.p.A.;
- reiterate that MEDICA S.p.A. does not tolerate unlawful conduct;
- raise awareness of the serious consequences that could result for the Company (and thus indirectly for all stakeholders) from the application of the financial and disqualifying sanctions provided for in the Decree and of the possibility that these may also be ordered as precautionary measures;
- allow the Company to constantly monitor and carefully supervise activities, so as to be able to intervene promptly where risk profiles emerge and, if necessary, apply the disciplinary measures provided for in the same Model.

### 4. FIELD OF APPLICATION

The rules contained in the Model apply to those who perform, even de facto, managerial, administrative, direction or control functions in the Company, to shareholders and employees, as well as to those who, although not being part of the Company, operate on behalf of it or are contractually bound to it.

Consequently, persons holding senior positions will be addressees of the Model: 1) Chairman of the Board of Directors; 2) Directors; 3) Executives; 4) Auditors; 5) members of the Supervisory Board; among persons subject to the direction of others: 1) employees; 2) interns.

By virtue of specific contractual clauses and limited to the performance of the sensitive activities in which they may be involved, the following external parties may be the recipients of specific obligations, instrumental to the proper performance of the internal control activities provided for in this General Section:

- collaborators, agents and representatives, consultants and, in general, self-employed persons, to the extent that they operate within the areas of sensitive activities on behalf of or in the interest of the Company;
- suppliers and business partners (including in the form of a temporary association of companies, as well as joint ventures) operating in a significant and/or continuous manner within the areas of so-called sensitive activities on behalf of or in the interest of the Company.

So-called external persons must also include those who, although they have a contractual relationship with another Group company, in substance operate in a significant and/or continuous manner within the sensitive areas of activity on behalf of or in the interest of the Company.

MEDICA S.p.A. disseminates this Model through suitable means to ensure its effective knowledge and understanding by all those concerned.

The recipients of the Model are required to promptly comply with all of the provisions contained therein, also in fulfilment of the duties of loyalty, correctness, and diligence that arise from the legal relations established with the Company.

MEDICA S.p.A. condemns any conduct that does not comply not only with the law, but also and above all, as far as the matters contained here are concerned, with the Model and the Code of Ethics. This also applies when the illegal conduct has been carried out in the interest of the Company or with the intention of providing it with an advantage.

## **5. RISK ASSESSMENT IN MEDICA S.P.A. - UPDATE**

### **5.1. Summary of the project for the preparation and development of the Organisation, Management and Control Model, compliant with Legislative Decree 231/2001 for MEDICA S.p.A.**

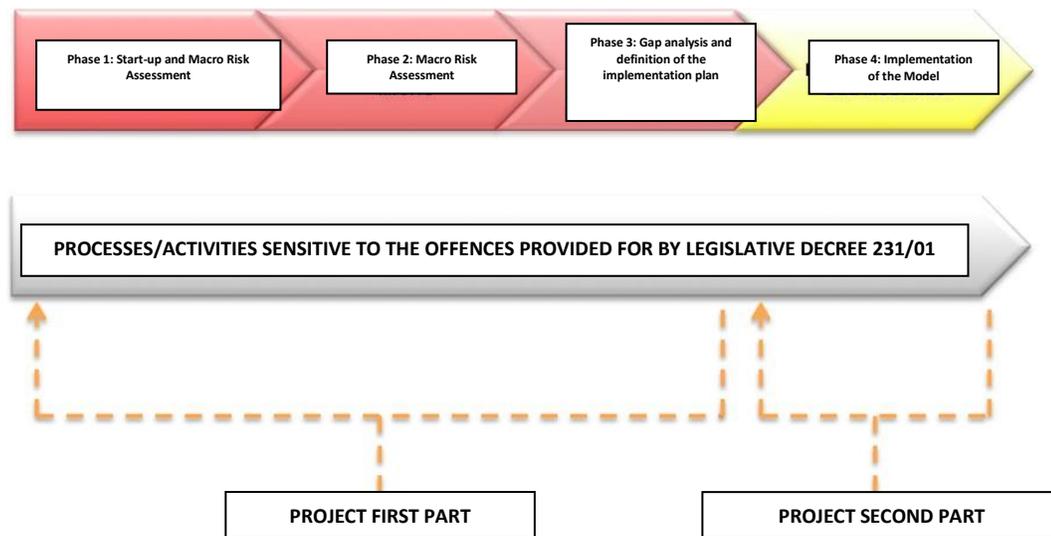
The 231 Working Group presented to the Company's Top Management the launch of the project aimed at developing the Company's Organisation, Management and Control Model (hereinafter also referred to as the "OMM"), pursuant to Article 6, paragraph 2, letter a) of Legislative Decree 231/01.

The OMM was created for MEDICA S.p.A., with registered office in Medolla (MO), Italy, in Via Degli Artigiani, 7.

During the course of the project, the 231 Working Group significantly involved the relevant corporate functions – in understanding, analysing and assessing, as well as sharing the various issues – with meetings and interviews aimed at gathering information on the Company detailed analysis and assessment of the risk areas. Moreover, periodic reports on the progress of the project and on any critical issues that emerged during the course of the project were provided.

The OMM preparation and development project was carried out over a period of 12 months (March 2013 - March 2014) and consisted of the following stages.

### **Figure 1: Organisation, Management and Control Model of MEDICA S.p.A. pursuant to Legislative Decree 231/2001**



**5.2. Phase 1: Start-up and Macro Risk Assessment**

This phase resulted in the following activities:

- Organisation, planning, communication and initiation of the project to prepare and develop the OMM;
- Collection of preliminary documentation/information;
- Analysis of the company and identification of the risk areas *pursuant to* Legislative Decree 231/01 (“macro areas” of sensitive activities) and the relevant corporate managers/roles involved;
- Analysis and assessment of MEDICA S.p.A.’s control environment to identify any deficiencies with respect to the key components of the OMM.

The subsequent phase produced specific planning, organisational, communication and initiation documentation for the preparation and development of the OMM.

**5.3. Phase 2: Macro Risk Assessment**

This phase resulted in the following activities:

- Detailed analysis of risk areas identified through interviews;
- Identification of the specific processes/activities sensitive to the offences provided for by Legislative Decree 231/01 that emerged from the detailed analysis of the areas (“macro areas” of sensitive activities);
- Risk assessment through the mapping of sensitive processes in terms of:
  - foreseeable and abstractly conceivable offences to which each process is exposed;
  - potential modes of implementation of the offence for each process;
  - organisational functions/corporate roles involved in the process;
  - level of coverage – preventive protocols – of the processes in terms of: power system, information systems, document procedures, reporting;
  - description of the process flow.

The mapping of processes has been reported within this General Section and within the individual Special Sections of the Organisation, Management and Control Model.

#### 5.4. Phase 3: *Gap analysis* and definition of the implementation plan

This phase resulted in the following activities:

- Identification of the framework of preventive protocols (systemic and specific) to be applied to each sensitive process (“macro areas” of sensitive activities) in order to prevent the commission of the offences provided for by Legislative Decree 231/01 and subsequent additions;
- Evaluation of the mapping of sensitive processes – carried out in Phase 2 – in order to identify the shortcomings of sensitive processes with respect to the framework of the preventive protocols identified (*Gap Analysis*);
- Definition of the plan of actions to be implemented for the development of the OMM within the Company, taking into account the shortcomings that emerged with respect to the processes (*Micro Risk Assessment*) and the recommendations provided in Phase 1 of the project with reference to the control environment and the macro components of the Model (*Macro Risk Assessment*).

The result of these activities has been reported within the General Section and within the individual Special Sections of the Organisation, Management and Control Model.

#### 5.5. Phase 4: Implementation of the Organisation, Management and Control Model for MEDICA S.p.A.

This phase resulted in the following activities:

- Implementation of the improvement action plan – defined in Phase 3 – which led to the definition, sharing and formalisation of:
  - The macro components of the OMM: The Code of Ethics, the Organisational Structure, the System of Delegations and Powers, the Sanctions System and the Supervisory Board Regulations;
  - preventive protocols – system-level and specific – and key processes for each “macro area” of sensitive activities, subject to detailed analysis in the relevant “Special Sections”.
- Formalisation of the Organisational, Management and Control Model pursuant to Legislative Decree 231/01, set out in full in the Annex to this Document.

The Organisational, Management and Control Model pursuant to Legislative Decree 231/01 was presented to Top Management and subsequently submitted to the Company’s Board of Directors and approved – in its first version – by resolution of the Board of Directors.

#### 5.6. Phase 5: Continuous updating and adaptation of the Organisation, Management and Control Model

Risk analysis must therefore be considered a dynamic activity so as to enable the Supervisory Board and the Company in general to be constantly aware of the risk elements associated with its management. It is therefore a matter of repeating the entire analysis cycle on all the Company’s activities, adding, if necessary, the legislative changes that have been implemented since the last update (e.g. new offences, new risk management methods, etc.) and the changes to processes resulting from the organisational interventions carried out and the evolution of the Company.

Ultimately, the risk profile should be recalculated by applying the Model and thus identifying both Inherent and Residual Risk.

In this updating process, the overall comparison between the current and previous risk profile is not relevant, as the two situations refer to organisational and legislative contexts that are not necessarily comparable.

Improvement or corrective actions will therefore be defined not so much on the basis of a differential between different risk profiles, but on the evidence shown by the updated risk analysis.

However, although an overall comparison is not meaningful, useful information regarding activities to be undertaken to prevent the commission of offences may be provided by differentials (positive or negative) in the riskiness of one or more activities. By evaluating why a certain activity has changed its residual risk, in fact, useful indications can be drawn as to the most appropriate areas of intervention.

This phase resulted in the following activities:

- Updating and adaptation the Organisation, Management and Control Model to regulatory changes.

The activity of updating and adaptation the OMM 231 is primarily attributable to the recent listing of the Company on the Euronext Growth Milan market<sup>2</sup>, as well as to the results of the audits conducted by the Supervisory Board and the needs that emerged when applying the Model itself.

In particular, this update focuses on the risks attributable to the Company's operations in an MTF, namely:

- Introduction of Article 25 *sexies* concerning market abuse offences by including the following offences in the catalogue of predicate offences:
  - o Abuse of inside information (Article 184 of Legislative Decree no. 58 of 24.02.1998);
  - o Market manipulation (Article 184 of Legislative Decree no. 58 of 24.02.1998);
- Implementation of Article 25 *ter* concerning corporate offences by including the following offences in the catalogue of predicate offences:
  - o False corporate communications by listed companies (Article 2622 of the Italian Civil Code);
  - o Obstruction of supervisory functions (Article 2638).

The Organisational, Management and Control Model pursuant to Legislative Decree 231/01 was presented to the Company's Top Management and subsequently submitted to the Company's Board of Directors and approved – in its subsequent versions updated and adapted to the applicable organisational and regulatory changes – by resolutions of the Board of Directors.

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<sup>2</sup> Multilateral trading system organised and managed by Borsa Italiana S.p.A. ("Euronext Growth Milan").

## 6. STRUCTURE AND ARTICULATION OF THE MODEL

### 6.1. Reference models

The present Model is inspired by the document "Guidelines for the construction of organization, management, and control models pursuant to Legislative Decree No. 231/2001" approved by Assobiomedica, now Confindustria Dispositivi Medici, and updated in 2013, as well as the "Guidelines for the construction of organization, management, and control models adopted pursuant to Legislative Decree No. 231/01' approved by Confindustria on 7th March 2002 (updated March 2014).

The fundamental phases identified by the Guidelines for the construction of the Models can be summarized as follows:

- the first phase involves risk identification, which is the analysis of the company's context to highlight where (in which area/sector of activity) and how events that may harm the objectives indicated by the Decree can occur;
- a second phase consists of the design of the control system (so-called protocols for planning the formation and implementation of the entity's decisions), i.e. the evaluation of the existing system within the entity and its possible adaptation, in terms of its capacity to effectively counteract, i.e. reduce to an acceptable level, the identified risks.

From a conceptual point of view, risk reduction involves the obligation to intervene on two determining factors:

1) the probability of the event occurring; 2) the impact of the event.

To operate effectively, the system outlined cannot, however, be reduced to an occasional activity, but must be translated into a continuous process to be repeated with particular attention in times of corporate change.

It should also be noted that a prerequisite for the establishment of an adequate preventive control system is a definition of what is considered "*acceptable risk*".

If in the context of designing control systems to protect against *business* risks, a risk is deemed acceptable when the additional controls would cost more than the resource being protected (e.g. ordinary cars equipped with an anti-theft device and not also with an armed guard). In the context of Legislative Decree No. 231 of 2001, however, the economic cost logic cannot be the sole reference point to determine risk acceptability. It is therefore important that for the purposes of applying the regulations of the decree, an effective threshold is defined to set a limit on the quantity/quality of preventative measures to be implemented to avoid the commission of the considered offences. Without first determining an acceptable level of risk, the number and quality of preventive controls that can be put in place become practically infinite, leading to potential operational challenges for the company. Furthermore, the general principle, applicable in criminal law as well, of the concrete enforceability of behaviour, summarised by the Latin maxim *ad impossibilia nemo tenetur*, (no one is bound to do the impossible), serves as an essential reference point, even though it can be challenging to determine its concrete limit in practice.

The aforementioned notion of 'acceptability' refers to the risks of deviating from the rules of the organisational model and does not include the underlying risks to the health and safety of workers. According to the principles of current prevention legislation, these risks must be completely eliminated based on the knowledge gained from technological advancements. If complete elimination is not possible, they should be minimised and managed accordingly.

Concerning the preventive control system to be established regarding the risk of committing offences covered by the Legislative Decree No. 231 of 2001, the conceptual threshold of acceptability, in cases of intentional offences, is represented by a **prevention system with robust enough measures, such that it cannot be circumvented except fraudulently**. This solution is in line with the concept of "fraudulent evasion" of the organisational model, which is stated as an exemption in the aforementioned legislative decree for the purpose of excluding the administrative liability of the organisation (Article 6, paragraph 1, letter c), "*persons have committed the offence by fraudulently circumventing the organisational and management models*").

On the other hand, in cases of culpable manslaughter and culpable personal injury committed in violation of occupational health and safety regulations, the conceptual threshold of acceptability, for the purposes of the exemption under Legislative Decree no. 231 of 2001, is represented by the occurrence of conduct (not accompanied by the intention of causing death or personal injury) that violates the preventative organisational model (and the underlying mandatory compliance required by safety regulations) despite the diligent observance of supervisory obligations prescribed by Legislative Decree no. 231 of 2001 by the designated supervisory board. This is because fraudulent evasion of organisational models is incompatible with the subjective element of the offences such as culpable manslaughter and culpable personal injury, referred to in Articles 589 and 590 of the Penal Code.

According to the Guidelines, the establishment of a risk management system should be based on the assumption that offences may still be committed even after implementing the organisational model. That is, in the case of intentional offences, the organisational model and its related measures must be designed in a way that the perpetrator not only intends to commit the crime (e.g. bribe a public official), but can carry out their criminal intent only by fraudulently circumventing (e.g. using tricks and/or deception) the indications provided by the organisation. The set of measures that the perpetrator, if they intend to commit an offence, will have to "override" must be designed in relation to the specific activities of the organisation considered at risk and the individual crimes potentially associated with them. In the case of culpable offences, they must be intended by the agent only as conduct and not as an event.

The methodology for implementing a risk management system set out below has general applicability.

The procedure described can in fact be applied to various types of risk: legal, operational, financial reporting, etc. This feature makes it possible to use the same approach even if the principles of Legislative Decree no. 231 of 2001 are extended to other areas. In particular, concerning the extension of Legislative Decree no. 231 of 2001 to include the offences of culpable manslaughter and serious or very serious culpable personal injury committed in violation of workplace health and safety regulations, it is essential to reiterate that the current legislative framework on the prevention of occupational risks lays down the fundamental principles and criteria for managing health and safety in a company. Therefore, in this context, the organisational model cannot disregard these prerequisites.

Of course, for those organisations that have already implemented internal self-assessment processes, even certified ones, the focus should be on applying them, if this is not already the case, to all types of risk and in accordance with all the methods outlined in Legislative Decree No. 231 of 2001. In this regard, it is important to remember that risk management is a developmental process that companies must activate internally in the manner they deem most appropriate, obviously in compliance with the obligations laid down by the legal framework. The models that will therefore be prepared and implemented at the company level will be the outcome of the documented methodological application by each individual organisation of the provided guidelines, tailored to their own internal context (organisational structure, territorial articulation, size, etc.) and external factors (economic sector, geographical area). These models will also take into account the potential individual crimes that could be associated with the specific activities of the organisation deemed at risk.

As for the operational methods of risk management, especially concerning which subjects/functional areas within the company can be assigned to it, there are essentially two possible methodologies:

- assessment by a corporate body carrying out this activity with the cooperation of *management*;
- self-evaluation by the *operational management* with the support of a tutor/ methodological facilitator.

According to the logical approach just outlined, the following operational steps will be explained to guide the Company in establishing a risk management system that aligns with the requirements imposed by Legislative Decree No. 231 of 2001. In describing this logical process, emphasis is placed on the relevant outcomes of the self-assessment activities carried out to achieve the implementation of the system.

#### *Inventory of the company's areas of activity*

The completion of this phase can be done using various approaches, including by activities, functions or processes. Specifically, it involves conducting a comprehensive periodic review of the company's operations to identify areas that may be affected by potential criminal scenarios. The goal is to pinpoint the areas that are susceptible to potential criminal offenses. In the case of crimes against the Public Administration, the company will need to identify areas that, due to their nature, have direct or indirect interactions with the national and foreign Public Administration. In this case, certain types of processes/functions will certainly be affected (e.g. sales to public administrations, management of concessions from local authorities, and so on), while others may not be or only marginally so. As for the offences of manslaughter and serious or very serious culpable personal injury committed in violation of workplace health and safety regulations, it is not possible to preclude any area of activity aprioristically, as this type of criminal scenario could potentially impact all aspects of the company.

As part of this process of reviewing the processes/functions at risk, it is advisable to identify the persons subject to monitoring, which, concerning intentional offences, in certain particular and exceptional circumstances, may also include those who are linked to the company through mere relationships of subordination, such as agents, or through other forms of collaboration, such as business partners, as well as their employees and collaborators.

Under this aspect, for culpable offences of manslaughter and personal injury committed in violation of workplace health and safety regulations, the subjects under monitoring include all the workers who are recipients of the same regulations.

In the same context, it is also advisable to carry out *due diligence procedures* whenever, during the risk assessment, 'indicators of suspicion' (e.g. conducting negotiations in territories with a high rate of corruption, particularly complex procedures, presence of new staff unknown to the entity) relating to a particular business transaction are detected.

Finally, it should be emphasised that each company/industry has its own specific areas of risk that can only be identified through a detailed internal analysis. Processes in the financial area hold a position of significant importance concerning the application of Legislative Decree No. 231 of 2001.

#### *Analysis of potential risks.*

The analysis of potential risks must take into account the possible ways in which offences may be committed in the various corporate areas (identified according to the process described in the previous point). The analysis, essential for designing effective preventative measures, should result in a comprehensive representation of how the criminal offences can be carried out in relation to the internal and external operational context in which the company operates. In this regard, it is useful to take into account both the company's history, i.e. its past events, and the characteristics of other entities operating in the same sector. Specifically, considering any offences committed within the same line of business is essential.

In particular, the analysis of the possible ways to commit offenses of manslaughter and serious or very serious culpable personal injury, in violation of workplace health and safety obligations, corresponds to the assessment of occupational risks carried out in accordance with the criteria set out in Article 28 of Legislative Decree No. 81 of 2008.

#### *Evaluation/construction/adaptation of the preventive control system*

The activities described above are completed with an evaluation of the existing preventive control system and its adaptation when this proves necessary, or the construction of a new system when the organisation does not have one in place. The preventive control system must be designed to ensure that the risks of committing offences, as identified and documented in the previous phase, are reduced to an "acceptable level," as defined in the introduction. In essence, this involves designing what Legislative Decree No. 231 of 2001 defines as "*specific protocols aimed at*

*planning the training and implementation of decisions of the entity in relation to the offences to be prevented".* The components of an internal (preventive) control system, for which well-established methodological references exist, are numerous.

However, it should be reiterated that, for all organisations, the system of preventive controls must be such that it:

- in the case of intentional offences, cannot be circumvented except by intent;
- in the case of culpable offences, which are incompatible with fraudulent intent, is still violated, even with diligent compliance with supervisory obligations by the designated supervisory board.

Based on the information provided, below are listed, with distinct reference to intentional and culpable offenses as outlined in legislative decree n. 231 of 2001, the **components (protocols) that are generally considered part of a preventive control system**, which should be implemented at the company level to ensure the effectiveness of the model.

## **A) Preventive control systems for intentional crimes**

The most relevant components of the control system, according to the Guidelines proposed by Confindustria, are:

- the Code of Ethics with reference to the offences considered;
- a formalised and clear organisational system, especially with regard to the allocation of responsibilities;
- the manual and computerized procedures (information systems) that regulate the execution of activities, including appropriate control points; in this context, a particular preventive effectiveness is achieved through the control tool represented by the separation of duties among those who perform critical phases (activities) of a high-risk process;
- the authorizing and signing powers assigned in alignment with the defined organisational and managerial responsibilities;
- the management control system capable of providing timely notification of the existence and emergence of general and/or specific critical situations;
- communication with and training of staff.

## **B) Preventive control systems for culpable manslaughter and personal injuries committed in violation of workplace health and safety regulations**

Notwithstanding what has already been stated regarding wilful criminal offences, in this context, the most relevant components of the control system are:

- the Code of Ethics (or Code of Conduct) with reference to the offences considered;
- an organisational structure with tasks and responsibilities related to health and safety at work formally defined in alignment with the company's organisational and functional framework, starting from the employer down to each individual worker. Particular attention should be paid to specific functions in this field.

This approach essentially means that:

- a)** in defining the organisational and operational tasks of the company management, executives, supervisors, and workers, those related to safety activities within their respective competencies, as well as their responsibilities associated with the exercise of these activities, should be explicitly specified;
- b)** in particular, the tasks of the person responsible for Prevention and Protection Service and any employees designated to supported the Prevention and Protection Service, the Worker's Safety Representative, those responsible for emergency management, and the competent physician should be documented;

- education and training: the performance of tasks that may affect health and safety at work requires adequate competence, which should be verified and nurtured through the provision of training and education. The purpose is to ensure that all personnel, at all levels, are aware of the importance of complying with the organisational model and of the possible consequences of actions that deviate from the rules set by the model. In concrete terms, each company worker/employee must receive sufficient and appropriate training with particular emphasis on their specific job and tasks. This training must occur during hiring, job transfers, changes in responsibilities, or the introduction of new work equipment, technologies, hazardous substances or preparations. The company should organise education and training according to periodically identified needs;

- communication and involvement: the circulation of information within the company holds significant value in promoting the involvement of all relevant parties and enabling awareness and commitment at all levels. Involvement should be achieved through:

- a) preliminary consultation regarding the identification and assessment of risks and the definition of preventive measures;
- b) regular meetings that take into account at least the requirements set out by current legislation, also using the meetings scheduled for company management.

