LPM S.P.A.

ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

Approved by the Board of Directors on 12 October 2026

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GENERAL PART

DEFINITIONS

The following definitions apply to all parts of the Model, without prejudice to any further definitions contained in the individual Special Parts.

Risk Areas: the areas of the Company's activity in which there may be a risk of commission of the Offences covered by the Special Parts of this Model.

National Collective Labour Agreements (CCNL): the National Collective Labour Agreements applied by the Company.

Code of Ethics: the code of ethics adopted and approved by the Board of Directors of LPM S.p.A. and its updates.

External Collaborators: all external collaborators taken together, that is, the Consultants, the Partners and the Suppliers.

Consultants: persons who act in the name and/or on behalf of the Company by virtue of a mandate agreement or other contractual relationship for professional collaboration.

Recipients: the Corporate Representatives and the External Collaborators and, more generally, all those who, in any capacity, operate within the Risk Areas on behalf of or in the interest of the Company.

Employees: persons having an employment relationship with the Company, including executives.

Decree: Legislative Decree No. 231 of 8 June 2001, as subsequently amended and supplemented.

Entities: bodies with legal personality, or companies and associations, including those without legal personality (corporations, partnerships, consortia, etc.).

Corporate Representatives: directors, statutory auditors (where appointed), liquidators, executives and Employees of the Company.

Suppliers: suppliers of goods and services to the Company who do not fall within the definition of Consultants and Partners.

Persons in Charge of a Public Service: pursuant to Article 358 of the Italian Criminal Code, "*persons in charge of a public service are those who, in any capacity, provide a public service. A public service means an activity regulated in the same forms as a public function, but characterised by the absence of the powers typical of the latter, and excluding the performance of simple tasks of an administrative nature and the provision of merely material work*".

Confindustria Guidelines: the Guidelines adopted by Confindustria for the preparation of organisation, management and control models pursuant to Article 6, paragraph 3, of Legislative Decree No. 231/2001, approved by the Executive Council of the Confederation on 6 February 2002, as subsequently supplemented and amended.

Model or Models: the organisation, management and control model or models provided for by Legislative Decree No. 231/2001.

Supervisory Body or SB: the internal control body responsible for supervising the operation of, and compliance with, the Model, as well as for keeping it up to date.

Corporate Bodies: the Board of Directors, the board of statutory auditors, the auditor (where appointed) and their members.

P.A.: the Public Administration and, with reference to offences against the Public Administration, public officials and Persons in Charge of a Public Service.

Partners: the contractual counterparties, intended to cooperate within the Risk Areas, with which the Company enters into some form of contractually regulated collaboration (temporary business association, *joint venture*, consortium, licence, agency, distribution, sale, collaboration in general).

Public Officials: pursuant to Article 357 of the Italian Criminal Code, "*public officials are those who perform a public legislative, judicial or administrative function. For the same purposes, an administrative function is public if it is governed by rules of public law and by acts of authority and is characterised by the formation or manifestation of the will of the Public Administration or by being carried out by means of authoritative or certifying powers*".

Offences: the types of offences and unlawful acts to which the regime provided for by Legislative Decree No. 231/2001 on the administrative liability of entities applies.

Company: LPM S.p.A.

Top Management Persons: persons who hold functions of representation, administration or management of the entity or of one of its organisational units having financial and functional autonomy, as well as persons who exercise, even de facto, the management and control thereof.

Subordinates: persons subject to the direction or supervision of one of the Top Management Persons.

FOREWORD

LPM S.p.A. is sensitive to the need to ensure conditions of fairness and transparency in the conduct of business and company activities, in order to protect its position and image, the expectations of its shareholders and the work of its Employees.

LPM S.p.A. has considered it consistent with its policy to adopt the organisation, management and control model (hereinafter the "**Model**") provided for by the Decree.

To this end, the Company has launched a project to analyse its organisational, management and control tools, aimed at verifying that the principles of conduct and the procedures already adopted correspond to the purposes set out in the Decree.

This Model and the principles contained therein apply to the Corporate Bodies, the Employees, the External Collaborators and, more generally, to all those who, in any capacity, operate within the Risk Areas on behalf of or in the interest of the Company (hereinafter the "**Recipients**").

1.1 THE REGIME OF ADMINISTRATIVE LIABILITY OF ENTITIES

The Decree, entitled "*Regulation of the administrative liability of legal persons, companies and associations, including those without legal personality*", which entered into force on 4 July 2001, introduced into our legal system the criminal liability of Entities (legal persons, companies and associations, including those without legal personality), in addition to that of the natural persons who represent them and who materially committed the offence.

Under this regime, Entities may be held liable and, consequently, sanctioned, in relation to certain Offences, committed or attempted in the interest or to the advantage of the Entity itself, by Top Management Persons or by Subordinates.

1.2 FUNDAMENTAL PRINCIPLES OF THE DECREE AND OF THE RELEVANT LEGISLATION

The Decree introduced into the Italian legal system a regime of liability of Entities of an administrative nature, but with numerous points of contact with criminal liability.

According to the Decree, the Entity is liable for Offences committed, in its interest or to its advantage, by:

- natural persons who hold functions of representation, administration or management of the Entities themselves or of one of their organisational units having financial and functional autonomy, as well as natural persons who exercise, even de facto, the management and control of the Entities themselves (Top Management Persons);
- natural persons subject to the direction or supervision of one of the persons indicated above (Subordinates).

This liability is in addition to the (criminal) liability of the natural person who materially committed the Offence. It should be stressed that the Entity is not liable, by express provision of law (Article 5, paragraph 2 of the Decree), if the above-mentioned persons acted in their own exclusive interest or in that of third parties.

The liability provided for by the Decree also arises in relation to Offences committed abroad, provided that the State of the place where the Offence was committed does not prosecute them.

Liability for an administrative offence arising from an Offence is established in the context of criminal proceedings. In this regard, Article 36 of the Decree provides that "*The competence to hear the administrative offences of the entity lies with the criminal judge competent for the offences on which they depend. For the proceedings to establish the administrative offence of the entity, the provisions on the composition of the Court and the related procedural provisions concerning the offences on which the administrative offence depends shall apply*".

There is a mandatory joinder of proceedings: the proceedings against the Entity must, as far as possible, remain joined with the criminal proceedings brought against the natural person who committed the Offence giving rise to the liability of the entity (Article 38 of the Decree). This rule is tempered by the second paragraph of the same article which, conversely, governs the cases in which separate proceedings are conducted for the administrative offence.

The Entity takes part in the criminal proceedings through its legal representative, unless the latter is charged with the Offence on which the administrative offence depends; when the legal representative does not appear, the Entity that has entered an appearance is represented by its defence counsel.

1.3 THE PENALTIES

The penalties provided for against the Entity, as a consequence of the commission or attempted commission of the Offences, are:

- **financial penalties**, determined on the basis of a system of units ("quote") taking into account the economic and financial condition of the entity; each unit may have a value ranging from a minimum of € 258.23 to a maximum of € 1,549.37;
- **disqualification penalties** (also applicable as a precautionary measure for a period of not less than 3 months and not more than 2 years), such as disqualification from carrying on the activity, suspension or revocation of the authorisations, licences or concessions instrumental to the commission of the offence, prohibition on contracting with the Public Administration except to obtain the performance of a public service, exclusion from benefits, financing, contributions or subsidies and possible revocation of those already granted, prohibition on advertising goods and services;
- **confiscation** (or preventive seizure as a precautionary measure) of the profit that the Entity has derived from the Offence, including by equivalent value;
- **publication of the judgment** (where a disqualification penalty is applied).

1.4 THE TYPES OF OFFENCE

The liability of the Entity arises only for the Offences exhaustively listed in the Decree, in its subsequent amendments, and in the laws that expressly refer to the regime of the Decree.

The Decree is constantly evolving and, over time, categories of Offences that differ from one another have been introduced into it. Some are Offences that are typical of, and exclusive to, business activity; others, by contrast, normally fall outside business activity proper and relate to the typical activities of criminal organisations.

The macro-categories of Offences currently relevant under the Decree are briefly set out below:

- Offences against the Public Administration (***Article 24*** of the Decree – "*Misappropriation of public funds, fraud to the detriment of the State, of a public body or of the European Union or for the obtaining of public funds, and computer fraud to the detriment of the State or of a public body, and fraud in public supplies*", most recently amended by Decree-Law No. 105 of 10 August 2023 converted with amendments by Law No. 137 of 9 October 2023) and ***Article 25*** of the Decree – "*Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits,*

corruption", article most recently amended by Decree-Law No. 92 of 4 July 2024, converted with amendments by Law No. 112 of 8 August

- Computer crimes and unlawful processing of data (**Article 24-bis** of the Decree, introduced by Article 7 of Law No. 48 of 18 March 2008 and most recently amended by Law No. 90/24);
- Organised crime offences (**Article 24-ter** of the Decree, offences added by Law No. 94 of 15 July 2009, Article 2, paragraph 29 and amended by Law No. 69/2015);
- Offences of counterfeiting of money, public credit cards, revenue stamps and distinctive instruments or signs (**Article 25-bis** of the Decree, offences introduced by Decree-Law No. 350 of 25 September 2001 and most recently amended by Legislative Decree No. 125/2016). In view of the activity carried out by the Company, the offences of counterfeiting of money, public credit cards and revenue stamps are not considered capable of being actually committed by it;
- Crimes against industry and trade (**Article 25-bis.1**. Article inserted by Article 17, paragraph 7, letter b), of Law No. 99 of 23 July 2009, crimes most recently amended by Law No. 206/2023);
- Corporate offences (**Article 25-ter** of the Decree, introduced by Legislative Decree No. 61 of 11 April 2002, offences amended by Law No. 190 of 6 November 2012, and by Law No. 69 of 27 May 2015); the article was most recently amended by Legislative Decree No. 19 of 2 March 2023;
- Crimes of terrorism and subversion of the democratic order, including the financing of the aforesaid purposes (**Article 25-quater** of the Decree, introduced by Law No. 7 of 14 January 2003). In view of the activity carried out by the Company, such offences are not considered capable of being actually committed by it;
- Practices of female genital mutilation (**Article 25-quater.1** of the Decree, introduced by Law No. 7 of 9 January 2006). In view of the activity carried out by the Company, such offences are not considered capable of being actually committed by it;
- Crimes against the individual, such as exploitation of child prostitution, child pornography, including via the Internet, trafficking in persons and reduction to and maintenance in slavery, and unlawful intermediation or exploitation of labour (**Article 25-quinquies** of the Decree, introduced by Law No. 228 of 11 August 2003 and most recently amended by Law No. 199/2016). In view of the activity carried out by the Company, the offences of exploitation of child prostitution, child pornography, including via the Internet, and reduction to and maintenance in slavery are not considered capable of being actually committed by it;
- Market abuse (Article **25-sexies** of the Decree, introduced by Law No. 62 of 18 April 2005 and Article 187-quinquies of the Consolidated Law on Finance (TUF), most recently amended by Law No. 238 of 23 December 2021). In view of the activity carried out by the Company, such offences are not considered capable of being actually committed by it;
- Offences of manslaughter or serious or very serious injuries committed in breach of the rules on the protection of health and safety at work (**Article 25-septies** of the Decree, introduced by Law No. 123 of 3 August 2007 and subsequently replaced by Article 300 of Legislative Decree No. 81 of 9 April 2008);
- Offences of handling stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (**Article 25-octies** of the Decree, introduced by Legislative Decree No. 231 of 21 November 2007, by Law No. 186 of 15 December 2014, most recently amended by Legislative Decree No. 90/2017);
- Crimes relating to payment instruments other than cash (**Article 25-octies.1** of the Decree, added by Legislative Decree No. 184 of 8 November 2021, most recently supplemented by Decree-Law No. 105 of 10 August 2023 as coordinated with the conversion Law No. 137 of 9 October 2023 and crimes amended by Decree-Law No. 19/2024);
- Offences relating to the violation of restrictive measures of the European Union (**Article 25-octies.2** of the Decree, introduced by Legislative Decree No. 211/2015);

- Crimes relating to copyright infringement (**Article 25-nonies** of the Decree, offences added by Law No. 99 of 23 July 2009 and most recently amended by Law No. 93/2023);
- Inducement not to make statements or to make false statements to the judicial authorities (**Article 25-decies**, article renumbered as such by Article 2 of Legislative Decree No. 121/2011);
- Environmental offences (**Article 25-undecies** introduced by Article 2 of Legislative Decree No. 121 of 7 July 2011 and most recently amended by Law No. 68 of 22 May 2015);
- Employment of third-country nationals whose stay is irregular (**Article 25-duodecies** of the Decree, offence introduced by Legislative Decree No. 109/2012, and most recently amended by Decree-Law No. 116 of 8 August 2025, converted with amendments by Law No. 147 of 3 October 2025);
- Crimes of racism and xenophobia (**Article 25-terdecies** of the Decree introduced by Law No. 167/2017);
- Offences of fraud in sporting competitions, unlawful gambling or betting, and gambling carried out by means of prohibited devices (**Article 25-quaterdecies** of the Decree introduced by Law No. 39/2019). In view of the activity carried out by the Company, such offences are not considered capable of being actually committed by it;
- Tax offences (Article **25-quinquiesdecies** introduced by Decree-Law No. 124/2019, converted with amendments by Law No. 157/2019, most recently amended by Legislative Decree No. 156/2022).
- Offence of smuggling (**Article 25-sexiesdecies** of the Decree, introduced by Legislative Decree No. 75/2020 and most recently amended by Legislative Decree No. 141 of 26 September 2024);
- Crimes against the cultural heritage and laundering of cultural property, and devastation and looting of cultural and landscape assets (**Articles 25-septiesdecies** and **25-duodevicies**, introduced by Law No. 22/2022). In view of the activity carried out by the Company, such offences are not considered capable of being actually committed by it;
- Crimes against animals (**Article 25-noviesdecies** of the Decree, introduced by Law No. 82/2025). In view of the activity carried out by the Company, such offences are not considered capable of being actually committed by it;
- Transnational offences (Article 10 of Law No. 146 of 16 March 2006): criminal conspiracy, both simple and of the mafia type, conspiracy aimed at the smuggling of foreign processed tobacco or at the illicit trafficking of narcotic or psychotropic substances, money laundering, use of money, goods or other benefits of unlawful origin, trafficking in migrants and certain offences of obstruction of justice, such as inducement not to make statements or to make false statements to the judicial authorities and aiding and abetting, where they are transnational in nature.

1.5 The Adoption Of The Organisation, Management And Control Model As An Exempting Circumstance In The Event Of An Offence

A fundamental aspect of the Decree is the exempting value attributed to the Company's organisation, management and control models. In the event of an Offence committed by a **Top Management Person**, or by a **Subordinate** subject to the direction or supervision of a Top Management Person, the Company is not liable if it proves that:

a) the management body adopted and effectively implemented, before the commission of the act, organisation and management models suitable for preventing Offences of the kind that occurred;
b) the task of supervising the operation of and compliance with the models and of keeping them up to date was entrusted to a body of the Company

endowed with autonomous powers of initiative and control (the so-called Supervisory Body);

c) the persons committed the Offence by fraudulently circumventing the organisation and management models;

d) there was no omitted or insufficient supervision by the Supervisory Body.

The Company must therefore demonstrate that it had no involvement in the acts alleged against the Top Management Person or the Subordinate, by proving that the above-listed requirements, which must all be met, are satisfied and, consequently, that the commission of the Offence does not derive from its own "organisational fault".

In any event, a breach of the duties of direction or supervision is excluded if the Company, before the commission of the Offence, adopted and effectively implemented an organisation, management and control model suitable for preventing Offences of the kind that occurred.

By express provision of the Decree, in small Entities the supervisory task referred to in letter b) above may be performed directly by the management body.

1.6 The Content Of The Organisation, Management And Control Model

The Decree outlines the content of the organisation and management Models by providing that, in relation to the extent of the delegated powers and the risk of commission of Offences, as specified in Article 6, paragraph 2, they must:

- identify the areas within which Offences may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the Company's decisions in relation to the Offences to be prevented;
- identify methods of managing financial resources suitable for preventing the commission of Offences;
- provide for reporting obligations towards the body responsible for supervising the operation of and compliance with the Model;
- introduce a disciplinary system suitable for penalising non-compliance with the measures indicated in the Model.

The organisation models must also provide for:

- one or more internal reporting channels allowing, to protect the integrity of the Entity, the submission of detailed reports of unlawful conduct, relevant under the Decree and based on precise and consistent factual elements, or of violations of the Model, of which the persons concerned have become aware by reason of the functions performed for the Entity, and which guarantee the confidentiality of the identity of the reporting person and of the person reported in the handling of the report;
- the prohibition of retaliatory or discriminatory acts, direct or indirect, against the reporting person for reasons connected, directly or indirectly, with the report;
- sanctions, contained in the disciplinary system adopted, against those who breach the measures protecting the reporting person, as well as against those who, with intent or gross negligence, make reports that turn out to be unfounded.

Article 7, paragraph 4 of the Decree also defines the requirements for the effective implementation of organisational models:

- periodic verification and, where necessary, amendment of the Model when significant breaches of its provisions are discovered or when changes occur in the organisation and activity;

- a disciplinary system suitable for penalising non-compliance with the measures indicated in the Model.

The Decree provides that organisation, management and control Models may be adopted, while ensuring the above requirements, on the basis of codes of conduct (for example the Confindustria Guidelines) drawn up by representative trade associations and communicated to the Ministry of Justice which, in agreement with the competent Ministries, may make observations (within 30 days) on the suitability of the Models to prevent the Offences.

1.7 CHANGES AFFECTING THE ENTITY

In order to counter attempts to circumvent the legislation by means of corporate transactions, Articles 28 et seq. of the Decree govern the liability of the Entity for the commission of one of the Offences in the event of changes affecting it.

The Decree, in particular, distinguishes between the following cases:

a) **transformation** of the entity (pursuant to Articles 2498-2500 novies of the Italian Civil Code), in which case liability for Offences committed prior to the date on which the transformation took effect remains unaffected (Article 28); in this case, therefore, the new entity will be subject to the penalties applicable to the original entity;

b) **merger** of the entity (pursuant to Articles 2501-2505 quater of the Italian Civil Code), in which case the resulting entity is liable for the Offences for which the entities participating in the merger were responsible (Article 29);

c) **demerger** of the entity (pursuant to Articles 2506-2506 quater of the Italian Civil Code), the demerged entity is liable for the Offences committed prior to the date on which the demerger took effect and, for the same Offences, the entities benefiting from the demerger are jointly and severally liable for payment of the financial penalty imposed on the demerged entity (Article 30);

d) **transfer** or **contribution of a business:** subject to the benefit of prior enforcement against the transferor entity, the transferee is jointly and severally liable for payment of the financial penalty within the limits of the value of the business transferred and of the financial penalties resulting from the mandatory accounting books, or due for administrative offences of which the transferee was in any event aware (Article 33).

With regard to the merger and demerger of the Entity, the Decree sets out provisions concerning: (i) the determination of penalties (Article 31) and (ii) relevance for the purposes of repeat offending (Article 32).

CHAPTER 2 DESCRIPTION OF THE COMPANY

2.1 LPM S.P.A.

LPM S.p.A. is a metalworking company specialised in the design and construction of machines and plants for the low-pressure casting of aluminium and magnesium alloys. In particular, the Company is engaged in the study and improvement of new solutions for peripheral process automation, for the production of alloy wheels and of low-pressure components in general, and for research into and testing of new and ever better materials for the furnace and the pouring tube.
LPM S.p.A. is the parent company of the LPM Group, with subsidiaries in Italy, the United States, Mexico and China.
The registered office of LPM S.p.A. is located in Via Egidio Berto No. 24/1, 35024, Bovolenta (Pd), where both the offices and the production departments are located.
The Company also has a local unit in Via Padova, Bovolenta (Pd), which, although potentially set up to house a production site, is currently used as a warehouse for ferrous material.

2.2 BUSINESS MODEL

The Company's activity is carried out at the plant in Via Egidio Berto No. 24/1, Bovolenta, used partly for production activity and partly as offices.
The premises in Via Egidio Berto No. 24/1 also house the plant of Unimolds S.r.l., a company of the LPM Group, with some spaces used in common.

The production activities of the **site in Via Egidio Berto No. 24/1**, Bovolenta, are briefly summarised below:

1. **DESIGN:** upon customer order, the design of the casting plant is carried out. Once the design is completed, the mechanical drawing is sent to the assembly department and to the warehouse staff. The warehouse staff prepare all the necessary material (screws, fittings, etc.), sorting it by job order.

2. **UNLOADING OF INCOMING GOODS**
   The warehouse operator receives the raw materials and the semi-finished products to be assembled, checks the incoming goods and stores the material in the warehouse. For this activity, lifting magnets, portable ladders, an automatic warehouse, VDT, trolley, forklift, pallet truck, forklift pallet truck, cranes, overhead cranes, etc. are used.

3. **MACHINING**
   - ***Washing and degreasing***

   The construction parts, before painting, are washed and degreased in the washing area.
   - ***Painting***

   Once washed, the pieces go to the painting department to be painted in a special booth before assembly. Overhead cranes, forklifts and pallet trucks are used to handle the pieces.

   - ***Manufacture of machine parts with CNC machines***

   If necessary, large floor plates are made with a CNC milling machine.

   - ***Assembly***

The assembly activity consists of assembling all the parts that make up the machinery, as per the design. Given the large size of the machinery, assembly takes place in phases.
To carry out this activity, the assembly operator uses the design drawings, hand tools, electric hand tools, ironworking machinery, overhead cranes, lifting slings, forklifts, ladders, aerial work platforms (PLE), etc.

4. **TESTING** Before dismantling, depending on the customer's request, the cold testing phase of the machinery is carried out, simulating its operation.

   Only rarely is hot testing carried out (if requested), i.e. casting sampling tests, which involves putting the machine and the casting furnace into operation.

5. **DISMANTLING and PACKING OF THE PLANT INTO VARIOUS SUB-ASSEMBLIES** In the assembly shed, once the assembly and testing phase has been completed, the plant/machine is dismantled into sub-assemblies.
6. **PACKING** Packing is carried out at LPM S.p.A. by third-party companies engaged for this purpose, which carry out a prior inspection aimed at taking measurements in order to prepare crates suitable for containing the sub-assemblies.

   Handling, where possible, is carried out by LPM personnel.

7. **FINAL LOADING AND SHIPMENT**: The sub-assemblies packed in the crates are loaded onto the courier's truck.

8. **ASSEMBLY AT THE FINAL CUSTOMER'S PREMISES** The personnel in charge of assembly travel to the final customer's premises to assemble the machinery.

No machining is carried out at the local unit in **Via Padova No. 5**, Bovolenta.

The personnel concerned travel from the plant in Via E. Berto 24 in Bovolenta to the plant in Via Padova with company vehicles for the sole purpose of loading and unloading material from company vans or receiving carriers. The personnel who go to Via Padova may use the overhead crane and the forklift, in addition to company vehicles.

2.3 GOVERNANCE MODEL OF LPM S.P.A.

The Company has adopted a traditional governance system with the following organisational breakdown.

Shareholders' Meeting
The Shareholders' Meeting, in ordinary and extraordinary session, resolves on the matters reserved to it by law and/or by the articles of association.

Board of Directors
The Company is managed by a Board of Directors, consisting of 4 members at the time of approval of the Model, which holds all powers of ordinary and extraordinary administration of the Company that are not reserved, by mandatory provision of law or of the articles of association, to the Shareholders' Meeting.

The legal representation of the Company is vested in the Chairman of the Board of Directors.

Board of Statutory Auditors
The Company has appointed a Board of Statutory Auditors.

2.4 ORGANISATIONAL STRUCTURE OF LPM S.P.A.

The organisational system adopted by the Company is described in the company organisation chart, which is circulated to all personnel.

The management body is identified in the Chairman of the Board of Directors, who is responsible for management and who resolves on the Company's policies and strategies. The Company – also by virtue of the activities and services it offers – is sensitive to the need to ensure fairness and transparency in the conduct of company activities, to protect not only the quality of the products and services provided, but also the needs relating to the protection of the environment and of operators in order to guarantee their health and safety in the workplace.

In order to pursue the above, the Company has chosen to adopt a system of responsibility centred on specific "departments" endowed with an area of broad managerial autonomy.

In particular, the company organisational structure is divided into the following departments or divisions:

1. Chairman and CEO
2. Administration, Finance and Control, and HR
3. Marketing & Sales Division
4. Operations Division, to which the following report:
   - After sales,
   - Logistics,
   - Foundry and Metrology Laboratory
   - Production,
   - Electrical and Software Programming
   - Design
   - Purchasing

CHAPTER 3 ADOPTION OF THE MODEL

3.1 OBJECTIVES AND IMPLEMENTATION OF THE MODEL

As already stated in the foreword, LPM S.p.A. is particularly sensitive to the need to guarantee its Employees and, more generally, all those who work with the Company or in its interest a healthy, safe and serene working environment, in the certainty that the well-being of Employees and External Collaborators and the safety of their working conditions can only lead to better productivity and a better image on the market.
LPM S.p.A. has therefore considered it consistent with its company policies to implement the Model in order, first and foremost, to prevent the risk of commission of the Offences.

The adoption and implementation of the Model, together with the setting and dissemination of the ethical principles pursued by the Company, improving the already high standards of conduct adopted by LPM S.p.A., has been undertaken in the conviction that, beyond the provisions of the Decree which indicates the Model itself as an optional and not mandatory element, it may constitute a valid tool for raising awareness among all those who act in the name and on behalf of the Company, so that, in carrying out their activities, they follow correct and consistent conduct, such as to prevent and reduce to the greatest extent, in the company context, the risk of commission of the Offences.
By express provision of the Decree (Article 6), the Model has been prepared on the basis of codes of conduct drawn up by the associations representing Entities, communicated to the Ministry of Justice. To this end, the Company has taken into account, in addition to the provisions of the Decree, the indications contained in the Confindustria Guidelines.

The Board of Directors of LPM S.p.A., in implementation of the provisions of the Decree, has entrusted a collegiate body with the task of assuming the functions of Supervisory Body (SB), with the duty of supervising the operation, effectiveness and observance of the Model itself, as well as of keeping it up to date.

3.2 FUNCTION OF THE MODEL

The purpose of the Model is the construction of a structured and organic system of procedures and control activities in the Risk Areas, to be carried out also on a preventive basis (*ex ante* control), aimed at preventing the commission of the various types of Offence provided for by the Decree.

In particular, by identifying the Risk Areas and consequently formalising them in procedures, the Model aims to:

- make all those who act in the name and on behalf of the Company in the Risk Areas aware that, in the event of breach of the provisions set out therein, they may incur an offence liable to criminal and administrative penalties, not only against themselves but also against the Company;

- reaffirm that such forms of unlawful conduct are strongly condemned by LPM S.p.A. since (even where LPM S.p.A. were apparently in a position to benefit from them) they are in any event contrary, not only to the provisions of law, but also to the ethical and

social principles which the company intends to uphold in carrying out its business mission;
- enable LPM S.p.A., thanks to monitoring of the Risk Areas, to intervene promptly to prevent or counter the commission of the Offences and Unlawful Acts.

The cornerstones of the Model are, in addition to the principles already indicated:

1. awareness-raising activity and dissemination, at all company levels, of the rules of conduct and of the procedures established;
2. the mapping of the Company's Risk Areas, that is, of the activities in which the possibility that Offences may be committed is considered
3. risk prevention, through the adoption of specific procedural principles aimed at planning the formation and implementation of the Company's decisions in relation to the Offences to be prevented;
4. the verification and documentation of risk transactions;
5. the identification – also by reference to company procedures adopted by LPM S.p.A. – of methods of managing financial resources that allow every single transaction to be traced;
6. compliance with the principle of segregation of duties;
7. the definition of authorisation powers consistent with the responsibilities assigned;
8. the verification of company conduct, as well as of the operation of the Model, with consequent periodic updating (*ex post* control);
9. the adoption of a specific disciplinary system suitable for pursuing and penalising non-compliance with the organisational measures adopted;
10. the assignment to the SB of specific supervisory tasks on the effective and correct operation of the Model.

3.3 DEVELOPMENT OF THE MODEL

Having said the above, LPM S.p.A. has launched a series of activities aimed at the creation of a Model that complies with the requirements of the Decree and is consistent with the principles already rooted in its corporate governance culture.

To carry out the project, LPM S.p.A. set up a working *team* made up of its own employees as well as external resources, coming both from the legal sector and from management consulting.

The project, which required the collaboration of the heads of the Company's divisions and of Consultants, was divided into the following phases:

1. mapping of the company areas in which there are activities at risk of Offences and identification of the persons subject to monitoring;
2. assessment of the degree of adequacy of the existing protocols to prevent and reduce such risk and, on that basis, identification and implementation of the improvement measures considered necessary;
3. appointment of the SB, pursuant to Article 6, paragraph 1, letter (b) of the Decree (see Chapter 5 for its discussion).

The methodologies followed and the criteria adopted in the various phases of the project are set out below.

Article 6, paragraph 2, letter (a) of the Decree indicates, among the requirements of the Model, the identification of the processes and company areas within which the Offences expressly referred to in the Decree may be committed.

In other words, these are the company activities and processes that are commonly defined as “sensitive” or “at risk”.
The objective of this phase was the analysis of the company context – the analysis of the *business* model (para. 2.2), of the g*overnance* model (para. 2.3) and of the organisational structure (para. 2.4) – in order to verify where (in which company areas/sectors of activity) and in what manner and degree of risk acts attributable to the types of Offence provided for by the Decree could be committed.

The result of this verification took the form of a list of the activities which, solely in view of their specific content, are most exposed to the potential risk of commission of the Offences governed by the Decree.
In addition, the internal controls were the subject of a specific analysis, in which it was assessed, for each activity, whether the level of internal controls was adequate to the corresponding level of risk and, where necessary, which corrective measures needed to be implemented to ensure the prevention of unlawful conduct.

For the preparation of this mapping, the starting point was the individual Offences penalised under the Decree. To each of these were associated the company processes in the performance of which, in theory, the relevant commission could occur.
In order to ensure an adequate level of detail for this activity and the correct adaptation to the company reality of LPM S.p.A., interviews were held with the company persons who, on the basis of their functions and responsibilities, have in-depth knowledge of the sensitive areas and of the control mechanisms in place (so-called *Key Officers*).
Each manager concerned involved in the identification of the sensitive areas his or her own collaborators, who – after an explanatory session on the content and scope of the new legislation – were asked to indicate in detail which activities, among those within their respective remit, were considered potentially exposed to the risk of commission of criminally relevant offences.

As a result of the activities carried out, a mapping of the sensitive areas and processes and of the current control system (Gap Analysis) was prepared, showing:

- the elementary processes/activities carried out;
- the internal/external functions/persons involved;
- the related roles/responsibilities;
- the system of internal controls already in place and the changes and implementations to be made with the Model.

The mapping of the Risk Areas thus obtained must in any event be considered as an evolving whole, since further extensions of the scope of the Decree cannot be excluded, nor can procedural and/or organisational developments of LPM S.p.A., the occurrence of which could entail a change in the areas potentially exposed to the risk of Offences.

3.4 STRUCTURE OF THE MODEL

This Model is made up, in its current version, of a “**General Part**” and of the following Sections of the “**Special Part**” prepared for the various types of Offence provided for in the Decree and included in the Risk Areas:

Special Part A Offences that may be committed against the Public Administration pursuant to Articles 24, 25 and 25-decies of the Decree

Special Part B Computer crimes and unlawful processing of data pursuant to Article 24-bis of the Decree

Special Part C Corporate offences referred to in Article 25-ter of the Decree

Special Part D Crimes against the individual referred to in Article 25-quinquies of the Decree and employment of third-country nationals whose stay is irregular referred to in Article 25-duodecies of the Decree and offences of racism and xenophobia under Article 25-terdecies of the Decree;

Special Part E Offences of manslaughter and serious or very serious injuries committed in breach of the accident-prevention rules and of the rules on the protection of health and safety at work referred to in Article 25-septies of the Decree;

Special Part F Handling of stolen goods, money laundering and use of money, goods or benefits of unlawful origin, self-laundering, as well as crimes relating to payment instruments other than cash and fraudulent transfer of valuables referred to in Article 25-octies and Article 25-octies1 of the Decree respectively;

Special Part G Environmental offences referred to in Article 25-undecies of the Decree;

Special Part H Crimes of forgery of distinctive signs and offences against industry and trade pursuant to Articles 25-bis and 25-bis1 of the Decree

Special Part I Crimes relating to copyright infringement pursuant to Article 25-novies of the Decree;

Special Part L Organised crime offences and transnational offences pursuant to Article 24-ter of the Decree

Special Part M Tax offences referred to in Article 25-quinquiesdecies of the Decree

Special Part N Offences relating to the violation of restrictive measures of the European Union referred to in Article 25-octies.2 of the Decree.

The Board of Directors of LPM S.p.A. is entrusted with supplementing this Model at a later stage, by means of a specific resolution, with any further Special Parts relating to other types of Offence that prove to be connected to the scope of application of the Decree.

3.5 Amendments And Additions To The Model

Since this Model is "*an act issued by the management body*" (in accordance with the provisions of Article 6, paragraph 1, letter a of the Decree), subsequent amendments and substantial additions to the Model fall within the competence of the Board of Directors of LPM S.p.A.

The Chairman and/or the Managing Director (where appointed) of LPM S.p.A. are, however, recognised as having the possibility of making any additions to the Risk Areas, as well as the power to make to the text of the Model any amendments or additions of a formal nature.

These powers are considered justified by the need to ensure constant and timely adaptation of the Model to supervening changes of an operational and/or organisational nature within the Company.

Proposals for amendment and addition to the Model may be submitted by the SB of LPM S.p.A. to the aforesaid corporate bodies, after consulting the competent company functions.

3.6 Dissemination Of The Model And Of The Code Of Ethics

The plan for disseminating knowledge of the Model will be managed by the competent company structures with the assistance and supervision of the Supervisory Body.
In particular, after approval of the Model:

- the Board of Directors will arrange for an initial communication to the corporate and control bodies and to the Employees;
- a specific announcement will be made to Employees, published on the company notice board, indicating the intranet site where the Model and the Code of Ethics will always remain available for consultation in their updated version; for all Employees who do not have access to the Company's intranet site, the Model and the Code of Ethics are made available on request by alternative means;
- the obligation to comply with the Code of Ethics and the Model will be expressly referred to in the employment contract;
- upon hiring, new employees will be informed of the approval of the Model and of the Code of Ethics, with an indication of the governing principles and of the means of consultation;
- corporate bodies, upon acceptance of office, will be asked to sign a declaration of commitment to comply with the principles and protocols contained in the Model and in the Code of Ethics;
- the Company will adopt suitable means of communication to update the Recipients on any changes to the Model, to the protocols referred to therein and/or to the Code of Ethics;
- the Code of Ethics and the General Part of the Model will be published on the Company's website;
- a specific notice on the approval of the Model by LPM S.p.A. will be sent to the main Customers and to the Suppliers;
- a specific clause will be inserted in contracts/general conditions providing for the counterparty's obligation to comply with the principles set out in the Model and in the Code of Ethics and for the penalty in the event of non-compliance.

As regards training, the Company will organise training courses for Employees on the purposes, content and operation of the Model. Training courses, possibly in e-learning format, will also be organised on the occasion of any updates to the Model.

The training plan will be tailored to the Recipients of the activities (level) and to the organisational role performed, with possible final assessment tests and tracking of attendance.

Training is an essential element of the Model and participation in it is to be considered binding and mandatory, so much so that failure to participate in the training programmes is to be considered a breach of the Model and is consequently subject to penalties.

CHAPTER 4 CONSTITUENT ELEMENTS (PROTOCOLS) OF THE MODEL

In keeping with the spirit of the Decree, LPM S.p.A. regards the Model as the set of protocols which, in their implementation and operation, are "*aimed at planning the formation and implementation of the entity's decisions in relation to the offences to be prevented*".

In identifying the Protocols, the Company has followed the indications provided on the subject by the Confindustria Guidelines.

According to this approach, the components of the Model that must be implemented at company level to ensure its effectiveness are:

1. The Code of Ethics;
2. the company organisational system;
3. company policies and procedures;
4. the system of delegations and powers of attorney for the exercise of delegated powers;
5. the management control system;
6. communication to Employees and their training;
7. the disciplinary system;
8. risk mapping.

The characteristics and purposes of the protocols are set out in detail in the following paragraphs.

As regards the components referred to in points 6, 7 and 8, reference is made to the respective chapters.

4.1 THE CODE OF ETHICS OF LPM S.P.A.

As mentioned above, LPM S.p.A. is committed to promoting high quality standards in the management of its activities, in the conviction that acting in accordance with ethical principles is in its own interest and, in any event, a precise moral duty.

With this in mind, LPM S.p.A. has prepared and published a Code of Ethics, formally approved by the Board of Directors, which sets out the main strategies and rules of conduct adopted by the company for the conduct of its activities in a manner that is correct from an ethical as well as a legal standpoint.

In particular, the Code of Ethics sets out as its main contents:

- the moral values inspiring the Company's activity;
- conduct at work;
- conduct in business;
- management of conflicts of interest.

The Code of Ethics is binding on all Employees of LPM S.p.A., as well as on all External Collaborators, who are obliged to know its contents and to comply with its provisions.

In order to ensure the timely dissemination of the contents of the Code of Ethics, LPM S.p.A. has decided to inform the persons directly or indirectly involved in its activity (Employees and main External Collaborators) that it has adopted the Code of Ethics and made it available both on the company *intranet* and on the *internet* site, and that it may also deliver it in electronic or paper format to anyone who simply requests it.

The adherence of third parties (External Collaborators) to the Code of Ethics and compliance with the principles contained therein is ensured by the inclusion of specific clauses in the contracts governing the collaboration or other type of relationship that is established with the Company.

The Company and the Supervisory Body are responsible for supervising compliance with the Code of Ethics.

4.2 THE COMPANY ORGANISATIONAL SYSTEM

LPM S.p.A. has a hierarchical-functional company organisation which allows the clear definition of:

a) lines of dependency and reporting;
b) allocation of powers according to the system of delegations and powers of attorney;
c) the content of the individual positions, referring to department heads.

To this end, all company information is systematically kept in order and represented in organisation charts updated to reflect organisational changes. The organisation charts identify the various areas of company activity of the individual functions, the names of the persons in charge of each area and the related lines of hierarchical reporting.

In defining the organisation and the lines of hierarchical reporting, in order to ensure control over the activities and over those responsible for them, an adequate segregation of functions has been adopted.

The guiding criterion for defining the organisation provides, in fact, that on the same process/activity the collaboration of different functions and/or hierarchical levels is ensured, so as to guarantee the constant possibility of cross-checks on the related work.

In order to promote a clear allocation of levels of responsibility, LPM S.p.A. also uses IT systems whose logic is aligned with the division of roles provided for by the organisational structure. In these IT systems, specific access architectures are configured to ensure that certain activities can be carried out exclusively by the resources expressly authorised to perform them.

4.3 COMPANY POLICIES AND PROCEDURES

LPM S.p.A., with a view to providing all Employees with a clear frame of reference for the methods to be followed in carrying out company activities and the constraints to be observed, takes care to draw up internal procedures aimed at ensuring:

- the lawfulness and ethical nature of conduct;
- that activities correspond to the Company's institutional objectives;
- clarity on the content of the activity and on the related allocation of responsibilities;
- adequate segregation of responsibilities, so that for every activity there is always, in practice, a cross-check by a plurality of persons;
- adequate controls, in the various phases of activity, aimed at ensuring that actual work corresponds to that prescribed by internal rules;
- traceability of activity, for which adequate historical and supporting documentation remains of the main phases of its performance.

In many cases the formalisation of activities in procedures is also ensured by the logic of the IT systems used by LPM S.p.A., which incorporate process flows and the respective allocation of responsibilities, compliance with which is in such cases binding.

Each of these systems in fact contains within itself, albeit with different levels of detail:

- process flows that require users to follow the sequence of procedural steps provided for by internal rules;
- user security profiles, for access to and use of the system, which allow individual activities to be performed exclusively by the resources specifically designated;
- specific methods for data tracking, whereby it is possible, even after the event, to trace the resources that actually performed specific activities.

4.4 The System Of Delegations And Powers Of Attorney And The Exercise Of Delegated Powers

LPM S.p.A., in order to ensure the effective performance of its operating activities, has conferred on certain persons specific authorisation powers (so-called "**Delegations**", conferring the power to authorise spending initiatives internally), as well as powers of attorney for the exercise of powers of representation towards third parties (hereinafter "**Powers of Attorney**").

In particular, LPM S.p.A. has adopted a system of Powers of Attorney and Delegations which pursues the objectives of making it fully consistent with the organisational philosophy and of constituting a valid tool in terms of internal control.

The practical implications of these guidelines have been the inclusion, in the system of Powers of Attorney and Delegations, of a coherent set of operational constraints.

The system, in addition to being fully compliant with the applicable legal rules and with the current provisions of the articles of association, strengthens the overall effectiveness of the Company's internal control tools, containing constraints of a:

Qualitative nature: every person who is the recipient of Delegations or Powers of Attorney may exercise them exclusively in the functional areas within his or her competence;

Quantitative nature: the maximum amounts within which Powers of Attorney and Delegations may be exercised are specified, with thresholds defined in a differentiated manner in relation to specific *business* needs. Once these thresholds are exceeded, the power of signature/approval passes to the top company management (depending on the amounts and type of expenditure: to the Chairman of the Board of Directors or to the Head of Administration and Finance).

CHAPTER 5 SUPERVISORY BODY (SB)

5.1 FOREWORD

Where cases of Offences provided for by the Decree arise, the latter makes the application of the exemption conditional on the task of supervising the operation of and compliance with the Model, as well as of keeping it up to date, having been entrusted to a body of the Entity (endowed with autonomous powers of initiative and control).

5.2 IDENTIFICATION OF THE SB – APPOINTMENT AND REVOCATION

LPM S.p.A., in implementation of the provisions of the Decree and in view of the current structure of the Company, by resolution of the Board of Directors of 12 October 2026 has appointed a Supervisory Body, having the specific responsibility of verifying the operation of and compliance with the Model, as well as of keeping it up to date. On that occasion, the preferred organisational option was identified as the attribution of the tasks and responsibility of the Supervisory Body to a collegiate body composed of three independent members with proven experience in labour, corporate and/or criminal law. One member of the Supervisory Body may possibly be a person internal to the Company, who must abstain from voting in the event of resolutions in which a conflict of interest could potentially arise, and whose work must in any event be free from conditioning by his or her hierarchical superiors.

The office of member of the Supervisory Body will have a term of three years, renewable at each expiry.
Revocation of this office, which falls within the competence of the Board of Directors, will be permitted:

a) for just cause, for reasons connected with specific non-performance, whether wilful or negligent, of the obligations of the office (for example disloyalty, negligence, inefficiency, etc.)
b) in cases of supervening impossibility;
c) where the members cease to meet the requirements set out in the following paragraph;
d) where the employment or collaboration relationship with the Company ceases (limited to the internal member).

5.3 REQUIREMENTS OF THE SB MEMBERS

Despite the absence of precise indications from the legislator, on the basis of the Confindustria Guidelines it has been possible to identify, among the various forms that company organisation takes in practice, the body that possesses the requirements necessary to perform the functions of the Supervisory Body provided for by the Decree.
It is in fact a widespread opinion that the tasks of supervising the Model should be entrusted to a body characterised by the following requirements:

- autonomy and independence;
- professionalism;
- high continuity of action.

In this regard it should be noted that:

- for the purposes of attesting the requirement of *autonomy and independence*, the SB must not be directly involved in the management activities that are

the subject of its control activity (that is, it must have no operational duties), must be in a position of impartiality in relation to those over whom it is to exercise supervision, and, in carrying out its function, must report only to the Company's operational top management;

- with reference to the requirement of *professionalism*, the SB must have within itself technical and professional skills appropriate to the functions it is called upon to perform, and such as to ensure, together with independence, objectivity of judgement;
- as regards *high continuity of action*, the Body must constantly ensure supervision of the Model and see to its implementation and updating, making use of the necessary inspection powers.

The members of the Supervisory Body must not:

- be in one of the conditions of ineligibility or disqualification provided for by Article 2382 of the Italian Civil Code.
- be subject to preventive measures ordered by the judicial authority pursuant to Law No. 1423 of 27 December 1956 or Law No. 575 of 31 May 1965 and subsequent amendments and additions, without prejudice to the effects of rehabilitation;
- have been convicted by a final judgment, without prejudice to the effects of rehabilitation:
  - to a custodial sentence for one of the offences provided for by the rules that govern banking, financial, securities and insurance activity and by the rules on markets and transferable securities and on payment instruments;
  - to imprisonment for one of the offences provided for in Title XI of Book V of the Civil Code and in Royal Decree No. 267 of 16 March 1942;
  - to imprisonment for a period of not less than one year for a crime against the Public Administration, against public faith, against property, against public order, against the public economy or for a non-negligent crime.

The following constitute grounds for disqualification from the office of member of the Supervisory Body:

- disqualification or incapacitation, or a serious infirmity that renders the member unfit to perform his or her supervisory functions, or an infirmity that, in any event, entails his or her absence for a period of more than six months;
- the attribution to the Supervisory Body of operational functions or responsibilities, or the occurrence of events incompatible with the requirements of autonomy of initiative and control, independence and continuity of action, which are proper to the Supervisory Body;
- the loss of the requirements demanded;
- a serious breach of one's duties;
- a first-instance judgment convicting the Company under the Decree, or criminal proceedings concluded by "plea bargaining" ("patteggiamento"), where it appears from the records that there was "omitted or insufficient supervision" by the control body, as provided for by Article 6, paragraph 1, letter d) of the Decree;
- a conviction judgment, even if not final, against the members of the SB for having personally committed one of the Offences provided for by the Decree;
- a final judgment against a member of the Supervisory Body imposing a penalty that entails disqualification, even temporary, from public offices or disqualification, even temporary, from managerial offices of legal persons and companies.

Upon the occurrence of such grounds, the Board of Directors will at the same time proceed to revocation or, in any event, without delay, to appoint the new member of the Supervisory Body in replacement of the one whose mandate has been revoked.

5.4 Functions And Responsibilities Of The SB

By the above-mentioned resolution, the Board of Directors of the Company also specified the responsibilities and tasks of the Supervisory Body, set out below.

The Supervisory Body of LPM S.p.A. is endowed with all the powers necessary to ensure timely and efficient supervision of the operation of and compliance with the Model adopted by the Company, as provided for by Article 6 of the Decree, and specifically for the performance of the following tasks:

- *supervising the effectiveness of the Model*: that is, supervising that the conduct engaged in within the company corresponds to the organisation, management and control Model prepared;
- *verifying the efficacy of the Model*: that is, verifying that the Model prepared is actually capable of preventing the occurrence of the Offences;
- *updating the Model* in order to adapt it to environmental changes and to changes in the company structure.

On a more operational level, the following tasks are entrusted to the Supervisory Body of LPM S.p.A.:

5.4.1 Updating

- propose to the competent corporate bodies or functions that they issue procedural provisions implementing the principles and rules contained in the Model;
- interpret the relevant legislation and verify the adequacy of the Model to such legislative requirements, reporting to the Board of Directors the possible areas for intervention;
- assess the need to update the Model, reporting to the Board of Directors the possible areas for intervention;
- indicate to *management* the appropriate additions to the systems for managing financial resources in order to introduce measures suitable for detecting any atypical financial flows characterised by greater margins of discretion than is ordinarily provided for;
- promote suitable initiatives for the dissemination of knowledge and understanding of the Model and prepare the organisational documentation containing the instructions, clarifications or updates for the operation of the Model itself;

5.4.2 Verifications And Checks

- periodically verify the mapping of the Risk Areas, in order to adapt it to changes in the activity and/or in the company structure. To this end, any situations that may expose the company to the risk of Offences must be reported to the SB by *management* and by those in charge of control activities within the individual functions. Such reports must be communicated exclusively in writing;

- carry out periodically, also using external professionals, checks aimed at ascertaining the correct application of the Model, in particular ensuring that the procedures and controls provided for are implemented and documented in a compliant manner and that the ethical principles are respected. It should be noted, however,

that control activities are entrusted to the primary responsibility of operational *management* and are considered an integral part of every company process, hence the importance of a process of staff training;

- verify the adequacy and effectiveness of the Model in preventing the Offences referred to in the Decree;
- carry out periodically targeted checks on specific transactions or acts carried out, above all within the sensitive activities, the results of which must be summarised in a specific report whose content will be presented in the course of communications to the corporate bodies;
- coordinate the exchange of information between the various company functions (also through specific meetings), in order to:
  - keep the Risk Areas constantly updated;
  - keep their evolution under control in order to achieve constant monitoring;
  - verify the various aspects relating to the implementation of the Model (definition of standard clauses, staff training, legislative and organisational changes, etc.);
  - ensure that the corrective actions necessary to make the Model adequate and effective are undertaken promptly.
- collect, process and store all relevant information received in compliance with the Model;

5.4.3 TRAINING

- promote initiatives for training on the various aspects relating to the Model and prepare the documentation necessary for this purpose, coordinating with the head of training;
- monitor initiatives for the dissemination of knowledge and understanding of the Model and prepare the internal documentation necessary for its effective implementation, containing instructions for use, clarifications and updates.

5.4.4 BREACHES AND PENALTIES

- report any breaches of the Model and, more generally, of the Decree, to the competent company function and to the Board of Directors, as part of the *reporting* activity;
- coordinate with company *management* to assess the adoption of any disciplinary sanctions;
- indicate the most appropriate measures to remedy breaches.

5.4.5 REPORTING

Two *reporting* lines are assigned to the SB of LPM S.p.A.:

a) the first, on a continuous basis, directly to the Board of Directors;

b) the second, on an annual periodic basis, to the Board of Directors and to the statutory auditors.

The presence of the above-mentioned functional reporting lines is a factor capable of ensuring that the office is carried out by the SB with the greatest guarantees of independence.

The SB of LPM S.p.A. may be convened at any time by the aforesaid bodies or may in turn submit a request to that effect, in order to report on the operation of the Model or on specific situations.

5.5 POWERS OF THE SB

In order to perform the functions and tasks described above, the Supervisory Body may:

- urge the heads of the individual organisational units to comply with the Model;
- indicate directly which corrections and amendments must be made to ordinary practices;
- report the most serious cases of failure to implement the Model to the managers and to those in charge of controls within the individual functions.

The Supervisory Body must also have free access to persons and to all company documentation and the ability to obtain relevant data and information from the persons responsible. Finally, all information relevant to the effective implementation of the Model must be reported to the Supervisory Body.

In order to enable the SB to operate effectively and autonomously and with the appropriate tools for the effective performance of the task assigned to it by this Model:

a) the Board of Directors of the Company, within the procedures for drawing up the company *budget*, resolves annually on an adequate allocation of financial resources, which the Supervisory Body may use for any need necessary for the proper performance of its tasks;

b) the Supervisory Body is free to avail itself – under its direct supervision and responsibility – of the assistance of all the Company's structures, or of external consultants.