- Operational management: the control system for occupational health and safety risks should integrate and be congruent with the overall management of business processes. The analysis of company processes and their interrelationships, along with the results of risk assessment, leads to the definition of methods for safely conducting activities that significantly impact health and safety at work. Once the company has identified the areas of intervention associated with health and safety aspects, it should exercise regulated operational management over them.

In this regard, particular attention should be paid to:

- a) the recruitment and qualifications of staff;
- b) organisation of work and workstations;
- c) acquisition of goods and services used by the company and communication of relevant information to suppliers and contractors;
- d) normal and extraordinary maintenance;
- e) qualification and selection of suppliers and contractors;
- f) emergency management;
- g) procedures for addressing non-compliance with set objectives and control system rules;

- Safety monitoring system: The management of health and safety at work should include a phase of verifying the maintenance of preventive and protective measures adopted and assessed as suitable and effective. The technical, organisational, and procedural prevention and protection measures implemented by the company should undergo planned monitoring.

The design of a monitoring plan should be developed through:

- a) time scheduling of checks (frequency);
- b) assignment of tasks and executive responsibilities;
- c) description of the methodologies to be followed;
- d) methods of reporting any non-compliant situations.

A systematic monitoring should, therefore, be provided, the methods and responsibilities of which should be established simultaneously with defining the methods and responsibilities of operational management.

This **first-level monitoring** is generally carried out by the internal resources of the organisation, either self-controlled by the operator or by the supervisor/manager, but may involve, for specialised aspects (e.g. instrumental checks), the use of other internal or external resources. It is also advisable that the verification of organisational and procedural measures relating to health and safety be carried out by the persons already defined in the allocation of responsibilities (generally managers and supervisors). Among these, particular importance is given to the Prevention and Protection Service, which is responsible for developing, to the extent of its competence, the control systems for the measures adopted.

It is also necessary for the company to conduct periodic **second-level monitoring** on the functionality of the adopted preventive system. Functionality monitoring should allow for the adoption of strategic decisions and be conducted by competent personnel who ensure objectivity, impartiality, and independence from the work sector subject to inspection.

According to the Confindustria's Guidelines, the components described above must be organically integrated into a system architecture that adheres to a series of control principles, including:

- *every operation, transaction, action must be verifiable, documented, consistent and congruous*: for each operation, there must be adequate documentary evidence on which checks can be carried out at any time to ascertain the characteristics of, and the reasons for, the operation, and to identify who authorised, executed, recorded and verified the operation;
- *no one can manage an entire process independently*: the system must ensure the application of the principle of separation of duties, whereby the authorisation to carry out a transaction, must be the responsibility of a person different from those who carry out the operation, perform operational tasks, or verify the operation;
- *documentation of controls*: the control system must document (possibly through the preparation of minutes) the execution of controls, including supervisory controls;

It is important to highlight that non-compliance with specific points of Confindustria's Guidelines does not in itself affect the validity of the Model. In fact, each individual Model, being designed to address the specific circumstances of the company it refers to, may well deviate in certain specific points from the Guidelines (which, by their nature, are general), when this is necessary to better ensure the protection required by the Decree.

Based on this observation, the exemplary remarks contained in the Appendix of the Guidelines (so-called *case studies*) as well as the concise list of control tools provided therein should also be considered and evaluated.

### C) Preventive control systems in environmental offences

Notwithstanding what has already been stated regarding wilful criminal offences, in this context, the most relevant components of the control system are:

- the Code of Ethics (or Code of Conduct) with reference to the offences considered;
- an organisational structure with tasks and responsibilities in environmental matters formally defined in coherence with the company's organisational and functional framework, starting from the legal representative to the individual worker. Particular attention should be paid to specific functions in this field.

This approach essentially means that:

- a) in defining the organisational and operational tasks of company management, executives, supervisors, and workers, the tasks related to environmental activities within their respective competence should also be explicitly stated, along with the responsibilities associated with carrying out those activities;

- b) in particular, the tasks of the RSGA (EMS -Environmental Management System) Manager should be documented;

- information, training, and education: Performing tasks that may impact environmental aspects require adequate competence, which should be verified and enhanced through the provision of training and education aimed at ensuring that all personnel, at every level, are aware of the importance of complying with the organisational model and the potential consequences of deviating from the rules established by the model. In concrete terms, all those involved must receive sufficient and adequate training with particular reference to their workplace and their tasks. This training must occur during hiring, job transfers, changes in responsibilities, or the introduction of new work equipment, technologies, hazardous substances or preparations. The company must organise education and training in accordance with periodically determined needs and must document this through records (to be kept on file) that indicate the content of the courses, the mandatory nature of participation, and attendance checks;

- communication and involvement: The circulation of information within the company is of significant importance to promote the engagement of all relevant parties and ensure adequate awareness and commitment at all levels. Involvement should be achieved through:

- a) preliminary consultation regarding the identification and assessment of risks and the definition of preventive measures;
- b) regular meetings that take into account at least the requirements set out by current legislation, also using the meetings scheduled for company management.

- operational management: the control system for environmental risks should integrate and be congruent with the overall management of business processes.

In this regard, particular attention should be paid to:

- a) the recruitment and qualifications of staff;
- b) organisation of work and workstations;
- c) acquisition of goods and services used by the company and communication of relevant information to suppliers and contractors;
- d) normal and extraordinary maintenance;
- e) qualification and selection of suppliers and contractors;
- f) procedures for addressing non-compliance with set objectives and control system rules.

Environmental profile monitoring system: The management of environmental protection should include a phase of verifying the maintenance of the preventive and protective measures adopted and assessed as suitable and effective. The technical, organisational, and procedural prevention and protection measures implemented by the company should undergo planned monitoring.

The design of a monitoring plan should be developed through:

- a) time scheduling of checks (frequency);
- b) assignment of tasks and executive responsibilities;
- c) description of the methodologies to be followed;
- d) methods of reporting any non-compliant situations.

A systematic monitoring should, therefore, be provided, the methods and responsibilities of which should be established simultaneously with defining the methods and responsibilities of operational management.

This **first-level monitoring** is generally carried out by the internal resources of the organisation, either self-controlled by the operator or by the supervisor/manager, but may involve, for specialised aspects (e.g. instrumental checks), the use of other internal or external resources. It is also advisable that the verification of organisational and

procedural measures relating to health and safety be carried out by the persons already defined in the allocation of responsibilities (generally managers and supervisors).

It is also necessary for the company to conduct periodic **second-level monitoring** on the functionality of the adopted preventive system. Functionality monitoring should allow for the adoption of strategic decisions and be conducted by competent personnel who ensure objectivity, impartiality, and independence from the work sector subject to inspection.

The components described above must be organically integrated into a system architecture that adheres to a series of control principles, including the following:

- every operation, transaction, action must be verifiable, documented, consistent and congruous: for each operation, there must be adequate documentary evidence on which checks can be carried out at any time to ascertain the characteristics of, and the reasons for, the operation, and to identify who authorised, executed, recorded and verified the operation;
- no one can manage an entire process independently: the system must ensure the application of the principle of separation of duties, whereby the authorisation to carry out a transaction, must be the responsibility of a person different from those who carry out the operation, perform operational tasks, or verify the operation;
- documentation of controls: the control system must document (possibly through the preparation of minutes) the execution of controls, including supervisory controls.

## **6.2. Structure and rules for the approval of the model and its updates**

For the preparation of the Model, the approach followed is in line with the methodology proposed by Confindustria's Guidelines:

- the identification of so-called *sensitive* activities was carried out by a prior examination of the company's documentation (articles of association, regulations, organizational charts, powers of attorney, job descriptions, organisational provisions, and communications) and through a series of interviews with individuals responsible for various sectors of the company's operations (i.e., heads of different functions). The analysis was aimed at identifying and evaluating the actual performance of activities in which illicit behaviours could potentially lead to the risk of committing the presumed crimes. At the same time, an evaluation was conducted on the existing control measures, including preventive ones, and any potential issues that could be subject to subsequent improvement;
- to design and implement the necessary actions for improving the control system and adapting it to the purposes pursued by the Decree, taking into account the Guidelines of Confindustria, as well as the fundamental principles of separating duties and defining authorisation powers consistent with assigned responsibilities. During this phase, particular attention was devoted to identifying and regulating the processes of financial management and control in the activities at risk;
- to define protocols in cases where a risk hypothesis has been identified as valid. In this regard, decision-making protocols and implementation protocols have been defined, which express the set of rules and discipline that the individuals responsible for the operational aspects of these activities have deemed most suitable for managing the identified risk profile. The principle adopted in constructing the control system is that the conceptual threshold of acceptability is represented by a prevention system that cannot be bypassed except fraudulently, as already indicated in the Guidelines proposed by Confindustria. The protocols are inspired by the rule of making the various phases of the decision-making process documented and verifiable, so that it is possible to trace back to the motivation that guided the decision.

The key steps of the Model are therefore:

- the mapping of the company's at-risk activities, i.e. those activities in which the commission of the crimes specified in the Decree is possible;
- the provision of adequate control mechanisms to prevent the commission of the offences specified in the Decree;
- the *ex post* verification of company behaviours, as well as the functioning of the Model, with consequent periodic updating;
- the dissemination and involvement of all levels within the company in implementing behavioural rules and established procedures;
- the assignment to the Supervisory Board of specific supervisory tasks on the effective and correct functioning of the Model;
- the creation of a Code of Ethics.

The Model, while maintaining its specific purposes as described earlier and related to the exemption provided by the Decree, is integrated into the broader existing control system adopted to provide reasonable assurance regarding the achievement of company objectives in compliance with laws and regulations, reliability of financial information, and safeguarding of assets, including protection against potential fraud.

In particular, with reference to the so-called *sensitive* areas of activity, the Company has identified the following key principles of its Model, which regulate such activities and serve as direct tools for planning the training and implementation of the Company's decisions and ensuring adequate control over them, also in relation to preventing crimes:

- separation of duties through a correct distribution of responsibilities and the provision of appropriate authorisation levels, in order to avoid functional overlaps or operational allocations that concentrate critical activities on a single individual;
- clear and formalised assignment of powers and responsibilities, with explicit indication of the limits of exercise and in line with the assigned tasks and positions within the organisational structure;
- no significant operation can be undertaken without authorisation;
- existence of suitable behavioural rules to ensure that business activities are carried out in compliance with laws and regulations and the integrity of the company's assets;
- adequate procedural regulation of so-called *sensitive* business activities, so that: Operational processes are defined, providing adequate documentary support to ensure that they are always verifiable in terms of appropriateness, coherence, and responsibility; Decisions and operational choices are always traceable in terms of characteristics and motivations, and those who have authorised, carried out, and verified individual activities can always be identified; Adequate management methods for financial resources are ensured to prevent the commission of crimes; Control and supervision activities carried out on company transactions are conducted and documented; Mechanisms of security are in place to ensure adequate protection of physical and logical access to data and company assets; The exchange of information between contiguous phases or processes occurs in a way that guarantees the integrity and completeness of managed data.

The principles described above appear to be consistent with the Guidelines provided by Confindustria and are deemed by the company to be reasonably effective in preventing the crimes referred to in the Decree.

For this reason, the company considers it essential to ensure the correct and concrete application of the above-mentioned control principles in all the identified and so-called *sensitive areas* of business activity as outlined in the Special Sections of this Model.

### 6.3. Foundations and contents of the model

The Model prepared by MEDICA S.p.A. is based on:

- the Code of Ethics, intended to establish general guidelines of conduct;

- the organisational structure that defines the assignment of tasks - providing, as far as possible, the separation of functions or alternatively compensatory controls - and the individuals responsible for monitoring the correctness behaviour;
- the mapping of sensitive company areas, meaning the description of those processes in which it is more likely for crimes to be committed;
- the instrumental processes to sensitive company areas, meaning those processes through which financial instruments and/or substitute means are managed, capable of supporting the commission of crimes in the areas at risk of crime;
- the use of formalized company procedures aimed at regulating the correct operative methods for making and implementing decisions in the different sensitive company areas;
- the indication of the persons intervening to supervise these activities, in the hopefully distinct roles of both executors and controllers, for the purpose of a segregation of management and control tasks;
- the adoption of a system of delegations and company powers, consistent with the assigned responsibilities, ensuring a clear and transparent representation of the company's process of decision-making and implementation, following the requirement of having a single person in charge of the function;
- the identification of methodologies and tools that ensure an adequate level of monitoring and control, both direct and indirect. The first type of control is entrusted to specific operators of a given activity and the supervisor, while the second control is entrusted to the management and the Supervisory Board;
- the specification of informational supports for the traceability of monitoring and control activities (e.g. forms, records, reports, etc.);
- the definition of a punishment system for those who violate the rules of conduct established by the Company;
- the implementation of a plan: 1) training of managerial staff and middle managers working in sensitive areas, of directors and of the Supervisory Board; 2) information of all other stakeholders;
- the establishment of a Supervisory Board assigned the task of monitoring the effectiveness and proper functioning of the model, its consistency with the objectives and its periodic updating.

The model documentation consists of the following parts:

General part - description of the Model and the

Company General Part (Internet version)

Special Section A - Code of Ethics

Special Section B - Punishment system.

Special Section C - Offences against the Public Administration and against the State

Special Section D - Offences relating to counterfeiting money and public bonds

Special Section E - Corporate offences

Special Section F - Offences relating to receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering

Special Section G - offences against industry and trade

Special Section H - Transnational offences referred to in Law no. 146 of 16 March 2006.

Special Section I - offences related to safety in the workplace

Special Section K - offences related to computer crime

Special Section L - copyright infringement offences

Special Section M - organised crime offences

Special Section M - Offences involving the inducement not to make statements or to make false statements to the judicial authority

Special Section O - offences against the individual

Special Section P - Offence relating to the employment of illegally staying third-country nationals

Special Section Q - Environmental offences

Special section R - tax offences

Special Section S - Smuggling offences  
Special Section T - Market abuse offences  
Risk Assessment  
Information flow procedure

#### **6.4. Code of Ethics**

The Code of Ethics is the document drawn up and adopted independently by MEDICA S.p.A. to communicate to all stakeholders the principles of corporate ethics, commitments and ethical responsibilities in the conduct of business and corporate activities with which the Company intends to comply. This is expected of all those who work for MEDICA S.p.A. and have contractual relations with it.

The principles and rules of conduct contained in this Model are integrated with what is expressed in the Code of Ethics adopted by the Company, although the Model, for the purposes it intends to pursue in implementation of the provisions of the Decree, has a different scope compared to the Code itself. Both documents, moreover, draw inspiration from the provisions contained in the MedTech Europe Code of Ethics (December 2016 version) and the Confindustria Medical Devices Code of Ethics (September 2020 version) to the extent they are compatible.

It should be clarified that the Code of Ethics is a tool adopted autonomously by the Company and is applicable on a general level with the purpose of expressing a set of corporate ethical principles that the Company recognizes as its own, and to which it intends to call for compliance from all its employees and anyone else cooperating in the pursuit of corporate objectives, including suppliers and customers. On the other hand, the Model responds to specific requirements contained in the Decree, aimed at preventing the commission of particular types of offenses committed seemingly in the interest or advantage of the company, which may result in administrative liability under the provisions of the same Decree. However, considering that the Code of Ethics also encompasses principles of conduct suitable for preventing the illicit behaviours referred to in the Decree, it becomes relevant for the Model, and thus formally constitutes an integral component of the same Model.

The Company's Code of Ethics is set out in "Special Section A: Code of Ethics".

#### **6.5. Sensitive activity areas, instrumental processes and decision-making process**

The decision-making process relating to sensitive areas of activity must conform to the following criteria:

- every decision concerning operations within the areas of sensitive activities, as identified below, must be set out in a written document;
- there can never be subject identity between the individual who decides on the execution of a process within a sensitive area of activity and the one who actually carries it out and completes it;
- there can never be a subject identity between those who make decisions and carry out a process within a sensitive area and those who have the authority to allocate the necessary economic and financial resources to it.

Below are the main sensitive activities and instrumental processes, which are analysed in detail in the relevant special sections.

For offences against Public Administration and against the State (special section C):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For offences related to counterfeiting money, public credit cards, revenue stamps and identification instruments signs (special section D):

sensitive macro-activities:

*omitted*

For corporate offences (Special section E):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For offences of receiving stolen goods, money laundering and using money, goods or benefits of illicit origin, as well as self-laundering (Special section F):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For offences against industry and trade (Special section G)

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For transnational offences under Law 146/2006 (Special section H)

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For offences related to safety in the workplace (special section I):

sensitive macro-activities:

*omitted*

For offences relating to computer crime and unlawful processing of data (special section K)

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For copyright infringement offences (special section L)

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For offences relating to organised crime (special section M)

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For the offence referred to in Article 377 bis of the Penal Code (special section N)

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For offences against the individual (special section O):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For the offence of employing third-country nationals whose stay is irregular (special section P):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For environmental offences (special section Q)

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For tax offences (special section R):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For smuggling offences (special section S):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

For market abuse offences (special section T):

sensitive macro-activities:

*omitted*

instrumental processes:

*omitted*

Regarding:

- offenses with the purpose of terrorism or subversion of the democratic order (Art. 25 *quater* of the Decree);
- offences consisting of female genital mutilation (Article 25 *quater*. 1 of the Decree);
- offences of xenophobia and racism (Article 25 *terdecies* of the Decree).
- offences of fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25 *quaterdecies* of the Decree).

it has been considered that the specific activities carried out by the company do not present risk profiles that reasonably justify the possibility of their commission in the company's interest or advantage.

In this regard, the reference to the principles contained in this General Section of the Model and in the Code of Ethics is considered exhaustive. These principles bind the Addressees of the Model to uphold values of solidarity, morality, respect for the laws, and integrity.

**6.5.1. Archiving of documentation related to sensitive activities and instrumental processes**

The activities carried out within sensitive activities and instrumental processes are adequately formalised, with particular reference to the documentation prepared during their implementation

The documentation described above, produced and/or available in paper or electronic format, is archived in an orderly and systematic manner by the functions involved in them, or specifically identified in detailed procedures or work instructions.

Adequate security measures are put in place to safeguard the company's documentary and informational assets, aiming to mitigate the risks of loss and/or alteration of documentation related to sensitive activities and instrumental processes, as well as to prevent unauthorised access to data/documents.

**6.5.2. Information systems and computer applications**

In order to ensure the integrity of data and the effectiveness of information systems and/or computer applications used for carrying out operational or control activities in sensitive areas or instrumental processes, or in support of them, the presence and operation of the following are guaranteed:

- systems for user profiling in relation to access to modules or environments;
- rules for the correct use of company information systems and aids (hardware and software supports);
- automated mechanisms for controlling access to systems;
- automated mechanisms for blocking or inhibiting access.

**6.6. Delegation and powers system**

The authorisation system, which translates into a structured and consistent system of functions delegation and procurations within the Company, must comply with the following provisions:

- the delegations must align each management power with the corresponding responsibility and a suitable position in the organisational chart and be updated in response to organisational changes;
- each delegation must specifically and unambiguously define and describe the management powers of the delegate and the hierarchical reporting structure to which the delegate is accountable;
- the management powers assigned with the delegations and their implementation must be consistent with the company's objectives;
- the delegate must have spending powers appropriate to the functions conferred upon him/her;
- the power of attorney can only be given to individuals who have an internal functional delegation or a specific assignment. It should clearly outline the extent of their authority to represent the company and, if applicable, specify any numerical spending limits;
- only individuals with specific and formal powers are authorised to undertake obligations on behalf of and for the company with third parties;
- all those who have dealings with the Public Administration must be provided with a proxy or power of attorney to that effect;
- the Articles of Association define the requirements and procedures for appointing the manager in charge of preparing the accounting and corporate documents.

The delegation and authority system of MEDICA S.p.A. is an integral and substantial part of the Model.

All the powers granted through delegation or exercise of authority exactly correspond to the duties and responsibilities as stated in the Company's organisational chart.

## **6.7. Information and training**

### **6.7.1. Information**

To ensure the effectiveness of the Model, MEDICA S.p.A. aims to ensure that all Addressees have a correct understanding, considering their different levels of involvement in sensitive processes.

To this end, MEDICA S.p.A. will disseminate the Model through the following general methods:

- the creation of specific web pages on the company's website, constantly updated, whose contents mainly concern:
  - 1) general information relating to the Decree and the guidelines adopted for the preparation of the Model;
  - 2) the structure and main operational provisions of the Model adopted by MEDICA S.p.A.;
  - 3) the procedure for reporting to the Supervisory Board and the standard form for communication - by senior managers and employees - of any behaviours by other employees or third parties that are considered potentially in conflict with the contents of the Model.

At the time of adopting the Model, a communication will be sent to all employees indicating that MEDICA S.p.A. has implemented an Organizational, Management, and Control Model in accordance with the Decree. The communication will direct employees to the company's website for further details and in-depth information.

New employees will receive a specific information document about the adopted Model, which includes an informative note in the body of their employment letter, dedicated to the Decree and the features of the adopted Model.

### **6.7.2. Information to external collaborators and partners**

All subjects external to the Company (consultants, partners, suppliers, etc.) will be duly informed about the adoption, by MEDICA S.p.A., of a Model including a Code of Ethics. To this end, MEDICA S.p.A. will communicate to all the mentioned subjects the existence of the internet address where they can view the Model and the Code of Ethics. They will also be asked for a formal commitment to comply with the provisions contained in the aforementioned documents.

With regard to external consultants who permanently collaborate with MEDICA S.p.A., MEDICA S.p.A. shall make contact with them and ascertain, through detailed checks, that they are familiar with the company's Model and are willing to comply with it.

### **6.7.3. Communication to Group Companies**

The companies within the Group must be informed of the content of the Model and of MEDICA S.p.A.'s interest in ensuring that the behaviour of all Group companies complies with the provisions of the Decree. For this purpose, the adoption of this Model is communicated to them at the time of its adoption.

### **6.7.4. Training**

The contents of the training programs must be reviewed and endorsed by an external consultant, who is an expert in matters of corporate criminal liability (Legislative Decree No. 231/2001) or, more generally, in criminal law matters. The consultant will also work in collaboration with the Supervisory Board.

Formal records of training must be kept.

### **6.7.5. Training of staff in 'top' positions**

Training of personnel in top positions, including members of the Supervisory Board, is carried out through training and refresher courses, with mandatory participation and attendance, as well as a final evaluation test - which may also be conducted orally - to assess the quality of the received training activity.

The training and updating sessions must be scheduled at the beginning of the year, and for newly co-opted Board of Directors members or any newly hired individuals in top positions, the training will also include information provided in the employment letter.

The training for individuals in top positions must be divided into two parts: a "general" part and a "specific" part.

The "general" part must contain:

- references to legal, jurisprudential, and *best practice* standards;
- administrative liability of the organisation: purpose, *rationale* of the Decree, nature of liability, novelties in the regulatory framework;
- addressees of the decree;
- presuppositions for imputation of liability;
- description of predicate offences;
- types of punishments applicable to the organisation;
- conditions for the exclusion or limitation of liability.

The following activities will also be carried out during the training:

- those present are made aware of the importance attached by MEDICA S.p.A. to the adoption of a risk governance and control system;
- the structure and contents of the adopted Model are described, as well as the methodological approach followed for its implementation and updating.