The Board of Directors, making use of the company structures, informs all Recipients of the existence and content of the Model and promotes, in coordination with the Supervisory Body, initiatives for its dissemination and knowledge and for the related training, including with reference to subsequent updates and additions.

6.1 PERSONNEL SELECTION

The SB of LPM S.p.A., in coordination with the head of the Human Resources department, assesses the advisability of establishing a specific personnel assessment system in the selection phase, which takes into account company needs in relation to the application of the Decree.

6.2 PERSONNEL TRAINING

Personnel training for the purposes of implementing the Model is managed by the head of the Human Resources department in cooperation with the SB and will be structured on the levels indicated below:

a) an initial seminar aimed at illustrating the internal company procedures adopted by LPM S.p.A. and describing the structure and dynamics of LPM S.p.A.;
b) update meetings on any significant legislative, case-law and doctrinal developments relating to the Decree and its application;
c) periodic update seminar;
d) access to an *intranet* site dedicated to the subject;
e) occasional update e-mails;
f) information in the hiring letter for new recruits; training as part of the company induction course.

In addition to these activities, at least once a year, the head of the Human Resources department proposes, where necessary (relevant legislative developments, results of SB checks, etc.), a training plan to the SB, which verifies the quality of its content.

This training plan must provide for activities with differing levels of detail depending on the company position of the Corporate Representatives and on the specific Risk Areas in which they operate.

The training courses prepared for Corporate Representatives must be attended on a mandatory basis: it is the task of the head of the Human Resources Department to inform the SB of the results – in terms of attendance and appreciation – of such courses.

6.3 SELECTION OF EXTERNAL COLLABORATORS

At the proposal of the SB, specific assessment systems for the selection of External Collaborators may be established within the Company, by decision of the Board of Directors.

6.4 INFORMATION TO EXTERNAL COLLABORATORS

External Collaborators must also be provided with specific information on the policies and procedures adopted by LPM S.p.A. on the basis of this Model, as well as the texts of the contractual clauses habitually used in this regard.

6.5 Supervisory Obligations

All Corporate Representatives who have supervisory functions over other Corporate Representatives are obliged to exercise them with the utmost diligence, reporting to the SB, in the manner provided for in paragraph 7.1 below, any irregularities, breaches and defaults.

In the event of failure to comply with the above obligations, Corporate Representatives with supervisory functions will be penalised in accordance with their position within the Company as provided for in Chapter 8 below.

The information flows concern all the information and all the documents that must be brought to the attention of the SB, as provided for by the Model.

7.1 REPORTS BY CORPORATE REPRESENTATIVES OR BY THIRD PARTIES

The obligation of a structured information flow is conceived as a tool to guarantee supervision of the efficacy and effectiveness of the Model and for the possible ascertainment, after the event, of the causes that made possible the occurrence, in the Risk Areas, of Offences provided for by the Decree.

The SB must therefore be informed promptly and in writing, by means of a specific internal communication system, of those acts, conduct or events that may result in a breach of the Model or that, more generally, are relevant for the purposes of the Decree.

The obligations to provide information on any conduct contrary to the provisions contained in the Model fall within the broader duty of diligence and obligation of loyalty of the employee established by the Civil Code.

Employees and External Collaborators have a duty to report to the SB:

1. any information concerning the commission, or the reasonable belief of commission, of the Offences. In particular, information concerning the following must be transmitted to the SB, mandatorily and promptly:

- the outcome of inspection visits and checks of any kind carried out by the Public Administration (Public Officials and/or Persons in Charge of a Public Service) at LPM S.p.A., transmitting the minutes containing any requirements imposed by the inspecting body, as well as the formal warning notices or the measures and penalties that may have been imposed;
- measures and/or information coming from judicial police bodies, or from any other public authority, from which it appears that investigations are being carried out for the Offences, including against unknown persons where such investigations involve LPM S.p.A. or its Corporate Representatives;
- requests for legal assistance made by Corporate Representatives in the event of the commencement of judicial proceedings for the Offences;
- the trend in recruitment, with particular reference to personnel coming from the Public Administration or who have family or marital ties with employees/collaborators or with persons holding relevant offices within the Public Administration (e.g. VAT Office, INPS, Fire Brigade, etc.);
- the list of gifts given to persons belonging to the Public Administration;
- the reports prepared by the heads of the company functions of LPM S.p.A. in the course of their control activity and from which facts, acts, events or omissions with critical aspects with regard to compliance with the Model could emerge;
- information relating to disciplinary proceedings initiated and to any measures imposed (including measures against Corporate Representatives) or to decisions to close such proceedings, with the related reasons, where they are linked to the commission of Offences or to the breach of the behavioural or procedural rules of the Model;

- information relating to the actual implementation of the Model, at all company levels, highlighting the disciplinary proceedings conducted and any sanctions imposed (including measures taken against employees) or the reasoned decisions to close disciplinary proceedings;

- any communications from the board of statutory auditors and the audit firm, where appointed, concerning aspects that may indicate deficiencies in the internal control system, reprehensible facts, observations on the Company's financial statements;

- measures and/or information concerning the application within the Company of the legislation on health and safety at work (e.g. injury statistics, training courses, changes to the safety organisation chart, etc.), with prompt reporting of any accidents that have occurred;

2. any breach or alleged breach of the rules of the Model, or in any event conduct not in line with the rules of conduct adopted by the Company.

External Collaborators will also have the obligation, provided for contractually, to report the above information where it involves their work.

Without prejudice to Article 7.2 below, communications addressed to the SB may be made **(i)** by e-mail to the encrypted e-mail address odvlpm@lpm-it.com or **(ii)** by post to the following address: Supervisory Body c/o LPM S.p.A., Via Egidio Berto No. 24/1, Bovolenta (PD).

Breaches of the above obligations to provide information to the SB may result in the application of disciplinary sanctions, as set out in more detail in Chapter 8 below.

7.2 WHISTLEBLOWING

Where an Employee, a Corporate Representative, an External Consultant or a Collaborator wishes to make, on a confidential basis, a report concerning unlawful conduct, including conduct relevant under the Decree, or a violation of the Model, the Company has established an internal channel dedicated to "whistleblowing reports" which, in accordance with the legal provisions, guarantees, also by means of IT encryption methods, the confidentiality of the identity of the reporting person, of the person involved and/or of the persons in any event mentioned in the report, as well as of the content of the report and of the related documentation.

Reports are handled through a specific platform which can be accessed from the LPM Group website in the section dedicated to whistleblowing reports, or by using the link "https://lpm-it.segnalazioni.net". It is also possible to request a direct meeting with the Whistleblowing Manager, which may be requested by the reporting person in writing or orally and will be scheduled within a reasonable time from the request.

Whistleblowing reports will be received and handled by the so-called Whistleblowing Manager, an internal person bound by the obligations of confidentiality and of handling of the report laid down by law and by a specific regulation approved by LPM S.p.A. (the "**Whistleblowing Policy**"). Access to the related platform, by means of specific credentials, is reserved to the Whistleblowing Manager, who is bound by the obligations of confidentiality and of handling of the report laid down by law.

The report will be handled by the Whistleblowing Manager, specifically trained in the handling of whistleblowing reports, in accordance with the Whistleblowing Regulation.
The report, which must concern the unlawful acts indicated in the specific Whistleblowing Regulation, must be as complete and exhaustive as possible, being required to be detailed and based on precise and consistent factual elements.
It must state:

- where not anonymous, the identity details of the person making the report;
- the indication, with the related description, of the fact or conduct, including omissions, that is the subject of the report;
- the circumstances of time and place in which the fact was committed;
- the indication of the circumstances on the occasion of which knowledge of the reported fact was acquired;
- the name(s) of the person or persons who carried out the reported facts;
- the indication of the aspects of unlawfulness and/or of the breaches of the organisational Model resulting from the carrying out of the reported conduct;
- all useful elements, including the documents in the possession of the reporting person, to enable the necessary checks and/or verifications to be carried out to confirm the validity of the facts reported and for the purposes of reconstructing any responsibilities;
- any other information useful for the investigation aimed at reconstructing the reported facts.

The Whistleblowing Manager assesses and handles the reports received in accordance with the specific Whistleblowing Regulation, maintaining the confidentiality of the identity of the reporting person and of the person reported, where appropriate hearing the author of the report and/or the person responsible for the alleged violation, giving written reasons for any refusal to proceed with an investigation and for its closure, and informing the reporting person of the status and outcome of the investigation.
Any disciplinary measures resulting from false reports made with intent or gross negligence are applied by the Company in accordance with the law and with the provisions of Chapter 8 below.

The Whistleblowing Manager is not required to follow up anonymous reports that are not sufficiently detailed, which will in any event be treated as ordinary reports, or those that appear *prima facie* irrelevant or unfounded.

The Whistleblowing Manager must also exercise oversight so as to protect reporting persons and the other persons protected by law against any form, direct or indirect, of retaliation, discrimination or penalisation for reasons connected, directly or indirectly, with the report, also ensuring the confidentiality of the identity of the reporting person, of the person reported and of the other persons involved in the report, in accordance with the Whistleblowing Regulation, without prejudice to legal obligations and to the protection of the rights of the Company or of persons wrongly and/or maliciously accused.
Where the Whistleblowing Manager receives reports relating to unlawful acts provided for by the Decree, to the breach of the Model and/or of the Code of Ethics, always guaranteeing the confidentiality of the identity of the reporting person and of the person reported, he or she informs the SB,

keeps it updated on the progress of the related investigations and assessments, and involves it therein, for the assessments and initiatives within its competence.

In particular, the Whistleblowing Manager, within seven days of receipt of the report, must convene the SB to provide, always in compliance with the confidentiality of the identity of the reporting person and of the person reported, immediate information on the reports relevant under Legislative Decree No. 231/2001.

Where the Whistleblowing Manager is in a conflict of interest (whether as the person reported, the reporting person and/or a person involved), the report must be made to the Company's SB. The written report must be sent to the addresses indicated in Article 7.1; the oral report must be made by calling the number 049 9545262 and asking to speak to the Chairman of the SB of LPM S.p.A.. In both cases a direct meeting with the SB may be requested. The SB will handle the reports in accordance with the Company's Whistleblowing Regulation.

Employees with managerial functions and the heads of the individual company areas are obliged to report to the SB, or to ensure that it receives, any breaches committed by Employees.

7.3 System Of Delegations And Powers Of Attorney

The SB, finally, must be informed of the system of delegations and powers of attorney adopted by the Company and of the related updates, as well as of proposals to amend/supplement the existing company procedures and proposals to introduce new procedures.

CHAPTER 8 DISCIPLINARY SYSTEM

8.1 General Principles

An essential aspect for the effectiveness of the Model is the preparation of an adequate system of penalties suitable for penalising non-compliance with the measures indicated in the Model itself (Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of the Decree).

The rules that follow supplement and do not replace the provisions of law and the clauses of collective bargaining agreements on disciplinary sanctions. They therefore make direct reference to Law No. 300 of 20 May 1970 (the so-called “Workers’ Statute”) and to the CCNL for workers in the metalworking industry.

The application of this system and of the related sanctions presupposes the mere breach of the provisions of the Model and is independent of the conduct and outcome of any criminal proceedings initiated by the judicial authority where the conduct to be censured amounts to an Offence relevant under the Decree.

8.2 Measures Against Employees

Compliance with the provisions and rules of conduct set out in the Model constitutes performance by Employees of the obligations provided for by Article 2104, paragraph 2, of the Italian Civil Code, obligations of which the content of the Model itself represents a substantial and integral part.

The breach by Employees of the individual provisions and rules of conduct of the Model always constitutes a disciplinary offence.

The measures indicated in the Model, non-compliance with which is intended to be sanctioned, are communicated by internal circular to all Employees, posted in a place accessible to all (notice boards or intranet) and binding on all Employees of the Company.

Disciplinary measures may be imposed on Employees in accordance with Article 7 of Law No. 300 of 20 May 1970 (the so-called “Workers’ Statute”) and any applicable special legislation.

As regards the ascertainment of the failures in accordance with the relevant CCNL with respect to Employees:

- the verification procedure is initiated upon any notice of breach of the Model;
- where, following the procedure, a breach of the Model is established, the disciplinary sanction provided for by the applicable CCNL is imposed;
- the sanction imposed is proportionate to the seriousness of the breach.

More specifically, on the assumption that the breach has been established, at the request of the SB, and after hearing the hierarchical superior of the author of the censured conduct, the head of the Human Resources department identifies – having analysed the employee’s reasons – the disciplinary sanction applicable under the relevant CCNL.
After applying the disciplinary sanction, the head of the Human Resources Department notifies the SB of the imposition of such sanction.

These persons finally monitor the application of the disciplinary sanctions.

Unless the particular circumstances accompanying the disciplinary breach give it greater or lesser seriousness, the following measures are incurred by:

1. **verbal or written reprimand:** the Employee who breaches the internal procedures provided for by this Model (for example, who does not comply with the prescribed procedures, fails to give the SB the prescribed information, fails to carry out checks, etc.) or adopts, in carrying out activities in the Risk Areas, conduct that does not comply with the provisions of the Model itself, such conduct being regarded as non-observance of the instructions given by LPM S.p.A.;

2. **fine not exceeding the amount of 3 hours' pay:** the Employee who repeatedly breaches the internal procedures provided for by this Model or adopts, in carrying out activities in the Risk Areas, conduct that repeatedly fails to comply with the provisions of the Model itself, even where such failings have not been individually ascertained and notified;

3. **suspension from service and from pay for a period not exceeding 3 days of actual work:** the Employee who, by breaching the internal procedures provided for by this Model or by adopting, in carrying out activities in the Risk Areas, conduct that does not comply with the provisions of the Model itself, as well as by carrying out acts contrary to the interest of LPM S.p.A., causes damage to the Company or exposes it to an objective situation of danger to the integrity of the company's assets, such conduct being regarded as causing damage or a situation of danger to the integrity of the Company's assets or as the carrying out of acts contrary to its interests;

4. **disciplinary transfer or dismissal with payment in lieu of notice and with severance pay:** the Employee who adopts, in carrying out activities in the Risk Areas, conduct that does not comply with the provisions of this Model and is unequivocally directed at committing an Offence sanctioned by the Decree, such conduct being regarded as causing considerable damage or a situation of considerable prejudice;

5. **dismissal without notice and with severance pay:** the Employee who adopts, in carrying out activities in the Risk Areas, conduct in clear breach of the provisions of this Model and such as to result in the actual application against the Company of the measures provided for by the Decree, such conduct being regarded as the carrying out of acts such as to radically undermine the Entity's trust in him or her, or the occurrence of the failings referred to in the preceding points with the determination of serious prejudice to the company.

Each of the sanctions referred to above will be applied in relation to:

- the intentionality of the conduct or degree of negligence, recklessness or lack of skill, also taking into account the foreseeability of the event;
- the Employee's overall conduct, with particular regard to whether or not there are previous disciplinary records of the same, within the limits permitted by law;
- the Employee's duties;
- the functional position of the persons involved in the facts constituting the failing;
- the other particular circumstances accompanying the disciplinary breach.

The disciplinary system is constantly monitored by the SB and by the head of the Human Resources department.

8.3 MEASURES AGAINST EXECUTIVES

In the event of breach, by executives of LPM S.p.A., of the internal procedures provided for by this Model or of the adoption, in carrying out activities in the Risk Areas, of conduct that does not comply with the provisions of the Model itself, the measures considered most suitable will be applied against those responsible in accordance with the CCNL for Industrial Executives.

8.4 MEASURES AGAINST DIRECTORS AND STATUTORY AUDITORS

In the event of breach of the Model by one or more members of the Board of Directors and/or of the Board of Statutory Auditors of LPM S.p.A., including the making, with intent or gross negligence, of reports that turn out to be unfounded or the breach of the measures protecting the anonymity of the person who reported unlawful conduct relevant under the Decree, the SB will inform the members of the Board of Directors and of the Board of Statutory Auditors who are not involved, who will take the appropriate measures provided for by the legislation in force.

In the case of a conviction, even at first instance, for the Offences provided for by the Decree and subsequent amendments, the member of the Board of Directors and/or of the Board of Statutory Auditors who has been convicted must give immediate notice thereof to the SB.

8.5 MEASURES AGAINST EXTERNAL COLLABORATORS

Any conduct engaged in by External Collaborators that conflicts with the lines of conduct indicated in this Model and such as to entail the risk of commission of an Offence sanctioned by the Decree, as well as the making, with intent or gross negligence, of reports that turn out to be unfounded or the breach of the measures protecting the anonymity of the person who reported unlawful conduct relevant under the Decree, may result, as provided for by the specific contractual clauses included in the letters of appointment or in *partnership* agreements, in termination of the contractual relationship, without prejudice to any claim for compensation where such conduct causes actual damage to the Company, as in the case of application by the court of the measures provided for by the Decree.

SPECIAL PART A

OFFENCES IN RELATIONS WITH THE PUBLIC ADMINISTRATION

(ARTICLES 24, 25 AND 25-DECIES OF THE DECREE)

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5.5 MANAGEMENT OF LITIGATION

5.6 INSTRUMENTAL PROCESSES

Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

Public Administration (P.A.) means Public Institutions, Public Officials and Persons in Charge of a Public Service.

Public Institutions means, by way of example and not limitation, State administrations (Tax Administration, Guarantee and supervisory Authorities, Judicial Authorities, etc.), regions, provinces, municipalities, their consortia and associations, university institutions, chambers of commerce, industry, crafts and agriculture, national, regional and local non-economic public bodies, and the administrations, companies and bodies of the national health service. A public function is also held by the members of the Commission of the European Union, the European Parliament, the Court of Justice and the Court of Auditors of the European Union, and by officials and agents engaged under contract pursuant to the staff regulations of officials of the European Union.

Public Official means a person, whether a public employee or a private individual, who contributes to forming or forms the will of the Public Body or represents it externally and who is vested with authorisation and certification powers. By way of example only, the following are considered public officials: bailiff, technical consultant to the judge, collector for municipal companies, postman and postal courier, health inspector of a hospital, municipal councillors, municipal technicians, health officer, notary, employees of public bodies.

Person in Charge of a Public Service means a person who, while carrying out an activity pertaining to the State or to another public body, is not endowed with the typical powers of the Public Official and, on the other hand, does not perform merely material functions. By way of example only, the following persons hold the status of Person in Charge of a Public Service: Enel collectors, readers of gas and electricity meters, postal employees assigned to mail sorting, employees of the State Printing Works, security guards who drive cash-in-transit vans.

CHAPTER 1 THE TYPES OF OFFENCES IN RELATIONS WITH THE PUBLIC ADMINISTRATION (ARTICLES 24, 25 AND 25-DECIES OF THE DECREE)

For the purposes of this section of the Special Part, a brief description is provided of the offences covered by it, indicated in Articles 24 and 25 of the Decree.

Article 24 of the Decree – Misappropriation of public funds, fraud to the detriment of the State or of a public body or of the European Union or for the obtaining of public funds, computer fraud to the detriment of the State or of a public body, and fraud in public supplies.

"*1. In relation to the commission of the offences referred to in Articles 316-bis, 316-ter, 353, 353-bis, 356, 640, paragraph 2, No. 1, 640-bis and 640-ter if committed to the detriment of the State or of another public body or of the European Union, of the Criminal Code, a financial penalty of up to five hundred units applies to the entity.*

2. *If, following the commission of the offences referred to in paragraph 1, the entity has obtained a profit of significant size or particularly serious damage has resulted, a financial penalty of two hundred to six hundred units applies.*

2-bis. The penalties provided for in the preceding paragraphs apply to the entity in relation to the commission of the offence referred to in Article 2 of Law No. 898 of 23 December 1986.

3. In the cases provided for in the preceding paragraphs, the disqualification penalties provided for by Article 9, paragraph 2, letters c), d) and e) apply".

Article 25 of the Decree – Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits, corruption

"*1. In relation to the commission of the offences referred to in Articles 318, 321, 322, first and third paragraphs, and 346-bis of the Criminal Code, a financial penalty of up to two hundred units applies. The same penalty applies, where the act harms the financial interests of the European Union, in relation to the commission of the offences referred to in Articles 314, first paragraph, 314-bis and 316 of the Criminal Code.*

2. *In relation to the commission of the offences referred to in Articles 319, 319-ter, paragraph 1, 321, 322, paragraphs 2 and 4, of the Criminal Code, a financial penalty of two hundred to six hundred units applies to the entity.*

3. *In relation to the commission of the offences referred to in Articles 317, 319, aggravated pursuant to Article 319-bis when the entity has obtained from the act a profit of significant size, 319-ter, paragraph 2, 319-quater and 321 of the Criminal Code, a financial penalty of three hundred to eight hundred units applies to the entity.*

4. The financial penalties provided for the offences referred to in paragraphs 1 to 3 also apply to the entity when such offences have been committed by the persons indicated in Articles 320 and 322-bis.

5. In cases of conviction for one of the offences indicated in paragraphs 2 and 3, the disqualification penalties provided for by Article 9, paragraph 2, apply for a duration of not less than four years and not more than seven years, if the offence was committed by one of the persons referred to in Article 5, paragraph 1, letter a), and for a duration of not less than two years and not more than four, if the offence was committed by one of the persons referred to in Article 5, paragraph 1, letter b). 5-bis. If, before the judgment at first instance, the entity has taken effective steps to prevent the criminal activity from having further consequences, to secure the evidence of the offences and to identify those responsible or to seize the sums or other benefits transferred, and has eliminated the organisational deficiencies that gave rise to the offence by adopting and implementing organisational models suitable for preventing

offences of the kind that occurred, the disqualification penalties have the duration established by Article 13, paragraph 2".

Article 25-decies Inducement not to make statements or to make false statements to the judicial authorities

"1*. In relation to the commission of the offence referred to in Article 377-bis of the Criminal Code, a financial penalty of up to five hundred units applies to the entity*".

The Offences considered potentially relevant are indicated below

Embezzlement (Articles 314 and 316 of the Criminal Code)

Embezzlement (Article 314, paragraph 1 of the Criminal Code) punishes a public official or person in charge of a public service who, having by reason of his office or service the possession of money or other movable property belonging to the Public Administration, appropriates it or diverts it for his own or another's profit. Embezzlement by profiting from the error of others (Article 316 of the Criminal Code) punishes a public official or person in charge of a public service who, in the exercise of his functions or service, taking advantage of the error of another, unduly receives or retains, for himself or for a third party, money or other benefit.

Misappropriation to the Detriment of the State or of the European Union (Article 316-bis of the Criminal Code)

The offence punishes anyone who, having obtained financing or contributions from the Italian State, from another public body or from the European Community, fails to use the sums obtained for the purposes for which they were intended. Since the punishable act consists in the failure to apply the financing granted to the intended purpose, the offence may also arise with reference to financing obtained in the past which is not now applied to the purposes for which it was granted.

Undue Receipt of Funds to the Detriment of the State or of the European Union (Article 316-ter of the Criminal Code)

This offence arises where – by the use or submission of false statements or documents, or documents certifying untrue matters, or by the omission of information that is due – contributions, financing, subsidised loans or other disbursements of the same type, however named, granted or disbursed by the State, by other public bodies or by the European Community, are obtained without entitlement. In this case, unlike the preceding point (Article 316-bis), the use made of the funds is irrelevant, since the offence is committed at the moment the financing is obtained.

Finally, it should be noted that this offence, being residual in nature with respect to the offence under Article 640-bis of the Criminal Code (aggravated fraud to obtain public funds), arises where the conduct does not meet the constituent elements of the offence under the latter provision.

Extortion (Article 317 of the Criminal Code)

This offence arises where a public official or a person in charge of a public service, abusing his position or powers, compels someone to give or promise unduly to him or to a third party money or other benefit.

The offence in question presents limited risk profiles for the purposes of Legislative Decree No. 231/2001: since it is an offence that can only be committed by qualified persons, the liability of the Entity may be found only in cases where a Corporate Representative or an External Collaborator of the Company, in the interest or to the advantage of the Company, is complicit in the offence of the public official or person in charge of a public service who, taking advantage of his position, demands performances that are not due.

Corruption For The Exercise Of A Function (Article 318 Of The Criminal Code)

This offence arises where a public official, for the exercise of his functions, unduly receives, for himself or for a third party, money or other benefit or accepts the promise of it.
The activity of the public official must therefore take the form of an act that is due (for example: speeding up a file whose processing falls within his competence).

Corruption For An Act Contrary To Official Duties (Article 319 Of The Criminal Code)

This offence arises where the public official, in order to omit or delay, or for having omitted or delayed, an act of his office, or in order to perform, or for having performed, an act contrary to official duties, receives, for himself or for a third party, money or other benefit, or accepts the promise of it.
The activity of the public official must therefore take the form of an act contrary to his duties (for example: a public official who accepts money to guarantee the award of a tender).

Aggravating Circumstances (Article 319-bis Of The Criminal Code)

This provision provides that the penalty is increased if the act referred to in Article 319 of the Criminal Code concerns the conferral of public employment or salaries or pensions or the entering into of contracts in which the administration to which the public official belongs is interested.

Corruption In Judicial Proceedings (Article 319-ter Of The Criminal Code)

This offence arises where, in order to favour or harm a party in judicial proceedings, money or other benefit is offered or promised to a public official or to a person in charge of a public service.
A company may therefore be held liable for the offence if, being a party to judicial proceedings, it bribes a public official (not only a magistrate, but also a court clerk or other official) in order to obtain a favourable outcome of the proceedings.
It should be noted that, pursuant to Article 322-bis of the Criminal Code, the Public Administration is deemed equivalent to any administration performing functions similar to those indicated within Community bodies, other Member States of the European Union, foreign States or international public organisations.