In the context of training concerning the "specific" part, particular attention is given to:

- the precise description of the individual offences;
- the identification of offenders;
- exemplifying the methods through which the crimes are committed;
- the analysis of applicable punishments;
- matching each specific offense with the highlighted risk areas;
- the specific prevention protocols identified by the Company to avoid falling into the identified risk areas;
- the behaviours to be adopted regarding communication and training of hierarchical employees, especially those operating in sensitive business areas, are described;
- the behaviours to be adopted towards the Supervisory Board are illustrated regarding communication, reporting, and collaboration with surveillance activities and updates to the Model;
- the responsible heads of potentially at-risk business functions and their hierarchical employees are made aware of the behaviour to be observed, the consequences of non-compliance, and, in general, the Model adopted by MEDICA S.p.A.

### **6.7.6. Training of other personnel**

The training of the remaining staff begins with an internal informative note that, for new hires, will be provided at the time of employment.

The training for personnel other than those in top positions also takes place through training and refresher courses, with mandatory participation and attendance, and a final evaluation test – which can also be conducted orally – to assess the quality of the received training activity.

Training and refresher courses must be scheduled at the beginning of the year.

The training of persons other than those in top positions must be divided into two parts: a "general" part and a "specific" part, of an optional and/or partial nature.

The "general" part must contain:

- references to legal, jurisprudential, and *best practice* standards;
- administrative liability of the organisation: purpose, *rationale* of the Decree, nature of liability, novelties in the regulatory framework;
- addressees of the decree;
- presuppositions for imputation of liability;
- description of predicate offences;
- types of punishments applicable to the organisation;
- conditions for the exclusion or limitation of liability.

The following activities will also be carried out during the training:

- those present are made aware of the importance attached by MEDICA S.p.A. to the adoption of a risk governance and control system;
- the structure and contents of the adopted Model are described, as well as the methodological approach followed for its implementation and updating.

In the context of training concerning the "specific" part, particular attention is given to:

- the precise description of the individual offences;
- the identification of offenders;
- exemplifying the methods through which the crimes are committed;
- the analysis of applicable punishments;
- matching each specific offense with the highlighted risk areas;
- the specific prevention protocols identified by the Company to avoid falling into the identified risk areas;
- the behaviours to be adopted regarding communication and training of hierarchical employees, especially those operating in sensitive business areas, are described;
- the behaviours to be adopted towards the Supervisory Board are illustrated regarding communication, reporting, and collaboration with surveillance activities and updates to the Model;
- the responsible heads of potentially at-risk business functions and their hierarchical employees are made aware of the behaviour to be observed, the consequences of non-compliance, and, in general, the Model adopted by MEDICA S.p.A.

With regard to the training concerning the "specific" part, it should be noted that it will be exclusively provided to those individuals who are actually at risk of engaging in activities falling under Legislative Decree No. 231 of 2001, and limited to the risk areas with which they may come into contact.

#### **6.7.7. Training of the Supervisory Board**

The training of the Supervisory Board is jointly agreed upon with an external consultant to the Company, who is an expert in matters of corporate administrative liability (Legislative Decree No. 231/2001) or, more generally, in criminal law.

This training is intended to provide the Supervisory Board with both a high level of understanding - from a technical point of view - of the Organisational Model and the specific prevention protocols identified by the Company, and the tools it needs to adequately perform its control duties.

This mandatory and monitored training can generally take place through participation in: 1) at conferences or seminars on Legislative Decree No. 231 of 2001; 2) at meetings with experts in administrative liability of companies (Legislative Decree No. 231 of 2001) or in penal matters; particularly, with regard to the understanding of the Organisational Model and the specific prevention protocols identified by the Company, through participation in the training and refresher courses organised for personnel in top positions.

The training of the Supervisory Board must include the contents of the "general" and "specific" training already described, as well as in-depth training on the following topics:

- independence;
- autonomy;
- continuity of action;
- professionalism;
- relations with corporate bodies;
- relations with other bodies responsible for internal control;
- relationship between the implementation of the Model and other control systems present in the company;
- anonymous reports to the Supervisory Board;
- reporting of the activities of the Supervisory Board (inspection minutes, reports of meetings, etc.);
- examples of checklists for inspection activities;
- examples of mapping of sensitive activities and instrumental processes

## **6.8. Punishment system**

The establishment of an effective system of punishments for the violation of the provisions contained in the Model is an essential condition to ensure the effectiveness of the model itself.

In this regard, Article 6, paragraph 2, letter e), and Article 7, paragraph 4, letter b) of the Decree state that the model must "introduce an appropriate disciplinary system to sanction the failure to comply with the measures indicated in the model".

The application of disciplinary punishments determined according to the Decree is independent of the outcome of any criminal proceedings, as the rules imposed by the Model and the Code of Ethics are fully embraced by MEDICA S.p.A. autonomously, regardless of the type of offense that violations of the Model or the Code itself may entail.

Specifically, MEDICA S.p.A. employs a system of punishments which:

- is structured differently depending on the addressees: persons in so-called 'top management' positions; employees; external collaborators and partners;
- identifies precisely the disciplinary punishments to be adopted against individuals who commit violations, infractions, evasions, imperfect or partial applications of the provisions contained in the model, all in compliance with the relevant provisions of CCNL and applicable legislative requirements;
- establishes a specific procedure for imposing the aforementioned punishments, identifying the authority responsible for their imposition, and, in general, overseeing compliance, application, and updating of the punishment system;
- introduces suitable methods of publication and dissemination.

MEDICA S.p.A. has drawn up and applied the punishment system in accordance with the above principles, which forms an integral and substantial part of the model as "Special Section D".

### **6.9. Offences against the Public Administration and against the State**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Articles 24 and 25 of the Decree is given in "Special Section C: Crimes against the Public Administration and against the State'.

### **6.10. Offences relating to counterfeiting money, public credit cards, revenue stamps and identification instruments or signs**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *bis* of the Decree is provided in "Special Section D: Offences relating to counterfeiting money, public credit cards, revenue stamps and identification instruments or signs".

### **6.11. Corporate offences**

A detailed description of the analysis activities carried out and the protocols adopted by MEDICA S.p.A. regarding what is regulated by Article 25 *ter* is reported in "Special Section E: Corporate Crimes".

### **6.12. Offences relating to receiving, laundering and using money, goods or benefits of unlawful origin, and self-laundering**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *octies* is provided in "Special Section F: Offences relating to receiving, laundering and using money, goods or benefits of unlawful origin, and self-laundering".

### **6.13. Offences against industry and trade**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *bis* 1 is provided in "Special Section G: Offences against industry and trade".

### **6.14. Transnational offences referred to in Law No. 146 of 2006**

A detailed description of the analysis activities carried out and the protocols adopted by MEDICA S.p.A. regarding what is governed by Article 25 *septies* is reported in "Special Section H: transnational crimes referred to in Law No. 146 of March 16, 2006".

### **6.15. Offences related to workplace safety**

A detailed description of the analysis activities carried out and the protocols adopted by MEDICA S.p.A. regarding what is regulated by Article 25 *septies* is reported in "Special Section I: Crimes related to workplace safety".

### **6.16. Offences related to cyber-crime and illicit data processing**

A detailed description of the analysis activities carried out and the protocols adopted by MEDICA S.p.A. regarding what is provided for in Article 24 *bis* is reported in "Special Section K: Crimes related to cyber-crime and illicit data processing".

**6.17. Copyright infringement offences**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *novies* is provided in "Special Section L: Copyright infringement offences".

**6.18. Organised crime offences**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 24 *ter* is provided in "Special Section M: Organised crime offences".

**6.19. Offence of Inducing non-disclosure or making false statements to the judicial authority**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *decies* is contained in "Special Section No: Crime of Inducing non-disclosure or making false statements to the judicial authority".

**6.20. Offences against the individual**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *undecies* is provided in "Special Section O: Offences against the individual".

**6.21. Offence of employing third-country nationals whose stay is irregular**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *duodecies* is provided in "Special Section P: Offence of employing third-country nationals whose stay is irregular".

**6.22. Environmental offences**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *undecies* is contained in the "Special Section Q: Environmental offences".

**6.23. Tax offences**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of art. 25 *quinquiesdecies* is provided in "Special Section R: tax offences".

**6.24. Smuggling offences**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *sexiesdecies* is provided in "Special Section S: Smuggling offences".

**6.25. Market abuse offences**

A detailed description of the analysis activities carried out and of the protocols adopted by MEDICA S.p.A. with regard to the provisions of Article 25 *sexies* are set out in "Special Section T: Market abuse offences".

**6.26. Management of financial resources**

Article 6, paragraph 2, letter c) of the Decree lays down the obligation for the Company to draw up specific procedures for the management of financial resources suitable for preventing the commission of offences.

To this end, MEDICA S.p.A. has adopted, as part of its procedures, some basic principles to be followed in the management of financial resources:

- all financial management operations must be carried out using the Company's bank accounts;
- periodic checks of balances and cash transactions must be carried out regularly;
- the treasury management function must define and keep updated, in line with the Company's credit policy and based on adequate separation of duties and accounting regularity, a specific formalized procedure for the opening, usage, control, and closure of bank accounts;
- top management must define medium- and long-term financial needs, the forms, and sources of coverage, and provide evidence of these in specific reports.

Regarding invoice payments and expenditure commitments, the Company imposes that:

- all received invoices must be accompanied by the corresponding purchase order issued by the competent authorised office. This purchase order must be counter-signed by the responsible authority with appropriate powers;
- the invoice is thoroughly checked in all its aspects (correspondence, calculations, tax compliance, and verification of goods or services received);
- the invoice is recorded independently by the accounting department and no payment is made without the specific authorisation of the head of the administration and finance department and the authorising department;
- all debt assumptions for financing, including derivative contracts for hedging or speculative purposes, must be approved by a resolution of the Board of Directors;
- *leasing* or rental contracts exceeding € 100,000 must be authorised by the Board of Directors.

The main references to follow in the management of financial resources concern the procedures for:

- *payment of national and international invoices*: the Company establishes controls, registration procedures, and anomaly management methods to be followed during the process of settling payable invoices in case of irregularities in the payment procedure;
- *management of financial accounts*: the company establishes rules to be followed to verify and control its banking and financial accounts;
- *management of advances - reimbursement of expenses*: the Company establishes the conditions for granting financial advances to employees, reporting and verification of expenses incurred by them in the performance of their duties;
- *debt recovery for non-performing credits*: the Company establishes the rules to be followed for the recovery of non-performing and uncollectible credits. The procedures to be followed for the credit impairment reserve are regulated.
- *credit cards used by employees*: the Company defines the procedures for managing the individual credit cards issued to employees;
- *asset disposal*: the Company defines the rules to be followed in the case of sale, exchange, transfer, or demolition of assets owned by the Company itself.

## **6.27. Supervisory board**

### **6.27.1 Normative provision**

In accordance with the provisions of Article 6 of the Decree, entrusting an entity with appropriate powers of initiative and control to oversee the functioning and compliance of the Model, and to ensure its updating, is an essential requirement for the establishment of an exempting Organisational Model.

### **6.27.2 Appointment and activities**

Medica has chosen to set up its Supervisory Board in collegiate form.

The contact information of the Supervisory Board is communicated to the personnel through written notices posted in the workplace or through internal communications within the organisation.

The Supervisory Board (hereinafter referred to as SB), appointed by the Board of Directors, is given the authority to establish its own rules of operation (such as procedures for convening meetings, voting, etc.) and the methods for carrying out its activities (criteria and procedures for controls, tools and timing, assignment of specific functions to members, etc.).

The following tasks required by Medica's Organizational Model remain unchanged for the SB:

- monitoring the compliance with the Organisational Model;
- verifying the effectiveness of the Model concerning its ability to prevent the commission of offences;
- monitoring the maintenance of these requirements over time;
- highlighting the need to update the Model in relation to internal or external changes and the outcomes of checks or violations;
- structuring an effective reporting and communication system and analysing the information collected, identifying situations worthy of investigation or possible behavioural deviations from the rules;
- promptly reporting to the Administrative Body and other relevant bodies any violation of the rules provided in the Model, and in any case according to what is established in the Organizational Model;
- carrying out periodic checks on-site;
- supporting every initiative that promotes awareness of prevention rules and involves the organization in matters related to the Decree and the Model.

The activities of the SB may not be audited by any other body or function of the Company, it being understood that the Board of Directors supervises the adequacy and effectiveness of the SB's intervention.

The SB may request from anyone any information and, in any case, any documentation it deems useful.

Each employee is obliged to provide the SB with all the information it requires in the performance of its duties and to comply with any request received by the SB in this regard with the utmost care, completeness and promptness.

Employees of the Company who are possibly appointed to the SB are released, during the activities carried out for the body, from any hierarchical dependence.

### **6.27.3 Requirements**

The members of the SB are identified according to the following requirements:

- Autonomy and independence - in exercising its functions, the body is equipped with autonomy and independence so as to be free from any form of interference by any function and body of the Company; the SB is not assigned operational tasks so as not to undermine its objectivity of judgement. The members of the SB are not affiliated with the areas under their control and oversight in any situation that could create a conflict of interest. The SB is provided with a budget that can be used autonomously for any initiative that can enhance the outcome of its supervisory activities.
- Professionalism - the board has the necessary set of skills and expertise internally to carry out the assigned activities. In particular, it is composed of individuals with specific skills in inspection activities, analysis of control systems, legal expertise, and crime prevention techniques. The board may also seek the assistance and support of external expertise to acquire specific specialised knowledge.
- Continuity of action - an adequate number of inspections and audits are ensured throughout the term (at least four per year), and internal support figures are made available to the SB to ensure full communication between the actions of the SB and the company structure.
- Integrity - in relation to the provision of causes for ineligibility and/or revocation from the position of the SB indicated in the following paragraph.

### **6.27.4 Ineligibility, revocation, disqualification**

No person may be appointed as a member of the SB of Medica who:

- have been convicted, even if with a conditionally suspended sentence, without prejudice to the effects of rehabilitation:
  - for one of the offences referred to in Legislative Decree No. 231/2001;
  - for one of the offences provided for in Royal Decree No 267 of 16 March 1942 (Bankruptcy Law);

- for one of the offences provided for in Title XI of Book V of the Civil Code (companies and consortia);
- for any of the offenses provided for by the regulations governing banking, financial, securities, insurance activities, and the regulations on markets, securities, payment instruments.
- have pending criminal proceedings for one of the offences referred to in Legislative Decree 231/2001;
- are under temporary disqualification or suspension from the positions of directors or executives in legal entities and businesses;
- find themselves in one of the conditions of ineligibility or disqualification provided for in Article 2382 of the Civil Code;
- have been subjected to preventive measures pursuant to Law No. 1423 of 27 December 1956 or Law No. 575 of 31 May 1965, as subsequently amended and supplemented, without prejudice to the effects of rehabilitation.
- have relationships of kinship, marriage or affinity within the fourth degree with the directors and auditors;
- find themselves in situations of conflict of interest, even potentially, with the Company such as to jeopardise the independence required by the role and tasks of the SB;
- have given another guarantee in favour of one of the directors (or their spouse), or have credit or debit relations with the latter;
- hold, directly or indirectly, shareholdings of such magnitude as to enable them to exercise significant influence over the entity.

Members of the SB shall be removed from their position if any of the ineligibility requirements mentioned above are present.

The Board of Directors may, for just cause, revoke the powers of a member of the SB in the event of:

- the occurrence of any of the conditions set out in the requirements in the first subparagraph of this paragraph;
- serious breach of its duties under the Organisational Model;
- conviction against the Company pursuant to Legislative Decree no. 231/01 which has become final, or criminal proceedings concluded through plea bargaining, where the documents show that the SB has failed or insufficiently supervised;
- breach of confidentiality obligations;
- the failure to meet the requirements set out in the previous paragraph.

#### **6.27.5 Information flow to the SB**

In order for the SB to properly perform its functions and tasks, it is necessary to ensure an adequate flow of information to and from the Board.

A special procedure is in place to identify the information that must be communicated to the SB:

- Measures and/or information coming from the Judicial Police or any other authority, from which the performance of investigations, even against unknown individuals, for offenses under the Decree can be inferred;
- requests for legal assistance forwarded by managers and/or employees of the Company in the event of initiation of legal proceedings for the offences referred to in the decree;
- evidence of disciplinary proceedings for non-compliance with the requirements of the Model, and their outcomes;
- news concerning judicial and extra-judicial litigation for the offences referred to in the Decree;
- organizational chart and delegation system;
- reports prepared by Control and Surveillance Functions/Bodies from which facts, acts, events, or omissions with critical profiles regarding compliance with the provisions of the Decree or the provisions of the organizational and management model can emerge.

The same procedure governs:

- the procedures for reporting any violation or alleged violation of the Code of Ethics, the Model or the procedures established to implement it;
- the tools available for communications to the Supervisory Board.

The Supervisory Board will also examine communications received anonymously.

The Company adopts appropriate measures to ensure that the identity of those who transmit information is always kept confidential; any form of retaliation, discrimination or penalisation against those who make reports or communicate in good faith is prohibited.

Medica reserves the right to take any action against anyone who makes untruthful reports in bad faith.

Violation of the obligations to inform the Supervisory Board set out in this point, constituting a violation of the Model, is subject to the provisions of the punishment system.

#### **6.27.6 Information to Corporate Bodies**

The Supervisory Board reports at least every six months to the Board of Directors, by means of a written report, on the activities carried out, their outcome and the preventive effectiveness of the Model.

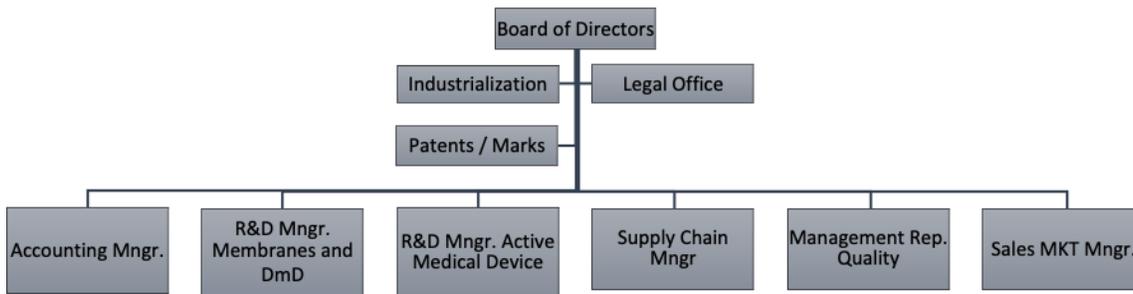
The Supervisory Board meets with the Auditing Company and the Board of Statutory Auditors to discuss issues related to the preventive rules of the Model in relation to the control activities carried out by the two bodies.

The Supervisory Board may request meetings with the Board of Directors and the Board of Statutory Auditors to report on specific situations that are relevant to the implementation and/or effectiveness of the Model or to discuss specific aspects concerning the Model and its effectiveness.

The Supervisory Board may be convened at any time by the Board of Directors or the Board of Auditors to report on the functioning of the Model or on specific situations.

## Annex 1 - Organisational chart

Organisational chart of Medica S.p.A. at first level



## Annex 2 - List of offences under Legislative Decree 231/01

### Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public procurement (Article 24, Legislative Decree no. 231/2001)

#### Article 316-bis of the Penal Code: Misappropriation to the detriment of the State

Whoever, outside the public administration, having obtained from the State or other public body or from the European Communities contributions, subsidies or financing intended to favour initiatives aimed at carrying out works or activities in the public interest, does not allocate them for the aforesaid purposes, shall be punished with imprisonment from six months to four years.

#### Article 316-ter of the Penal Code: Undue receipt of contributions, financing or other disbursements by the State or other public body or the European Communities

Unless the act constitutes the offence envisaged by Article 640-bis, whosoever by using or submitting false declarations or documents or certifying untrue things, or by omitting due information unduly obtains, for himself or for others, contributions, financing, subsidised loans or other disbursements of the same kind, however denominated, granted or disbursed by the State, by other public bodies or by the European Communities shall be punished with imprisonment from six months to three years. The punishment is imprisonment from six months to four years if the act offends the financial interests of the European Union and the damage or profit exceeds € 100,000.

When the sum unduly received is equal to or less than € 3,999.96, only the administrative fine of paying a sum of money from € 5,164.00 to € 25,822.00 applies. This fine may not, however, exceed three times the benefit obtained.

#### Article 356 of the Penal Code: Fraud in public procurement

Whoever commits fraud in the performance of supply contracts or in the fulfilment of other contractual obligations set forth in the preceding Article shall be punished by imprisonment of one to five years and a fine of not less than € 1,032.

The punishment shall be increased in the cases provided for in the first paragraph of the preceding Article.

#### Article 640 of the Penal Code: Fraud

Anyone who, through tricks or deception, misleads someone else and procures an unjust profit to themselves or others causing damage to others, shall be punished with imprisonment from six months to three years and a fine ranging from 51 euros to 1032 euros.

The punishment is imprisonment of one to five years and a fine of between € 309 and € 1549:

1. if the act is committed to the detriment of the State or another public body or under the pretext of having someone exempted from military service;
2. if the act is committed by creating in the offended person the fear of an imaginary danger or the erroneous belief that he has to carry out an order of authority.

The offence is punishable on complaint by the offended person, unless one of the circumstances provided for in the preceding paragraph or another aggravating circumstance occurs.

#### Article 640-bis of the Penal Code: Aggravated fraud to obtain public funds

The punishment shall be imprisonment for a term of between two and seven years, and prosecution shall be ex officio if the act referred to in Article 640 concerns contributions, financing, subsidised loans or other disbursements of the same kind, however denominated, granted or disbursed by the State, other public bodies or the European Communities.

#### Article 640-ter of the Penal Code: Computer fraud

Anyone who, by altering in any way the functioning of a computer system or data, or by intervening without right on data, information, or programs contained in a computer system or related to it, causes an unfair profit for themselves or others to the detriment of others, shall be punished with imprisonment from six months to three years and a fine from 51 euros to 1032 euros.

The punishment is imprisonment from one to five years and a fine from € 309 to € 1549 if one of the circumstances provided for in point 1) of the second paragraph of article 640 is present, or if the offense is committed by abusing the status of a system operator.

The offence shall be punishable on complaint by the offended person, unless one of the circumstances referred to in the second paragraph or another aggravating circumstance occurs.

#### Art. 2 Law No. 898 of 23 December 1986

1. Any person who, by means of the presentation of false data or information, unduly obtains, for himself or others, aids, premiums, refunds, contributions or other disbursements from the European Agricultural Guidance and Guarantee Fund, either in whole or in part, shall be punished by imprisonment of six months to three years. The punishment is imprisonment from six months to four years when the damage or profit exceeds € 100,000. When the sum unduly received is less than one-tenth of the legitimate benefit due, and in any case not exceeding twenty million lire, only the administrative fine provided for in the following articles shall apply. 2. For the purposes of paragraph 1 above and of Article 3(1), payments from the European Agricultural Guidance and Guarantee Fund shall be treated in the same way as payments from the European Agricultural Guidance and Guarantee Fund in addition to the national instalments provided for by Community legislation. 3. In the judgment, the court shall also determine the amount unduly received and order the offender to repay it to the administration that ordered the disbursement referred to in paragraph 1.

### Computer crimes and unlawful processing of data (Art. 24-bis, Legislative Decree no. 231/2001)

#### Article 491-bis of the Penal Code: Forgery of a public or probative computer document

Misrepresentation of a public computer document with probative effect, relating to: Article 476 of the Penal Code, Material forgery committed by a public official in public deeds / Article 477, Material forgery committed by a public official<sup>[SEP]</sup> in certificates or administrative authorisations<sup>[SEP]</sup> / Article 478, Material forgery committed by a public official<sup>[SEP]</sup> in certified copies of public or private deeds<sup>[SEP]</sup> and in attestations of the contents of deeds / Article 479, Ideological forgery committed by a public official in public deeds / Article 480, Ideological forgery committed by a public official<sup>[SEP]</sup> in certificates or administrative

authorisation / Article 481 of the Penal Code, Ideological forgery in certificates committed by persons exercising a service of public necessity) / Article 482, Forgery committed by a private individual / Article 483, Ideological forgery committed by a private individual in a public deed / Article 484, Forgery of registers and notifications / Article 487, Forgery of a blank-signed sheet. Public Act / Article 488 of the Penal Code, Other forgery of a blank-signed sheet. Applicability of the provisions on material falsity / Article 489 of the Penal Code, Use of a false act / Article 490, Suppression, destruction and concealment of genuine acts / Article 492, Authentic copies that take the place of missing originals / Article 493, False acts committed by public employees in charge of a public service.

**Art. 615-ter. of the Penal Code: Unauthorised access to a computer or telecommunications system**

Whoever unlawfully enters or remains in a computer or telecommunications system protected by security measures against the express or tacit will of those who have the right to exclude him, shall be punished with imprisonment of up to three years.

The punishment is imprisonment from one to five years:

- 1) if the act is committed by a public official or by someone entrusted with a public service, abusing their powers or violating the duties inherent in their function or service, or by someone who also unlawfully exercises the profession of a private investigator, or by abusing the status of a system operator;
- 2) if the perpetrator uses violence against property or persons to commit the act, or if he is visibly armed;
- 3) if the act results in the destruction of or damage to the system or the total or partial interruption of its operation, or the destruction of or damage to the data, information or programs contained therein.

If the acts referred to in the first and second paragraphs concern computer or telecommunications systems of military interest or relating to public order or public safety or health or civil protection or in any case of public interest, the punishment shall be imprisonment for a term of between one and five years and between three and eight years respectively.

In the case provided for in the first paragraph, the offence is punishable on complaint by the offended person; in other cases, proceedings are ex officio.

**Art. 615-quater. of the Penal Code: Unauthorised possession and distribution of access codes to computer or telematic systems**

Anyone who, with the aim of obtaining a profit for themselves or others or causing damage to others, illicitly acquires, reproduces, disseminates, communicates, or delivers codes, passwords, or other means suitable for accessing a computer or telematic system protected by security measures, or otherwise provides information or instructions suitable for the aforementioned purpose, shall be punished with imprisonment for up to one year and a fine of up to €5,164.

The punishment shall be imprisonment for a term of between one and two years and a fine ranging from € 5,164 to € 10,329 if any of the circumstances referred to in numbers 1) and 2) of the fourth paragraph of Article 617-quater.

**Article 615-quinquies of the Penal Code: Distribution of computer equipment, devices or programmes intended to damage or interrupt a computer or telecommunications system**

Anyone who, with the aim of illicitly damaging a computer or telecommunications system, the information, data, or programs contained therein or related to it, or of promoting the total or partial interruption or alteration of its functioning, acquires, produces, reproduces, imports, disseminates, communicates, delivers, or otherwise makes available to others computer equipment, devices, or programs, shall be punished with imprisonment for up to two years and a fine of up to € 10,329.

**Art. 617-quater of the Penal Code: Illegal interception, obstruction or interruption of computer or telecommunications**

Anyone who fraudulently intercepts communications relating to a computer or telecommunications system or between several systems, or obstructs or interrupts them, shall be punished by imprisonment of six months to four years. Unless the act constitutes a more serious offence, the same punishment shall apply to any person who discloses, by any means of information to the public, in whole or in part, the content of the communications referred to in the first paragraph.

The offences referred to in the first and second paragraphs are punishable on complaint by the offended person. However, prosecution is ex officio and the punishment is imprisonment from one to five years if the act is committed:

- 1) to the detriment of a computer or telecommunications system used by the State or other public body or by an undertaking providing public services or services of public necessity;
- 2) by a public official or by a person entrusted with a public service, with abuse of power or in violation of the duties inherent in the function or service, or with abuse of the status of a system operator;
- 3) by someone who also unlawfully exercises the profession of a private investigator.

**Art. 617-quinquies of the Penal Code: Installation of equipment designed to intercept, prevent or interrupt computer or telecommunications**

Anyone who, outside the cases allowed by law, installs equipment capable of intercepting, preventing, or interrupting communications related to a computer or telecommunications system, or occurring between multiple systems, shall be punished with imprisonment from one to four years. The punishment is imprisonment from one to five years in the cases provided for in the fourth paragraph of Article 617-quater.

**Art. 635-bis. of the Penal Code: Damage to computer information, data and programmes**

Unless the act constitutes a more serious offence, anyone who destroys, deteriorates, deletes, alters or suppresses information, data or computer programmes of others shall be punished, on complaint by the offended party, by imprisonment of six months to three years.

If the circumstance referred to in point 1) of the second paragraph of Article 635 occurs, or if the act is committed with abuse of the status of system operator, the punishment is imprisonment from one to four years, and the proceedings are carried out ex officio.

**Art. 635-ter. of the Penal Code: Damage to computer information, data and programmes used by the State or other public body or in any case of public utility**

Unless the act constitutes a more serious offence, anyone who commits an act aimed at destroying, deteriorating, deleting, altering or suppressing computer information, data or programmes used by the State or another public body or pertaining to them, or in any case of public utility, shall be punished by imprisonment of one to four years.

If the act results in the destruction, deterioration, deletion, alteration or suppression of information, data or computer programmes, the punishment shall be imprisonment for a term of three to eight years.

If the circumstance referred to in number 1) of the second paragraph of Article 635 applies, or if the act is committed with abuse of the status of system operator, the punishment is increased.

**Article 635-quater of the Penal Code: Damage to computer or telecommunications systems**

Unless the act constitutes a more serious offence, whoever, by means of the conduct referred to in Article 635-bis, or through the introduction or transmission of data, information or programs, destroys, damages, renders wholly or partially unusable computer or telecommunication systems of others or seriously obstructs their operation, shall be punished by imprisonment of one to five years.

If the circumstance referred to in number 1) of the second paragraph of Article 635 applies, or if the act is committed with abuse of the status of system operator, the punishment is increased.

**Article 635-quinquies of the Penal Code: Damage to computer or telecommunications systems of public utility**

If the act referred to in Article 635-quater is aimed at destroying, damaging, rendering wholly or partly unusable computer or telecommunication systems of public utility or at seriously obstructing their operation, the punishment shall be imprisonment for a term of between one and four years.

If the act results in the destruction or damage of the computer or telecommunications system of public utility or if it is rendered, in whole or in part, useless, the punishment shall be imprisonment for a term of three to eight years.

If the circumstance referred to in number 1) of the second paragraph of Article 635 applies, or if the act is committed with abuse of the status of system operator, the punishment is increased.

**Article 640-quinquies of the Penal Code: Computer fraud by the person providing electronic signature certification services**

A person providing electronic signature certification services who, in order to procure an unjust profit for himself or others or to cause damage to others, violates the obligations laid down by law for the issuance of a qualified certificate shall be punished by imprisonment of up to three years and a fine of between € 51 and € 1,032.

**Offences of Organised Crime (Art. 24-a, Legislative Decree no. 231/2001)**

**Art. 416 of the Penal Code: Criminal Association**

When three or more persons associate for the purpose of committing crimes, those who promote or constitute or organize the association shall be punished, for this alone, with imprisonment from three to seven years. For the sole fact of participating in the association, the punishment is imprisonment from one to five years. Leaders are subject to the same punishment as promoters. If members take up arms in the country or in public streets, imprisonment from five to fifteen years shall apply. The punishment is increased if the number of associates is ten or more.

If the association is directed to commit any of the crimes referred to in articles 600, 601 and 602, as well as in article 12, paragraph 3-bis, of the consolidated text of the provisions concerning the regulation of immigration and rules on the condition of the foreigner, referred to in Legislative Decree no. 286 of 25 July 1998, imprisonment from five to fifteen years shall apply in the cases provided for in the first paragraph and from four to nine years in the cases provided for in the second paragraph.

If the association's objective is that of committing any of the offences referred to in Articles 600-bis, 600-ter, 600-quater, 600-quater.1, 600-quinquies, 609-bis, when the offence is committed to the detriment of a child below the age of eighteen years, 609-quater, 609-quinquies, 609-octies, when the offence is committed to the detriment of a child below the age of eighteen years, and 609-undecies, a term of imprisonment of four to eight years shall apply in the cases provided for in the first paragraph, and a term of imprisonment of two to six years in the cases provided for in the second paragraph.

**Art. 416-bis of the Penal Code: Mafia-type association, including foreigners**

Anyone who is part of a mafia-type association formed by three or more people, shall be punished with imprisonment from ten to fifteen years.

Those who promote, direct or organize the association shall be punished, for this reason alone, with imprisonment from twelve to eighteen years. The association is of a mafia type when those who are part of it use the force of intimidation of the associative bond and the condition of subjection and secrecy that derives from it to commit crimes, to directly or indirectly acquire the management or in any case control of economic activities, concessions, authorizations, contracts and public services or to make unfair profits or advantages for themselves or for others, or in order to prevent or hinder the free exercise of the vote or to procure votes for themselves or for others during electoral consultations.

If the association is armed, the punishment of imprisonment from nine to fifteen years shall apply in the cases provided for in the first paragraph and from twelve to twenty-four years in the cases provided for in the second paragraph.

The association is considered armed when the participants have the availability, for the achievement of the purpose of the association, of weapons or explosive materials, even if concealed or kept in place of storage.

If the economic activities which the associates intend to take or maintain control of are financed in whole or in part with the price, product, or profit of crimes, the punishments laid down in the preceding paragraphs shall be increased from one third to one half.

The confiscation of the things that served or were intended to commit the crime and of the things that are the price, the product, the profit or that constitute its use is always mandatory against the convicted person.

The provisions of this article also apply to the Camorra and other associations, however locally named, including foreign ones, which, using the intimidating force of the associative bond, pursue purposes corresponding to those of mafia-type associations.

**Art. 416-ter Political-Mafia Electoral Exchange**

Anyone who accepts the promise to procure votes through the methods referred to in the third paragraph of Article 416-bis in exchange for the disbursement or promise of disbursement of money or other benefits shall be punished with imprisonment from six to twelve years.

The same punishment applies to those who promise to procure votes in the manner referred to in the first paragraph.

**Art. 630 of the Penal Code: Kidnapping for the Purpose of Robbery or Extortion**

Whoever kidnaps a person for the purpose of obtaining, for themselves or for others, an unjust profit as the price of liberation, shall be punished with imprisonment from twenty-five to thirty years. If the kidnapping results in the death, as a consequence not intended by the offender, of the person kidnapped, the offender shall be punished with imprisonment of thirty years. If the offender causes the death of the kidnapped person, the punishment is life imprisonment.

To the partner in crime who, by dissociating themselves from the others, works so that the kidnapped person regains freedom, without this result being a consequence of the price of liberation, the punishments provided for in Article 605 shall apply. However, if the kidnapped person dies, as a result of the kidnapping, after release, the punishment is imprisonment from six to fifteen years. With regard to the partner in crime who, dissociating themselves from the others, works, outside the case provided for in the previous paragraph, to prevent the criminal activity from being brought to further consequences or concretely helps the police authority or the judicial authority in the collection of decisive evidence for the identification or capture of the other partners, the punishment of life imprisonment is replaced by that of imprisonment from twelve to twenty years and the other punishments are reduced from one third to two thirds. In case of a mitigating circumstance, the punishment provided for in the second paragraph shall be replaced by imprisonment of twenty to twenty-four years; the punishment envisaged in the third paragraph shall be replaced by imprisonment of twenty-four to thirty years. If there are several attenuating

circumstances, the punishment to be applied as a result of the reductions may not be less than ten years, in the case provided for in the second paragraph, and fifteen years, in the case provided for in the third paragraph. The punishment limits provided for in the previous paragraph may be exceeded when the attenuating circumstances referred to in the fifth paragraph of this article occur.

**Art. 74, Presidential Decree 309/90: Association Aimed at Illicit Trafficking in Narcotic or Psychotropic Substances**

When three or more persons associate for the purpose of committing several crimes among those provided for in article 73, whoever promotes, establishes, directs, organises or finances the association shall be punished for this only with imprisonment of not less than twenty years. Persons participating in the association shall be punished with a term of imprisonment of not less than ten years. The punishment is increased if the number of associates is ten or more or if the participants include persons addicted to the use of narcotic or psychotropic substances. If the association is armed, the punishment, in the cases referred to in paragraphs 1 and 3, may not be less than twenty-four years' imprisonment and, in the case referred to in paragraph 2, twelve years' imprisonment. The association is considered armed when the participants have weapons or explosive materials at their disposal, even if concealed or kept in a place of storage. The punishment is increased if the circumstance referred to in letter e) of paragraph 1 of Article 80 occurs. If the association is formed to commit the acts described in paragraph 5 of Article 73, the first and second paragraphs of Article 416 of the Penal Code shall apply. The punishments provided for in paragraphs 1 to 6 shall be reduced by one half to two thirds for those who have effectively endeavoured to secure the evidence of the offence or to deprive the association of resources decisive for committing of the offences. The convict is subject to the confiscation of the things that served or were intended to serve to commit the crime and the goods that are the profit or product of the crime, unless they belong to a person unrelated to the crime, or when this is not possible, the confiscation of goods available to the offender for a value corresponding to such profit or product. When laws and decrees refer to the offence provided for in Article 75 of Law no. 685 of 22 December 1975, repealed by Article 38, paragraph 1, of Law no. 162 of 26 June 1990, the reference is understood to refer to this Article.

**Article 73, Presidential Decree No. 309 of 9th October 1990 (Illicit production, trafficking and possession of narcotic or psychotropic substances)**

Whoever, without the authorization referred to in Article 17, grows, produces, manufactures, extracts, refines, sells, offers or offers for sale, assigns, distributes, trades, transports, procures to others, sends, passes or ships in transit, delivers for any purpose narcotic or psychotropic substances referred to in Table I provided for in Article 14, shall be punished with imprisonment from six to twenty years and with a fine from 26,000.00 Euros to 260,000.00 Euros, <sup>1-bis</sup>. With the same punishments referred to in paragraph 1, anyone who, without the authorization referred to in Article 17, imports, exports, purchases, receives for any reason or otherwise unlawfully holds: narcotic substances... / medicines containing narcotic substances.

Anyone, having the authorization referred to in Article 17, unlawfully transfers, places or procures that others place on the market the substances or preparations indicated in Tables I and II referred to in Article 14.

The punishments referred to in paragraph 2 shall also apply in the event of illicit production or marketing of the basic chemical substances and precursors referred to in categories 1, 2 and 3 of Annex I to this Consolidated Law, which may be used in the clandestine production of the narcotic or psychotropic substances provided for in the tables referred to in Article 14.

The same punishments apply to anyone who grows, produces or manufactures narcotic or psychotropic substances other than those established in the authorization decree.

**Art. 407, paragraph 2, letter a), number 5), Code of Penal Procedure**

Illegal manufacture, introduction into the State, sale, transfer, possession and carrying in a public place or in places open to the public of war or war-type weapons or parts thereof, explosives, clandestine weapons as well as several common firearms.

**Embezzlement, bribery, undue inducement to give or promise profit, corruption and abuse of office (Art. 25, Legislative Decree no. 231/2001)**

**Art. 314 of the Penal Code: Embezzlement**

Any public official or person in charge of a public service, who, having by reason of their office or service the possession or in any case the availability of money or other movable thing belonging to others, appropriates it, shall be punished with imprisonment from four to ten years and six months.

**Art. 316 of the Penal Code: Embezzlement by profit from the error of others**

Any public official or person in charge of a public service, who, in the exercise of their functions or service, taking advantage of the error of others, unduly receives or keeps, for themselves or for a third party, money or other benefits, shall be punished with imprisonment from six months to three years.

The punishment is imprisonment from six months to four years if the act offends the financial interests of the European Union and the damage or profit exceeds € 100,000.

**Art. 317 of the Penal Code: Bribery**

Any public official who, by abusing their position or powers, forces someone to improperly give or promise them or a third party money or other benefits, shall be punished with imprisonment from six to twelve years.

**Art. 318 of the Penal Code: Corruption for the Exercise of the Function**

Any public official who, for the exercise of their functions or powers, improperly receives, for themselves or for a third party, money or other benefits or accepts the promise thereof, shall be punished with imprisonment from one to five years.

**Art. 319 of the Penal Code: Corruption for an Act Contrary to Official Duties**

Any public official who, for omitting or delaying or for having omitted or delayed, an act of their office, or for carrying out or for having carried out an act contrary to the duties of office, receives, for themselves or for a third party, money or other benefits, or accepts the promise thereof, shall be punished with imprisonment from four to eight years.

**Art. 319-bis of the Penal Code: Aggravating Circumstances**

The punishment is increased if the offence referred to in art. 319 involves the provision of public positions or salaries or pensions or the stipulation of contracts in which the administration to which the public official belongs is interested, as well as the payment or reimbursement of taxes.

**Art. 319-ter of the Penal Code: Corruption in Judicial Proceedings**

If the facts indicated in articles 318 and 319 are committed to favour or harm a party in a civil, criminal or administrative proceeding, the punishment of imprisonment from four to ten years shall apply.

If the fact results in the unjust sentencing of someone to imprisonment not exceeding five years, the punishment shall be imprisonment from five to twelve

years; if it results in the unjust sentencing to imprisonment exceeding five years or to life imprisonment, the punishment shall be imprisonment from six to twenty years.

**Art. 319-quater of the Penal Code: Undue Inducement to Give or Promise Benefits**

Unless the fact constitutes a more serious offence, any public official or person in charge of a public service who, by abusing their position or powers, induces someone to improperly give or promise, to themselves or to a third party, money or other benefits, shall be punished with imprisonment from three to eight years.

In the cases provided for in the first paragraph, whoever gives or promises money or other benefits shall be punished with imprisonment of up to three years.

**Art. 320 of the Penal Code: Corruption of Person in Charge of Public Service**

The provisions of Articles 318 and 319 also apply to the person in charge of a public service. In any case, the punishments shall be reduced by no more than one third.

**Art. 321 of the Penal Code: Penalties for the Corrupter**

The penalties established in the first paragraph of Article 318, in Article 319, in Article 319-bis, in Article 319-ter and in Article 320 in relation to the aforementioned hypotheses of Articles 318 and 319, also apply to those who give or promise money or other benefits to the public official or to the person in charge of a public service.

**Art. 322 of the Penal Code: Incitement to Corruption**

Anyone who offers or promises money or other undue benefits to a public official or a person in charge of a public service, for the exercise of their functions or powers, is subject, if the offer or promise is not accepted, to the punishment established in the first paragraph of article 318, reduced by a third party. If the offer or promise is made to induce a public official or a person in charge of a public service to omit or delay an act of their office, or to do an act contrary to their duties, the guilty party is subject, if the offer or promise is not accepted, to the punishment established in article 319, reduced by one third. The punishment referred to in the first paragraph shall apply to any public official or person in charge of a public service who solicits a promise or gift of money or other benefit for the exercise of their functions or powers.

The punishment referred to in the second paragraph applies to any public official or person in charge of a public service who solicits a promise or gift of money or other benefit from a private individual for the purposes indicated in Article 319.

**Art. 322-bis of the Penal Code: Embezzlement, bribery, undue inducement to give or promise utility, corruption and incitement to corruption of members of the bodies of the European Communities and officials of the European Communities and of foreign States**

The provisions of Articles 314, 316, 317 to 320 and 322, third and fourth paragraphs, also apply:

- 1) to the members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- 2) to officials and agents recruited under contract in accordance with the Staff Regulations of Officials of the European Communities or the Conditions of Employment of agents of the European Communities;
- 3) to individuals appointed by the Member States or by any public or private body in the European Communities, who perform functions corresponding to those of officials or agents of the European Communities;
- 4) to members and employees of bodies established on the basis of the Treaties establishing the European Communities;
- 5) to those who, within other Member States of the European Union, perform functions or activities corresponding to those of public officials and persons in charge of a public service.

The provisions of Articles 319-quater, second paragraph, 321 and 322, first and second paragraphs, shall apply even if the money or other benefit is given, offered or promised:

- 1) to the individuals indicated in the first paragraph of this article;
- 2) to individuals who exercise functions or activities corresponding to those of public officials and persons in charge of a public service within other foreign States or international public organizations, if the act is committed to procure for themselves or others an undue advantage in international economic operations or in order to obtain or maintain a financial economic activity.

The individuals indicated in the first paragraph are assimilated to public officials, if they exercise corresponding functions, and to persons in charge of a public service in other cases.

**Art. 323 of the Penal Code: Abuse of office**

Unless the fact constitutes a more serious offence, any public official or person in charge of a public service who, in the performance of their duties or service, in violation of specific rules of conduct expressly provided for by law or by acts having the force of law and from which no margin of discretion remains, or by failing to abstain in the presence of their own interest or of a close relative or in other prescribed cases, intentionally procures for themselves or others an unfair financial advantage or causes others unfair damage shall be punished by imprisonment for one to four years. The punishment is increased in cases where the advantage or damage is of a serious nature.

**Art. 346 - bis of the Penal Code: Trafficking in Illicit Influences**

Anyone who, except in cases of participation in the offences referred to in Articles 318, 319, 319-ter and in the offences of corruption referred to in Article 322-bis, exploiting or boasting of existing or alleged relations with a public official or a person in charge of a public service or one of the other subjects referred to in Article 322-bis, improperly induces to give or promise, to themselves or to others, money or other benefits, as the price of their illegal mediation towards a public official or a person in charge of a public service or one of the other subjects referred to in Article 322-bis, or to remunerate them in relation to the exercise of their functions or powers, shall be punished with imprisonment from one year to four years and six months.

The same punishment applies to anyone who unduly gives or promises money or other benefits.

The punishment is increased if the person who unduly causes to give or promise, to themselves or to others, money or other benefits has the status of a public official or person in charge of a public service.

The penalties are also increased if the acts are committed in relation to the exercise of judicial activities or to remunerate the public official or the person in charge of a public service or one of the other subjects referred to in article 322-bis in relation to the performance of an act contrary to the duties of office or the omission or delay of an act of their office.

If the facts are particularly tenuous, the punishment is decreased.