Undue Inducement To Give Or Promise Benefits (Article 319-quater Of The Criminal Code)

1. This offence occurs where, unless the act constitutes a more serious offence, the public official or person in charge of a public service, abusing his position or powers, induces someone to give or promise unduly, to him or to a third party, money or other benefit. It is punished by imprisonment of three to eight years.
In such cases, the person who gives or promises money or other benefit is punished by imprisonment of up to three years or by imprisonment of up to four years where the act harms the financial interests of the European Union and the damage or profit exceeds Euro 100,000.

Corruption Of A Person In Charge Of A Public Service (Article 320 Of The Criminal Code)

This provision provides that the provisions of Articles 318 and 319 also apply to the person in charge of a public service; those of Article 318 also apply to the person in charge of a public service where he holds the status of public employee.

In any event, with reference to such cases, the penalties are reduced.

Penalties For The Bribe-giver (Article 321 Of The Criminal Code)

This article provides that 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 aforesaid cases under Articles 318 and 319, also apply to anyone who gives or promises money or other benefit to the public official or person in charge of a public service.

Incitement To Corruption (Article 322 Of The Criminal Code)

Article 322 of the Criminal Code punishes, when the corrupt agreement is not concluded, both the private individual who offers or promises money or other benefit to the public official or person in charge of a public service for the exercise of the function or powers, and the public agent who solicits from the private individual a promise or payment for the same purpose. For the purposes of the Model pursuant to Legislative Decree No. 231/2001, the cases under paragraphs 1 and 3 of Article 322 of the Criminal Code are particularly relevant, being expressly referred to by Article 25 of Legislative Decree No. 231/2001 among the predicate offences.

Embezzlement, Misappropriation Of Money Or Movable Property, Extortion, Undue Inducement To Give Or Promise Benefits, Corruption And Incitement To Corruption Of Members Of International Courts Or Of The Bodies Of The European Communities Or Of International Parliamentary Assemblies Or Of International Organisations And Of Officials Of The European Communities And Of Foreign States (Article 322-bis Of The Criminal Code)

Article 322-bis of the Criminal Code extends to officials and members of institutions of the European Union, of foreign States and of international organisations or courts the application of the offences of embezzlement, extortion, undue inducement, corruption and incitement to corruption provided for Italian public officials, treating such persons, for criminal purposes, as Italian public officials or persons in charge of a public service. In particular, Articles 314, 316, 317, 320 and 322, paragraphs 3-4 (“passive” side/ solicitation) also apply to such persons, as do Articles 319-quater, paragraph 2, 321 and 322, paragraphs 1-2, where money or other benefit is given, offered or promised to them (“active” side).

Trafficking In Unlawful Influence (Article 346-bis Of The Criminal Code)

This offence arises against anyone who, other than in cases of complicity in the offences under Articles 318, 319, 319-ter of the Criminal Code and in the corruption offences under Article 322-bis of the Criminal Code, by exploiting or boasting of existing or asserted relations with a public official or a person in charge of a public service or one of the other persons referred to in Article 322-bis, unduly causes to be given or promised, to himself or to others, money or other benefit, as the price of his own unlawful mediation with a public official or a person in charge of a public service or one of the other persons referred to in Article 322-bis of the Criminal Code, or to remunerate him in relation to the exercise of his functions or powers. The same offence may be alleged against anyone who unduly gives or promises money or other benefit to the intermediary with the Public Administration.

This offence also encompasses the offence of influence peddling ("millantato credito"), formerly provided for by Article 346 of the Criminal Code and now merged into the offence of trafficking in unlawful influence. The latter offence, therefore, is now constituted not only by the actual exploitation of an existing relationship between the person offering himself as intermediary and the public official or person in charge of a public service, but also where the intermediary merely boasts of having some influence, which in reality does not exist, over any of the qualified persons under Articles 357 and 358 of the Criminal Code. Consequently, the private individual who is persuaded by the boaster to give or promise the undue benefit is also made punishable.
The penalty is increased if the person who unduly causes money or other benefit to be given or promised, to himself or to others, holds the status of 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 persons referred to in Article 322-bis of the Criminal Code in relation to the performance of an act contrary to official duties or to the omission or delay of an act of his office.

Disturbing The Freedom Of Auctions (Article 353 Of The Criminal Code)

This offence arises in relation to the conduct of anyone who, with violence or threats, or with gifts, promises, collusion or other fraudulent means, prevents or disturbs the tendering in public auctions or private tenders on behalf of public administrations, or keeps bidders away.

Disturbing The Freedom Of The Procedure For Choosing The Contractor (Article 353-bis Of The Criminal Code)

This offence arises in relation to the conduct of anyone who, with violence or threats, or with gifts, promises, collusion or other fraudulent means, disturbs the administrative procedure aimed at establishing the content of the call for tenders or of another equivalent act in order to influence the manner in which the public administration chooses the contractor.

Fraud In Public Supplies (Article 356 Of The Criminal Code)

This offence arises in relation to anyone who commits fraud in the performance of supply contracts or in the fulfilment of other contractual obligations in public supplies.

Fraud To The Detriment Of The State, Of Another Public Body Or Of The European Union (Article 640, Paragraphs 1 And 2 No. 1, Of The Criminal Code)

This offence arises where, in order to obtain an unjust profit, artifices or deceptions are employed such as to mislead and to cause damage to the State (or to another Public Body or to the European Union).

This offence may be committed, for example, where, in preparing documents or data for participation in tender procedures, untrue information is provided to the P.A. (for example supported by falsified documentation),

in order to obtain the award of the tender itself.

Aggravated Fraud To Obtain Public Funds (Article 640-bis Of The Criminal Code)

This offence arises where the above fraud is committed in order to unduly obtain public funds to the detriment of the State or of another Public Body or of the European Union.
This offence may be committed where artifices or deceptions are employed, for example by communicating untrue data or preparing false documentation, in order to obtain public financing.

Computer Fraud To The Detriment Of The State Or Of Another Public Body (Article 640-ter, Paragraph 1, Of The Criminal Code)

This offence arises where, by altering in any way the operation of a computer or telematic system or by manipulating the data contained therein, an unjust profit is obtained causing damage to the State, to another Public Body or to the European Union.
In practice, the offence in question may be committed where, once financing has been obtained, the computer system is breached in order to enter an amount relating to the financing that is higher than that lawfully obtained.
The offence referred to in Article 640-ter of the Criminal Code is prosecutable upon complaint by the injured party.

Inducement Not To Make Statements Or To Make False Statements To The Judicial Authorities (Article 377-bis 1 Of The Criminal Code)

This offence occurs when, by violence or threats, or by offering or promising money or other benefit, someone induces the person called upon to make before the judicial authorities statements usable in criminal proceedings – and who has the right not to answer – not to testify or to make false statements.

The analysis of the Company's business processes has made it possible to identify the "sensitive" activities (so-called "Risk Areas"), that is, those company activities in which the types of Offence provided for by the Decree could theoretically be committed.

The Risk Areas in relation to offences against the Public Administration are listed below:

1. participation in procedures for obtaining grants, contributions or subsidised loans from Italian or EU public bodies and their actual use;

2. carrying out procedures for obtaining authorisation measures from the P.A. for the management of the plant (e.g. licences for carrying out the activity);

3. relations with customs authorities, the Guardia di Finanza (Financial Police), the Revenue Agency and the other bodies competent in tax matters, including on the occasion of audits, inspections and assessments;
4. management of relations with the officials responsible for compliance with the obligations laid down by the relevant legislation on hiring, termination of employment, remuneration, tax withholdings and social security and welfare contributions relating to employees (INPS, INAIL, ASL, Provincial Labour Department, etc.);

5. relations with the Officials of the competent bodies in the course of fulfilling the corporate obligations provided for by the legislation in force, at, for example, the Court, the Chamber of Commerce, the Registry Office, etc.

6. management of relations with the Public Supervisory Authorities (Data Protection Authority and other competent bodies), of the communications and information addressed to them;

7. management of relations with public officials for the obligations prescribed by Law No. 81/2008, including on the occasion of inspections/audits (A.S.L., Fire Brigade, Labour Inspectorate, etc.);

8. management of environmental obligations and of activities relating to waste disposal, including on the occasion of inspections/audits;

9. more generally, management of all relations with the P.A. in the conduct of the Company and in the management of the plant, including in the event of audits, inspections and assessments;

10. management of relations with the competent judges, with their technical and/or auxiliary consultants and with witnesses, in the context of proceedings of various kinds or of related appeals.

The following areas have also been identified as "instrumental" to those examined above since, although not characterised by direct relations with the Public Administration, they may constitute support and a precondition (financial and operational) for the commission

of the Offences indicated above:

a) purchase of goods and services;
b) warehouse management;
c) hiring, management, training and incentivisation of personnel;
d) management of discounts and gifts;
e) management of events and activities to promote the company's image;
f) assignment of consultancy engagements;
g) management of financial flows.

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

This Special Part refers to conduct engaged in by the Recipients of the Model.

The objective of this Special Part is that all Recipients, to the extent that they may be involved in carrying out activities in the Risk Areas, adhere to rules of conduct in line with the provisions of this Special Part in order to prevent and avoid the occurrence of Offences in relations with the P.A. and in relations with other persons engaged in by the Company in carrying out its institutional tasks.

The specific Recipients of this Special Part are:

- Chairman and CEO
- Administration, Finance and Control, and HR
- Marketing & Sales Division
- Operations Division
- RSPP -
- All persons who have direct dealings with the P.A.

This Special Part provides – for Corporate Representatives, directly, and for External Collaborators, by means of specific contractual clauses – the express obligation to:

- ensure that the above-mentioned relations take place in absolute compliance with: ⁻ laws;
  ⁻ regulations in force;
  ⁻ principles of loyalty, fairness and clarity;
- ensure that relations with officials of the Public Administration are managed exclusively by persons vested with suitable powers;
- identify within the Public Administration the official who, by reason of his or her specific position, is the person to be addressed, and ensure the traceability of the relations maintained;
- communicate, without delay, to one's hierarchical superior and, at the same time, to the Supervisory Body any conduct engaged in by persons operating within the public counterparty, aimed at obtaining favours, unlawful payments of money or other benefits, including in respect of third parties, as well as any critical issue or conflict of interest that arises in the context of the relationship with the Public Administration;
- ensure that the documentation to be sent to the Public Administration is produced by persons competent in the matter and identified in advance;
- ensure that all documentation (both electronic and paper) produced for the Public Administration is adequately checked before being sent and that sending is authorised by competent persons vested with suitable signing powers/powers of attorney;
- all documentation (both electronic and paper) produced for the Public Administration is filed by the competent manager and kept for the period of time provided for by the legislation in force;
- ensure that access to and use of the information systems of the Public Administration or related to it takes place through the correct use of the codes and credentials provided by them. The transmission of information and/or electronic documentation through such information systems is authorised by competent persons vested with suitable signing powers/powers of attorney;
- submit the documentation to the Chairman of the Board of Directors or to persons vested with suitable powers, on the basis of the system of powers of attorney and delegations in place, in order to check and approve it before it is forwarded to the Public Administration;
- carry out personnel selection activity suitable for ensuring that the choice of employees is made on the basis of assessments of technical and aptitude suitability;
- maintain, in dealings with the Judicial Authority, conduct based on criteria of transparency and active cooperation, making available all the information, data and documents that may be requested.

- guarantee the traceability of the formation of acts and of the related authorisation levels, as a guarantee of the transparency of the choices made.

In accordance with the above, it is prohibited to:

a) promise or make cash payments to representatives of the P.A. or to third parties indicated by them or who have direct or indirect relations of any kind with them and/or ties of kinship or affinity. In particular, any form of gift to Public Officials and/or Persons in Charge of a Public Service, Italian or foreign (even in those countries where the giving of gifts is a widespread practice), or to their family members or to persons indicated by them, that may influence their discretion or independence of judgement or induce them to ensure any advantage for the Company, is prohibited. Permitted gifts are always characterised by the modesty of their value or because they are aimed at promoting initiatives of an artistic nature (for example, the distribution of art books) or the image of the Company. Gifts offered – except those of modest value – must be adequately documented to allow the prescribed checks;

b) grant other advantages of any kind in favour of representatives of the P.A. that may produce the same consequences as provided for in point a) above; in particular, the following may not be taken into consideration:

c) recommendations coming from representatives of the P.A. for the hiring of personnel by the Company, or in any case for the Company's taking an interest in their hiring by third parties;

d) recommendations coming from the P.A. concerning the indication of commercial Consultants or *Partners*, for the Company to use them in carrying out its activity or to indicate them to its Consultants or *Partners*;

e) requests for sponsorships, electoral contributions or preferential treatment coming from representatives of the P.A., in particular if made on the occasion of specific business deals or commercial transactions;

f) distribute and/or receive gifts and presents outside what is provided for by company practice (that is, in accordance with the Code of Ethics, any form of gift offered or received that exceeds normal business or courtesy practices, or that is in any case aimed at acquiring favourable treatment in the conduct of any company activity).

g) grant fees, or perform services, in favour of Consultants and *Partners* that are not adequately justified in relation to the type of engagement to be carried out and the fee received, to the characteristics of the *partnership* relationship and to the practices in force at local level;

h) grant fees in favour of Suppliers that are not adequately justified in relation to the type of consideration;

i) choose External Collaborators or *Partners* for reasons other than those connected with necessity, professionalism and cost-effectiveness, and grant them fees that are not adequately justified in the context of the existing relationship and in the actual value of the service;

j) submit untrue statements to national or EU public bodies in order to obtain public funds, contributions or subsidised loans;

k) apply sums received from national or EU public bodies

by way of grants, contributions or financing to purposes other than those for which they were intended.

l) access without authorisation the information systems of the Public Administration in order to obtain and/or modify information in the interest or to the advantage of the Company;

m) promise or offer payments of money or other benefits in favour of persons involved in judicial proceedings in order to induce them to conceal/omit facts that could result in penalties/sanctions for LPM S.p.A., thereby protecting or improving the latter's position;

n) induce a person not to make statements or to make false statements to the Judicial Authority in the course of criminal proceedings, through threat or violence (physical or moral coercion) in order to conceal/omit facts that could result in penalties/sanctions for LPM S.p.A.;

o) influence or induce, in any form and by any means, the will of persons called to answer to the Judicial Authority so that they do not make statements or declare facts that do not correspond to the truth;

p) submit to the Judges untrue and/or incomplete information or circumvent legal / regulatory obligations.

For the purposes of implementing the general principles highlighted in the preceding chapter, all Corporate Representatives and External Collaborators must comply with the following specific procedures, also in compliance with the indications already provided in the General Part and any other existing organisational procedures put in place to safeguard specific aspects of the activity.

In particular, it is necessary to proceed, for each of the Risk Areas highlighted in Chapter 2 of this Special Part, in accordance with the following indications.

5.1 PARTICIPATION IN PROCEDURES FOR OBTAINING PUBLIC OR EU FINANCING AND CONTRIBUTIONS

The regulation of activity in relations with the P.A. provides as follows:

1. identification of the company function (the "**Function**") responsible for the specific activity to be carried out in relation to the Public Administration;
2. the Head of the Function concerned by relations with the Public Administration contacts, or delegates another person in writing to contact, the relevant public body in order to obtain the clarifications and/or information necessary to submit applications, make filings, obtain authorisation, fulfil legal requirements, obtain financing, contributions, benefits etc., with the delegate obliged to report the outcome of the activity to the Head of Function, drawing up, where appropriate, reports or information sheets on the activities carried out or the information obtained;
3. The Head of the Function concerned coordinates the activities necessary for the individual compliance requirements and/or the activity in relation to the P.A., identifying the persons – with competence in the specific matter – assigned to carry out the individual activities and/or authorising the use of External Consultants, where necessary. Where appropriate, the Head of Function provides for the sending of periodic reports on the activity carried out and the status of the procedure.
4. The control and verification of the truthfulness and correctness of the information and documents to be sent to the P.A. (where possible) must be entrusted to a person other than the one who prepared them.
5. Traceable information flows are provided for between the Functions and the External Consultants involved, in a spirit of collaboration, mutual oversight and coordination; in the event of organisational, update, alignment and/or clarification meetings, minutes or a written report of them are drawn up.
6. Depending on the method of submission, paper or electronic, the office of the Function concerned handles the submission of the application to the competent body, sometimes delegating this task to the External Consultant; the office of the Function concerned or the External Consultant is obliged to inform the Head of the Function of the outcome of the submission.
7. Access to and use of the information systems of the Public

Administration or related to it must take place through the correct use of the codes and credentials provided by them. The transmission of information and/or electronic documentation through such information systems is authorised by competent persons vested with suitable signing powers/powers of attorney;

8. The Head of the Function concerned, upon positive notice of the granting of what was requested (benefit, contribution, financing, authorisation, licence, etc.), informs the Chairman of the Board of Directors and the other Functions involved, keeps the original properly, and monitors any deadlines provided therein;

9. In the event of disbursement of contributions, financing or benefits, it is prohibited to apply the sums received to purposes other than those for which they were intended, and the competent Function is obliged to prepare the reporting to the competent authority (where required) in a precise, clear and truthful manner.

10. Periodic reporting of the activity carried out is provided for to the head of the Function competent to manage such relations, to the Chairman of the Board of Directors, and to the SB for the most significant requests to the P.A.

11. The persons involved in the preparation or transmission of communications and documentation to the P.A. must keep all the documentation produced in the course of their activity, including that transmitted by electronic means, guaranteeing the traceability of the activities carried out. A record must always be kept of the activity and of the documents produced/sent by the External Consultant.

12. In the event of refusal by the P.A. of the disbursement or authorisation requested, the documentation used must be filed by the Head of the Function concerned together with the communication of refusal by the competent authority.

13. In order to allow a correct flow of information to the Public Administration, each document, representing a fact that has occurred and/or an assessment made, or each part thereof capable of independent consideration, must be signed by the person who prepared it.

14. In the management of litigation, the utmost care must be taken to ensure that the information and data indicated in the documentation prepared and the statements made are correct and truthful; the documentation relating to the engagements conferred and to the supporting documents must be kept in a dedicated archive.

5.2 Relations With The P.A. In The Case Of Visits Or Inspections For Verifications Or Checks

1. A list is prepared and kept up to date of the persons whom reception must contact on the occasion of visits or inspections by officials of the Public Administration; the Recipient who first comes into contact with the Public Administration must notify the Head of the Function corresponding to the company function concerned.

2. A register is kept in which the access to the Company by third parties and, in particular, by Public Officials is recorded, indicating the

names, the time of entry and exit and the Administration to which they belong.

3. The Head of the Function concerned, or another person with adequate powers, receives the public official or other person in charge of the inspection visit; during the inspection activities the Head of the company Function concerned, or persons with adequate powers, must always be present. On the occasion of inspections the persons concerned may, where appropriate, avail themselves of external professionals, chosen in relation to the importance and legal implications of the inspection, also for the purpose of verifying its legitimacy. The method of selection of consultants must be appropriately documented, as must the methods of managing and controlling the work of such professionals and the payment of their fees;

4. If, at the end of the audit/access, the issuance of a PVC (Processo Verbale di Constatazione – tax audit report) is requested, the person authorised under the delegations or powers of attorney in force signs it and makes any appropriate annotations. Once the inspection is concluded, the Head of the company Function concerned must send a summary report to the Managing Director and to the SB.

5. On the basis of the findings made against the Company and the amounts disputed, with the support of external consultants and in the presence of the Managing Director and the Head of the Function concerned, it is decided whether and how to accept what is alleged or to contest it in whole or in part;

6. If the findings of the PVC are incontestable or the amounts disputed are small, the findings are accepted and the PVC is adhered to, notifying the competent authority, awaiting the Notice of Assessment for payment of what is due with the related penalties. In all other cases the various possible alternatives for settlement are explored, seeking, through the external consultants, an agreement with the competent administration. Any settlement and/or conciliation must be conducted by a person vested with a specific power of attorney ad litem with power to conciliate and settle the dispute. If the claims are clearly unfounded, they are contested and litigation is commenced. Decisions are taken by the Head of the Function concerned in agreement with the Managing Director.

7. The Head of the Function concerned is required to keep documentary evidence of the requests received, of the minutes drawn up by public officials on the occasion of inspection visits, as well as of the information, data and documents delivered, made available and/or communicated, of the appeals filed, of the outcome of the litigation, of the settlement of what is due for taxes, penalties and interest, and of all the documentation received and/or sent in the name and on behalf of the Company.

8. Where the audits, inspections or checks are of prolonged duration, the co-presence of the Head of the company Function concerned must be ensured at least in the most significant phases (such as, for example, the opening and closing of the inspection) and, in any event, he or she must take part, at the end of each day, in checking the minutes and in handing over the documentation to the public officials. Once the inspection is concluded, the Head of the Function concerned must send a summary report to the SB.

5.3 Relations With The P.A. On The Occasion Of Requests For Authorisations, Licences Or Permits

1. Having established the Company's need to obtain a specific authorisation, licence or permit for the carrying out of a particular activity (e.g. for the regularisation of buildings, plants or

other assets owned by the Company or for any other need imposed by law), the Head of the Function concerned (e.g. Research and Development Function, Safety and Quality Function) contacts, or delegates another person in writing to contact, the relevant public body in order to obtain information on the procedure necessary to obtain the authorisation, licence or permit, with an obligation to report the outcome of the enquiry to the Head of Function, drawing up, where necessary, a report or information sheet.

2. The Head of the Function concerned coordinates the activities necessary to obtain the authorisation titles, identifying the persons assigned to carry out the individual activities and/or authorising the use of external consultants, where necessary.
3. The Head of the Function concerned, also at the request of those in charge of the individual activities and/or of the External Consultants, calls, where appropriate, organisational, update, alignment and/or clarification meetings; minutes or a written report of such meetings are drawn up.
4. The person delegated by the Head of the Function concerned, promptly, clearly, accurately and in compliance with the principle of truthfulness, where appropriate making use of External Consultants engaged for the purpose, collects and prepares the necessary documentation and prepares the request to the body issuing the authorisation, licence or permit.
5. The Head of the Function concerned, before sending to the competent authority, checks the truthfulness and correctness of the application and of the documentation prepared, which is initialled; the application is finally signed by the Chairman of the Board of Directors or by the person authorised under the delegations or powers of attorney in force and, if they are unable to do so, by another person delegated for the purpose and vested with the necessary powers.
6. Depending on the method of submission, paper or electronic, the office of the Function concerned handles the submission of the application to the Body, sometimes delegating this task to the External Consultant; the office of the Function concerned or the External Consultant is obliged to inform the Head of the Function of the outcome of the submission.
7. The Head of the Function concerned, upon positive notice that the authorisation, licence or permit has been issued, informs the Managing Director and the other Functions involved, keeps the original properly, and monitors any expiry date thereof.
8. The persons involved in the preparation or transmission of communications and documentation must keep all the documentation produced in the course of their activity, including that transmitted by electronic means, guaranteeing the traceability of the activities carried out. A record must always be kept of the activity and of the documents produced/sent by the external consultant.
9. In the event that the authorisation, licence or permit is not obtained (or at the end of performance of the engagement received with the obtaining of the authorisation, permit or licence), the documentation used is filed by the Head of the Function concerned together with the communication from the body.
10. In any event, in order to allow a correct flow of information to the Public Administration, each document,

representing a fact that has occurred and/or an assessment made, or each part thereof capable of independent consideration, must be signed by the person who prepared it.

5.4 Relations With The P.A. For Information, Applications Or Compliance Requirements (Customs, Tax, Social Security And Welfare, Environment And Safety, Privacy, Etc.)

1. The Head of the Function concerned by relations with the Public Administration (e.g., by way of example and not limitation, Customs Agency, Revenue Agency, Fire Brigade, INPS, INAIL, Data Protection Authority etc.) contacts, or delegates another person in writing to contact, the relevant public body in order to obtain the clarifications and/or information necessary to submit applications, make filings, obtain authorisation, fulfil legal requirements etc., with the delegate obliged to report the outcome of the enquiry to the Head of Function, drawing up, where appropriate, reports or information sheets on the activities carried out or the information obtained.
2. The Head of the Function concerned coordinates the activities necessary for the individual compliance requirements and/or the activity in relation to the P.A., identifying the persons assigned to carry out the individual activities and/or authorising the use of External Consultants, where necessary. Where appropriate, the Head of Function provides for the sending of periodic reports on the activity carried out and the status of the procedure.
3. The Head of the Function concerned, also at the request of those in charge of the individual activities and/or of the External Consultants, calls – where appropriate – organisational, update, alignment and/or clarification meetings; minutes or a written report of such meetings are drawn up.
4. The person delegated by the Head of the Function concerned, promptly, clearly, accurately and in compliance with the principle of truthfulness, where appropriate making use of External Consultants engaged for the purpose, collects and prepares the documentation necessary for the compliance requirement to be fulfilled.
5. The Head of the Function concerned, before sending to the competent authority, checks the truthfulness and correctness of the application/ documentation prepared, which is initialled; the application/ documentation is finally signed by the Chairman of the Board of Directors or by the person authorised under the delegations or powers of attorney in force and, if they are unable to do so, by another person delegated for the purpose and vested with the necessary powers.
6. Depending on the method of submission, paper or electronic, the office of the Function concerned handles the submission of the documentation/application to the competent body, sometimes delegating this task to the External Consultant; the office of the Function concerned or the External Consultant is obliged to inform the Head of the Function of the outcome of the submission.
7. The Head of the Function concerned keeps track of the outcome of the applications sent and of the documentation submitted and monitors any deadlines/time limits to be met.
8. The persons involved in the preparation and transmission of communications and documentation must keep all the documentation produced in the course of their activity, including that transmitted by electronic means, guaranteeing the

traceability of the activities carried out. A record must be kept of the activity and of the documents produced/sent by the external consultant.

9. In any event, in order to allow a correct flow of information to the Public Administration, each document, representing a fact that has occurred and/or an assessment made, or each part thereof capable of independent consideration, must be signed by the person who prepared it.

5.5 MANAGEMENT OF LITIGATION

It is prohibited to:

a) promise or offer payments of money or other benefits in favour of persons involved in judicial proceedings in order to induce them to conceal/omit facts that could result in penalties/sanctions for LPM S.p.A., thereby protecting or improving the latter's position;

b) induce a person not to make statements or to make false statements to the Judicial Authority in the course of criminal or civil proceedings, through threat or violence (physical or moral coercion) in order to conceal/omit facts that could result in penalties/sanctions for LPM S.p.A.;

c) submit to the Judges untrue and/or incomplete information.

5.6 INSTRUMENTAL PROCESSES

In the instrumental processes indicated in Chapter 2, the following rules and procedures must be observed.

1. The hiring of personnel is carried out in accordance with the types of contract provided for by the legislation and by the applicable national collective labour agreements and on the basis of the needs of LPM S.p.A. and the skills/experience of the candidate;

2. the identification and therefore the choice of Suppliers and External Consultants (including agents/business finders) is based on objective criteria and takes place by means of comparative assessment of several offers (except in cases of urgency or special cases), in order to guarantee the principles of competition, cost-effectiveness, transparency and fairness;

3. where possible, a written contract is formalised with Suppliers and/or External Consultants indicating the fee/price and/or the methods of determining the fee/price, as well as the commitment of the Supplier or Collaborator to comply with the Code of Ethics, with the express provision that a breach of the rules and principles of conduct contained in this Model may result in immediate termination of the relationship;

4. before any payment, the performance of the activity and the conformity of the fee requested with that agreed must always be verified, as well as the identity between the contractual counterparty and the recipient of the payment;

5. the management of financial flows must take place in compliance with a clear and precise definition of the tasks and responsibilities of the

person assigned to the management and of the person assigned to the control of financial resources;

6. periodic control and reconciliation of incoming and outgoing sums are provided for and carried out;

7. traceability is provided for of the individual steps of goods entering and leaving the warehouse, which allows the identification of the persons who enter the data into the system, including the management of returns;

8. the management of gifts must take place in accordance with the rules indicated in the Code of Ethics.

SPECIAL PART B

COMPUTER CRIMES AND UNLAWFUL PROCESSING OF DATA

(ARTICLE 24-BIS OF THE DECREE)

INDEX SPECIAL PART B

DEFINITIONS

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CHAPTER 5 SPECIFIC PROCEDURAL PRINCIPLES

Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

Computer document means "*the computer representation of legally relevant acts, facts or data*", as provided for by the Digital Administration Code pursuant to Legislative Decree No. 82/2005.

A ***computer system*** means, under the Budapest Convention, "*any device or group of interconnected or related devices, one or more of which, pursuant to a program, performs automatic processing of data".*

CHAPTER 1 I. THE TYPES OF COMPUTER CRIMES (ARTICLE 24-BIS OF THE DECREE)

For the purposes of this Special Part, a brief description is given below of the Offences covered by it and indicated in Article 24-*bis* of the Decree (hereinafter the "Computer Crimes"), introduced by Article 7 of Law No. 48 of 18 March 2008, published in the Official Gazette No. 80 of 4 April 2008, which ratified and gave effect in Italy to the Budapest Convention.

The Budapest Convention is divided into the following four chapters:

1. substantive criminal law measures, with the specification that the penalties to be adopted by States must be effective, proportionate and dissuasive and also include custodial sentences;
2. procedural measures concerning the prosecution of the offences contained in the first chapter;
3. coordination rules on international cooperation;
4. final clauses.

Following ratification and implementation of the aforesaid Convention, Article 24-*bis* "*Computer crimes and unlawful processing of data*" was inserted after Article 24 of Legislative Decree No. 231/01, extending the administrative liability of entities to the following Computer Crimes, subsequently amended by Law No. 90/2024:

- unauthorised access to a computer or telematic system (Article 615-*ter* of the Criminal Code);
- unlawful interception, obstruction or interruption of computer or telematic communications (Article 617-*quater* of the Criminal Code);
- unauthorised possession, dissemination and installation of equipment capable of intercepting, obstructing or interrupting computer or telematic communications (Article 617-*quinquies* of the Criminal Code);
- damage to computer information, data and programs (Article 635-*bis* of the Criminal Code);
- damage to public computer information, data and programs or those of public interest (Article 635-*ter* of the Criminal Code);
- damage to computer or telematic systems (Article 635-*quater* of the Criminal Code);
- damage to computer or telematic systems of public interest (Article 635-*quinquies* of the Criminal Code);

with provision for financial penalties of two hundred to seven hundred units and the disqualification penalties provided for by Article 9, paragraph 2, letters a), b) and e);

- extortion by means of the conduct referred to in Articles 615-ter, 617-quater, 617-sexies, 635-bis, 635-quater and 635-quinquies of the Criminal Code (Article 629, third paragraph, of the Criminal Code)

with provision for financial penalties of three hundred to eight hundred units and the disqualification penalties provided for by Article 9, paragraph 2, for a duration of not less than two years;

- unauthorised possession, dissemination and installation of equipment, codes and other means capable of accessing computer or telematic systems (Article 615-*quater* of the Criminal Code);
- unauthorised possession, dissemination and installation of equipment, devices or computer programs aimed at damaging or interrupting a computer or telematic system (Article 635-*quater*.1 of the Criminal Code);

with provision for a financial penalty of up to four hundred units and the disqualification penalties provided for by Article 9, paragraph 2, letters b) and e);

- computer documents (Article 491-*bis* of the Criminal Code);
- computer fraud by the certifier of electronic signatures (Article 640-*quinquies* of the Criminal Code);
- violations of the "national cybersecurity perimeter" (Article 1, paragraph 11 of Decree-Law No. 105 of 21.9.2019)

with provision for a financial penalty of up to four hundred units and the disqualification penalties provided for by Article 9, paragraph 2, letters c), d) and e).

The individual offences are analysed below.

- **UNAUTHORISED ACCESS TO A COMPUTER OR TELEMATIC SYSTEM (ARTICLE 615-TER OF THE CRIMINAL CODE)**

"*Anyone who unlawfully enters a computer or telematic system protected by security measures, or remains in it against the express or tacit will of the person who has the right to exclude him, is punished by imprisonment of up to three years.*

The penalty is imprisonment of two to ten years:

1) *if the act is committed by a public official or a person in charge of a public service, with abuse of powers or breach of the duties inherent in the function or service, or by anyone who exercises, even without authorisation, the profession of private investigator, or with abuse of the status of system operator;*

2) *if the offender, in order to commit the act, uses threats or violence against things or persons, or is manifestly armed;*

3) *if the act results in the destruction or damage of the system or the total or partial interruption of its operation, or the destruction or damage or removal, including by reproduction or transmission, or the inaccessibility to the owner, of the data, information or programs contained therein.*

Where the acts referred to in the first and second paragraphs concern computer or telematic systems of military interest or relating to public order or public security or health or civil protection or in any case of public interest, the penalty is, respectively, imprisonment of three to ten years and of four to twelve years.

In the case provided for in the first paragraph, the offence is prosecutable upon complaint by the injured party; in other cases proceedings are brought ex officio".

The provision is not limited to protecting the strictly personal content of the data collected in protected computer systems, but offers broader protection that takes the form of the "*ius excludendi alios*" (right to exclude others), whatever the content of the data contained therein, provided it relates to the sphere of thought or to the activity, whether work-related or not, of the user; with the consequence that the protection of the law also extends to the economic and proprietary aspects of the data, whether the holder of the "*ius excludendi*" is a natural person, a legal person, private or public, or another body.

The offence of unauthorised access to a computer system, which is an offence of mere conduct, is completed by the violation of the computer domicile and, therefore, by entry into a system consisting of a set of equipment that uses computer technologies, without it being necessary for the intrusion to be carried out for the purpose of undermining the confidentiality of the legitimate users and without any actual harm to the latter occurring.

The definition of "**Computer System**" contained in the Budapest Convention is very general and allows the inclusion of any electronic, computer or telematic device, networked (group of devices) or even capable of working in complete autonomy. This definition also includes electronic devices that are equipped with software that allows them to operate by processing information (or commands).
Article 1 of the same Budapest Convention also contains the definition of "***computer data***", which describes the concept by deriving it from its use: "*any representation of facts, information or concepts in a form suitable for processing in a computer system, including a program capable of causing a computer system to perform a function*".

- **UNLAWFUL INTERCEPTION, OBSTRUCTION OR INTERRUPTION OF COMPUTER OR TELEMATIC COMMUNICATIONS (ARTICLE 617-QUATER OF THE CRIMINAL CODE)**

"*Anyone who fraudulently intercepts communications relating to a computer or telematic system or passing between several systems, or who obstructs or interrupts them, is punished by imprisonment of one year and six months to five years.*
Unless the act constitutes a more serious offence, the same penalty applies to anyone who discloses, by any means of public information, 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 prosecutable upon complaint by the injured party.

However, proceedings are brought ex officio and the penalty is imprisonment of four to ten years if the act is committed:

1) to the detriment of any of the computer or telematic systems indicated in Article 615-ter, third paragraph;
2) to the detriment of a public official in the exercise of or by reason of his functions, or by a public official or a person in charge of a public service, with abuse of powers or breach of the duties inherent in the function or service, or by anyone who exercises, even without authorisation, the profession of private investigator, or with abuse of the status of system operator …".

- **UNAUTHORISED POSSESSION, DISSEMINATION AND INSTALLATION OF EQUIPMENT AND OTHER MEANS CAPABLE OF INTERCEPTING, OBSTRUCTING OR INTERRUPTING COMPUTER OR TELEMATIC COMMUNICATIONS (ARTICLE 617-QUINQUIES OF THE CRIMINAL CODE)**

"[I] *Anyone who, outside the cases permitted by law, for the purpose of intercepting communications relating to a computer or telematic system or passing between several systems, or of obstructing or interrupting them, procures, possesses, produces, reproduces, disseminates, imports, communicates, delivers, otherwise makes available to others or installs equipment, programs, codes, passwords or other means capable of intercepting, obstructing or interrupting communications relating to a computer or telematic system or passing between several systems, is punished by imprisonment of one to four years.*
[II]. Where any of the circumstances referred to in Article 617-quater, fourth paragraph, No. 2) applies, the penalty is imprisonment of two to six years. (4)

[III]. Where any of the circumstances referred to in Article 617-quater, fourth paragraph, No. 1) applies, the penalty is imprisonment of three to eight years".

- **DAMAGE TO COMPUTER INFORMATION, DATA AND PROGRAMS (ARTICLE 635-BIS OF THE CRIMINAL CODE)**

"*[I]. Unless the act constitutes a more serious offence, anyone who destroys, deteriorates, deletes, alters or suppresses computer information, data or programs of others is punished, upon complaint by the injured party, by imprisonment of two to six years.*

[II]. The penalty is imprisonment of three to eight years:

1) if the act is committed by a public official or a person in charge of a public service, with abuse of powers or breach of the duties inherent in the function or service, or by anyone who exercises, even without authorisation, the profession of private investigator, or with abuse of the status of system operator;

2) if the offender, in order to commit the act, uses threats or violence or is manifestly armed.

- **DAMAGE TO COMPUTER INFORMATION, DATA AND PROGRAMS PUBLIC COMPUTER INFORMATION, DATA AND PROGRAMS OR THOSE OF PUBLIC INTEREST (ART. 635 - T.P.)**

"*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 programs of military interest or relating to public order or public security or health or civil protection or in any case of public interest, is punished by imprisonment of two to six years.*

The penalty is imprisonment of three to eight years:
1) if the act is committed by a public official or a person in charge of a public service, with abuse of powers or breach of the duties inherent in the function or service, or by anyone who exercises, even without authorisation, the profession of private investigator, or with abuse of the status of system operator;
2) if the offender, in order to commit the act, uses threats or violence or is manifestly armed;
3) if the act results in the destruction, deterioration, deletion, alteration or suppression of the information, or the removal, including by reproduction or transmission, or the inaccessibility to the lawful owner, of the computer data or programs (4).
[III]. The penalty is imprisonment of four to twelve years where any of the circumstances referred to in Nos. 1) and 2) of the second paragraph concurs with any of the circumstances referred to in No. 3."

DAMAGE TO COMPUTER OR TELEMATIC SYSTEMS (ARTICLE 635-QUATER OF THE CRIMINAL CODE)

"[I]. Unless the act constitutes a more serious offence, anyone who, by means of the conduct referred to in Article 635-bis of the Criminal Code, or through the introduction or transmission of data, information or programs, destroys, damages, renders wholly or partly unusable the computer or telematic systems of others or seriously hinders their operation is punished by imprisonment of two to six years.

[II]. The penalty is imprisonment of three to eight years:

1) if the act is committed by a public official or a person in charge of a public service, with abuse of powers or breach of the duties inherent in the function or service, or by anyone who exercises, even without authorisation, the profession of private investigator, or with abuse of the status of system operator;

2) if the offender, in order to commit the act, uses threats or violence or is manifestly armed.

- **DAMAGE TO COMPUTER OR TELEMATIC SYSTEMS OF PUBLIC INTEREST (ARTICLE 635-QUINQUIES OF THE CRIMINAL CODE)**

"[I]. Unless the act constitutes a more serious offence, anyone who, by means of the conduct referred to in Article 635-bis or through the introduction or transmission of data, information or programs, performs acts aimed at destroying, damaging or rendering wholly or partly unusable computer or telematic systems of public interest or at seriously hindering their operation is punished by imprisonment of two to six years.

[II]. The penalty is imprisonment of three to eight years: 1) if the act is committed by a public official or a person in charge of a public service, with abuse of powers or breach of the duties inherent in the function or service, or by anyone who exercises, even without authorisation, the profession of private investigator, or with abuse of the status of system operator; 2) if the offender, in order to commit the act, uses threats or violence or is manifestly armed; 3) if the act results in the destruction, deterioration, deletion, alteration or suppression of the computer information, data or programs.

[III]. The penalty is imprisonment of four to twelve years where any of the circumstances referred to in Nos. 1) and 2) of the second paragraph concurs with any of the circumstances referred to in No. 3)."

- **EXTORTION (ARTICLE 629, PARAGRAPH 3 OF THE CRIMINAL CODE)**

"*[III]. Anyone who, by means of the conduct referred to in Articles 615-ter, 617-quater, 617-sexies, 635-bis, 635-quater and 635-quinquies or by threatening to carry it out, compels someone to do or to omit something, procuring for himself or for others an unjust profit to the detriment of another, is punished by imprisonment of six to twelve years and a fine of Euro 5,000 to Euro 10,000. The penalty is imprisonment of eight to twenty-two years and a fine of Euro 6,000 to Euro 18,000, if any of the circumstances indicated in the third paragraph of Article 628 concurs, as well as where the act is committed against a person incapacitated by age or infirmity.*"

- **ARTICLE 615-QUATER – UNAUTHORISED POSSESSION, DISSEMINATION AND INSTALLATION OF EQUIPMENT, CODES AND OTHER MEANS CAPABLE OF ACCESSING COMPUTER OR TELEMATIC SYSTEMS**

"[*I]. Anyone who, in order to procure for himself or for others an advantage or to cause harm to others, unlawfully procures, possesses, produces, reproduces, disseminates, imports, communicates, delivers, otherwise makes available to others or installs apparatus, instruments, parts of apparatus or instruments, codes, passwords or other means suitable for accessing a computer or telematic system protected by security measures, or in any case provides indications or instructions suitable for the aforesaid purpose, is punished by imprisonment of up to two years and a fine of up to Euro 5,164.*

[II]. The penalty is imprisonment of two to six years where any of the circumstances referred to in Article 615-ter, second paragraph, No. 1) applies.

[III]. The penalty is imprisonment of three to eight years where the act concerns the computer or telematic systems referred to in Article 615-ter, third paragraph".

- **Article 635-quater.1 – Unauthorised Possession, Dissemination And Installation Of Equipment, Devices Or Computer Programs Aimed At Damaging Or Interrupting A Computer Or Telematic System**

[I]. Anyone who, for the purpose of unlawfully damaging a computer or telematic system or the information, data or programs contained therein or pertaining to it, or of favouring the total or partial interruption or alteration of its operation, unlawfully procures, possesses, produces, reproduces, imports, disseminates, communicates, delivers or, in any case, otherwise makes available to others or installs equipment, devices or computer programs is punished by imprisonment of up to two years and a fine of up to Euro 10.329.

[II]. The penalty is imprisonment of two to six years where any of the circumstances referred to in Article 615-ter, second paragraph, No. 1) applies.

[III]. The penalty is imprisonment of three to eight years where the act concerns the computer or telematic systems referred to in Article 615-ter, third paragraph."

- **Computer Documents (Article 491-bis Of The Criminal Code)**

"*If any of the forgeries provided for in this chapter concerns a public computer document having evidentiary effect, the provisions of the chapter itself concerning public deeds apply*".

- **Computer Fraud By The Certifier Of Electronic Signatures (Article 640-quinquies Of The Criminal Code)**

"A person who provides electronic signature certification services and who, in order to procure for himself or for others an unjust profit or to cause harm to others, breaches the obligations laid down by law for the issuance of a qualified certificate, is punished by imprisonment of up to three years and a fine of Euro 51 to Euro 1,032".

-- **Violations Of The "National Cybersecurity Perimeter" (Article 1, Paragraph 11 Of Decree-law No. 105 Of 21-9-2019)**

"*11. Anyone who, for the purpose of obstructing or influencing the carrying out of the procedures referred to in paragraph 2, letter b), or paragraph 6, letter a), or of the inspection and supervisory activities provided for in paragraph 6, letter c), provides untrue information, data or factual elements, relevant for the preparation or updating of the lists referred to in paragraph 2, letter b), or for the purposes of the communications referred to in paragraph 6, letter a), or for the carrying out of the inspection and supervisory activities referred to in paragraph 6, letter c), or fails to communicate within the prescribed time limits the aforesaid data, information or factual elements, is punished by imprisonment of one to three years*."

Decree-Law No. 105 of 21 September 2019 established the so-called "national cybersecurity perimeter", aimed at "*ensuring a high level of security of the networks, information systems and IT services of public administrations, national public and private bodies and operators, on which the exercise of an essential function of the State depends, or the provision of a service essential for the maintenance of civil, social or economic activities fundamental to the interests of the State and whose malfunction, interruption, even partial, or improper use,*

could result in prejudice to national security" (Article 1, paragraph 1 of the aforementioned decree).
The decree provides (Article 1, paragraph 11) as a criminal offence the provision of untrue information, data or factual elements relevant for the preparation or updating of the lists of the networks, information systems and IT services used (Article 1, paragraph 2, letter b), or for the purposes of the prior notifications to the National Evaluation and Certification Centre or CVCN (Article 1, paragraph 6, letter a), or for the carrying out of specific inspection and supervisory activities (paragraph 6, letter c), or the failure to communicate within the prescribed time limits the aforesaid data, information or factual elements.

All this for the purpose of obstructing or influencing – according to the criminal-law scheme of specific intent – the carrying out of the procedures, described in the same Article 1, for which an obligation of truthfulness is imposed.

- **LEGISLATIVE DECREE NO. 138 OF 4 SEPTEMBER 2024, WHICH TRANSPOSED DIRECTIVE (EU) 2022/2555, ON MEASURES FOR A HIGH COMMON LEVEL OF CYBERSECURITY ACROSS THE UNION (THE SO-CALLED NIS2)**

Decree No. 138/2024 did not introduce new predicate Offences under Legislative Decree No. 231/2001; nevertheless, also with the related implementing determinations of the ACN (National Cybersecurity Agency), this legislation has an indirect impact on the risk of administrative liability of the companies falling within its scope of application, because it imposes cybersecurity obligations and information flows towards the ACN and CSIRT Italia.

The NIS2 legislation in fact requires entities such as LPM S.p.A. to adopt technical and organisational risk-management measures as well as security measures, obligations to notify incidents to the competent public authority and to cooperate with the competent supervisory authorities.
That being so, the breach of the obligations imposed by the NIS2 legislation, if it were to result in the commission of one of the predicate Offences provided for by Article 24-bis of the Decree, could in turn constitute an offence relevant for the purposes of the Decree, also taking into account the provisions of Article 40 of the Criminal Code.

The risks relating to the offences considered above concern, on the one hand, the area of data management and monitoring and the use of information systems and, on the other hand, the processes relating to the issue and use of credit cards or other means of payment other than cash; it is therefore possible to attribute to the following categories the events that may generate damage entailing dangers to security:

1. events caused by employees, which may consist of: theft of authentication credentials, lack of awareness, inattention or carelessness, disloyal or fraudulent conduct, material error;

2. events caused by the use of tools: action of computer viruses, *spamming,* malfunction, unavailability or degradation of tools, unauthorised external access, interception of information on the network;

3. adoption and adequate implementation and monitoring of suitable security measures for the Company's information and network systems.

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

This Special Part refers to conduct engaged in by the Recipients as already defined in the General Part.

The objective of this Special Part is that such persons, to the extent that they may be involved in carrying out activities in the Risk Areas, adhere to rules of conduct in line with its provisions in order to prevent and avoid the occurrence of Computer Crimes, while taking into account the different position of each of those persons towards the Company and, therefore, the diversity of their obligations as specified in the Model.

The specific Recipients of this Special Part are:

- Chairman and CEO
- IT area personnel
- All users of computer systems

On the basis of the international reference standards, a company IT security system means the set of technical and organisational measures aimed at ensuring the protection of the integrity, availability and confidentiality of automated information and of the resources used to acquire, store, process and communicate such information.

According to this approach, the fundamental IT security objectives that LPM S.p.A. sets itself are the following:

- **Confidentiality**: assurance that given data is protected from improper access and is used exclusively by authorised persons. Confidential information must be protected both in the transmission phase and in the storage/retention phase, so that the information is accessible exclusively to those who are authorised to know it;

- **Integrity**: assurance that every item of company data is truly the one originally entered into the computer system and has been modified exclusively in a legitimate manner. It must be ensured that information is, on the one hand, protected from external intrusion and, on the other, handled in such a way that it cannot be tampered with or modified by unauthorised persons;
- **Availability**: assurance that company data can be retrieved in accordance with the needs of process continuity and in compliance with the rules requiring its historical retention.
- **Traceability**: every operation relating to the sensitive activity must be adequately recorded. The process of decision, authorisation and performance of the sensitive activity must be verifiable *ex post*, including by means of specific supporting documents and, in any event, the cases and methods of any possibility of deleting or destroying the records made must be regulated in detail.

Therefore, the Company must:

1. implement constant policies for risk analysis and security of the information and network systems;
2. identify, plan and carry out the interventions necessary to bring the security levels of the Company's information system into line, proportionate to the risk identified;
3. ensure the security of the acquisition, development and maintenance of information and network systems, including vulnerability management;
4. adopt policies and procedures to assess the effectiveness of cybersecurity risk-management measures;
5. implement an adequate system that ensures business continuity in the event of an incident, backup management, disaster recovery, where possible, and crisis management;
6. ensure supply chain security, and in particular the security-related aspects concerning the relations between

each entity and its direct suppliers or service providers;

7. ensure policies for periodic personnel training on IT security;

8. adopt access control policies and policies for the proper management of company assets.

In order to prevent Computer Crimes, all Recipients are in particular prohibited from:

a) altering computer documents, public or private, having evidentiary effect;

b) gaining unauthorised access to the computer or telematic system of public or private persons;

c) gaining unauthorised access to one's own computer or telematic system in order to alter and/or delete data and/or information;

d) unlawfully possessing and using codes, passwords or other means suitable for accessing a computer or telematic system of competitors, public or private, in order to acquire confidential information;

e) unlawfully possessing and using codes, passwords or other means suitable for accessing one's own computer or telematic system in order to acquire confidential information;

f) carrying out activities of procurement and/or production and/or dissemination of equipment and/or software for the purpose of damaging a computer or telematic system, of public or private persons, the information, data or programs contained therein, or of favouring the total or partial interruption or alteration of its operation;

g) carrying out fraudulent activity of interception, obstruction or interruption of communications relating to a computer or telematic system of public or private persons, in order to acquire confidential information;

h) installing equipment for the interception, obstruction or interruption of communications of public or private persons;

i) carrying out activities of modification and/or deletion of data, information or programs of private persons or public persons or in any case of public utility;

j) carrying out activities of damaging computer or telematic information, data and programs of others;

k) destroying, damaging or rendering unusable computer or telematic systems of public utility.

For the purposes of implementing the rules listed in the preceding chapter, as well as the general principles contained in the general part of this Model, in regulating the type of sensitive activity described below, the following reference principles must also be observed.