**Forgery in coins, in public credit cards, in stamp values and in instruments or signs of recognition (Art. 25-bis, Legislative Decree no. 231/2001)****Art. 453 of the Penal Code: Counterfeiting of coins, spending and introduction into the State, after agreement, of counterfeit coins**

Anyone shall be punished with imprisonment from three to twelve years with a fine from € 516 to € 3,098

- 1) anyone who counterfeits national or foreign currencies, whether legal tender in the State or outside;
- 2) whoever alters genuine coins in any way, by giving them the appearance of a higher value;
- 3) anyone, not having participated in the counterfeiting or alteration, but in agreement with the person who carried it out or with an intermediary, introduces into the territory of the State or holds or spends or otherwise puts into circulation counterfeit or altered coins
- 4) anyone who, in order to put them into circulation, buys or otherwise receives, from those who have counterfeited them, or from an intermediary, counterfeit or altered coins.

**Art. 454 of the Penal Code: Alteration of Coins**

Anyone who alters coins of the quality indicated in the previous article, reducing their value in any way, or, with regard to the coins thus altered, commits any of the facts indicated at numbers 3) and 4) of said article, shall be punished with imprisonment from one to five years and with a fine from 103 Euros to 516 Euros.

**Art. 455 of the Penal Code: Spending and Introduction into the State, without Agreement, of Counterfeit Coins**

Anyone who, outside the cases provided for in the two previous articles, introduces into the territory of the State, purchases or holds counterfeit or altered coins, in order to put them into circulation, or spends them or otherwise puts them into circulation, shall be subject to the penalties established in said articles, reduced by one third to one half.

**Art. 457 of the Penal Code: Spending of Counterfeit Coins Received in Good Faith**

Anyone who spends, or otherwise puts into circulation, counterfeit or altered coins, received by them in good faith, shall be punished with imprisonment of up to six months or a fine of up to 1,032 Euros.

**Art. 459 of the Penal Code: Counterfeiting of stamp values, introduction into the State, purchase, possession or circulation of counterfeit stamp values**

The provisions of Articles 453, 455 and 457 also apply to the counterfeiting or alteration of stamp values and to the introduction into the territory of the State or the purchase, possession and circulation of counterfeit stamp values; but the penalties are reduced by one third.

For the purposes of criminal law, stamp values are defined as stamped paper, stamp marks, stamps and other values equivalent to these by special laws.

**Art. 460 of the Penal Code: Counterfeiting of watermarked paper used for the manufacture of public credit cards or stamp values**

Anyone who counterfeits watermarked paper used for the manufacture of public credit cards or stamp values, or purchases, holds or disposes of such counterfeit paper, shall be punished, if the fact does not constitute a more serious offence, with imprisonment from two to six years and a fine from 309 Euros to 1,032 Euros.

**Art. 461 of the Penal Code: Manufacture or possession of watermarks or instruments intended for the counterfeiting of coins, stamp values or watermarked paper**

Anyone who manufactures, purchases or alienates watermarks or instruments intended exclusively for the counterfeiting or alteration of coins, stamp values or watermarked paper shall be punished, if the fact does not constitute a more serious crime, with imprisonment from one to five years and a fine from 103 Euros to 516 Euros. The same punishment applies if the conduct provided for in the first paragraph concerns holograms or other components of the coin intended to ensure protection against counterfeiting or alteration.

**Art. 464 of the Penal Code Use: of Counterfeit or Altered Stamp Values**

Anyone who, not having participated in the counterfeiting or alteration, makes use of counterfeit or altered stamp values, shall be punished with imprisonment of up to three years and a fine of up to 516 Euros.

If the values have been received in good faith, the punishment established in art. 457 shall apply, reduced by one third.

**Art. 473 of the Penal Code: Counterfeiting, Alteration or Use of Trademarks or Distinctive Signs or Patents, Models and Designs**

Anyone who, being able to know of the existence of the industrial property right, counterfeits or alters trademarks or distinctive signs, national or foreign, of industrial products, or anyone, without being involved in counterfeiting or alteration, makes use of such counterfeit or altered trademarks or signs, shall be punished with imprisonment from six months to three years and with a fine from 2,500 Euros to 25,000 Euros.

Anyone who counterfeits or alters patents, designs or industrial models, national or foreign, or, without being involved in the counterfeiting or alteration, makes use of such counterfeited or altered patents, designs or models, is liable to imprisonment from one to four years and a fine from 3,500 Euros to 35,000 Euros.

The offences provided for in the first and second paragraphs are punishable provided that the rules of domestic laws, Community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

**Art. 474 of the Penal Code: Introduction into the State and Trade of Products with False Signs**

Outside of the cases of participation in the offences provided for in Article 473, anyone who introduces into the territory of the State, in order to make a profit, industrial products with trademarks or other distinctive signs, national or foreign, counterfeit or altered, shall be punished with imprisonment from one to four years and with a fine from 3,500 Euros to 35,000 Euros.

Except in cases of competition in counterfeiting, alteration, introduction into the territory of the State, anyone who holds for sale, sells or otherwise puts into circulation, in order to make a profit, the products referred to in the first paragraph shall be punished with imprisonment of up to two years and a fine of up to 20,000 Euros. The offences provided for in the first and second paragraphs are punishable provided that the rules of domestic laws, Community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

**Crimes against industry and commerce (Art. 25-bis.1, Legislative Decree no. 231/2001)****Art. 513 of the Penal Code: Disturbed Freedom of Industry or Commerce**

Anyone who uses violence against property or fraudulent means to prevent or disturb the exercise of an industry or trade shall be punished, at the request of the offended person, if the act does not constitute a more serious offence, with imprisonment of up to two years and a fine of between 103 Euros and 1,032 Euros.

**Art. 513-bis of the Penal Code: Unlawful Competition with Threat or Violence**

Anyone who, in the exercise of a commercial, industrial or otherwise productive activity, carries out acts of competition with violence or threat shall be punished with imprisonment from two to six years. The punishment is increased if the acts of competition concern a financial activity in whole or in part and in any way by the State or other public bodies.

**Art. 514 of the Penal Code: Fraud Against National Industries**

Anyone who, by offering for sale or otherwise putting into circulation, on domestic or foreign markets, industrial products, with counterfeit or altered names, trademarks or distinctive signs, causes damage to the domestic industry shall be punished with imprisonment from one to five years and a fine of not less than 516 Euros. If for trademarks or distinctive signs the rules of domestic laws or international conventions on the protection of industrial property have been observed, the punishment is increased and the provisions of Articles 473 and 474 do not apply.

**Art. 515 of the Penal Code: Fraud in the Course of Trade**

Anyone who, in the exercise of a commercial activity, or in a shop open to the public, delivers to the buyer a movable thing for another, or a movable thing, by origin, provenance, quality or quantity, different from that declared or agreed, shall be punished, if the fact does not constitute a more serious crime, with imprisonment up to two years or with a fine up to 2,065 Euros. In the case of precious objects, the punishment shall be imprisonment of up to three years or a fine of not less than 103 Euros.

**Art. 516 of the Penal Code: Sale of Non-genuine Food Substances as Genuine**

Anyone who sells or otherwise places on the market as genuine non-genuine food substances shall be punished with imprisonment of up to six months or a fine of up to 1,032 Euros.

**Art. 517 of the Penal Code: Sale of Industrial Products with False Signs**

Anyone who sells or otherwise puts into circulation intellectual works or industrial products, with national or foreign names, trademarks or distinctive signs, likely to mislead the buyer about the origin, provenance or quality of the work or product, shall be punished, if the fact is not provided for as a crime by another provision of the law, with imprisonment up to two years or with a fine up to twenty thousand Euros.

**Art. 517-ter of the Penal Code: Manufacture and Trade of Goods Made by Usurping Industrial Property Rights**

Without prejudice to the application of Articles 473 and 474, anyone who, being able to know of the existence of the industrial property right, manufactures or industrially uses objects or other goods made by usurping an industrial property right or in violation of it, shall be punished, at the request of the offended person, with imprisonment of up to two years and a fine of up to 20,000 Euros. The same punishment applies to those who, in order to make a profit, introduce into the territory of the State, hold for sale, sell with a direct offer to consumers or otherwise put into circulation the goods referred to in the first paragraph. The provisions of Articles 474-bis, 474-ter, second paragraph, and 517-bis, second paragraph, shall apply. The crimes provided for in the first and second paragraphs are punishable provided that

the rules of domestic laws, Community regulations and international conventions on the protection of intellectual or industrial property have been observed.

**Art. 517-quater of the Penal Code: Counterfeiting of Geographical Indications or Designations of Origin of Agri-food Products**

Anyone who counterfeits or otherwise alters geographical indications or designations of origin of agri-food products shall be punished with imprisonment of up to two years and a fine of up to 20,000 Euros.

The same punishment applies to those who, in order to make a profit, introduce into the territory of the State, hold for sale, put on sale with a direct offer to consumers or in any case put into circulation the same products with counterfeit indications or names. The provisions of Articles 474-bis, 474-ter, second paragraph, and 517-bis, second paragraph, shall apply. The offences provided for in the first and second paragraphs are punishable provided that the rules of domestic laws, Community regulations and international conventions on the protection of geographical indications and designations of origin of agri-food products have been complied with.

**Corporate offences Art. 25-ter, Legislative Decree no. 231/2001)**

**Art. 2621 of the Civil Code: False Corporate Communications**

Outside the cases provided for in art. 2622, directors, general managers, managers responsible for preparing corporate accounting documents, auditors and liquidators, who, in order to achieve for themselves or for others an unfair profit, in the financial statements, reports or other corporate communications addressed to shareholders or the public, provided for by law, knowingly expose major material facts that do not correspond to the truth or omit relevant material facts whose communication is required by law on the economic, equity or financial situation of the company or group to which it belongs, in a manner concretely suitable to mislead others, shall be punished with imprisonment from one to five years.

The same punishment applies even if the falsehoods or omissions concern assets owned or administered by the company on behalf of third parties.

**Art. 2621-bis of the Civil Code: Minor Events**

Unless they constitute a more serious offence, the punishment of six months to three years' imprisonment shall apply if the facts referred to in Article 2621 are minor, taking into account the nature and size of the company and the methods or effects of the conduct.

Unless they constitute a more serious offence, the same punishment referred to in the previous paragraph applies when the facts referred to in Article 2621 concern companies that do not exceed the limits indicated in the second paragraph of Article 1 of Royal Decree no. 267 of 16 March 1942. In this case, the offence may be prosecuted by the company, shareholders, creditors or other recipients of the corporate communication.

**Art. 2622 of the Civil Code: False Corporate Communications of Listed Companies**

Directors, general managers, managers responsible for drawing up corporate accounting documents, statutory auditors and liquidators of companies issuing financial instruments admitted to trading on a regulated market in Italy or in another European Union country, who, in order to obtain an unfair profit for themselves or for others, in the financial statements, reports or other corporate communications addressed to shareholders or the public, knowingly expose material facts that do not correspond to the truth or omit relevant material facts whose communication is required by the law on the economic, equity or financial situation of the company or group to which it belongs, in a manner concretely suitable for misleading others, shall be punished with imprisonment from three to eight years.

The companies indicated in the previous paragraph are equivalent to:

1) companies issuing financial instruments for which a request for admission to trading on a regulated market in Italy or another European Union country has been submitted;

2) companies issuing financial instruments admitted to trading in an Italian multilateral trading facility;

3) companies that control companies issuing financial instruments admitted to trading on a regulated market in Italy or another European Union country;

4) companies that appeal to the public savings or that in any case manage it.

The provisions of the preceding paragraphs also apply if the falsehoods or omissions concern assets owned or administered by the company on behalf of third parties.

#### **Art. 2625 of the Civil Code: Prevented Control**

Directors who, by concealing documents or using other suitable devices, prevent or otherwise hinder the performance of the control activities legally attributed to the shareholders or other corporate bodies, shall be punished with a pecuniary administrative sanction of up to 10,329 euros.

If the conduct has caused damage to the shareholders, imprisonment of up to one year shall apply and a complaint shall be filed by the offended person.

The punishment is doubled in the case of companies with securities listed on regulated markets in Italy or other Member States of the European Union or widely distributed among the public according to the article 116 of the Consolidated Law on Finance referred to in Legislative Decree No 58 of 24 February 1998.

#### **Art. 2626 of the Civil Code: Undue Return of Contributions**

The directors who, apart from cases of legitimate reduction of the share capital, return, even in a simulated fashion, the contributions to the shareholders or release them

from the obligation to perform them, shall be punished with imprisonment of up to one year.

#### **Art. 2627 of the Civil Code: Illegal Distribution of Profits and Reserves**

Unless the fact constitutes a more serious offence, directors who distribute profits or advances on profits not actually achieved, or allocated by law to reserves, or who distribute reserves, even if not constituted with profits, which cannot be distributed by law, shall be punished with imprisonment for up to one year. The return of profits or the reconstitution of reserves before the deadline for the approval of the financial statements extinguishes the offence.

#### **Art. 2628 of the Civil Code: Illegal Transactions on the Company Shares or Shares of the Parent Company**

Directors who, outside the cases permitted by law, purchase or subscribe for shares or stocks, causing damage to the integrity of the share capital or reserves not distributable by law, shall be punished with imprisonment for up to one year.

The same punishment applies to directors who, outside the cases permitted by law, purchase or subscribe for shares or stocks issued by the parent company, causing damage to the share capital or reserves not distributable by law.

If the share capital or reserves are reconstituted before the deadline for the approval of the financial statements for the year in relation to which the conduct was carried out, the offence is extinguished.

#### **Art. 2629 of the Civil Code: Transactions to the Detriment of Creditors**

Directors who, in violation of the provisions of the law for the protection of creditors, carry out capital reductions or mergers with other companies or demergers, causing damage to creditors, shall be punished, at the complaint of the offended person, with imprisonment from six months to three years.

Compensation for damage to creditors before judgement extinguishes the offence.

#### **Art. 2629-bis of the Civil Code: Failure to Disclose Conflict of Interest**

Any director or member of the board of directors of a company with securities listed on the Italian regulated market or other regulated markets of the European Union or disseminated to the public to a significant extent pursuant to Article 116 of the Consolidated Law referred to in Legislative Decree no. 58 of 24 February 1998, as amended, or of an entity subject to supervision pursuant to the Consolidated Law referred to in Legislative Decree no. 385 of 1 September 1993, of the aforementioned Consolidated Law referred to in Legislative Decree no. 58 of 1998, of Law no. 576 of 12 August 1982, or of Legislative Decree no. 124 of 21 April 1993, who violates the obligations provided for in Article 2391, first paragraph, shall be punished with imprisonment from one to three years, if the violation has resulted in damage to the company or to third parties". 2. In Article 25-ter, paragraph 1, letter r), of Legislative Decree no. 231 of 8 June 2001, after the words: "civil code" the following are inserted: "and for the crime of failure to communicate the conflict of interest provided for in Article 2629-bis of the Civil Code.

#### **Art. 2632 of the Civil Code: Fictitious Capital Formation**

Directors and contributing shareholders who, even in part, form or fictitiously increase the capital of the company through the allocation of shares or stocks for a sum lower than their nominal value, mutual subscription of shares or stocks, significant overvaluation of the contributions of assets in kind or credits or of the assets of the company in the event of transformation, shall be punished with imprisonment for up to one year.

#### **Art. 2633 of the Civil Code: Undue Distribution of Corporate Assets by Liquidators**

Liquidators who, by distributing the corporate assets among the shareholders before the payment of the corporate creditors or the setting aside of the sums necessary to satisfy them, cause damage to the creditors, shall be punished, at the complaint of the offended person, with imprisonment from six months to three years. Compensation for damage to creditors before judgement extinguishes the offence.

#### **Art. 2635 of the Civil Code: Corruption between Private Individuals**

Unless the fact constitutes a more serious offence, directors, general managers, managers responsible for preparing corporate accounting documents, statutory auditors and liquidators, of companies or private entities that, even through an intermediary, solicit or receive, for themselves or for others, money or other undue benefits, or accept the promise, in order to perform or omit an act in violation of the obligations inherent to their office or obligations of loyalty, shall be punished with imprisonment from one to three years. The same punishment applies if the act is committed by someone in the organisational sphere of the company or private body who exercises managerial functions different from those of the subjects referred to in the previous period.

The punishment of imprisonment of up to one year and six months applies if the act is committed by someone who is subject to the direction or supervision of one of the subjects indicated in the first paragraph.

Anyone who, even through an intermediary, offers, promises or gives money or other undue benefits to the persons indicated in the first and second paragraphs, shall be punished with the penalties provided for therein.

The penalties established in the preceding paragraphs are doubled in the case of companies with securities listed on the Italian regulated market or other European Union regulated markets or disseminated to the public to a significant extent pursuant to Article 116 of the Consolidated Text of the provisions on financial intermediation, referred to in Legislative Decree no. 58 of 24 February 1998, as amended.

A complaint shall be filed by the offended person, unless the fact results in a distortion of competition in the acquisition of goods or services. Without prejudice to the provisions of Article 2641, the amount confiscated for an equivalent value may not be less than the value of the benefits given, promised or offered.

**Article 2635-bis of the Civil Code: Incitement to bribery among private individuals**

Anyone who offers or promises undue money or other benefits to directors, general managers, managers in charge of preparing corporate accounting documents, auditors and liquidators, of private companies or entities, as well as to those who carry out working activities within them by performing the managerial functions, in order to perform or omit an act in breach of the obligations inherent to its own office or obligations of loyalty, is subject, if the offer or promise is not accepted, to the punishment established in the first paragraph of Article 2635, reduced by one third.

The punishment referred to in the first paragraph shall apply to directors, general managers, managers in charge of preparing the corporate accounting documents, auditors and liquidators, of private companies or entities, as well as to those who carry out working activities within them by performing the managerial functions, who solicit for themselves or for others, even through an intermediary, a promise or donation of money or other benefits, in order to perform or omit an act in breach of the obligations inherent to its own office or obligations of loyalty, if the solicitation is not accepted.

The offended person is entitled to the lawsuit.

**Article 2636 of the Civil Code: Illicit Influence on the Shareholders' Meeting**

Anyone who, by means of simulated or fraudulent acts, determines the majority in a shareholders' meeting for the purposes of procuring an unjust profit for himself or others shall be punished with imprisonment of six months to three years.

**Article 2637 of the Civil Code: Stock manipulation**

Whoever spreads false news, or carries out simulated transactions or other artifices concretely likely to cause a significant alteration in the price of unlisted financial instruments or for which no application for admission to trading on a regulated market has been submitted, or to significantly affect the public's confidence in the financial stability of banks or banking groups, shall be punished with imprisonment of one to five years.

**Article 2638 of the Civil Code: Obstacle to the performance of the functions of public supervisory authorities**

The directors, general managers, auditors and liquidators of companies or entities and other persons subject by law to public supervisory authorities or bound by obligations towards them, who, in communications to the aforementioned authorities required by law, in order to hinder the performance of supervisory functions present material facts not corresponding to the truth, even if subject to assessment, concerning the economic, asset or financial situation of the persons subject to supervision or, for the same purpose, conceal by other fraudulent means all or part of the facts they should have communicated concerning the same situation, shall be punished with imprisonment from one to four years. The punishability is also extended to cases where the information relates to assets owned or administered by the company on behalf of third parties. The same punishment shall be imposed on directors, general managers, auditors and liquidators of companies or entities and persons subject by law to public supervisory authorities or bound by obligations towards them, who, in any form, even by omitting due communications to the aforementioned authorities, knowingly obstruct their functions. The punishment is doubled in the case of companies with securities listed on regulated markets in Italy or other Member States of the European Union or widely distributed among the public according to the article 116 of the Consolidated Law on Finance referred to in Legislative Decree No 58 of 24 February 1998.

**Crimes for the purposes of terrorism or subversion of the democratic order (Art. 25-quater, Legislative Decree No. 231/2001)**

**Art. 270-bis of the Penal Code: Associations with the purpose of terrorism and subversion of the democratic order**

Anyone who promotes, sets up, organises or directs associations whose aim is to commit violent acts for the subversion of the democratic order shall be punished with imprisonment of seven to fifteen years. Anyone participating in such associations shall be punished with imprisonment of four to eight years.

**Article 270-ter of Penal Code: Assistance to members**

Whoever, except in cases of aiding and abetting, gives refuge or provides food, hospitality, means of transport, means of communication to any of the persons participating in the associations referred to in Articles 270 and 270-bis shall be punished with imprisonment of up to four years. The punishment is increased if the assistance is provided continuously. It is not punishable the person who commits the act in favour of a close relative.

**Article 270-quater of Penal Code: Recruitment for the purposes of terrorism, including international terrorism**

Whosoever, except in cases referred to in Article 270-bis, recruits one or more persons to commit acts of violence or sabotage of essential public services, for the purposes of terrorism, even if directed against a foreign State, an institution or an international organisation, shall be punished with imprisonment from seven to fifteen years.

**Art. 270-quater1 of the Penal Code: Organising of transfers for the purposes of terrorism**

Except in cases referred to in Articles 270-bis and 270-quater, anyone who organises, finances or propagandises trips to foreign territories for the purposes of carrying out conducts for terrorist purposes referred to in Article 270-sexies shall be punished with imprisonment of five to eight years.

**Art. 270-quinquies of Penal Code: Training for activities with the purpose of terrorism, including international terrorism**

Anyone who, except in cases referred to in Article 270-bis, trains or in any case provides instructions on the preparation or use of explosive materials, firearms or other weapons, harmful or dangerous chemical or bacteriological substances, as well as any other technique or method for the perpetration of acts of violence or sabotage of essential public services, for terrorist purposes, even if directed against a foreign State, institution or international organization, shall be punished with imprisonment of five to ten years. The same punishment applies to the trained person.

**Art. 270-sexies of the Penal Code: Conducts for the purposes of terrorism**

Conducts that, by its nature or context, are likely to cause serious damage to a country or an international organisation and are carried out for the purposes of intimidating the population or forcing the public authorities or an international organisation to perform or refrain from performing any act or destabilising or destroying the fundamental political, constitutional, economic and social structures of a country or an international organisation, as well as other conducts defined as terrorist or with purpose of terrorism by conventions or other rules of international law binding on Italy, shall be regarded as terrorist conduct.

**Art. 280 of the Penal Code: Attacks for the purposes of terrorism or subversion**

Whoever, for the purposes of terrorism or subversion of the democratic order, attacks the life or safety of a person, shall be punished, in the first case, with imprisonment of not less than twenty years and, in the second case, with imprisonment of not less than six years. If an attack on the safety of a person results in very serious injury, the punishment shall be imprisonment of no less than eighteen years; if it results in serious injury, the punishment shall be imprisonment of no less than twelve years. If the acts envisaged in the previous paragraphs are directed against persons performing judicial or penitentiary functions or public security functions in the performance or because of their functions, the punishments shall be increased by one third. If the facts referred to in the

previous paragraphs result in the death of the person, it is to apply life imprisonment in the case of an attempt on life and thirty-year imprisonment in the case of an attempt on the safety of the person. The mitigating circumstances competing with the aggravating circumstances envisaged in the second and fourth paragraphs may not be regarded as equivalent to or prevailing over them.

**Art. 280-bis of the Penal Code: Terrorist acts with deadly or explosive devices**

Unless the act constitutes a more serious offence, anyone who, for the purposes of terrorism, commits any act aimed at damage movable or immovable property belonging to others, by means of explosive or otherwise deadly devices, shall be punished with imprisonment of two to five years.