The management and monitoring of access to computer and telematic systems must be regulated as follows:

I. Computer risk management is developed in the following phases:

1. identification and classification of resources and identification of the related vulnerabilities, that is, of protection deficiencies in relation to a given threat, with reference to the following components:
   - infrastructure (including technological infrastructure such as networks and plants),
   - hardware,
   - software,
   - documentation,
   - data/information,
   - human resources;

2. identification of the threats, internal and external, to which the resources may be exposed, which can be grouped into the following types:
   - errors and malfunctions,
   - fraud and theft,
   - malicious software,
   - physical damage,
   - system overload,
   - failure to comply with the legislation in force;

3. identification of the damage that may result from the threats materialising, taking into account their probability of occurrence;

4. identification of the possible countermeasures;

5. carrying out a cost/benefit analysis of the investments for the adoption of the countermeasures;

6. definition of a plan of preventive and corrective actions to be implemented and periodically reviewed in relation to the risks to be countered;

7. documentation and acceptance of the residual risk

8. implementation of the planned preventive and corrective actions and of the periodic reviews

9. design, implementation/testing and management of a preventive protection system;

10. formalisation in procedures and performance of analysis of recorded events aimed at detecting and reporting anomalous events which, by deviating

from established standards, thresholds and practices, may be indicative of possible threats.

11. Definition of an emergency system, that is, preparation of all the technical/organisational procedures needed to deal with emergency states and guarantee business continuity through mechanisms for overcoming anomalous situations.

12. Provision for and implementation of processes and mechanisms that ensure the redundancy of resources so that they can be restored within a short time in the event of unavailability of the media.

13. Protection of data transfer in order to ensure confidentiality, integrity and availability for the transmission channels and networking components.

14. implementation of a training and/or communication policy concerning IT security aimed at raising awareness among all users and/or particular professional figures.

II. The management and monitoring of access to computer and telematic systems is regulated as follows:

1. clear allocation of tasks and responsibilities in the management of computer and telematic systems and indication of correct individual conduct;

2. establishment of a centre of competence within the company capable of providing the necessary advisory and specialist support to address the issues of personal data processing and legal protection of software;

3. application of specific measures to ensure the controllability and verifiability of processes, including from the standpoint of the attributability to individual persons of the actions carried out.

4. application of specific measures to ensure the controllability and verifiability of the software and programs used on company assets.
   -

5. Preparation and implementation of a company policy that establishes:
   - the manner in which the various users may access applications, data and programs and
   - a set of control procedures suitable for verifying whether access is permitted or denied on the basis of the aforesaid rules and for verifying the correct operation of the rules for disabling inactive ports.

6. Implementation of a protection system suitable for uniquely identifying and authenticating the users who intend to gain access to a processing or transmission system. Identification and authentication must be carried out before further operational interactions between the system and the user; the related information must be stored and must be accessible only to authorised users.

7. Implementation of a logical access system suitable for controlling the use of resources by processes and users, which takes place through the verification and management of access rights.

8. Implementation of a system that provides for the tracking of operations that may affect the security of critical data.

9. Provision of tools for the secure re-use of storage media (deletion or initialisation of reusable media in order to allow their re-use without security problems).

10. Drafting, dissemination and retention of the regulatory, technical and guidance documents necessary for the correct use of the computer system by users and for efficient security administration by the company functions responsible for it.

11. Management and control of the physical security of the premises and of the resources operating in them, which provides for precise knowledge of the assets (tangible and intangible) that make up the company's property to be protected (technological resources and information).

III. In using the company's information and telematic systems, all users are obliged to:

1. use information, applications and equipment exclusively for office purposes and in accordance with company procedures;

2. not lend or transfer to third parties any IT equipment, without the prior authorisation of the competent Head of Information Systems of LPM;

3. in the event of loss or theft, promptly inform the company Head of Information Systems and the administrative offices and file a report with the competent Judicial Authority;

4. avoid bringing in and/or keeping in the company (in paper or electronic form and by using company tools), in any capacity and for any reason, documentation and/or computer material of a confidential nature and owned by third parties, unless acquired with their express consent, as well as applications/software that have not been previously approved by the Information Systems Area or whose origin is doubtful;

5. avoid transferring outside the Company and/or transmitting electronic files, documents, or any other confidential documentation owned by the Company itself, except for purposes strictly related to the performance of one's duties and, in any event, with prior authorisation of one's Manager;

6. avoid leaving one's PC unattended and/or accessible to others or allowing other persons (family members, friends, etc.) to use it;

7. avoid using the passwords of other company users, not even for access to protected areas in their name and on their behalf, unless expressly authorised by the competent Head of Information Systems of LPM; where a user becomes aware of another user's password, he or she is required to notify the Information Systems Area immediately;

8. comply with the company procedures and standards provided for the use of IT resources, reporting without delay to the

competent functions any anomalous use and/or operation of IT resources;

9. avoid the use of software and/or hardware tools capable of intercepting, falsifying, altering or suppressing the content of communications and/or computer documents;
10. use the Internet connection for the purposes and for the time strictly necessary for carrying out the company activities that made the connection necessary;
11. comply with the procedures and standards provided for, reporting without delay to the competent functions any anomalous use and/or operation of IT resources;
12. use on the Company's equipment only products officially acquired by the Company itself;
13. refrain from making copies of data and software that are not specifically authorised;
14. refrain from using the IT tools available outside the prescribed authorisations;
15. observe any other specific rule concerning access to the systems and the protection of the Company's data and applications assets;
16. scrupulously observe the provisions of the company security policies for the protection and control of IT systems.

SPECIAL PART C

CORPORATE OFFENCES

(ARTICLE 25-TER OF THE DECREE)

INDEX SPECIAL PART C

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Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

Article 25-*ter* of the Decree provides that:

1. In relation to the corporate offences provided for by the Civil Code, the following financial penalties apply:

a) for the crime of false corporate communications provided for by Article 2621 of the Civil Code, a financial penalty of two hundred to four hundred units;

a-bis) for the crime of false corporate communications provided for by Article 2621-bis of the Civil Code, a financial penalty of one hundred to two hundred units;

b) for the crime of false corporate communications provided for by Article 2622 of the Civil Code, a financial penalty of four hundred to six hundred units;

d) for the misdemeanour of false prospectus, provided for by Article 2623, first paragraph, of the Civil Code, a financial penalty of two hundred to two hundred and sixty units;

e) for the crime of false prospectus, provided for by Article 2623, second paragraph, of the Civil Code, a financial penalty of four hundred to six hundred and sixty units;

f) for the misdemeanour of falsity in the reports or communications of audit firms, provided for by Article 2624, first paragraph, of the Civil Code, a financial penalty of two hundred to six hundred and sixty units;

g) for the crime of falsity in the reports or communications of audit firms, provided for by Article 2624, second paragraph, of the Civil Code, a financial penalty of four hundred to eight hundred units;

h) for the crime of obstruction of control, provided for by Article 2625, second paragraph, of the Civil Code, a financial penalty of two hundred to three hundred and sixty units;

i) for the crime of fictitious capital formation, provided for by Article 2632 of the Civil Code, a financial penalty of two hundred to three hundred and sixty units;

l) for the crime of unlawful return of contributions, provided for by Article 2626 of the Civil Code, a financial penalty of two hundred to three hundred and sixty units;

m) for the misdemeanour of unlawful distribution of profits and reserves, provided for by Article 2627 of the Civil Code, a financial penalty of two hundred to two hundred and sixty units;

n) for the crime of unlawful transactions in shares or quotas of the company or of the parent company, provided for by Article 2628 of the Civil Code, a financial penalty of two hundred to three hundred and sixty units;

o) for the crime of transactions to the detriment of creditors, provided for by Article 2629 of the Civil Code, a financial penalty of three hundred to six hundred and sixty units;

p) for the crime of unlawful distribution of company assets by liquidators, provided for by Article 2633 of the Civil Code, a financial penalty of three hundred to six hundred and sixty units;

q) for the crime of unlawful influence on the shareholders' meeting, provided for by Article 2636 of the Civil Code, a financial penalty of three hundred to six hundred and sixty units;

r) for the crime of market manipulation ("aggiotaggio"), provided for by Article 2637 of the Civil Code, and for the crime of failure to disclose a conflict of interest provided for by Article 2629-bis of the Civil Code, a financial penalty of four hundred to one thousand units;

s) for the crimes of obstruction of the exercise of the functions of public supervisory authorities, provided for by Article 2638, first and second paragraphs, of the Civil Code, a financial penalty of four hundred to eight hundred units;

s-bis) for the crime of corruption between private parties, in the cases provided for by the third paragraph of Article 2635 of the Civil Code, a financial penalty of four hundred to six hundred units and, in the cases of incitement referred to in the first paragraph of Article 2635-bis of the Civil Code, a financial penalty of two hundred to four hundred units. The disqualification penalties provided for by Article 9, paragraph 2 also apply;

s-ter) for the crime of false or omitted statements for the issuance of the preliminary certificate provided for by the legislation implementing Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019, a financial penalty of one hundred and fifty to three hundred units.

3. If, following the commission of the offences referred to in paragraph 1, the entity has obtained a profit of significant size, the financial penalty is increased by one third.

A brief description is provided below of the offences referred to in Article 25-*ter* of the Decree (hereinafter the "Corporate Offences").

1. FALSE COMMUNICATIONS, PROSPECTUSES AND REPORTS

- ***FALSE CORPORATE COMMUNICATIONS (ARTICLES 2621, 2621-BIS AND 2622 OF THE CIVIL CODE)***

The offence under Article 2621 of the Civil Code arises where, outside the cases provided for by Article 2622, directors, general managers, managers responsible for preparing the company's accounting documents, statutory auditors and liquidators, who, in order to obtain an unjust profit for themselves or for others, in financial statements, reports or other corporate communications addressed to shareholders or to the public, knowingly state material facts that are not true, or omit material facts the disclosure of which is required by law on the economic, financial or asset position of the company or of the group to which it belongs, in a manner concretely likely to mislead others.

The same article punishes such persons in the same way "*even if the falsehoods or omissions concern assets owned or administered by the company on behalf of third parties*".

With Law No. 69/2015, the thresholds of punishability were eliminated, but the offence of false corporate communications involving minor facts (Article 2621-bis of the Civil Code) was introduced.

The offence under Article 2622 of the Civil Code constitutes the same criminal offence as that under Article 2621 of the Civil Code, with aggravated penalties where it concerns companies that: i) are issuers of financial instruments admitted to trading on an Italian regulated market or on that of another EU country, ii) are issuers of financial instruments for which a request for admission to trading on an Italian regulated market or on that of another EU country has been submitted, iii) are issuers of financial instruments admitted to trading on an Italian multilateral trading facility, iv) control companies issuing financial instruments admitted to trading on an Italian regulated market or on that of another EU country, and v) make a public appeal for savings or in any case manage it.

The offences referred to in Articles 2621, 2621-bis and 2622 of the Civil Code are committed:

(i) by stating, in the financial statements, reports or other corporate communications required by law, addressed to shareholders or to the public, material facts that are not true, or

(ii) by omitting from the same documents material facts the disclosure of which is required by law, regarding the economic, asset or financial position of the company or of the group to which it belongs.

The conduct described above (whether by commission or omission) must be carried out with the intention of deceiving third parties and must also be capable of misleading the recipients of the corporate communications indicated.

The offences in question retain the nature of "*offences that can be committed only by qualified persons*" (that is, only by directors, general managers, managers responsible for preparing the company's accounting documents, statutory auditors and liquidators).

- ***False Prospectus (Article 173-bis Of The Consolidated Law On Finance (TUF))***

This offence is committed by anyone who, in the prospectuses required for the purposes of soliciting investment or admission to listing on regulated markets, or in the documents to be published on the occasion of public purchase or exchange offers, states false information or conceals data or information in a manner likely to mislead the recipients and with the intention of deceiving them.

It is an offence analogous to that of false corporate communications, providing for a misdemeanour of concrete danger for cases in which the falsehood does not result in financial loss to the recipients of the prospectus, and a criminal offence for the case in which the loss occurs.

In this regard, it should be noted that:

- there must be awareness of the falsity and the intention to deceive the recipients of the prospectus;
- the conduct must be capable of misleading the recipients of the prospectus;
- the conduct must be aimed at obtaining an unjust profit for oneself or others.

2. Criminal Protection Of Share Capital

- ***Unlawful Return Of Contributions (Article 2626 Of The Civil Code)***

This offence consists in returning contributions to shareholders, even in simulated form, or releasing them from the obligation to make them, outside the cases of lawful reduction of share capital.

Only directors can be the perpetrators of the offence. The law, that is, did not intend to also punish the shareholders who benefit from the return or release, excluding necessary complicity. The possibility of contingent complicity remains, however, by virtue of which shareholders who have instigated or determined the unlawful conduct of the directors will also be liable for the offence, according to the general rules on complicity under Article 110 of the Criminal Code.

- ***Unlawful Distribution Of Profits Or Reserves (Article 2627 Of The Civil Code)***

This offence consists in the distribution of profits (or advances on profits) not actually earned or by law allocated to reserves, or in the distribution of reserves (even if not formed from profits) that by law cannot be distributed.

It should be noted that the return of the profits or the replenishment of the reserves before the deadline for approval of the financial statements extinguishes the offence.

The perpetrators of the offence are the directors. The law, that is, did not intend to also punish the shareholders who benefit from the distribution of profits or reserves, excluding necessary complicity. The possibility of contingent complicity remains, however, by virtue of which shareholders who have instigated or determined the unlawful conduct of the directors will also be liable for the offence, according to the general rules on complicity under Article 110 of the Criminal Code.

- ***Unlawful Transactions In Shares Or Quotas Of The Company Or Of The Parent Company (Article 2628 Of The Civil Code)***

This offence consists in purchasing or subscribing – outside the cases permitted by law – shares or quotas issued by the company (or by the parent company) which causes harm to the integrity of the share capital or of the reserves that cannot be distributed by law.

It should be noted that, if the share capital or the reserves are replenished before the deadline for approval of the financial statements for the financial year in relation to which the conduct was carried out, the offence is extinguished.

The perpetrators of the offence are the directors. In addition, liability by way of complicity may arise for the directors of the parent company together with those of the subsidiary, where the unlawful transactions in the shares of the parent company itself are carried out by the latter at the instigation of the former.

- ***Transactions To The Detriment Of Creditors (Article 2629 Civil Code)***

This offence consists in carrying out, in breach of the provisions of law protecting creditors, reductions of share capital or mergers with another company or demergers, such as to cause harm to creditors.

It should be noted that compensation for the damage to creditors before judgment extinguishes the offence.

The offence is prosecutable upon complaint by the injured party.

The perpetrators of the offence are, in this case too, the directors.

- ***Fictitious Capital Formation (Article 2632 of the Civil Code)***

This offence is committed by the following conduct:

a) fictitious formation or increase of the share capital, even in part, by allotment of shares or quotas in an aggregate amount exceeding the amount of the share capital;
b) reciprocal subscription of shares or quotas;
c) significant overvaluation of contributions in kind, of receivables, or of the company's assets in the case of transformation.

The perpetrators of the offence are the directors and the contributing shareholders.

- ***Unlawful Distribution of Company Assets by Liquidators (Article 2633 of the Civil Code)***

This offence consists in the distribution of company assets among shareholders before payment of the company's creditors or setting aside of the sums necessary to satisfy them, which causes harm to creditors.

It should be noted that:
- the offence is prosecutable upon complaint by the injured party;
- compensation for the damage to creditors before judgment extinguishes the offence.

The perpetrators of the offence are exclusively the liquidators.

3. Criminal Protection of the Proper Functioning of the Company

- ***Obstruction of Control (Article 2625 of the Civil Code)***

This offence consists in preventing or obstructing, by concealing documents or by other suitable artifices, the performance of the control activities legally assigned to shareholders or to other corporate bodies. An administrative financial penalty is provided for in such cases.

The penalties are increased (with imprisonment of up to 1 year, doubled for companies with securities listed on Italian regulated markets or those of another EU State) where such conduct has caused harm to shareholders. In that case the offence is prosecutable only upon complaint by the injured party.

The offence may be committed exclusively by directors.

- ***Unlawful Influence On The Shareholders' Meeting (Article 2636 of the Civil Code***

This offence consists in determining the majority at the shareholders' meeting by simulated or fraudulent acts, in order to obtain, for oneself or for others, an unjust profit.

The offence is structured as an offence that can be committed by anyone, that is, by "anyone" who engages in the criminal conduct.

- ***Corruption Between Private Parties (Article 2635, Paragraph 3 Of The Civil Code)***

The case relevant for the purposes of the Company's liability is that laid down in paragraph 3 of Article 2635 of the Civil Code.
The provision referred to punishes the private party (briber) who, also through an intermediary, gives or promises money or other benefit to certain persons of another company such as directors, general managers, managers, persons responsible for preparing the company's accounting documents, statutory auditors and liquidators, as well as persons subject to the direction or supervision of the aforesaid persons, so that they perform or omit acts in breach of the obligations inherent in their office or of their duties of loyalty.
The punishable conduct has been extended, in addition to solicitation and receipt, also to acceptance of the promise to receive money or other benefit that is not due. The purpose of the offence is to perform or omit an act in breach of the obligations of the office or of loyalty, and proof of damage to the company is no longer required.
The Offence is prosecutable upon complaint by the injured party, unless the act results in a distortion of competition.
Also relevant for the purposes of the Company's liability is the offence of incitement to corruption between private parties (Article 2635-bis of the Civil Code, paragraph 1).
Under Legislative Decree No. 231/2001, only the entity that has committed active corruption remains punishable.

4. Criminal Protection Against Fraud

- ***Market Manipulation (Article 2637 Of The Civil Code)***

This offence consists in spreading false information or carrying out simulated transactions or other artifices, concretely capable of causing a significant alteration in the price of unlisted financial instruments or of instruments for which no request for admission to trading on a regulated market has been submitted, or in significantly affecting the public's confidence in the financial stability of banks or banking groups.

This too is an offence that can be committed by anyone, that is, by "anyone" who engages in the criminal conduct.

5. Criminal Protection Of Supervisory Functions

- ***Obstruction Of The Exercise Of The Functions Of Public Supervisory Authorities (Article 2638 Of The Civil Code)***

This is an offence that may be committed through two distinct types of conduct:

- the first (i) by stating, in the communications required by law to the public Supervisory Authorities (in order to obstruct the exercise of the latter's functions), material facts that are not true, even if the subject of assessment, on the economic, asset or financial position of the persons subject to supervision, or (ii) by concealing, by other fraudulent means, in whole or in part, facts that should have been communicated and that concern the same economic, asset or financial position. Liability also arises where the information concerns assets owned or administered by the company on behalf of third parties;

- the second is committed by the mere obstruction of the exercise of the supervisory functions carried out by public Authorities, knowingly carried out in any form, including by omitting the communications due to those Authorities.

The perpetrators of the offence are the directors, the general managers, the manager responsible for preparing the company's accounting documents, the statutory auditors and the liquidators; this offence is therefore distinguished from the offence that anyone can commit under Article 170-*bis* of the TUF, which is not included in the list in Article 25-*ter* of the Decree, and which penalises the conduct of "anyone" who, outside the cases provided for by Article 2638 of the Civil Code, obstructs the supervisory functions assigned to Consob.

- ***False or Omitted Statements for the Issuance of the Preliminary Certificate provided for by the Legislation Implementing Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019***

The offence in question concerns false or omitted statements/information and the falsification/alteration of documents made in order to make it appear that the conditions for the issuance of the "preliminary certificate" under Article 29 of Legislative Decree No. 19 of 2 March 2023 have been met, a certificate which, in cross-border corporate transactions (transformations/mergers/ demergers), attests to the proper fulfilment of the preliminary formalities and is an indispensable step for the subsequent legality check and for the continuation of the procedure (in the absence of the certificate, the attestation of legality cannot be issued).

In relation to the Offences and criminal conduct set out above, the areas considered most specifically at risk for the purposes of this Special Part of the Model are the following:

1. the drafting and approval of the annual financial statements and of any other communication addressed to shareholders or to the public in general regarding the Company's economic, asset and financial position;

2. the preparation and external dissemination (with particular reference to the press and other information and advertising media) of data or information (including beyond those referred to in point 1 and in any case relating to the Company);

3. the management of relations with the Shareholders, the Board of Statutory Auditors and the Auditors;
4. the management of extraordinary transactions concerning, by way of indication and not limitation, contributions, distribution of profits or reserves, subscription or purchase of shares or quotas, transactions on share capital, mergers and demergers, distribution of assets on liquidation;
5. the carrying out of transactions of significant importance concluded both with third parties and with related parties.

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

The Recipients of this Special Part are not only the Board of Directors, the Statutory Auditors, the Internal Managers (or *Process Owners*), the auditors and the liquidators (if appointed), persons particularly involved in carrying out the risk activities described above, but also all those who, operating in any capacity in such areas, may in any event, directly or indirectly, commit or facilitate the commission of the offences indicated above.

The specific Recipients of this Special Part are:

- Chairman and CEO
- Administration, Finance and Human Resources area personnel -
- Marketing & Sales area personnel
- Purchasing area personnel

The Consultants, External Collaborators and Partners who operate in the Risk Areas are also Recipients of this Special Part, who must be informed of the Company's adoption of the Model and of the Code of Ethics, knowledge of and compliance with which will constitute a contractual obligation on such persons.

Consistently with the principles set out in the General Part of this Model and in the Code of Ethics and with the principles of conduct set out in the other Special Parts, in carrying out the Risk Activities, all Recipients of the Model, also through External Consultants, are required to observe the following principles of conduct.

The Recipients of this Special Part are obliged to:

1. maintain correct, transparent and cooperative conduct, in compliance with the provisions of law, regulations, applicable accounting standards and internal company procedures, in all activities aimed at the preparation of the financial statements and other corporate communications, in order to provide truthful and accurate information on the economic, asset and financial position of LPM S.p.A.;
2. observe the rules of correct, complete and transparent accounting recording, in accordance with the criteria indicated by law and by the accounting standards adopted;
3. ensure timeliness, accuracy and compliance with the accruals principle in making accounting entries;
4. ensure the regular functioning of the Company and of the corporate bodies, guaranteeing and facilitating every form of control over corporate management provided for by law, as well as the free and correct formation of the will of the shareholders' meeting;
5. observe the rules laid down by law to protect the integrity and effectiveness of the share capital, so as not to harm the guarantees of creditors and of third parties in general;
6. regulate transactions involving the reduction of share capital, merger and corporate demerger;
7. act with transparency, cooperation, clarity, fairness and impartiality in dealings with those entitled by law or by company regulations to exercise control over corporate activities (Supervisory Authorities, Judicial Authority, Shareholders, Board of Statutory Auditors, Supervisory Body, Auditors where appointed and control bodies and organisations in general, where appointed);
8. guarantee, as far as possible, the segregation of duties;
9. guarantee the traceability of the transactions carried out and their correct filing.

Conversely, it is prohibited to:

a) engage in any conduct that obstructs the exercise of the control functions of the bodies responsible, including preparing corporate communications that attest falsehoods on the economic, asset and financial position of the Company or omitting data and information required by law on the same;

b) omit disclosures of conflicts of interest that could undermine the choices of the Board of Directors (or of the sole director, where appointed) regarding ordinary and/or extraordinary transactions;

c) unlawfully determine or influence, by simulated or fraudulent acts aimed at artificially altering the normal and correct process of formation of the will of the Administrative Body, the adoption of its resolutions;

d) carry out transactions that are objectively and subjectively simulated or make use of false documents or other fraudulent means suitable to

obstruct the assessment and mislead the tax authorities;

e) engage in conduct that prevents, by concealing documents or using other fraudulent means, or obstructs the performance of the control and audit activity by the Shareholder, the Board of Statutory Auditors and/or the Statutory Auditor, where appointed;

f) engage in conduct that obstructs the exercise of the functions of the public Supervisory Authorities;

g) distribute profits or advances on profits not actually earned or by law allocated to reserves;

h) carry out reductions of share capital, mergers or demergers, in breach of the provisions of law protecting creditors, causing them harm;

i) proceed to a fictitious increase of the share capital, allotting quotas for a value lower than their nominal value;

j) carry out transactions of an extraordinary nature without this appearing justified by objective needs or by the company's business activity and for amounts clearly disproportionate to market amounts;

k) fail to make, with due completeness, accuracy and timeliness, all the periodic notifications required by law and by the applicable legislation to the public bodies and supervisory and control authorities to which the company's activity is subject, as well as the transmission of the data and documents provided for by the legislation and/or specifically requested by those authorities;

l) disseminate, including through newspapers, television news, television programmes or commercial communications, false information capable of causing a significant irregular alteration of the price – upwards or downwards – of unlisted financial instruments or in any case of instruments for which no request for admission to trading on a regulated market has been submitted.

For the purposes of implementing the rules listed in the preceding chapter, as well as the general principles contained in the general part of this Model, in regulating the types of sensitive activity described below, the following reference principles must also be observed.