**Article 289-bis of the Penal Code: Kidnapping for the purposes of terrorism or subversion**

Whoever, for the purposes of terrorism or subversion of the democratic order, kidnaps a person shall be punished with imprisonment of twenty-five to thirty years. If the kidnapping results in the death, as a consequence not intended by the offender, of the person kidnapped, the offender shall be punished with imprisonment of thirty years. If the offender causes the death of the kidnapped person, the punishment is life imprisonment. An accomplice who, by dissociating himself from the others, acts in such a way that the kidnapped person regains his freedom shall be punished with imprisonment of two to eight years; if the kidnapped person dies as a consequence of the kidnapping after release, the punishment shall be imprisonment of eight to eighteen years. In case of a mitigating circumstance, the punishment provided for in the second paragraph shall be replaced by imprisonment of twenty to twenty-four years; the punishment envisaged in the third paragraph shall be replaced by imprisonment of twenty-four to thirty years. If several mitigating circumstances are concurrent, the punishment to apply as a result of the reductions cannot be less than ten years, in the case provided for in the second paragraph, and fifteen years, in the case envisaged in the third paragraph.

**Article 302 of the Penal Code: Incitement to commit any of the crimes envisaged in Chapters 1 and 2**

Whosoever incites a person to commit one of the intentional crimes envisaged in the first and second chapter of this title, for which the law prescribes life imprisonment or temporary imprisonment, shall be punished, if the incitement is not accepted or if the incitement is accepted but the crime is not committed, by imprisonment of one to eight years. However, the punishment to apply is always less than half the punishment set for the crime to which the incitement relates.

**Art. 2 New York Convention of 9 December 1999**

1. According to this Convention, any person who by any means, directly or indirectly, unlawfully and intentionally provides or collects funds with the intention of using them or knowing that they are destined to be used, in whole or in part, for the purposes of accomplishing any of the following commits a crime:
  - (a) an act constituting a crime according to and as defined in one of the treaties listed in the annex;
  - (b) any other act aimed at cause death or serious injury to a civilian, or to any other person not active in situations of armed conflict, when the purpose of that act, by its nature or context, is to intimidate a population, or to force a government or international organisation to do or to refrain from doing something.
2. (a) When depositing its instruments of ratification, acceptance, approval or accession, a State Party that does not adhere to any of the treaties listed in the annex may declare that, in application of this Convention to that State Party, the treaty shall be deemed not to be included in the annex referred to in paragraph 1, sub-paragraph (a). The statement shall cease to have effect as soon as the treaty enters into force in the State Party, which shall notify the Depositary;
- (b) When a State Party ceases to be a party to one of the treaties listed in the annex, it may make a treaty statement as provided for in this article.
3. For an act to constitute one of the crimes referred to in paragraph 1, it is not necessary that the funds are actually used to commit one of the crimes referred to in paragraph 1, sub-paragraph (a) or (b).
4. Any person who attempts to commit the crime envisaged in paragraph 1 of this article is also criminal.
5. It is criminal anyone who:
  - (a) takes part as an accomplice in the crime according to paragraph 1 or 4 of this Article;
  - (b) organises or directs others to commit a crime referred to in paragraph 1 or 4 of this article;
  - (c) contributes to the commission of one or more crimes, as referred to in paragraph 1 or 4 of this Article, with a group of persons acting with a common purpose. This contribution must be intentional and:
    - (i) must be carried out for the purposes of facilitating them, as provided for in paragraph 1 or 4 of this section, where such activity or purpose involves the commission of a crime as provided for in paragraph 1 of this article; or (ii) must be provided with the full awareness that the intention of the group is to commit a crime as provided for in paragraph 1 of this article.

**Practices of female genital mutilation (Art. 25-quater1, Legislative Decree No. 231/2001)**

**Art. 583-bis of Penal Code: Practices of female genital mutilation**

Anyone who, in absence of therapeutic needs, causes mutilation of the female genitals shall be punished with imprisonment of four to twelve years. For the purposes of this Article, practices of the female genital organs mutilation are deemed to include clitoridectomy, excision and infibulation and any other practice that causes the same effects. Whoever, in absence of therapeutic needs and in order to impair sexual functions, harms female genital organs other than those indicated in the first paragraph, resulting in a physical or mental illness, shall be punished with imprisonment of three to seven years. The punishment is reduced by up to two thirds in case of light injury. The punishment shall be increased by one third when the practices referred to in the first and second paragraphs are committed to the detriment of a minor or if the act is committed for financial gain. The conviction or the application of a punishment at the request of the parties pursuant to Article 444 of the Code of Criminal Procedure for the crime referred to in this Article shall entail, where the act is committed by the parent or guardian respectively (1) the forfeiture of the performance of parental authority; (2) perpetual interdiction from any office pertaining to guardianship, curatorship and support administration. The provisions of this Article shall also apply when the crime is committed abroad by an Italian citizen or a foreigner residing in Italy, or against an Italian citizen or a foreigner residing in Italy. In such case, the guilty shall be punished at the request of the Minister of Justice.

## Crimes against the individual (Art. 25-quinquies, Legislative Decree No. 231/2001)

### Art. 600. of the Penal Code: Reduction or maintenance in slavery or servitude

Whoever exercises over a person powers corresponding to those of the right of ownership, or whoever reduces or keeps a person in a state of continuous subjection, forcing him/her to labour or sexual services or to begging or in any case to services involving his/her exploitation, shall be punished with imprisonment of eight to twenty years.

The reduction or maintenance in a state of subjection takes place when the conduct is carried out by means of violence, threat, deception, abuse of authority or taking advantage of a situation of physical or mental inferiority or a situation of need, or by promising or giving sums of money or other advantages to a person who has the authority over the person.

### Art. 600-bis. of the Penal Code: Child prostitution

The imprisonment of six to twelve years and a fine of € 15,000 to € 150,000 shall be imposed on any person who:

- 1) recruits or induces to prostitution a person under the age of eighteen years;
- 2) facilitates, exploits, manages, organises or controls the prostitution of a person under the age of eighteen years, or otherwise profits from it.

Unless the act constitutes a more serious crime, anyone who engages in sexual acts with a child between the ages of fourteen and eighteen years, in exchange for payment of money or other benefits, even if only promised, shall be punished with imprisonment of one to six years and a fine between € 1,500 and € 6,000.

### Art. 600-ter. of the Penal Code: Child pornography

A imprisonment of six to twelve years and a fine of € 24,000 to € 240,000 shall be imposed on any person who:

- 1) perform pornographic performances or shows, or produce pornographic material by using minors under the age of eighteen;
- 2) recruits or induces minors under the age of eighteen to participate in pornographic performances or shows, or otherwise profits from such performances. The same punishment shall apply to anyone who trades in the pornographic material referred to in the first paragraph.

Whoever, except in the cases referred to in the first and second paragraphs, by any means, including by electronic means, distributes, discloses, disseminates or publicises the pornographic material referred to in the first paragraph, or distributes or discloses news or information aimed at the enticement or sexual exploitation of minors under the age of eighteen, shall be punished with imprisonment of one to five years and a fine of € 2,582 to € 51,645.

Whoever, except in cases referred to in the first, second and third paragraphs, offers or transfers to others the pornographic material referred to in the first paragraph even free of charge, shall be punished with imprisonment of up to three years and a fine ranging from € 1,549 to € 5,164. 2

In the cases provided for in paragraphs 3 and 4, the punishment shall be increased by not over two thirds where the material is of large quantity.

Unless the act constitutes a very serious crime, anyone who attends pornographic performances or shows involving minors under the age of eighteen shall be punished with imprisonment of up to three years and a fine between € 1,500 and € 6,000.

For the purposes of this article, child pornography refers to any depiction, by whatever means, of a child under the age of eighteen engaged in real or simulated sexually explicit activities, or any depiction of the sexual organs of a child under the age of eighteen for sexual purposes.

### Art. 600-quater of the Penal Code: Detention of pornographic material

Whoever, except in cases provided for in Article 600-ter, knowingly procures or detains pornographic material made by using persons under the age of eighteen years, shall be punished with imprisonment of up to three years and a fine of no less than € 1,549.

The punishment shall be increased by not over two thirds where the material held is of large quantity.

### Article 600-quater 1 of the Penal Code: Virtual pornography

The provisions of Articles 600-ter and 600-quater shall also apply when the pornographic material depicts virtual images made by using in whole or in part images of children under the age of 18, but the punishment shall be reduced by one third.

Virtual images are images created by graphic processing techniques that are not associated in whole or in part with real situations, whose quality of representation makes unreal situations appear as real.

### Art. 600-quinquies of the Penal Code: Tourist initiatives aimed at the exploitation of child prostitution

Whoever organises or propagates trips aimed at the enjoyment of prostitution activities to the detriment of minors or in any case including such activities shall be punished with imprisonment of six to twelve years and a fine between € 15,493 and € 154,937.

### Art. 601 of the Penal Code: Trafficking in persons

A sentence of eight to twenty years' imprisonment shall be imposed on any person who recruits, introduces into the territory of the State, transfers outside the territory of the State, transports, transfers authority over the person, hosts one or more persons who are in the conditions referred to in Article 600, or carries out the same conduct on one or more persons, by means of deceit, violence, threat abuse of authority or taking advantage of a situation of vulnerability, physical or mental inferiority or need, or by promising or giving money or other advantages to the person having authority over them, in order to induce or force them to work, to engage in sexual or begging activities or in any case to engage in illegal activities involving their exploitation or to submit to the removal of organs.

The same punishment shall be imposed on any person who, even outside the manner referred to in the first paragraph, engages in the conduct referred to therein against a minor.

### Art. 602 of the Penal Code: Purchase and alienation of slaves

Whoever, except in cases referred to in Article 601, purchases or alienates a person who is in one of the conditions referred to in Article 600 is punished with imprisonment of eight to twenty years.

### Article 603-bis of the Penal Code: Illicit intermediation and exploitation of labour

Unless the act constitutes a very serious crime, a term of imprisonment between one and six years and a fine between € 500.00 and € 1,000.00 for each worker recruited shall be imposed on any person who:

- 1) recruits labour for third parties under exploitative conditions, taking advantage of the workers' state of need;
- 2) uses, recruits or employs labour, even through the intermediary activity referred to in paragraph (1), subjecting workers to conditions of exploitation and taking advantage of their state of need.

If the acts are committed by means of violence or threat, the punishment is imprisonment of five to eight years and a fine of between € 1,000.00 and € 2,000.00 for each recruited worker.

For the purposes of this article, the existence of one or more of the following conditions constitutes an indication of exploitation:

- 1) the repeated payment of remuneration in a manner obviously different from the national or territorial collective agreements concluded by the most representative national trade unions, or in any event disproportionate to the quantity and quality of the work performed;

- 2) repeated violation of the regulations on working time, rest periods, weekly rest, compulsory leave, holidays;
  - 3) the existence of violations of occupational health and safety regulations;
  - 4) the subjection of the worker to poor working conditions, surveillance methods or housing situations.
- It constitutes a specific aggravating circumstance and entails an increase in the punishment from one third to one half:

- 1) the fact that the number of recruited workers exceeds three;
- 2) the fact that one or more of the recruited subjects are minors of non-working age;
- 3) having committed the act by exposing the exploited workers to very dangerous situations regarding the characteristics of the services to be performed and the working conditions.

#### **Article 609-undecies: Solicitation of minors**

Whoever, for the purposes of committing the crimes referred to in Articles 600, 600-bis, 600-ter and 600-quater, even if relating to pornographic material referred to in Article 600-quater.1, 600-quinquies, 609-bis, 609-quater, 609-quinquies and 609-octies, solicits a child under the age of 16, shall be punished, if the act does not constitute a more serious offence, by imprisonment of one to three years. Solicitation means any act aimed at gaining the trust of a child through artifice, flattery or threats, even by using of the Internet or other networks or means of communication.

### **Market abuse offences (Art. 25-*sexies*, Legislative Decree no. 231/2001)**

#### **Art. 184. of Legislative Decree 58/98: Abuse of inside information**

1. A term of imprisonment ranging from one to six years and a fine ranging from € 20,000 to € 3,000,000 shall be imposed on any person who, possessing inside information by virtue of membership of the administrative, management or supervisory bodies of an issuer, his/her holding in the capital of an issuer or the exercise of his/her employment, profession, duties, including public duties, or position:

- a) buys, sells or carries out other transactions, directly or indirectly, on his/her own account or on behalf of a third party, on financial instruments using such information;
- b) discloses such information to others, outside the normal exercise of employment, profession, duties or position;
- c) recommends or induces others, on the basis of such information, to carry out any of the transactions referred to in subparagraph a).

2. The same punishment as set out in subsection 1 shall apply to any person who, being in possession of inside information in order to prepare or execute criminal activities, carries out any of the actions set out in subsection 1.

3. The judge may increase the fine up to three times or to an amount that is ten times greater than the proceeds or profit made from the offence when, due to the seriousness of the offence, the personal qualities of the offender or the size of the proceeds or profit made from the offence, it appears inadequate even if applied at the maximum.

3-bis. For transactions involving the financial instruments referred to in Article 180(1)(a)(2), the criminal sanction shall be a fine of up to € 103,291 and imprisonment of up to three years.

4. For the purposes of this Article, financial instruments shall also mean the financial instruments referred to in Article 1 (2) whose value depends on a financial instrument referred to in Article 180 (1) (a).

#### **Art. 185. of Legislative Decree 58/98: Market Manipulation**

1. Whoever spreads false information or carries out simulated transactions or other deceitful actions aimed at causing a significant alteration in the price of financial instruments shall be punished by imprisonment of one to six years and a fine of between € 20,000 and € 5,000,000.

2. The judge may increase the fine up to three times or to an amount that is ten times greater than the proceeds or profit made from the offence when, due to the seriousness of the offence, the personal qualities of the offender or the size of the proceeds or profit made from the offence, it appears inadequate even if applied at the maximum.

2-bis. For transactions involving the financial instruments referred to in Article 180(1)(a)(2), the criminal sanction shall be a fine of up to € 103,291 and imprisonment of up to three years.

### **Crimes of manslaughter and grievous or very grievous bodily harm committed in violation of the accident prevention and occupational health and safety regulations (Article 25-*septies*, Legislative Decree no. 231/2001)**

#### **Art. 589 of the Penal Code: Involuntary Manslaughter**

Anyone who causes the death of another person because of negligence shall be punished by imprisonment from six months to five years. If the offence is committed in violation of the rules governing road traffic or those for the prevention of occupational accidents, the punishment is imprisonment from two to seven years. The punishment of imprisonment from three to ten years shall apply if the offence is committed in violation of the road traffic regulations by:

- 1) a person in a state of alcoholic intoxication pursuant to article 186, paragraph 2, letter c), of legislative decree no. 285 of 30 April 1992 and subsequent modifications;
- 2) a person under the influence of narcotics or psychotropic substances.

In the event of the death of more than one person, or of the death of one or more persons and injuries to one or more persons, the sentence that should be imposed for the most serious of the violations committed shall apply, increased by up to three times, but the sentence may not exceed fifteen years.

#### **Article 590 of the Penal Code: Personal injury through negligence**

Anyone who negligently causes a personal injury to others shall be punished with imprisonment of up to three months or a fine of up to € 309.

If the injury is serious, the punishment shall be imprisonment for a term of one to six months or a fine ranging from € 123 to € 619; if very serious, imprisonment for a term of three months to two years or a fine ranging from € 309 to € 1,239.

If the acts referred to in the second paragraph are committed in violation of the road traffic regulations or regulations for the prevention of accidents in the workplace, the punishment for serious injuries shall be imprisonment from three months to one year or a fine ranging from € 500 to € 2,000 and the punishment for very serious injuries shall be imprisonment from one to three years. In cases of violation of road traffic regulations, if the offence is committed by a person in a state of alcoholic intoxication pursuant to article 186, paragraph 2, letter c), of legislative decree no. 285 of 30 April 1992 and subsequent

amendments, or by a person under the influence of narcotics or psychotropic substances, the punishment for serious injuries is imprisonment from six months to two years and the punishment for very serious injuries is imprisonment from one year and six months to four years. In the case of injuries to more than one person, the punishment that should be imposed for the most serious of the violations committed shall apply, increased by up to three times; but the punishment of imprisonment may not exceed five years. The offence is punishable upon complaint by the offended person, except in the cases provided for in the first and second paragraphs, limited to acts committed in violation of the rules for the prevention of accidents at work or relating to occupational hygiene or which have resulted in an occupational disease.

### **Receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin as well as self-laundering (Article 25-octies, Legislative Decree no. 231/2001)**

#### **Art. 648 of the Penal Code: Receiving stolen goods**

Apart from cases of complicity in the offence, anyone who, in order to obtain a profit for himself or others, acquires, receives or conceals money or objects deriving from any offence, or in any case is involved in arranging for such money or things to be acquired, received or concealed, shall be punished by imprisonment from two to eight years and a fine of between € 516 and

€ 10,329. The punishment shall be increased if the offence concerns money or objects deriving from aggravated robbery pursuant to Article 628(3), aggravated extortion pursuant to Article 629(2), or aggravated theft pursuant to Article 625(1)(7-bis). The punishment is imprisonment of up to six years and a fine of up to € 516 if the offence is particularly minor. The provisions of this Article shall also apply when the perpetrator of the offence from which the money or property originates cannot be charged or is not punishable, or when a condition of prosecution relating to that offence is missing.

#### **Art. 648 bis of the Penal Code: Money laundering**

Except for cases of complicity in the offence, any person who substitutes or transfers money, goods or other benefits resulting from an intentional offence, or carries out other operations in relation to them, in such a way as to obstruct the identification of their criminal origin, shall be punished with imprisonment from four to twelve years and with a fine ranging from € 5,000 to € 25,000.

The punishment is increased when the act is committed while performing a professional activity. The punishment is reduced if the money, goods or other benefits result from an offence for which it is established, the maximum term of imprisonment is less than five years.

The last paragraph of Article 648 applies.

#### **Art 648 ter of the Penal Code: Use of money, goods or other benefits of illicit origin**

Whoever, except for the cases of complicity in the crime and the cases provided for by articles 648 and 648 bis, uses money, goods or other benefits deriving from crime in economic or financial activities, shall be punished with imprisonment from four to twelve years and with a fine ranging from € 5,000 to € 25,000.

The punishment is increased when the act is committed while performing a professional activity. The punishment shall be reduced in the case referred to in the second paragraph of Article 648. The last paragraph of Article 648 applies.

#### **Art 648 ter.1 of the Penal Code: Self-laundering**

A sentence of two to eight years' imprisonment and a fine ranging from € 5,000 to € 25,000 shall be imposed on any person who, having committed or having taken part in the commission of an intentional offence, uses, substitutes, transfers the money, goods or other utilities deriving from the commission of such offence in economic, financial, entrepreneurial or speculative activities, in such a way as to clearly hinder the identification of their criminal origin. The punishment shall be imprisonment from one to four years and a fine ranging from € 2,500 to € 12,500 if the money, goods or other benefits originate from the commission of an intentional offence punishable by imprisonment of less than a maximum of five years.

In any case, the punishment provided for in the first paragraph shall apply if the money, goods or other benefits originate from an offence committed under the conditions or for the purposes set forth in Article 7 of Decree-Law No. 152 of 13 May 1991, converted, with amendments, by Law No. 203 of 12 July 1991, and subsequent amendments. Except for the cases referred to in the preceding paragraphs, conduct whereby the money, goods or other benefits are intended merely for personal use or enjoyment shall not be punishable. The punishment is increased when the acts are committed in the performing of a banking or financial activity or other professional activity.

The punishment is reduced by up to half for those who have effectively worked to prevent the conduct from leading to further consequences or to ensure evidence of the crime and the identification of the goods, money and other benefits deriving from the offence. The last paragraph of Article 648 applies.

### **Copyright infringement offences (Art. 25-novies, Legislative Decree no. 231/2001)**

#### **Article 171 Law No. 633 of 22 April 1941**

Without prejudice to the provisions of Article 171 bis and Article 171 ter, a fine ranging from €51.00 to €2,065.00 shall be imposed on any person who, without having the right thereto, and for any purpose and in any form:

- a) reproduces, transcribes, recites in public, disseminates, sells or offers for sale, or otherwise commercially distributes the work of another person, or reveals the contents of such work before it is made public, or introduces or circulates within the territory of the State copies produced abroad contrary to Italian Law;
- a bis) makes available to the public, by placing it in a computer network system, through connections of any kind, a protected original work, or part of it;
- b) represents, performs or recites in public or disseminates, with or without variations or additions, the work of another person intended for public performance, or a musical composition. Representation or performance includes the public showing of a cinematographic work, the performance in public of musical compositions included in cinematographic works, and broadcasting by means of a loud-speaker operated in public;
- c) performs the acts indicated in the preceding subparagraphs by means of any form of transformation referred to in this Law;
- d) reproduces a greater number of copies or performs or depicts a greater number of performances than he/she had the right to reproduce or perform respectively;
- e) (repealed)
- f) in violation of Article 79, retransmits by wire or by radio, or records on phonograph records or other like devices radiophonic transmissions or retransmissions, or sells the unlawfully recorded phonograph records or other like devices.

Whoever commits the infringement referred to in subsection 1a bis shall, before the opening of the hearing, or before the issuance of the criminal decree of conviction, be allowed to pay a sum corresponding to half of the maximum penalty laid down in subsection 1 for the offence committed, plus the costs of the proceedings. Payment settles the offence.

The penalty shall be imprisonment of up to one year or a fine of not less than € 516.00 if the acts referred to above are committed in relation to a work of another person which is not intended for public disclosure, or by usurpation of the authorship of the work, or with deformation, mutilation or other modification of the work and such acts constitute an offence against the honour or reputation of the author.

Violation of the provisions under paragraphs 3 and 4 of article 68 shall result in a suspension of the activity of photocopying/xerocopying or of like reproduction systems from six months to one year, as well as in the administrative pecuniary fine from € 1,032 to € 5,164.

**Article 171-bis, par. 1 and 2, Law no. 633 of 22 April 1941**

Any person who with gainful intent unlawfully duplicates computer programs or who, to the same intent, imports, distributes, sells, holds for commercial purposes or rents computer programs contained in carriers not bearing the mark of the Italian Society of Authors and Publishers (SIAE) shall be liable to imprisonment of between six months and three years and to a fine of between € 2,582 and € 15,493. The same penalty shall apply if the act concerns any means, the sole intended purpose of which is to allow or to facilitate the unauthorized removal or circumvention of any technical device applied to protect a computer program. The penalty shall be imprisonment of not less than two years and a fine of € 15,493 if the offence is particularly serious.

Any person who, with gainful intent, reproduces on carriers not bearing SIAE's mark, transfers onto another carrier, distributes, communicates, presents or shows in public, the content of a data-base, thus infringing the provisions under articles 64-quinquies and 64-sexies, or extracts or reutilizes a data base, thus infringing the provisions under articles 102bis and 102-ter, or distributes, sells or leases a data base shall be liable to imprisonment for a period of six-months up to three years and to a fine from € 2,582 to € 15,493. The penalty shall be imprisonment of not less than two years and a fine of € 15,493 if the offence is particularly serious.