5.1 PREPARATION OF FINANCIAL STATEMENTS, REPORTS AND OTHER CORPORATE COMMUNICATIONS REQUIRED BY LAW

The activity of drawing up the annual financial statements, the reports and all the communications required by law must take place in compliance with the specific principles and protocols indicated below:

1. the Head of administration informs the personnel involved in preparing the financial statement documents of the legislation defining the accounting standards to be adopted for establishing the information and data on the economic, asset and financial position of LPM S.p.A., as well as the operating methods for recording them in the accounts;
2. the Head of administration issues precise instructions addressed to the other company functions, which establish what accounting data, estimates and information must be provided to the administration function in order to start the annual and interim accounting closing activities;
3. the Head of administration verifies quarterly the consistency of the values of the interim financial statements with the values indicated in the budgets and with the values achieved in previous years and assesses the reasons for any deviations, also updating the budget where necessary;
4. the annual financial statements are drawn up, with the assistance of External Consultants, on the basis of the Company's accounting data and in such a way as to provide a true and fair representation of the asset, economic and financial position of LPM S.p.A.;
5. on the occasion of the drawing up of the annual financial statements, the Head of administration verifies and attests, jointly with the delegated corporate bodies and any External Consultants:
   - the effective application of the administrative and accounting procedures for the preparation of the financial statements, as well as the correspondence of such documents with the entries in the books and accounting records and their suitability to provide a true and fair representation of the asset, economic and financial position of LPM S.p.A.;
   - that the management report, where drawn up, includes a reliable analysis of the trend and result of operations as well as of the position of LPM S.p.A. with a description of the main risks and uncertainties;
   - that all the tables of the Notes to the Financial Statements are correct, both algebraically and as regards the consistency of the figures with the accounting data;
6. the traceability of delivery to the directors/sole director of the documentation necessary for approval of the financial statements must be ensured, by the computer or paper means considered most appropriate;

7. the Administration Function is responsible for keeping, preserving and updating the financial statements file and the other corporate accounting documents from their formation until their filing and publication and related archiving;
8. annually, meetings will be held between the SB, the Board of Statutory Auditors and the Audit firm, where appointed, concerning the outcome of their respective activities and the assessment of any critical issues that emerged in the course thereof.

5.2 Management Of General Accounting And Related Recording Activities

The regulation of accounting management activity will be as follows:

1. the Head of administration informs the personnel involved in accounting activities of the legislation defining the accounting standards to be adopted for establishing the information and data on the economic, asset and financial position of LPM S.p.A., as well as the operating methods for recording them in the accounts.
2. the Head of administration, also with the assistance of External Consultants, ensures timely updating on legislative developments and their dissemination to the Recipients indicated above;
3. accounting entries must be made in compliance with the accounting standards adopted, with the assistance, where necessary, of External Consultants, only against adequate supporting documentation, filed by the Function competent from time to time;
4. in the entry of accounting information for the purposes of accounting management, including through the use of IT systems, adequate traceability of access profiles is ensured, in the process of identifying the persons who enter data into the system, guaranteeing segregation of duties and consistency of authorisation levels;
5. every transaction must, in addition to being correctly recorded, also be authorised, verifiable, lawful and consistent with the reference documentation and with the Company's activity;
6. segregation, as far as possible, of the functions between the various persons involved in the process of managing invoicing activities (sales/ purchase) and financial transactions (receipts/payments) is provided for; in particular, functional separation is implemented between the person who requests the service or purchase, the person who records the invoice and/ or prepares the payment instructions, and the person who authorises them;
7. no accounting entry may be modified or deleted and every accounting change must be made by reversal, adjustment or supplementary entries. Such entries must be made by the persons assigned to that task;
8. traceability must be ensured of all the phases relating to the issue and recording of sales and purchase invoices;
9. before proceeding to prepare the payment, the documents attesting the performance and truthfulness of the service must be verified, both objectively and subjectively, also with the assistance of the functions that requested the services. To this end, verification must be ensured of the regularity of payments, also with reference to the coincidence between the recipient and the counterparty actually involved in the transaction, as well as the coincidence and truthfulness, objectively and

subjectively, of the supplies of goods and services (and of the related amounts) with respect to what is stated in the invoices and in tax documentation in general;

10. upon receipt of payments, verification must be ensured of the coincidence between the payer and the counterparty that received the service, as well as the coincidence and truthfulness, objectively, of the supplies of goods and services (and of the related amounts) with respect to what is stated in the invoices issued and in tax documentation in general, also with the assistance of the functions that managed/rendered the service;

11. traceability must be ensured of the management of payments and their verification (preparation of the payment, reconciliation) and of the management of receipts (accounting entry of the receipt, reconciliation);
12. training/updating activities (on the main legal and accounting concepts and issues) are provided for the functions involved in drawing up the corporate accounting documents and the functions involved in defining the valuation items of those documents.

5.3 Preparation And External Dissemination Of Data And Information Relating To LPM S.p.A.

In the preparation and external dissemination of data and information relating to LPM S.p.A., the following must be ensured:

1. the traceability of the related sources and of the information relating to the issue of press releases and similar information items;
2. adequate security measures for the computer processing of data;
3. formalised constraints (internal procedures or circulars, contractual clauses) for maintaining the confidentiality of relevant information of which Employees/External Consultants become aware. Such constraints must expressly provide for the prohibition on disseminating the relevant information inside or outside LPM S.p.A., except through the institutionally provided channel;
4. the prior identification of roles and responsibilities for external communication and the filing of the approved document.

5.4 Management Of Relations With The Company's Control Bodies And Third-party Authorities

1. Relations between LPM S.p.A. and the Board of Statutory Auditors (and/or the Audit Firm where appointed) must be regulated so as to provide for:
2. maximum cooperation and transparency, with an obligation on LPM S.p.A. to provide, with the greatest completeness, transparency, accuracy, truthfulness and timeliness, all the data, information and documents requested.
3. controls that ensure verification of the truthfulness, reliability and completeness of the data and information contained in documents and/or acts communicated to such persons;
4. the obligation to call specific meetings to share the data and/or information transmitted, in order to ensure that they are understandable by those who exercise control, and the obligation to minute the related decisions, with formalisation of the main meetings;

5. specific information flows between the functions involved in the process and documentation and traceability of the individual steps, with a view to maximum cooperation and transparency;
6. the obligation for the control bodies to maintain independence during their term of office;
7. the traceability of the related sources and information items, by filing the documentation sent and received.

5.5 Management Of Transactions On Capital And/Or Allocation Of Profit And Reserves

On the occasion of transactions on capital, including the distribution or allocation of profits and reserves, the following specific principles and protocols indicated below apply:

1. the Board of Directors reports to the Shareholders' Meeting on the contents and aspects of lawfulness of the transaction in accordance with the applicable legal provisions.
2. in the period between approval of the draft financial statements and the Shareholders' Meeting approving the financial statements, or of any extraordinary transactions on capital, the documentation justifying any changes made to the draft financial statements or to the information prospectuses by the Board of Directors is kept; transactions relating to the management of contributions, profits, reserves and transactions on shareholdings and on capital must be formally approved after verification of the completeness, correctness and truthfulness of the information necessary for such transactions.
3. the management of extraordinary transactions (mergers, demergers, capital reductions, etc.) must take place in accordance with the law, making use, where necessary, of External Consultants and ensuring the traceability of the transactions, assessments and approvals carried out.

5.6 Management Of Shareholders' Meeting Activities

Shareholders' meeting activities are managed as follows:

1. the preparation of the agenda and of the file of documentation to be brought to the Shareholders' Meeting is managed by the Administration function, in collaboration with External Consultants, after approval and sharing with the Chairman of the Board of Directors;
2. in cases where the presence of a notary is not required (normally the notary is used for extraordinary meetings) it is the task of the person holding the role of Secretary to manage the transcription, publication and filing of the minutes of the resolutions of the Shareholders' Meeting;
3. the resolutions, where required, are published in the Companies Register by the Administration function, with the assistance of External Consultants where appropriate, within the time limits set by law.

5.7 Management Of Relations With Third-party Counterparties

In relations with third-party counterparties (suppliers, consultants, customers and/or commercial partners), the Process Manager ensures, by means of appropriate documentation – on paper or electronic media – the traceability of the activities in the relations that have taken place with third-party counterparties. In particular, he or she must ensure the traceability of the decision-making processes, with specific reference to:

- the characteristics and reasons for the transactions carried out;
- the persons who took part in the decision-making process.

It should be noted that for all processes/activities where there is no direct contact with private parties but only mediated relations and dealings, including through the use of IT tools such as e-mail, the Manager must in any event ensure the correctness and truthfulness of the information contained in the documents and act in the absolute observance of the law and of any regulations applicable to the matter being handled.

SPECIAL PART D

OFFENCES AGAINST THE INDIVIDUAL AND EMPLOYMENT OF THIRD-COUNTRY NATIONALS WHOSE STAY IS IRREGULAR

(ARTICLES 25-QUINQUIES AND 25-DUODECIES OF THE DECREE)

AND

OFFENCES OF XENOPHOBIA AND RACISM

(ARTICLE 25-TERDECIES OF THE DECREE)

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Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

CHAPTER 1 THE TYPES OF OFFENCE

1.1 THE TYPES OF OFFENCES AGAINST THE INDIVIDUAL (ARTICLE 25-QUINQUIES OF THE DECREE)

Article 25-*quinquies* provides:

"1. In relation to the commission of the crimes provided for by Section I of Chapter III of Title XII of Book II of the Criminal Code, the following financial penalties apply to the entity:

a) for the crimes referred to in Articles 600, 601, 602 and 603-bis, a financial penalty of four hundred to one thousand units;

b) for the crimes referred to in Articles 600-bis, first paragraph, 600-ter, first and second paragraphs, even if relating to the pornographic material referred to in Article 600-quater.1, and 600-quinquies, a financial penalty of three hundred to eight hundred units;

c) for the crimes referred to in Articles 600-bis, second paragraph, 600-ter, third and fourth paragraphs, and 600-quater, even if relating to the pornographic material referred to in Article 600-quater.1, as well as for the crime referred to in Article 609-undecies, a financial penalty of two hundred to seven hundred units.

2. In cases of conviction for one of the crimes indicated in paragraph 1, letters a) and b), the disqualification penalties provided for by Article 9, paragraph 2, apply for a duration of not less than one year.

3. If the entity or one of its organisational units is permanently used for the sole or prevailing purpose of allowing or facilitating the commission of the offences indicated in paragraph 1, the penalty of permanent disqualification from carrying on the activity pursuant to Article 16, paragraph 3, applies".

It should be noted that, in view of the activity carried out by LPM S.p.A. and of the risk analysis, the offences referred to in Articles 600 of the Criminal Code (reduction to or maintenance in slavery or servitude), 600-*bis* of the Criminal Code (child prostitution), 600-*ter* of the Criminal Code (child pornography), 600-*quater* of the Criminal Code (possession of pornographic material), 600-*quater.*1 of the Criminal Code (virtual pornography), 600-*quinquies* of the Criminal Code (tourism initiatives aimed at the exploitation of child prostitution), 601 of the Criminal Code (trafficking in persons) and Article 602 of the Criminal Code (purchase and sale of slaves) are not considered capable of being actually committed.

The potentially relevant Offences are now examined.

– ***UNLAWFUL INTERMEDIATION AND EXPLOITATION OF LABOUR (ARTICLE 603-BIS OF THE CRIMINAL CODE)***

Paragraph 1

Unless the act constitutes a more serious offence, anyone who is punished by imprisonment of one to six years and a fine of Euro 500 to 1,000 for each worker recruited:

1) recruits labour for the purpose of assigning it to work for third parties in conditions of exploitation, taking advantage of the workers' state of need;

2) uses, hires or employs labour, including through the intermediation activity referred to in No. 1), subjecting workers to conditions of exploitation and taking advantage of their state of need.

If the acts are committed by violence or threats, the penalty of imprisonment of five to eight years and a fine of Euro 1,000 to 2,000 for each worker recruited applies

Paragraph 2

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

1) the repeated payment of wages in a manner clearly inconsistent with the national or territorial collective agreements entered into by the most representative trade union organisations at national level, or in any case disproportionate to the quantity and quality of the work performed;
2) the repeated violation of the rules on working hours, rest periods, weekly rest, mandatory leave and holidays;
3) the existence of violations of the rules on safety and hygiene in the workplace;
4) the subjection of the worker to degrading working conditions, methods of surveillance or housing situations.

Paragraph 3 The following constitute a specific aggravating circumstance and entail an increase in the penalty of one third to one half:

1) the fact that the number of workers recruited exceeds three;
2) the fact that one or more of the persons recruited are minors below working age;
3) having committed the act by exposing the intermediated workers to situations of grave danger, having regard to the characteristics of the work to be performed and the working conditions.

1.2 The Types Of Offences Of Employment Of Third-country Nationals Whose Stay Is Irregular (Article 25-duodecies Of The Decree)

Article 25-*duodecies* of the Decree provides:
"*1. In relation to the commission of the crime referred to in Article 22, paragraph 12-bis, of Legislative Decree No. 286 of 25 July 1998 (the so-called Immigration Consolidated Act), a financial penalty of 100 to 200 units applies to the entity, within the limit of Euro 150,000.*
1-bis. In relation to the commission of the crimes referred to in Article 12, paragraphs 3, 3-bis and 3-ter, of the consolidated act referred to in Legislative Decree No. 286 of 25 July 1998, as subsequently amended, a financial penalty of four hundred to one thousand units applies to the entity.
1-ter. In relation to the commission of the crimes referred to in Article 12, paragraph 5, of the consolidated act referred to in Legislative Decree No. 286 of 25 July 1998, as subsequently amended, a financial penalty of one hundred to two hundred units applies to the entity.
1-quater. In cases of conviction for the crimes referred to in paragraphs 1-bis and 1-ter of this article, the disqualification penalties provided for by Article 9, paragraph 2, apply for a duration of not less than one year."

Article 22 Of The Immigration Consolidated Act

omissis

Paragraph 12
An employer who employs foreign workers without the residence permit required by this article, or whose permit has expired and for which renewal has not been requested within the legal time limits, or has been revoked or annulled, is punished by imprisonment of six months to three years and a fine of Euro 5,000 for each worker employed.

Paragraph 12-bis
The penalties for the act provided for in paragraph 12 are increased by one third to one half:

a) if the workers employed number more than three;

b) if the workers employed are minors below working age;

c) if the workers employed are subjected to the other conditions of particularly exploitative work referred to in the third paragraph of Article 603-bis of the Criminal Code.

Article 12 Of Legislative Decree No. 286 Of 25 July 1998

omissis

Paragraph 3

Unless the act constitutes a more serious offence, anyone who, in breach of the provisions of this consolidated act, promotes, directs, organises, finances or carries out the transport of foreigners into the territory of the State or performs other acts aimed at unlawfully procuring their entry into the territory of the State, or of another State of which the person is not a citizen or in which he or she has no right of permanent residence, is punished by imprisonment of five to fifteen years and a fine of Euro 15,000 for each person where:

a) the act concerns the unlawful entry or stay in the territory of the State of five or more persons;

b) the person transported has been exposed to danger to his or her life or safety in order to procure his or her unlawful entry or stay;

c) the person transported has been subjected to inhuman or degrading treatment in order to procure his or her unlawful entry or stay;

d) the act is committed by three or more persons acting together or using international transport services or counterfeit or altered documents or documents otherwise unlawfully obtained;

e) the perpetrators of the act have the availability of weapons or explosive materials.

Paragraph 3-bis

If the acts referred to in paragraph 3 are committed in circumstances involving two or more of the cases referred to in letters a), b), c), d) and e) of the same paragraph, the penalty provided therein is increased.

Paragraph 3-ter.

The custodial penalty is increased by one third to one half and a fine of Euro 25,000 for each person applies if the acts referred to in paragraphs 1 and 3:

a) are committed in order to recruit persons to be used for prostitution or in any case for sexual or labour exploitation or concern the entry of minors to be employed in unlawful activities in order to facilitate their exploitation;

b) are committed in order to derive profit, even indirect.

Paragraph 5

Outside the cases provided for in the preceding paragraphs, and unless the act constitutes a more serious offence, anyone who, in order to derive an unjust profit from the illegal condition of the foreigner or in the context of the activities punished under this article, facilitates the foreigner's stay in the territory of the State in breach of the rules of this consolidated act, is punished by imprisonment of up to four years and a fine of up to Euro 15,493 (thirty million lire). Where the act is committed by two or more persons acting together, or concerns the stay of five or more persons, the penalty is increased by one third to one half.

The penalties provided for the new predicate offences are disqualification penalties for a duration of not less than one year.

1.3 Racism And Xenophobia (Article 25-terdecies Of The Decree)

Article 25-*terdecies* of the Decree provides:

"1. In relation to the commission of the crimes referred to in Article 3, paragraph 3-bis, of Law No. 654 of 13 October 1975, a financial penalty of two hundred to eight hundred units applies to the entity.
2. In cases of conviction for the crimes referred to in paragraph 1, the disqualification penalties provided for by Article 9, paragraph 2, apply to the entity for a duration of not less than one year.
3. If the entity or one of its organisational units is permanently used for the sole or prevailing purpose of allowing or facilitating the commission of the crimes indicated in paragraph 1, the penalty of permanent disqualification from carrying on the activity pursuant to Article 16, paragraph 3, applies.

Article 3 of Law No. 654/1975 provides that:
"3. *Unless the act constitutes a more serious offence, also for the purposes of implementing the provision of Article 4 of the convention, the following are*
a) by imprisonment of up to one year and six months or by a fine of up to
Euro 6,000, anyone who propagates ideas based on racial or ethnic superiority or hatred, or incites the commission of, or commits, acts of discrimination on racial, ethnic, national or religious grounds;
b) by imprisonment of six months to four years, anyone who in any way incites the commission of, or commits, violence or acts of provocation to violence on racial, ethnic, national or religious grounds"
3-bis. The penalty of imprisonment of two to six years applies if the propaganda, or the incitement and instigation, committed in such a way as to give rise to a concrete danger of dissemination, is based in whole or in part on the denial, gross minimisation or apologia of the Shoah or of the crimes of genocide, crimes against humanity and war crimes, as defined by Articles 6, 7 and 8 of the Statute of the International Criminal Court, ratified pursuant to Law No. 232 of 12 July 1999.

In relation to the Offences referred to in Article 1.1, the areas considered most specifically at risk, for the purposes of this Special Part of the Model, are the following:

- recruitment of personnel, including temporary agency staff;
- management of relations with foreign personnel;
- management of operational activities, including in *partnership* with third parties or by relying on local entrepreneurs, in countries with low protection of individual rights;
- conclusion of contracts with companies that use unskilled personnel coming from non-EU countries.

In relation to the offences and criminal conduct referred to in Article 1.2, the areas considered most specifically at risk are, for the purposes of this Special Part of the Model, the following:

- personnel recruitment area;
- relations with personnel recruitment agencies (public and private)

In relation to the Offences referred to in Article 1.3, the area considered most specifically at risk is, for the purposes of this Special Part of the Model, the management of relations with foreign personnel and the interpersonal relations between Workers.

Any additions to the above Risk Areas may be ordered by the Board of Directors.

This Special Part refers to conduct engaged in by Corporate Representatives and External Collaborators, as already defined in the General Part of LPM S.p.A.

The specific Recipients of this Special Part are:

- Employer
- Human Resources
- Administration and Finance
- Purchasing Area

The objective of this Special Part is that such persons, to the extent that they may be involved in carrying out activities in the Risk Areas, adhere to rules of conduct in line with its provisions in order to prevent and avoid the occurrence of Offences against the Individual or of xenophobia and racism, while taking into account the different position of each of those persons towards the Company and, therefore, the diversity of their obligations as specified in the Model.

In particular, this Special Part has the function of:

a. providing a list of the general principles as well as the specific procedural principles which Corporate Representatives and External Collaborators, in relation to the type of relationship in place with the Company, are required to observe for the correct application of the Model;
b. providing the SB and the heads of the other company functions called upon to cooperate with it, with the operational tools to carry out the control, monitoring and verification activities provided for.

In carrying out all transactions relating to the management of the company, in addition to the rules of this Model, Corporate Representatives must in general know and comply with – with reference to their respective activity – all the rules and principles contained in the following documents:

a) the Code of Ethics;
b) the procedures for the hiring, management and training of personnel
c) the company procedures for the assessment of suppliers and customers;
d) the company procedures for the management of contracts;
e) the procedure for managing the purchasing process;
f) the procedures on health and safety at work;
g) the CCNL in force for the Company's employees.

In particular, in carrying out the activities considered at risk, the Recipients are expressly prohibited from:

1. engaging in, promoting, collaborating in or giving rise to conduct that, taken individually or collectively, directly or indirectly constitutes the types of Offence falling within those considered in this Special Part (Articles 25-*quinquies* and 25-*terdecies* of the Decree);

2. engaging in conduct which, although not in itself constituting types of Offence falling within those considered above, may potentially become so;
3. using, even occasionally, the Company, one of its organisational units or one of the Subsidiaries for the purpose of allowing or facilitating the commission of the Offences referred to in this Special Part.

PROCEDURAL PRINCIPLES TO BE OBSERVED IN INDIVIDUAL RISK TRANSACTIONS

The procedural principles are set out below which, in relation to each individual Risk Area (as identified in paragraph 2), must be implemented in specific procedures that Corporate Representatives are required to comply with:

a) External Collaborators must be required to undertake to comply with the legal obligations on the protection of child labour and of women, hygiene, health and safety conditions, and trade union rights or in any case rights of association and representation required by the legislation of the country in which they operate;

b) the selection of counterparties intended to provide particular services (such as, for example, companies with a high incidence of unskilled labour), whether Partners or Suppliers, must be carried out with particular care and on the basis of a specific internal procedure. In particular, the reliability of such Partners or Suppliers must be assessed, for the purposes of preventing the Offences referred to in this Special Part, also through specific *ex ante* investigations;

c) in contracting agreements the Company, as principal, must provide that the contractor, in performing the contract, undertakes, for itself and for any authorised subcontractors, **(i)** to use personnel regularly hired under an employment contract, in compliance, in every respect including the economic treatment of employees, with the laws in force and with application of the relevant sector collective agreement, **(ii)** to regularly pay wages, allowances, contributions and premiums, as well as tax withholdings, **(iii)** to fulfil all the obligations and formalities required by law, regulations and collective agreements on compulsory insurance against accidents, social security, hygiene, safety and accident prevention, in addition to the further obligations arising from the employment contract and from the provisions in force, and **(iv)** to provide the Company with the documentation requested by it and necessary to verify performance of the above obligations;

d) in the case of direct hiring of personnel by LPM S.p.A., compliance with labour law rules and trade union agreements for hiring and the employment relationship in general must be verified. Compliance with the rules of fairness and good conduct in the working environment must also be verified and, in any event, particular attention must be paid to abnormal or excessive working situations;

e) the Company adopts procedures aimed at checking the regularity of residence documents in relation to Employees as well as the periodic verification of their expiry and any renewal, and imposes the same obligation on any subcontractors;

f) the hiring of temporary agency personnel must take place through a supplying company of proven good reputation, which must undertake, in addition to complying with the precepts contained in Decree 231/2001 and in the Model, to verify – for foreign persons – the regularity of residence documents for the entire duration of the placement relationship with the Company and to guarantee, in relation to all temporary employees, compliance with the rules on economic treatment, application of the sector collective agreement, and fulfilment of the obligations and formalities

required by law, regulations and collective agreements on compulsory insurance against accidents and social security;

g) the Company adopts adequate training programmes for all personnel, including temporary agency personnel;

h) where a Partner has its registered office abroad and the work for the benefit of LPM S.p.A. is carried out there, the Partner must comply with local legislation or, if stricter, with the ILO conventions on the minimum age for admission to employment and on the worst forms of child labour ("C138 Minimum Age Convention 1973" and "C182 Worst Forms of Child Labour Convention");

i) anyone who detects an abnormal management of the personnel used by the Partner is required to inform the SB of such anomaly immediately;

j) all Corporate Representatives must comply with the provision of the Code of Ethics aimed at prohibiting conduct that conflicts with the prevention of the Offences covered by this Special Part;

k) the Company is required to equip itself with constantly updated IT tools developed by leading and reputable companies in the sector that block access to Internet sites containing child pornography material ("*content filtering*" tools);

l) in compliance with the regulations in force, LPM S.p.A. reserves the right to carry out periodic checks suitable for preventing abuse of the company information systems or the commission of Offences through their use;

m) LPM S.p.A. periodically reminds its Corporate Representatives unequivocally of the proper use of the IT tools in their possession;

n) LPM S.p.A. assesses and regulates with particular care and sensitivity the direct and/or indirect organisation of trips or periods of stay in foreign locations, with specific regard to locations known for the phenomenon of so-called "sex tourism";

o) where reports are received of breaches of the rules of the Decree by its Corporate Representatives and/or External Collaborators, LPM S.p.A. is required to take the most appropriate steps to obtain all useful information in this regard;

p) where doubts persist about the correctness of the conduct of External Collaborators, the SB will issue a recommendation to the Board of Directors and/or to the Management Bodies of the Companies concerned.

SPECIAL PART E

OFFENCES OF MANSLAUGHTER AND SERIOUS OR VERY SERIOUS INJURIES COMMITTED IN BREACH OF THE ACCIDENT-PREVENTION RULES AND OF THE RULES ON THE PROTECTION OF HEALTH AND SAFETY AT WORK

(ARTICLE 25-SEPTIES OF THE DECREE)

DEFINITIONS

CHAPTER 1 THE TYPES OF OFFENCES OF MANSLAUGHTER AND NEGLIGENT SERIOUS OR VERY SERIOUS INJURIES, COMMITTED IN BREACH OF THE RULES ON THE PROTECTION OF HEALTH AND SAFETY AT WORK (ARTICLE 25-SEPTIES OF THE DECREE)

CHAPTER 2 RISK AREAS

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

CHAPTER 4 GENERAL PRINCIPLES OF CONDUCT AND CONTROL

CHAPTER 5 SPECIFIC PROCEDURAL PRINCIPLES
- 5.1 COMPANY POLICIES ON SAFETY
- 5.2 THE ORGANISATION OF THE SYSTEM
  - 5.2.1 TASKS AND RESPONSIBILITIES
  - 5.2.2 PLANNING PROCESS
  - 5.2.3 INFORMATION, TRAINING AND INSTRUCTION
  - 5.2.4 COMMUNICATION, INFORMATION FLOW AND COOPERATION
  - 5.2.5 DOCUMENTATION
  - 5.2.6 MONITORING AND REVIEW
- 5.3 CONTRACTING AGREEMENTS

Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part, indicated below:

ASPP or Prevention and Protection Service Officers
persons possessing the professional capacities and requirements referred to in Article 32 of Legislative Decree No. 81/2008 (Safety Decree) who are part of the Prevention and Protection Service.