**Art. 171-ter, Law No. 633 of 22 April 1941**

If the offence is committed for non-personal use, a term of imprisonment of six months to three years and a fine of between € 2,582 and € 15,493 shall be imposed on any person with gainful intent who:

- a) Unlawfully duplicates or reproduces, broadcasts or performs a public show, by whatever means, of whole or parts of intellectual works intended for cinematographic or television distribution, or for sale or for rental, records, tapes or like media as well as any other media containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images;
- b) Unlawfully reproduces, broadcasts or performs a public show, by whatever means, of whole or parts of literary, dramatical, scientific or educational, musical or dramatico-musical works, or multimedia works, even when they are part of collective works, or works made in collaboration or data bases;
- c) without having participated in the duplication or reproduction introduces onto the territory of the State, holds for sale or distribution, distributes, markets, rents, or transfers under whatever title, or performs a public show of or broadcasts or disseminates to the public the unlawful duplications or reproductions referred to in item (a) and (b);
- d) holds for sale or distribution, markets, sells, rents, transfers under whatever title, publicly shows, broadcasts by radio or by television with any means, video cassettes, audio cassettes, any carrier containing phonograms or videograms of musical works, cinematographic or audiovisual works or sequences of moving images or any other carrier which do not bear the mark of the Italian Society of Authors and Publishers (SIAE) or bear a counterfeited or altered mark, in all cases where the SIAE mark is compulsory according to this law;
- e) without a prior consent of the lawful distributor, re-transmits or broadcasts, by whatever means, an encrypted service received by means of devices or parts of devices capable to decode the conditioned-access transmissions;
- f) introduces onto the territory of the State, holds for sale or distribution, sells, rents, transfers under whatever title, promotes for commercial purposes, sets up special devices or decoding elements which allow to have access to an encrypted service without paying the due subscription fee;
- f-bis) manufactures, imports, distributes, sells, rents, transfers under whatever title, advertises for sale or rental, holds for commercial purposes devices, products or components or provides services whose main purpose or commercial use is to circumvent any effective technological measures under art. 102-quater, or which are primarily designed, manufactured, adapted or performed for the purpose of enabling or facilitating the circumvention of said measures. These technological measures shall comprise the measures that are applied or that remain after certain measures are removed by right-holders voluntarily or by virtue of agreements with the beneficiaries of exceptions, or in compliance with an injunction by an administrative or judicial authority;
- h) unlawfully removes or alters the electronic rights-management information under art. 102-quinquies, or distributes, imports for distribution, broadcasts, communicates or makes available to the public protected works or other subject- matters whose electronic information has been removed or altered.

A term of imprisonment from one to four years and a fine from € 2,582 to € 15,493 shall be imposed on any person who:

- a) Unlawfully reproduces, duplicates, broadcasts, sells or markets, transfers under whatever title or imports more than 50 copies or examples of works protected by copyright and related rights;
- a-bis) in violation of Article 16, for the purpose of gain, communicates to the public by placing it in a system of telematic networks, by means of connections of any kind, an original work protected by copyright, or part of it;
- b) for business purposes, effects the reproduction, distribution, sale or marketing, import of works protected by copyright and related rights, thus making himself/herself guilty of the offences under paragraph 1;
- c) promotes or organises the unlawful activities referred to in paragraph 1. The punishment shall be reduced in the event of a particularly light offence.

Conviction for any of the offences under paragraph 1 shall include:

- a) the application of the ancillary penalties provided for in articles 30 and 32-bis of the Penal Code;
- b) the publication of the sentence in one or more newspapers, of which one at least is distributed onto the entire national territory, and in one or more specialized magazines;
- c) a one-year-period suspension of the license or authorization to broadcast the activity or business by radio and TV.

The amounts derived from the application of the pecuniary fines referred to in the previous paragraphs shall be paid to the Social Security and Assistance Agency for Painters and Sculptors, Musicians, Writers and Playwrights.

**Article 171-septies, Law No. 633 of 22 April 1941**

The punishment provided for in article 171-ter, paragraph 1, shall also apply:

- a) to producers and importers of the carriers under article 181-bis which are not subject to SIAE's mark, when they do not communicate to SIAE all the information necessary to the unambiguous identification of these carriers, within 30 days from their commercialisation onto the national territory or within 30 days from the date of import;

b) to whoever mendaciously states he or she has fulfilled the obligations under article 181-bis, paragraph 2, of this law, unless the fact does not constitute a more serious offence.

**Article 171-octies, Law No. 633 of 22 April 1941**

Whoever produces, sales, imports, promotes, installs, modifies, or uses, either for personal or public use, with fraudulent purposes, devices or parts of devices meant to decode conditional-access audiovisual transmissions which have been broadcast by air, satellite or cable, whether in analogue or digital form, shall be punished by imprisonment from a 6-month up to 3-year period and a fine from € 2,582 up to € 25,822 if the fact does not constitute a more serious offence. A “conditional-access” service is meant to be the broadcasting of the audiovisual signals by Italian or foreign broadcasters in such a way so to make those signals solely available to specific groups of users selected by the broadcaster of the signal, apart from the users’ payment of a subscription fee related to above service. When the offence is particularly serious, the punishment shall not be less than 2 years of imprisonment and a € 15,493 fine.

**Inducement not to make statements or to make false statements to judicial authorities (Article 25-decies, Legislative Decree no. 231/2001)****Art. 377 bis of the Penal Code: Inducement not to make statements or to make false statements to judicial authorities**

Unless the act constitutes a more serious offence, whoever, by means of violence or threats, or by offering or promising money or other benefits, induces a person, called upon to make declarations before the judicial authorities, not to make declarations or to make false declarations that may be used in criminal proceedings, when that person has the right to remain silent, shall be punished with a term of imprisonment of two to six years.

**Environmental offences (Art. 25-undecies, Legislative Decree no. 231/2001)****Art. 452-bis of the Penal Code: Environmental pollution**

A term of imprisonment of two to six years and a fine of between € 10,000.00 and € 100,000.00 shall be imposed on any person who unlawfully causes a significant and measurable impairment or deterioration:

- 1) of water or air, or extensive or significant portions of soil or subsoil;
- 2) of an ecosystem, biodiversity, including agricultural biodiversity, or pertaining to flora or fauna.

The punishment is increased when the pollution is produced in a protected natural area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or to the detriment of protected animal or plant species.

**Art. 452-quater of the Penal Code: Environmental disaster**

Outside the cases provided for in Article 434, anyone who unlawfully causes an environmental disaster shall be punished by imprisonment from five to fifteen years. The following also constitute an environmental disaster:

- 1) the irreversible alteration of the balance of an ecosystem;
- 2) alteration in the balance of an ecosystem whose elimination is particularly costly and can only be achieved by exceptional measures;
- 3) the offence to public safety because of the significance of the act in terms of the extent of the impairment or its damaging effects or the number of persons offended or exposed to danger.

When the disaster occurs in a protected natural area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or if there is damage to protected animal or plant species, the punishment is increased.

**Art. 452-quinquies of the Penal Code: Culpable offences against the environment**

If any of the acts referred to in Articles 452-bis and 452-quater are committed through negligence, the penalties provided for in those Articles shall be reduced by between one third and two thirds. If the commission of the acts referred to in the preceding paragraph results in the danger of environmental pollution or environmental disaster, the penalties shall be further reduced by a third.

**Article 452-octies of the Penal Code: Aggravating circumstances**

When the conspiracy referred to in Article 416 is exclusively or concurrently directed for the purposes of committing any of the offences provided for by this Title, the penalties foreseen in Article 416 shall be increased.

When the conspiracy referred to in Article 416 aims to commit any of the offences provided for in this Title, namely ranging from the purchase of the management or in any case control over economic activities, concessions, authorizations, tenders and public services concerning the environment, the penalties provided for in Article 416-bis are increased.

The penalties referred to in the first and second sub-paragraphs shall be increased by between one third and one half if public officials or persons in charge of public services or who provide services concerning the environment participate in the conspiracy.

**Article 452-sexies of the Penal Code: Trading and discarding highly radioactive material**

Unless the act constitutes a more serious offence, a term of imprisonment of two to six years and a fine of between €10,000.00 and €50,000.00 shall be imposed on any person who unlawfully:

gives, purchases, receives, transports, imports, exports, procures for others, holds, transfers, abandons or unlawfully disposes of highly radioactive material.

The punishment referred to in the first paragraph shall be increased if the act results in the risk of impairment or deterioration of:

- 1) of water or air, or extensive or significant portions of soil or subsoil;
- 2) of an ecosystem, biodiversity, including agricultural biodiversity, or pertaining to flora or fauna.

If the act results in the risk to life or people’s health, the punishment shall be increased by up to half.

**Art. 727-bis of the Penal Code: Killing, destruction, capture, possession or taking of specimens of protected wild fauna or flora species**

Unless the act constitutes a more serious offence, anyone who, outside the permitted cases, kills, captures or possesses specimens belonging to a protected wild fauna species shall be punished by imprisonment from one to six months or a fine of up to € 4,000, unless the action involves a negligible quantity of said specimens and has a negligent impact on the state of conservation of the species. Anyone who, except for cases where it is allowed, destroys, takes or possesses specimens belonging to a protected wild flora species shall be liable for a fine of up to € 4,000, except in cases where the action involves a negligible quantity of said specimens and has a negligent impact on the state of conservation of the species.

**Art. 733-bis of the Penal Code: Destruction or deterioration of habitats within a protected site**

Anyone who, with the exception of the cases allowed, destroys a habitat within a protected site or in any case deteriorates it, thereby compromising its state of conservation, shall be punished by imprisonment of up to eighteen months and a fine of not less than € 3,000.

**Art. 1, L. 150/1992**

1. Unless the act constitutes a more serious offence, a term of imprisonment from three months to one year and a fine ranging from fifteen million to one hundred and fifty million lire shall be imposed on anyone who, in breach of the provisions of Regulation (EC)

No. 338/97 of the Council of 9 December 1996, as implemented and amended, for the specimens belonging to the species listed in Annex A of the same Regulation, as amended:

- a) imports, exports or re-exports specimens, under any customs procedure, without the required certificate or licence, or with an invalid certificate or licence pursuant to Article 11, paragraph 2a, of Council Regulation (EC) No. 338/97, of 9 December 1996, as implemented and amended;
- b) fails to observe the requirements for the safety of the specimens specified in a licence or certificate issued in accordance with Council Regulation (EC) No. 338/97, of 9 December 1996, as subsequently implemented and amended, and Commission Regulation (EC) No. 939/97 of 26 May 1997, as subsequently amended;
- c) uses the aforementioned specimens in a manner contrary to the requirements contained in the authorisations or certificates issued together with the import licence or subsequently certified;
- d) transports or causes the transport, even on behalf of third parties, of specimens without the required licence or certificate issued in accordance with Council Regulation (EC) No. 338/97, of 9 December 1996, as subsequently implemented and amended, and Commission Regulation (EC) No. 939/97 of 26 May 1997, as subsequently amended, and, in the case of export or re-export from a third country and party to the Washington Convention, issued in accordance with the same, or without sufficient proof of their existence;
- e) trades in artificially propagated plants contrary to the requirements established on the basis of Article 7, paragraph 1, letter b) of Council Regulation (EC) No. 338/97 of 9 December 1996, as implemented and amended, and with Council Regulation (EC) No. 939/97 of 26 May 1997, as amended;
- f) holds, uses for profit, buys, sells, exhibits or holds for sale or commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation.

2. In the event of a repeated offence, the punishment shall be imprisonment from three months to two years and a fine ranging from twenty million to two hundred million lire. If the aforementioned offence is committed in the exercise of business activities, the conviction is followed by the suspension of the licence for a minimum of six months and a maximum of eighteen months.

3. The import, export or re-export of personal or household effects derived from specimens of species indicated in paragraph 1, in breach of the provisions of Commission Regulation (EC) No. 939/97, of 26 May 1997, as amended, shall be punished with an administrative fine ranging from three million to eighteen million lire. Illegally introduced objects are confiscated by the State Forestry Corps, if confiscation is not ordered by the judicial authority.

**Art. 2, L. 150/1992**

1. Unless the act constitutes a more serious offence, a fine ranging from twenty million to two hundred million lire or a term of imprisonment from three months to one year shall be imposed on anyone who, in breach of the provisions of Council Regulation (EC) No. 338/97, of 9 December 1996, as implemented and amended, for specimens belonging to the species listed in annexes B and C of the same Regulation, as amended:

- a) imports, exports or re-exports specimens, under any customs procedure, without the required certificate or licence, or with an invalid certificate or licence pursuant to Article 11, paragraph 2a, of Council Regulation (EC) No. 338/97, of 9 December 1996, as implemented and amended;
- b) fails to observe the requirements for the safety of the specimens, specified in a licence or certificate issued in accordance with Council Regulation (EC) No. 338/97, of 9 December 1996, as implemented and amended, and Commission Regulation (EC) No. 939/97, of 26 May 1997, as amended;
- c) uses the aforementioned specimens in a manner contrary to the requirements contained in the authorisations or certificates issued together with the import licence or subsequently certified;
- d) transports or causes the transport, also on behalf of third parties, of specimens without the required licence or certificate issued in accordance with Council Regulation (EC) No. 338/97, of 9 December 1996, as implemented and amended, and Commission Regulation (EC) No. 939/97, of 26 May 1997, as amended, and, in the case of export or re-export from a third country and party to the Washington Convention, issued in accordance with the same, or without sufficient proof of their existence;
- e) trades in artificially propagated plants contrary to the requirements established on the basis of Article 7, paragraph 1, letter b) of Council Regulation (EC) No. 338/97, of 9 December 1996, as implemented and amended, and Commission Regulation (EC) No. 939/97, of 26 May 1997, as amended;
- f) possesses, uses for profit, purchases, sells, exhibits or holds for sale or commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation, limited to the species listed in Annex B of the Regulation.

2. In the event of a repeated offence, the punishment shall be imprisonment from three months to one year and a fine ranging from twenty million to two hundred million lire. If the aforementioned offence is committed in the exercise of business activities, the conviction is followed by the suspension of the licence for a minimum of four months and a maximum of twelve months.

3. The introduction onto national territory, the export or re-export from the same of personal or household effects relating to the species indicated in paragraph 1, in breach of the provisions of Commission Regulation (EC) No. 939/97, of 26 May 1997, as amended, shall be punished with an administrative fine ranging from two million to twelve million lire. Illegally introduced objects are confiscated by the State Forestry Corps, if confiscation is not ordered by the judicial authority.

4. Unless the offence constitutes a criminal offence, any person who fails to submit the import notification referred to in Article 4, paragraph 4, of Council Regulation (EC) No. 338/97, of 9 December 1996, as implemented and amended, or any applicant who fails to communicate the rejection of an application for a licence or certificate in accordance with Article 6, paragraph 3 of the aforementioned Regulation, shall be punished with an administrative fine ranging from two million to twelve million lire.

5. The administrative authority receiving the report provided for in Article 17, paragraph 1, of Law No. 689 of 24 November 1981, for the violations provided for and punished by this law, is the CITES service of the State Forestry Corps.

**Article 3-bis of Law No. 150 of 7 February 1992 (protection of wild flora and fauna species by regulation of their trade)**

The offences provided for in Article 16, paragraph 1, letters a), c), d), e), and l) of Council Regulation (EC) No. 338/97, of 9 December 1996, as amended, concerning the falsification or alteration of certificates, licences, import notifications, declarations, communications of information for the purpose of acquiring a licence or certificate, and the use of false or altered certificates or licences shall be subject to the punishments set out in Book II, Title VII, Chapter III of the Penal Code.

**Article 6 of Law No. 150 of 7 February 1992: Prohibition on possession of specimens constituting a danger to public health and safety**

1. Without prejudice to the provisions of Law No. 157, of 11 of February 1992 (Laws on the protection of homeothermic wild fauna and hunting), it is forbidden for anyone to keep live specimens of mammals and reptiles of wild species and live specimens of mammals and reptiles from captive breeding that constitute a danger to public health and safety.

**Art. 137, Legislative Decree 152/2006: Discharges of industrial waste water containing hazardous substances; discharges to soil, subsoil and groundwater; discharges into sea water from ships or aircraft**

1. Whoever opens or otherwise makes new discharges of industrial waste water without authorisation, or continues to make or maintain such discharges after the authorisation has been suspended or revoked, shall be punished by imprisonment from two months to two years or a fine ranging from one thousand five hundred to ten thousand euros.

2. When the conduct described in paragraph 1 concerns discharges of industrial waste water containing the hazardous substances included in the families and groups of substances listed in Tables 5 and 3/A of Annex 5 to Part Three of this Decree, the punishment is imprisonment from three months to three years.

3. Whoever, other than in the cases referred to in paragraph 5, discharges industrial waste water containing the dangerous substances included in the families and groups of substances listed in Tables 5 and 3/A of Annex

5 to Part Three of this Decree without complying with the requirements of the authorisation, or other requirements of the competent authority pursuant to Articles 107, paragraph 1 and 108, paragraph 4, shall be punished by imprisonment of up to two years.

4. Anyone who infringes the requirements concerning the installation and operation of automatic checks or the obligation to retain the results thereof, as set out in Article 131, shall be punished in accordance with paragraph 3.

5. Any person who, when discharging industrial waste water, exceeds the limit values set out in Table 3 or, in the case of discharge to land, in Table 4 of Annex 5 to Part Three of this Decree or exceeds the more restrictive limits set by the regions or autonomous provinces or by the competent authority pursuant to Article 107, paragraph 1, in relation to the substances indicated in Table 5 of Annex 5 to Part Three of this Decree, shall be punished by imprisonment of up to two years and a fine of between three thousand euros and thirty thousand euros. If the limit values set for the substances contained in Table 3/A of the same Annex 5 are also exceeded, imprisonment from six months to three years and a fine from six thousand to one hundred and twenty thousand euros shall apply.

6. The sanctions referred to in paragraph 5 shall also apply to the operator of urban waste water treatment plants who during the discharge exceeds the limit values provided for in such paragraph.

7. The operator of the integrated water service who fails to comply with the obligation to notify under Article 110, paragraph 3, or does not observe the requirements or prohibitions under Article 110, paragraph 5, shall be punished with imprisonment from three months to one year or with a fine ranging from € 3,000 to € 30,000 if non-hazardous waste is involved, and with imprisonment from six months to two years and with a fine ranging from € 3,000 to € 30,000 if hazardous waste is involved.

8. The owner of a waste drainage plant who does not allow the person responsible for supervision to access the plant for the purposes of Article 101, paragraphs 3 and 4, unless the act constitutes a more serious offence, shall be punished with imprisonment of up to two years. The powers and duties of intervention of the persons responsible for supervising the plant also pursuant to Article 13 of Law No. 689 of 1981 and Articles 55 and 354 of the Code of Criminal Procedure remain in place.

9. Anyone who fails to comply with the regulations laid down by the regions pursuant to Article 113, paragraph 3, shall be punished in accordance with Article 137, paragraph 1.

10. Anyone who fails to comply with the measure adopted by the competent authority pursuant to Article 84, paragraph 4, or Article 85, paragraph 2, shall be punished by a fine ranging from one thousand five hundred to fifteen thousand euros.

11. Anyone who fails to observe the discharge prohibitions as provided for in Articles 103 and 104 shall be punished by imprisonment of up to three years. 12. Anyone who fails to comply with the regional provisions adopted pursuant to Article 88, paragraphs 1 and 2, aimed at ensuring the achievement or restoration of the water quality objectives designated pursuant to Article 87, or who fails to comply with the measures adopted by the competent authority pursuant to Article 87, paragraph 3, shall be punished with imprisonment of up to two years or a fine ranging from four thousand to forty thousand euros.

13. The punishment of imprisonment from two months to two years is always applicable if the discharge into the sea by ships or aircraft contains substances or materials for which an absolute prohibition of spillage is imposed pursuant to the provisions contained in the international conventions in force on the subject and ratified by Italy, unless they are in such quantities as to be rendered rapidly harmless by the physical, chemical and biological processes occurring naturally in the sea and provided that prior authorisation is obtained from the competent authority.

14. Whoever carries out the agronomic use of livestock manure, vegetation waters from olive oil mills, and wastewater from farms and small agri-food companies referred to in Article 112, outside the cases and procedures set forth therein, or does not comply with the prohibition or order issued to suspend the activity pursuant to said article, shall be punished with a fine ranging from one thousand five hundred to ten thousand euros or with imprisonment of up to one year. The same punishment applies to anyone who carries out agronomic use outside the cases and procedures set out in the regulations in force. Article 103 of Legislative Decree No. 152 of 3 April 2006 (Discharges on soil)

1. It is forbidden to discharge onto soil or into the surface layers of the subsoil ...

Article 104 of Legislative Decree No. 152 of 3 April 2006 (Discharges to subsoil and groundwater)

1. Direct discharge into groundwater and subsoil is prohibited...

Article 107 of Legislative Decree No. 152 of 3 April 2006 (Discharges into sewerage systems)

1. Without prejudice to the mandatory nature of the emission limit values set forth in Table 3/A of Annex 5 to Part Three of this Decree and, limited to the parameters set forth in Note 2 to Table 5 of the same Annex 5, in Table 3, industrial waste water discharges into sewerage systems are subject to the technical standards, the regulatory prescriptions and the limit values adopted by the competent governing body on the basis of the characteristics of the plant, and in such a way as to ensure the protection of the receiving body of water as well as compliance with the regulation on urban waste water discharges defined pursuant to Article 101, paragraphs 1 and 2.

Article 108 of Legislative Decree No. 152 of 3 April 2006 (Discharges of hazardous substances)

4. For the substances listed in Table 3/A of Annex 5 to Part Three of this Decree, deriving from the production cycles indicated in the same table, the authorisations shall also establish the maximum quantity of the substance expressed in units of weight per unit of characteristic element of the polluting activity, namely per

raw material or per unit of product, in accordance with the same Table. Discharges containing the hazardous substances referred to in paragraph 1 are subject to the requirements of Section 1.2.3. of Annex 5 to Part Three of this Decree.

**Art. 256, Legislative Decree 152/2006: Unauthorised waste management activities**

1. Whoever carries out an activity of waste collection, transport, recovery, disposal, trade and intermediation in the absence of the prescribed authorisation, registration or communication referred to in Articles 208, 209, 210, 211, 212, 214, 215 and 216 is punished:

- a) with a term of imprisonment of three months to one year or a fine of two thousand six hundred euros to twenty-six thousand euros if non-hazardous waste is involved;
  - b) with imprisonment of six months to two years and a fine of two thousand six hundred euros to twenty-six thousand euros if hazardous waste is involved.
2. The punishments referred to in paragraph 1 shall apply to owners of undertakings and persons in charge of bodies who abandon or deposit waste in an uncontrolled manner or who discharge waste into surface water or groundwater in breach of the prohibition laid down in Article 192, paragraphs 1 and 2.
3. Anyone who sets up or operates an unauthorised landfill is punished with imprisonment for a term of six months to two years and a fine of two thousand six hundred euros to twenty-six thousand euros. A term of imprisonment of one to three years and a fine ranging from five thousand two hundred euros to fifty-two thousand euros shall apply if the landfill is intended, even partially, for the disposal of hazardous waste. A conviction or sentence delivered pursuant to Article 444 of the Code of Criminal Procedure is followed by the confiscation of the area on which the unauthorised landfill was set up if it is owned by the perpetrator or by the co-participant in the offence, without prejudice to the obligations to clean up or restore the condition of the location.
4. The punishments referred to in paragraphs 1, 2 and 3 shall be reduced by half in the event of non-compliance with the requirements contained in or referred to in the authorisations, as well as in the event of failure to comply with the requirements and conditions for the registrations or notifications.
5. Anyone who, in breach of the prohibition laid down in Article 187, carries out unauthorised waste mixing activities shall be punished in accordance with paragraph 1, letter b).
6. Whoever temporarily stores hazardous medical waste at the place of production, in breach of the provisions of Article 227, paragraph 1, letter b), shall be punished by a term of imprisonment of three months to one year or a fine of two thousand six hundred euros to twenty-six thousand euros. An administrative fine ranging from two thousand six hundred euros to fifteen thousand five hundred euros shall be imposed for quantities not exceeding two hundred litres or their equivalent.
7. Whoever infringes the obligations laid down in Articles 231, paragraphs 7, 8 and 9, 233, paragraphs 12 and 13, and 234, paragraph 14, shall be punished with an administrative fine ranging from two hundred and sixty euros to one thousand five hundred and fifty euros.
8. The parties referred to in Articles 233, 234, 235 and 236 who do not comply with the participation obligations provided for therein shall be punished with an administrative sanction ranging from eight thousand euros to forty-five thousand euros, without prejudice, however, to their obligation to pay past contributions. Until the decree referred to in Article 234, paragraph 2 is adopted, the penalties referred to in this paragraph shall not be applicable to the parties referred to in Article 234.
9. The penalties referred to in paragraph 8 shall be reduced by half in the case of adherence made within 60 days of the expiry of the deadline for complying with the participation obligations provided for in Articles 233, 234, 235 and 236.

**Art. 257, Legislative Decree 152/2006: Site remediation**

1. Whoever causes the pollution of the soil, subsoil, surface waters or underground waters by exceeding the risk threshold concentrations shall be punished with imprisonment from six months to one year or a fine ranging from two thousand six hundred euros to twenty-six thousand euros, if they do not carry out the remediation in accordance with the project approved by the competent authority within the framework of the procedure set forth in articles 242 and following. In the event of failure to make the notification referred to in Article 242, the offender shall be punished by imprisonment from three months to one year or a fine ranging from one thousand to twenty-six thousand euros.
2. A term of imprisonment of one year to two years and a fine ranging from five thousand two hundred euros to fifty-two thousand euros shall apply if the pollution is caused by hazardous substances.
3. In the conviction for the offence referred to in paragraphs 1 and 2, or in the sentence passed pursuant to Article 444 of the Code of Criminal Procedure, the benefit of the suspended sentence may be made conditional on the performance of emergency, remediation and environmental restoration measures.
4. Non-compliance with the projects approved pursuant to Articles 242 et seq. constitutes a condition of non-punishability for environmental offences under other laws for the same event and the same conduct of pollution referred to in paragraph 1.

**Art. 258, para. 4 Legislative Decree 152/2006: Breach of the obligations of communication, keeping of mandatory registers and forms**

Whoever transports waste without the form referred to in Article 193 or indicates incomplete or inaccurate data in the form itself shall be punished with an administrative sanction ranging from one thousand six hundred euros to nine thousand three hundred euros. The punishment under Article 483 of the Penal Code shall apply in the case of transport of hazardous waste. The latter punishment also applies to anyone who, in preparing a waste analysis certificate, provides false information on the nature, composition and chemical/physical characteristics of the waste and to anyone who uses a false certificate during transport.

**Art. 259, para. 1, Legislative Decree 152/2006: Illegal trafficking of waste**

Whoever carries out a shipment of waste constituting illegal trafficking as defined in Article 26 of Regulation (EEC) No. 259/93 of 1 February 1993 or carries out a shipment of waste as listed in Annex II of said Regulation in breach of Article 1, paragraph 3, letters a), b), c) and d) of said Regulation is punished with a fine ranging from five hundred euros to twenty-six thousand euros and with a term of imprisonment of up to two years. The punishment is increased in the case of shipment of hazardous waste.

**Art. 260, para. 1 and 2, Legislative Decree 152/2006: Organised activities for the illegal trafficking of waste**

Whoever, in order to obtain an unjust profit, with several operations and through the setting up of means and continuous organised activities, illegally disposes of, receives, transports, exports, imports, or in any case illegally manages large quantities of waste, shall be punished with imprisonment from one to six years. In the case of highly radioactive waste, the penalty is imprisonment of three to eight years.

**Art. 260-bis, para. 6, 7 and 8, Legislative Decree 152/2006: Computerised waste traceability control system**

The punishment laid down in Article 483 of the Penal Code shall apply to any person who, in the preparation of a waste analysis certificate used within the framework of the waste traceability control system, provides false information on the nature, composition and chemical/physical characteristics of the waste, and to any person who includes a false certificate in the data to be provided for waste traceability purposes.

The transporter who, in transporting the waste, fails to include the hard copy of the SISTRI - AREA MOVIMENTAZIONE (Waste traceability control system – Movement Area) form and, where necessary on the basis of the regulations in force, the copy of the analytical certificate identifying the characteristics of the waste shall be punished with an administrative sanction ranging from 1,600 euros to 9,300 euros. The punishment under Article 483 of the Penal Code shall

apply in the case of transport of hazardous waste.

The latter punishment also applies to anyone who, during transport, uses a waste analysis certificate containing false information on the nature, composition and chemical and physical characteristics of the waste transported.

Any transporter who, in transporting the waste, includes a paper copy of the SISTRI - AREA Movimentazione (Waste traceability control system – Movement Area) form that has been fraudulently altered shall be punished in accordance with the combined provisions of Articles 477 and 482 of the Penal Code. The punishment is increased by up to one third in the case of hazardous waste.

**Art. 279, para. 5, Legislative Decree 152/2006: Emissions**

The offence punishes anyone who, in operating a plant, violates the emission limit values or the requirements set out in the authorisation, in Annexes I, II, III or V to Part Five of Legislative Decree No. 152/2006, the plans and programmes or the legislation referred to in Article 271 or the requirements otherwise imposed by the competent authority, which also establishes the exceedance of the air quality limit values provided for in the legislation in force.

**Article 3 of Law No. 549 of 28 December 1993: Measures for the protection of stratospheric ozone and the environment**

1. The production, consumption, import, export, possession and marketing of the harmful substances listed in Table A annexed to this law shall be governed by the provisions of Regulation (EC) No. 3093/94 ...

**Art. 8, para. 1 and 2, Legislative Decree 202/2007: Willful pollution (caused by ships)**

1. Unless the act constitutes a more serious offence, the Master of a ship, irrespective of its flag, as well as the members of the crew, the owner and the operator of the ship, if the infringement has occurred with their cooperation, who wilfully violate the provisions of Article 4, shall be punished with imprisonment from six months to two years and a fine ranging from 10,000 to 50,000 euros.

2. If the infringement referred to in paragraph 1 causes permanent or, in any case, particularly serious damage to the quality of the waterways, animal or plant species or parts thereof, a term of imprisonment of one to three years and a fine ranging from 10,000 to 80,000 euros shall apply.

**Art. 9, para. 1 and 2, Legislative Decree 202/2007: Negligent pollution (caused by ships)**

1. Unless the act constitutes a more serious offence, the Master of a ship, irrespective of its flag, as well as the members of the crew, the owner and the operator of the ship, if the infringement has occurred with their cooperation, who due to negligence infringe the provisions of Article 4, shall be punished with a fine ranging from 10,000 to 30,000 euros.

2. If the infringement referred to in paragraph 1 causes permanent or, in any case, particularly serious damage to the quality of the waterways, animal or plant species or parts thereof, a term of imprisonment of six months to two years and a fine ranging from 10,000 to 30,000 euros shall apply.

**Employment of citizens from third-party countries whose stay is irregular (Art. 25- duodecies, Legislative Decree No. 231/2001)**

**Art. 22, para. 12-bis, Legislative Decree No. 286/1998**

12. An employer who employs foreign workers without a residence permit as provided for in this Article, or whose permit has expired and whose renewal, revocation or cancellation has not been requested within the time limits required by law, is liable to imprisonment for a term of six months to three years and a fine of 5,000 euros for each worker employed.

12-bis. The punishments for the offence provided for in paragraph 12 shall be increased from one third to one half: a) if more than three workers are employed; b) if the workers employed are minors of non-working age; c) if the workers employed are subject to other particularly exploitative working conditions as referred to in the third paragraph of Article 603-bis of the Penal Code.

**Racism and xenophobia (Art. 25-terdecies, Legislative Decree No. 231/2001)**

**Art. 3, Law No. 654 of 13 October 1975**

Those who propagate ideas based on racial or ethnic superiority or hatred or instigate to commit or commit acts of discrimination on racial, ethnic, national or religious grounds.

The punishment shall apply ... if the propaganda or instigation or incitement, committed in such a way as to give rise to a concrete risk of dissemination, are based wholly or partly on the denial, on the gross trivialisation or the apologia of the Shoah or crimes of genocide, crimes against humanity and war crimes, as defined in Articles 6, 7 and 8 of the Statute of the International Criminal Court ratified pursuant to Law No. 232 of 12 June 1999.

**Transnational offences (Law No. 146/2006) [The following offences constitute grounds for the administrative liability of the entities if committed transnationally].**

**Art. 377bis of the Penal Code: Induction not to make declarations or to make false declarations to the judicial authorities**

Unless the act constitutes a more serious offence, whoever, by means of violence or threats, or by offering or promising money or other benefits, induces a person, called upon to make declarations before the judicial authorities, not to make declarations or to make false declarations that may be used in criminal proceedings, when that person has the right to remain silent, shall be punished with a term of imprisonment of two to six years.

**Art. 378 of the Penal Code: Aiding and abetting**

Whoever, after a crime has been committed for which the law prescribes life imprisonment or imprisonment, and except for cases of complicity in the same, helps someone to

elude the investigations of the authorities, or evade the searches of the same, shall be punished with a term of imprisonment of up to four years.

When the offence committed is the one provided for in Article 416bis, the punishment to be applied shall in any case be an imprisonment term of not less than two years.

In the case of offences for which the law establishes a different punishment, or of contraventions, the penalty shall be a fine of up to five hundred and sixteen euros. The provisions of this Article shall also apply when the person aided is not chargeable or is found not to have committed the offence.

**Art. 416 of the Penal Code: Criminal association**

When three or more persons associate with the objective of committing several offences, those who promote or constitute or organise the association shall be punished, for this alone, with a term of imprisonment of three to seven years. For the mere fact of participating in the association, the punishment shall be a term of imprisonment of one to five years. Leaders are subject to the same punishment as promoters.

If the associates take up arms in the countryside or public streets, a term of imprisonment of five to fifteen years shall be applied. The punishment is increased if the number of associates is ten or more. If the association's objective is that of committing any of the offences referred to in Articles 600, 601 and 602, a term of imprisonment of five to fifteen years shall apply in the cases referred to in the first paragraph, and of four to nine years in the cases referred to in the second paragraph.

If the association's objective is that of committing any of the offences referred to in Articles 600-bis, 600-ter, 600-quater, 600-quater.1, 600-quinquies, 609-bis, when the offence is committed to the detriment of a child below the age of eighteen years, 609-quater, 609-quinquies, 609-octies, when the offence is committed to the detriment of a child below the age of eighteen years, and 609-undecies, a term of imprisonment of four to eight years shall apply in the cases provided for in the first paragraph, and a term of imprisonment of two to six years in the cases provided for in the second paragraph.

**Article 416bis of the Penal Code: Mafia-type association**

Anyone who is part of a mafia-type association, consisting of three or more persons, shall be punished by imprisonment of three to six years. Those who promote, direct or organise the association shall be punished with a term of imprisonment of four to nine years.

An association is of the mafia type when its members make use of the force of intimidation of the association bond and of the condition of subjugation and of the code of silence deriving therefrom to commit offences, to directly or indirectly acquire the management or control of economic activities, concessions, authorisations, contracts and public services or to obtain unjust profits or advantages for themselves or others, or in order to prevent or hinder the free exercise of the vote or to procure votes for themselves or others during electoral consultations.

If the association is armed, the punishment is a term of imprisonment of four to ten years in the cases provided for in the first paragraph, and of five to fifteen years in the cases provided for in the second paragraph.

The association is considered armed when, in order to achieve the purpose of the association, the participants have weapons or explosive materials at their disposal, even if concealed or kept in a place of storage.

If the economic activities which the associates intend to take or maintain control of are financed in whole or in part with the price, product, or profit of crimes, the punishments laid down in the preceding paragraphs shall be increased from one third to one half.

Confiscating things from the convicted person, that served or that were used to commit the offence is always mandatory, and those things are the price, product, profit or the use of these.

The provisions of this Article also apply to the Camorra, the 'Ndrangheta and other associations, however locally denominated, who by using the intimidating force of the association bond, pursue objectives which correspond to those of the mafia-type associations.

**Article 291-quater Presidential Decree No. 43/73: Criminal association for the purpose of smuggling foreign tobacco products**

1. When three or more persons associate for the purpose of committing several offences included in those set forth in Article 291-bis, those who promote, constitute, direct, organise or finance the association shall be punished, for this alone, with a term of imprisonment of three to eight years.

**Art. 74 Presidential Decree 309/90: Association aimed at the illegal trafficking of narcotic or psychotropic substances**

1. When three or more persons associate for the purpose of committing several offences included in those set forth in Article 73, whoever promotes, constitutes, directs, organises or finances the association shall be punished for this alone with a term of imprisonment of not less than twenty years.

2. Persons participating in the association shall be punished with a term of imprisonment of not less than ten years.

3. The punishment is increased if the number of associates is ten or more or if the participants include persons addicted to the use of narcotic or psychotropic substances.

4. If the association is armed, the punishment, in the cases referred to in paragraphs 1 and 3, may not be less than twenty-four years' imprisonment and, in the case referred to in paragraph 2, twelve years' imprisonment. The association is considered armed when the participants have weapons or explosive materials at their disposal, even if concealed or kept in a place of storage.

5. The punishment is increased if the circumstance referred to in letter e) of paragraph 1 of Article 80 occurs.

6. If the association is formed to commit the acts described in paragraph 5 of Article 73, the first and second paragraphs of Article 416 of the Penal Code shall apply.

7. The punishments provided for in paragraphs 1 to 6 shall be reduced by one half to two thirds for those who have effectively endeavoured to secure the evidence of the offence or to deprive the association of resources decisive for committing the offences.

8. When laws and decrees refer to the offence provided for in Article 75 of Law no. 685 of 22 December 1975, repealed by Article 38, paragraph 1, of Law no. 162 of 26 June 1990, the reference is understood to refer to this Article.

**Article 12, para. 3, 3-bis, 3-ter and 5, Leg. Decree 286/98: Provisions against illegal immigration**

1. Unless the act constitutes a more serious offence, anyone who carries out activities aimed at facilitating the entry of foreigners into the State's territory in breach of the provisions of this Consolidated Act shall be punished by imprisonment of up to three years and a fine of up to thirty million lire.

2. Without prejudice to the provisions of Article 54 of the Penal Code, rescue and humanitarian assistance activities provided in Italy to foreigners in need still present in the State's territory, do not constitute an offence. 3. If the offence referred to in paragraph 1 is committed for financial gain or by three or more persons acting in complicity with each other, or if it concerns the entry of five or more persons, and in cases where the offence is committed through the use of international transport services or forged documents, the punishment shall be imprisonment for a term of four to twelve years and a fine of thirty million lire for each foreigner whose entry has been facilitated in breach of this Consolidated Act. If the offence is committed for the purpose of recruiting persons to be used for prostitution or for the exploitation of prostitution or if it concerns the entry of minors to be employed in unlawful activities in order to facilitate their exploitation, the punishment shall be imprisonment for a term of five to fifteen years and a fine of fifty million lire for each foreigner whose entry has been facilitated in breach of this Consolidated Act.

5. Apart from the cases provided for in the preceding paragraphs, and unless the act constitutes a more serious offence, anyone who, in order to obtain an unfair profit from the illegal status of the foreigner or within the scope of the activities punishable under this Article, encourages the foreigner to remain in the territory of the State in breach of the provisions of this Consolidated Act, shall be punished with imprisonment of up to four years and with a fine of up to thirty million lire.

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**Tax offences (Art. 25-quinquiesdecies, Legislative Decree No. 231/2001)****Fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 2, Legislative Decree No. 74/2000)**

1. A punishment of imprisonment from four to eight years shall be imposed on anyone who, in order to evade income or value-added tax, through the use of invoices or other documents for non-existent transactions, indicates fictitious liabilities in one of the declarations relating to such taxes.
2. The offence is deemed to have been committed by availing oneself of invoices or other documents for non-existent transactions when such invoices or documents are recorded in compulsory accounting records, or are kept for the purpose of providing evidence to the tax authorities.
- 2-bis. If the amount of the fictitious liabilities is less than one hundred thousand euros, a term of imprisonment from one year and six months to six years shall apply.

**Fraudulent declaration by means of other artifices (Article 3, Legislative Decree No. 74/2000)**

1. Apart from the cases provided for in Article 2, a term of imprisonment of three to eight years shall be imposed on any person who, in order to evade income or value-added tax, by objectively or subjectively carrying out simulated transactions or by using false documents or other fraudulent means likely to hinder the assessment and mislead the tax authorities, indicates in one of the declarations relating to such taxes, assets for an amount lower than the actual amount or fictitious liabilities or fictitious credits and withholdings, when, together: a) the tax evaded is higher, with reference to any of the individual taxes, than thirty thousand euros b) the total amount of the assets evaded from taxation, also through the indication of fictitious liabilities, is higher than five per cent of the total amount of the assets indicated in the declaration, or, in any case, is higher than one million five hundred thousand euros, or if the total amount of the fictitious credits and withholdings from taxation is higher than five per cent of the amount of the tax itself or, in any case, is higher than thirty thousand euros.
2. The offence is deemed to have been committed with the aid of false documents when such documents are recorded in compulsory accounting records or are kept for the purpose of providing evidence to the tax authorities.
3. For the purpose of the application of the provision under paragraph 1, the mere violation of the obligations to invoice and record assets in the accounting records or the mere indication in the invoices or in the records of assets in an amount lower than the actual amounts do not constitute fraudulent means.

**Misrepresentation (Article 4 of Legislative Decree No. 74/2000)**

1. Apart from the cases provided for in Articles 2 and 3, a term of imprisonment of two years to four years and six months shall be imposed on any person who, in order to evade income or value-added tax, indicates in one of the annual declarations relating to such taxes, assets for an amount lower than the actual amount or non-existent liabilities, when, together: a) the tax evaded is higher, with reference to any of the individual taxes, than one hundred thousand euro; b) the total amount of the assets evaded from taxation, also by indicating non-existent liabilities, is ten per cent higher than the total amount of the assets indicated in the declaration, or, in any case, is higher than two million euros.
- 1-bis. For the purpose of applying the provision of para. (1), no account is taken of: the incorrect classification, the valuation of objectively existing assets or liabilities in respect of which the criteria actually applied have in any event been disclosed in the financial statements or in other documentation relevant for tax purposes; the violation of the criteria for determining the relevant accrual period; the non-deductibility of real liabilities.
- 1-ter. Except in the cases referred to in paragraph 1-bis, the valuations which, taken as a whole, differ by less than 10 per cent from the correct ones do not give rise to punishable acts. The amounts included in this percentage shall not be taken into account when verifying whether the punishment thresholds provided for in paragraph 1, letters a) and b) are exceeded.

**Omitted declaration (Article 5 of Legislative Decree No. 74/2000)**

1. A punishment of imprisonment of two to five years shall be imposed on any person who, in order to evade income or value-added tax, fails to provide, being obliged to do so, one of the declarations relating to such tax, when, with reference to any of the individual taxes, the amount of the evaded tax is higher than fifty thousand euros. ((8)) 1-bis. A punishment of imprisonment of two to five years shall be imposed on anyone who fails to submit, being obliged to do so, the withholding tax declaration, when the amount of the unpaid withholding tax exceeds fifty thousand Euros.
2. For the purposes of the provision in paragraphs 1 and 1-bis, a declaration submitted within ninety days of the deadline or not signed or compiled on a form which complies to the prescribed template shall not be deemed to have been omitted.

**Issuance of invoices for non-existent transactions (Article 8, Legislative Decree No. 74/2000)**

1. A term of four to eight years' imprisonment shall be imposed on anyone who, in order to enable third parties to evade income or value-added tax, issues or releases invoices or other documents for non-existent transactions.
2. For the purposes of the application of the provision in paragraph 1, the issuance or release of more than one invoice or document for non-existent transactions occurring in the same tax period shall be regarded as a single offence.
- 2-bis. If the amount not corresponding to the one indicated in the invoices or documents, for the tax period, is less than one hundred thousand euros, a term of imprisonment of one year and six months to six years shall apply.

**Concealment or destruction of accounting documents (Article 10, Legislative Decree No. 74/2000)**

1. Unless the act constitutes a more serious offence, a term of imprisonment of three to seven years shall be imposed on anyone who, in order to evade income or value-added tax, or in order to allow third parties to evade the tax, conceals or destroys all or part of the accounting records or documents, the retention of which is mandatory, and such that the income or turnover cannot be reconstructed.

**Undue compensation (Article 10 quater, Legislative Decree No. 74/2000)**

1. A punishment of imprisonment of six months to two years shall be imposed on any person who fails to pay the sums due, using as compensation, pursuant to Article 17 of Legislative Decree No. 241 of 9 July 1997, undue credits, for an annual amount exceeding fifty thousand euros.
2. A term of imprisonment of one year and six months to six years shall be imposed on anyone who fails to pay the sums due, using as compensation, pursuant to Article 17 of Legislative Decree No. 241 of 9 July 1997, non-existent credits for an annual amount exceeding fifty thousand euros.

**Fraudulent evasion of taxes (Article 11, Legislative Decree No. 74/2000)**

1. A punishment of imprisonment of six months to four years shall be imposed on anyone who, in order to evade the payment of income or value-added tax or of interest or administrative penalties relating to such tax totalling more than fifty thousand euros, falsely alienates or performs other fraudulent acts on his own or on other persons' property such as to render ineffective, in whole or in part, the enforced recovery procedure. If the amount of taxes, penalties and interest exceeds two hundred thousand euros, a term of imprisonment of one year to six years shall apply.
2. A punishment of imprisonment of six months to four years shall be imposed on any person who, in order to obtain for himself or for others a partial payment of taxes and related accessories, indicates in the documentation submitted for the purposes of the tax settlement procedure, assets for an amount lower than the actual amount or fictitious liabilities for a total amount exceeding fifty thousand euros. If the amount referred to in the preceding period exceeds two hundred thousand euros, a term of imprisonment of one year to six years shall apply.