Employer
the person holding the employment relationship with the Workers or, in any case, the person who, according to the type and structure of the organisation within which the Workers carry out their activity, is responsible for the organisation itself or for the Production Unit insofar as he or she exercises decision-making and spending powers.

Safety Decree
Legislative Decree No. 81 of 9 April 2008 – "Implementation of Article 1 of Law No. 123 of 3 August 2007, on the protection of health and safety in the workplace".

Manager
the person who, by reason of professional competence and hierarchical and functional powers appropriate to the nature of the assignment conferred on him or her, implements the Employer's directives by organising the work activity and supervising it.

DUVRI or Single Risk Assessment Document for Interference
the document drawn up by the principal Employer containing a risk assessment that indicates the measures to eliminate or, where this is not possible, minimise the risks from interference in contracting, works or supply agreements.

DVR or Risk Assessment Document
the document drawn up by the Employer containing a report on the assessment of all risks to safety and health during work activity and the criteria for such assessment, the indication of the prevention and protection measures implemented and of the personal protective equipment adopted following such assessment, the programme of the measures considered appropriate to ensure the improvement of safety levels over time, the identification of the procedures for implementing the measures to be taken and of the roles in the company organisation that must carry them out, the indication of the name of the RSPP, of the RLS and of the Competent Physician who took part in the risk assessment, as well as the identification of the tasks that may expose Workers to specific risks requiring recognised professional capacity, specific experience, adequate training and instruction.

Workers
persons who, as identified by the Safety Decree, regardless of the type of contract, carry out work activity within the organisation of LPM S.p.A.

UNI-INAIL Guidelines
the guidelines drawn up by UNI and INAIL for the voluntary establishment by companies of an occupational health and safety management system.

Competent Physician

the physician holding one of the qualifications and the formal and professional requirements indicated in the Safety Decree, appointed by the Employer for the purposes of risk assessment and to carry out Health Surveillance and fulfil all the other tasks under the Safety Decree.

Supervisor
the person who, by reason of professional competence and within the limits of the hierarchical and functional powers appropriate to the nature of the assignment conferred on him or her, oversees the work activity and ensures implementation of the directives received, checking their correct execution by Workers and exercising a functional power of initiative.

Designers, Manufacturers, Suppliers and Installers
natural or legal persons who, when so engaged, design workplaces, work stations and plants, or produce, supply, hire, grant for use or install plants, machines or other technical means for LPM S.p.A.

RLS or Workers' Safety Representative
the person elected by the Workers to represent them in relation to aspects of health and safety during work.

RSPP or Head of the Prevention and Protection Service
the person possessing the professional capacities and requirements indicated in the Safety Decree, designated by the Employer, to whom he or she reports, to coordinate the Prevention and Protection Service.

SGSL or Occupational Health and Safety Management System
The system that defines the methods for identifying, within the company organisational structure, the responsibilities, procedures, processes and resources for implementing the company's prevention policy, in compliance with the health and safety rules in force.

Health Surveillance
the set of medical acts aimed at protecting the state of health and safety of the Workers in relation to the working environment, occupational risk factors and the methods of carrying out the work activity.

SPP or Prevention and Protection Service
the set of persons, systems and means, external or internal to LPM S.p.A., aimed at the activity of prevention and protection from occupational risks for the Workers.

Production Unit
Production unit located at Via Egidio Berto No. 24/1, Bovolenta (PD) and warehouse located at Via Padova No. 36, Bovolenta (PD).

CHAPTER 1 THE TYPES OF OFFENCES OF MANSLAUGHTER AND NEGLIGENT SERIOUS OR VERY SERIOUS INJURIES, COMMITTED IN BREACH OF THE RULES ON THE PROTECTION OF HEALTH AND SAFETY AT WORK (ARTICLE 25-SEPTIES OF THE DECREE)

A brief description is provided below of the criminal offences that may occur in breach of the rules on the protection of health and safety at work indicated in Article 25-*septies* of the Decree.

Article 25-*septies* (Manslaughter or serious or very serious injuries committed in breach of the rules on the protection of health and safety at work) provides that:

"1*. In relation to the crime referred to in Article 589 of the Criminal Code, committed in breach of Article 55, paragraph 2, of the Legislative Decree implementing the delegation under Law No. 123 of 3 August 2007, on health and safety at work, a financial penalty of 1,000 units applies. In the case of conviction for the crime referred to in the preceding sentence, the disqualification penalties referred to in Article 9, paragraph 2, apply for a duration of not less than three months and not more than one year.*

2. Without prejudice to paragraph 1, in relation to the crime referred to in Article 589 of the Criminal Code, committed in breach of the rules on the protection of health and safety at work, a financial penalty of not less than 250 units and not more than 500 units applies. In the case of conviction for the crime referred to in the preceding sentence, the disqualification penalties referred to in Article 9, paragraph 2, apply for a duration of not less than three months and not more than one year.

3. In relation to the crime referred to in Article 590, third paragraph, of the Criminal Code, committed in breach of the rules on the protection of health and safety at work, a financial penalty of not more than 250 units applies. In the case of conviction for the crime referred to in the preceding sentence, the disqualification penalties referred to in Article 9, paragraph 2, apply for a duration of not more than six months."

This article provides for the application of financial and disqualification penalties to Entities whose representatives commit the offences referred to in Articles 589 (manslaughter) and 590, third paragraph (serious or very serious negligent personal injury) of the Criminal Code, in breach of the rules on the protection of health and safety at work. The criminal offences inserted in Article 25-*septies* of the Decree concern solely the cases in which the event was caused not by general negligence (and therefore by lack of skill, recklessness or carelessness) but by "specific negligence", which requires that the event occur as a result of non-observance of the rules for the prevention of accidents at work.

- ***MANSLAUGHTER (ARTICLE 589 OF THE CRIMINAL CODE)***

The offence is committed whenever a person, in breach of the rules for the prevention of accidents at work, negligently causes the death of another person.

- ***PENALTIES FOR THE EMPLOYER AND THE MANAGER (ARTICLE 55 OF LEGISLATIVE DECREE NO. 81 OF 9 APRIL 2008 "SAFETY DECREE")***

[i] The employer is punished:

- by detention of three to six months or a fine of Euro 3,559.60

to 9,112.57 **a)** for breach of Article 29, paragraph 1 [1];

b) if he does not appoint the head of the prevention and protection service pursuant to Article 17, paragraph 1, letter b), or for breach of Article 34, paragraph 2 [2]; […..]

- by a fine of Euro 2,847.69 to 5,695.36 if he adopts the document referred to in Article 17, paragraph 1, letter a) [DVR, editor's note], in the absence of the elements referred to in Article 28, paragraph 2, letters b), c) or d) [3], or without the methods referred to in Article 29, paragraphs 2 and 3 [4].
- by a fine of Euro 1,423.83 to 2,847.69 if he adopts the document referred to in Article 17, paragraph 1, letter a) [DVR, editor's note], in the absence of the elements referred to in Article 28, paragraph 2, letters a), first sentence, and f) [5].

[ii] The employer and the manager are punished:

a) by detention of two to four months or a fine of Euro 1,067.88 to 5,695.36 for breach of Articles 3, paragraph 12-bis [6], 18, paragraph 1, letter o)

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[1] Safety Decree, Article 29, paragraph 1: "*The employer carries out the assessment and draws up the document referred to in Article 17, paragraph 1, letter a), in collaboration with the head of the prevention and protection service and the competent physician, in the cases referred to in Article 41(B).*"

[2] Safety Decree, Article 34, paragraph 2: "*The employer who intends to carry out the tasks referred to in paragraph 1, must attend training courses, of a minimum duration of 16 hours and a maximum of 48 hours, appropriate to the nature of the risks present in the workplace and relating to work activities, in compliance with the contents and structure defined by agreement within the Standing Conference for relations between the State, the regions and the autonomous provinces of Trento and Bolzano, within twelve months of the entry into force of this Legislative Decree.…*"

[3] Safety Decree, Article 28, paragraph 2, letters b), c) and d) provides that the DVR must contain "…
b) the indication of the prevention and protection measures implemented and of the personal protective equipment adopted, following the assessment referred to in Article 17*, paragraph 1, letter a);*
c) the programme of the measures considered appropriate to ensure the improvement of safety levels over time;
d) the identification of the procedures for implementing the measures to be taken, as well as of the roles in the company organisation that must carry them out, to which only persons with adequate competence and powers must be assigned; [..]"

[4] Safety Decree, Article 29, paragraphs 2) and 3): "*2. The activities referred to in paragraph 1 are carried out after consulting the workers' safety representative. 3. The risk assessment must be immediately redrawn, in compliance with the procedures referred to in paragraphs 1 and 2, on the occasion of changes to the production process or work organisation that are significant for the health and safety of workers, or in relation to the degree of development of technology, prevention or protection, or following significant accidents or when the results of health surveillance show the need. Following such redrawing, the prevention measures must be updated. In the cases referred to in the preceding sentences, the risk assessment document must be redrawn, in compliance with the procedures referred to in paragraphs 1 and 2, within thirty days of the respective triggering events. Even in the case of redrawing of the risk assessment, the employer must in any event give immediate evidence, through suitable documentation, of the updating of the prevention measures and immediate communication to the workers' safety representative. The workers' safety representative has access to such documentation, upon request.*"

[5] Safety Decree, Article 28, paragraph 2, letters a), first sentence, and f) provides that the DVR must contain:
"*a) a report on the assessment of all risks to safety and health during work activity, in which the criteria adopted for the assessment itself are specified. […];*
f) the identification of the tasks that may expose workers to specific risks requiring recognised professional capacity, specific experience, adequate training and instruction."

[6] Safety Decree, Article 3, paragraph 12-bis provides the safety obligations towards volunteers under Law No. 266 of 11 August 1991, volunteers performing civil service, persons carrying out volunteer work for the social promotion associations referred to in Law No. 383 of 7 December 2000, for the amateur sports associations referred to in Law No. 39 of 16 December 1991, and in Article 90 of Law No. 289 of 27 December 2002, for religious associations and volunteers received within international non-formal education programmes

[7] 26, paragraph 1, letter b), 43, paragraphs 1, letters a), b) [8], c) and e), and 4 [9], 45, paragraph 1 [10];

b) by detention of two to four months or a fine of Euro 1,423.83 to 6,834.44 for breach of Article 26, paragraph 1, letter a) [11];

c) by detention of two to four months or a fine of Euro 1,708.61 to 7,403.96 for breach of Article 18, paragraph 1, letters c), e), f) and q) [12], 36,

[7] Safety Decree, Article 18, paragraph 1, letter o) provides for the obligation of the employer and of the managers, who organise and direct the activities according to the attributions and competences conferred on them, to "*promptly deliver to the workers' safety representative, upon his or her request and for the performance of his or her function, a copy of the document referred to in Article 17, paragraph 1, letter a), also on electronic media as provided for by Article 53, paragraph 5, and allow the same representative to access the data referred to in letter r)*"; the document is consulted exclusively at the company.

[8] Safety Decree, Article 26, paragraph 1, letter a) and letter b): "*1. The employer, in the case of the award of works, services and supplies to the contracting company or to self-employed workers within his or her own company, or of a single production unit thereof, as well as within the entire production cycle of the company itself, provided that he or she has legal availability of the places where the contract or self-employed work is carried out:*
a) verifies, in the manner provided for by the decree referred to in Article 6, paragraph 8, letter g), the technical and professional suitability of the contracting companies or self-employed workers in relation to the works, services and supplies to be awarded by contract or by contract for work or supply. […]
b) provides the same persons with detailed information on the specific risks existing in the environment in which they are to operate and on the prevention and emergency measures adopted in relation to its own activity."

[9] Safety Decree, Article 43, paragraphs 1, letters a), b), c) and e), and paragraph 4: 1. "*For the purposes of the obligations referred to in Article 18, paragraph 1, letter t), the employer:*
a) organises the necessary relations with the public services competent in matters of first aid, rescue, fire-fighting and emergency management;
b) designates in advance the workers referred to in Article 18, paragraph 1, letter b);
c) informs all workers who may be exposed to serious and immediate danger of the measures taken and of the conduct to be adopted; […]
e) adopts the necessary measures so that any worker, in the event of serious and immediate danger to his or her own safety or to that of other persons and where it is impossible to contact the competent hierarchical superior, may take the appropriate measures to avoid the consequences of such danger, taking into account his or her knowledge and the technical means available. […]
4. The employer must, except for duly justified exceptions, refrain from asking workers to resume their activity in a work situation in which serious and immediate danger persists.**"**

[10] Safety Decree, Article 45, paragraph 1: "*1. The employer, taking into account the nature of the activity and the size of the company or production unit, after consulting the competent physician where appointed, takes the necessary measures regarding first aid and emergency medical assistance, taking into account any other persons present in the workplace and establishing the necessary relations with external services, including for the transport of injured workers*."

[11] Safety Decree, Article 26, paragraph 1, letter a): text reproduced in note 8.

[12] Safety Decree, Article 18, paragraph 1, letters c), e), f) and q), provides for the obligation of the employer and of the managers, who organise and direct the activities according to the attributions and competences conferred on them, to:
"c*) when assigning tasks to workers, take into account their capabilities and conditions in relation to their health and safety;*
e) take appropriate measures so that only workers who have received adequate instructions and specific training have access to areas that expose them to a serious and specific risk;
f) require compliance by individual workers with the rules in force, as well as with company provisions on occupational safety and hygiene and on the use of collective protective equipment and of the personal protective equipment made available to them […]
q) take appropriate measures to prevent the technical measures adopted from causing risks to the health of the population or from deteriorating the external environment, periodically verifying the continued absence of risk.

paragraphs 1 and 2 [13], 37, paragraphs 1, 7, 7-ter, 9 and 10 [14], 43, paragraph 1, letters d) and e-bis) [15], 46, paragraph 2 [16];

d) by detention of two to four months or a fine of Euro 1,500 to 6,000 for breach of Articles 18, paragraph 1, letters a), b-bis), d) and z), first part[17], and 26, paragraphs 2, 3, first sentence, and 8-bis [18];

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[13] Safety Decree, Article 36, paragraphs 1 and 2: "*1. The employer ensures that each worker receives adequate information:*
a) on the risks to health and safety at work connected with the activity of the company in general;
b) on the procedures concerning first aid, fire-fighting, and evacuation of the workplace;
c) on the names of the workers appointed to apply the measures referred to in Articles 45 and 46;
d) on the names of the head and officers of the prevention and protection service, and of the competent physician.
2. The employer also ensures that each worker receives adequate information:
a) on the specific risks to which he or she is exposed in relation to the activity carried out, the safety regulations and the company provisions on the matter;
b) on the dangers connected with the use of hazardous substances and mixtures on the basis of the safety data sheets provided for by the legislation in force and by good technical standards;
c) on the protection and prevention measures and activities adopted".

[14] Safety Decree, Article 37, paragraphs 1, 7, 7-ter, 9 and 10: "*1. The employer ensures that each worker receives sufficient and adequate training on health and safety, including with respect to language skills, with particular reference to:*
a) concepts of risk, damage, prevention, protection, organisation of company prevention, rights and duties of the various company persons, supervisory, control and assistance bodies;
b) risks relating to the tasks and the possible damage and the resulting prevention and protection measures and procedures characteristic of the sector or branch to which the company belongs [….].
7. The employer, the managers and the supervisors receive adequate and specific training and periodic updating in relation to their duties in matters of health and safety at work, as provided for by the agreement referred to in paragraph 2, second sentence
7-ter. To ensure the adequacy and specificity of the training as well as the periodic updating of supervisors pursuant to paragraph 7, the related training activities must be carried out entirely in person and must be repeated at least every two years and in any case whenever made necessary by the evolution of risks or the emergence of new risks [….].
9. Workers receive adequate and specific training and periodic updating; pending the issue of the provisions referred to in paragraph 3 of Article 46, the provisions of the decree of the Minister of the Interior of 10 March 1998, published in the Ordinary Supplement to the Official Gazette No. 81 of 7 April 1998, implementing Article 13 of Legislative Decree No. 626 of 19 September 1994, continue to apply.
10. The workers' safety representative has the right to special training in health and safety concerning the specific risks existing in the areas in which he or she exercises his or her representation, such as to ensure adequate competence in the main techniques for controlling and preventing those risks.

[15] Safety Decree, Article 43, paragraph 1, letters d) and e-bis): "the employer: "[….]
d) plans the measures, takes the steps and gives instructions so that workers, in the event of serious and immediate danger that cannot be avoided, can cease their activity or put themselves in safety, immediately leaving the workplace; [….] e-bis) ensures the presence of extinguishing means suitable for the class of fire and the level of risk present in the workplace, also taking into account the particular conditions in which they may be used. The obligation also applies to fixed extinguishing systems, manual or automatic, identified in relation to the risk assessment."

[16] Safety Decree, Article 46, paragraph 2: "*In workplaces subject to this Legislative Decree, suitable measures must be adopted to prevent fires and to protect the safety of workers."*

[17] Safety Decree, Article 18, paragraph 1, letters a), b-bis), d) and z) provides that the employer and the managers, who organise and direct the activities according to the attributions and competences conferred on them, must: "*a) appoint the competent physician to carry out health surveillance in the cases provided for by this Legislative Decree and where required by the risk assessment referred to in Article 28; […] b-bis) identify the supervisor or supervisors to carry out the supervisory activities referred to in Article 19. Collective employment contracts and agreements may establish the remuneration due to the supervisor for carrying out the activities referred to in the preceding sentence. The supervisor may not suffer any prejudice because of carrying out his or her activity […].*

d) provide workers with the necessary and suitable personal protective equipment, after consulting the head of the prevention and protection service and the competent physician, where present; […]
z) update the prevention measures in relation to organisational and production changes that are relevant for occupational health and safety, or in relation to the degree of development of prevention and protection technology; .."

[18] Safety Decree, Article 26, paragraphs 2, 3, first sentence, and 8-bis: "*2. In the case referred to in paragraph 1, the employers, including subcontractors:*
a) cooperate in implementing the measures for prevention and protection from occupational risks affecting the work activity that is the subject of the contract;
b) coordinate the interventions for protection and prevention from the risks to which workers are exposed, informing each other also in order to eliminate risks due to interference between the work of the different companies involved in carrying out the overall work.

e) by a fine of Euro 2,847.69 to 5,695.36 for breach of Articles 18, paragraph 1, letters g), n), p), second part, s) and v), [19] 35, paragraph 4 [20];

f) by an administrative financial penalty of Euro 2,847.69 to 9,397.33 for breach of Articles 29, paragraph 4 [21], 35, paragraph 2 [22], 41, paragraph 3 [23];

g) by an administrative financial penalty of Euro 1,423.83 to 6,407.28 for breach of Article 18, paragraph 1, letters r) [24], with reference to accidents exceeding three days, bb), and paragraph 2 [25];

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3. The principal employer promotes the cooperation and coordination referred to in paragraph 2, by drawing up a single risk assessment document that indicates the measures adopted to eliminate or, where this is not possible, minimise the risks from interference, or by identifying, limited to the sectors of activity with a low risk of accidents and occupational diseases referred to in Article 29, paragraph 6-ter, with reference both to the activity of the principal employer and to the activities of the contracting company and of the self-employed workers, a person of his or her own appointment, possessing adequate and specific professional training, experience and competence in relation to the assignment conferred, as well as periodic updating and direct knowledge of the working environment, to oversee such cooperation and coordination. […]
8-bis. *In the context of activities carried out under a contracting or subcontracting regime, contracting or subcontracting employers must expressly indicate to the principal employer the personnel who perform the function of supervisor.*"

[19] Safety Decree, Article 18, paragraph 1, letters g), n), p), second part, s) and v) provides that the employer and the managers, who organise and direct the activities according to the attributions and competences conferred on them, must "*g) send workers for medical examination within the deadlines provided for by the health surveillance programme and require the competent physician to comply with the obligations incumbent on him or her under this decree;*
n) allow workers to verify, through the workers' safety representative, the application of the safety and health protection measures; […]
p) draw up the document referred to in Article 26, paragraph 3, also on electronic media as provided for by Article 53, paragraph 5, and, upon request and for the performance of his or her function, promptly deliver a copy to the workers' safety representatives. The document is consulted; […]
s) consult the workers' safety representative in the cases referred to in Article 50; […]
v) in production units with more than 15 workers, convene the periodic meeting referred to in Article 35 …".

[20] Safety Decree, Article 35, paragraph 4: "*4. The meeting is also held on the occasion of any significant changes in the conditions of exposure to risk, including the planning and introduction of new technologies that have implications for the safety and health of workers. In the cases referred to in this article, in production units that employ up to 15 workers the workers' safety representative may request that a specific meeting be convened."*

[21] Safety Decree, Article 29, paragraph 4: "*4. The document referred to in Article 17, paragraph 1, letter a), and that referred to in Article 26, paragraph 3, must be kept at the production unit to which the risk assessment refers*."

[22] Safety Decree, Article 35, paragraph 2: "*2. During the meeting the employer submits for examination by the participants:*
a) the risk assessment document;
b) the trend of accidents and occupational diseases and of health surveillance;
c) the selection criteria, technical characteristics and effectiveness of personal protective equipment;
d) the information and training programmes for managers, supervisors and workers for the purposes of safety and protection of their health."

[23] Safety Decree, Article 41, paragraph 3: "*3. The medical examinations referred to in paragraph 2 may not be carried out:*
b) to ascertain states of pregnancy;
c) in the other cases prohibited by the legislation in force."

[24] Safety Decree, Article 18, paragraph 1 letter r): provides that the employer and the managers, who organise and direct the activities according to the attributions and competences conferred on them, must "*r) communicate electronically to INAIL and to IPSEMA, and through them to the national information system for prevention in the workplace referred to in Article 8, within 48 hours of receipt of the medical certificate, for statistical and informational purposes, the data and information relating to occupational accidents that result in absence from work of at least one day, excluding the day of the event and, for insurance purposes, those relating to occupational accidents that result in absence from work of more than three days; the obligation to communicate occupational accidents that result in absence from work of more than three days is in any case deemed fulfilled by means of the report referred to in Article 53 of the consolidated text of the provisions for compulsory insurance against accidents at work and occupational diseases, referred to in Decree of the President of the Republic No. 1124 of 30 June 1965."*

[25] Safety Decree, Article 18, paragraph 1 letters bb) and paragraph 2: the employer and the managers, who organise and direct the activities according to the attributions and competences conferred on them, have the obligation to "*bb) supervise so that workers subject to the obligation of health surveillance are not assigned to the specific work task without the required fitness assessment*. [..]
2. The employer provides the prevention and protection service and the competent physician with information on:
a) the nature of the risks;
b) the organisation of work, the planning and implementation of preventive and protective measures;

h) by an administrative financial penalty of Euro 711.92 to 2,562.91 for breach of Article 18, paragraph 1, letters g-bis) and r) [26], with reference to accidents exceeding one day, and of Article 25, paragraph 1, letter e), second sentence [27] and of Article 35, paragraph 5 [28];

i) by an administrative financial penalty of Euro 142.38 to 711.92 for each worker, in the event of breach of Article 26, paragraph 8 [29];

j) by an administrative financial penalty of Euro 71.19 to 427.16 in the event of breach of Article 18, paragraph 1, letter aa) [30].

- ***NEGLIGENT SERIOUS OR VERY SERIOUS PERSONAL INJURY (ARTICLE 590, PARAGRAPH 3 OF THE CRIMINAL CODE)***

The offence is committed whenever a person, in breach of the rules for the prevention of accidents at work, negligently causes serious or very serious injuries to another person.

Under paragraph 1 of Article 583 of the Criminal Code, an injury is considered serious in the following cases:

1. if the act results in an illness that endangers the life of the injured person, or an illness or an incapacity to attend to ordinary occupations for a period of more than forty days;
2. if the act produces the permanent weakening of a sense or an organ

Under paragraph 2 of Article 583 of the Criminal Code, an injury is instead considered very serious if the act results in:

1. an illness that is certainly or probably incurable;
2. the loss of a sense;
3. the loss of a limb, or a mutilation that renders the limb useless, or the loss of the use of an organ or of the ability to procreate, or a permanent and serious difficulty in speech.

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c) the description of the plants and of the production processes;
d) the data referred to in paragraph 1, letter r), and those relating to occupational diseases;
e) the measures adopted by the supervisory bodies."

[26] Safety Decree, 18, paragraph 1, letters g-bis) and r): provides that the employer and the managers, who organise and direct the activities according to the attributions and competences conferred on them, have the obligation to "*g-bis) in the cases of health surveillance referred to in Article 41, promptly notify the competent physician of the termination of the employment relationship;"*

[Article 18, paragraph 1, letter r) reproduced in note 23].

[27] Safety Decree, Article 25, paragraph 1, letter e): "*The competent physician [….] e) delivers to the worker, upon termination of the employment relationship, a copy of the health and risk record, and provides him or her with the necessary information on its retention; the original of the health and risk record must be kept, in compliance with the provisions of Legislative Decree No. 196 of 30 June 2003, by the employer, for at least ten years, unless a different term is provided for by other provisions of this decree*;"

[28] Safety Decree, Article 35, paragraph 5: this paragraph provides that of the periodic meeting "*minutes must be drawn up which are available to participants for consultation*."

[29] Safety Decree, Article 26, paragraph 8: "*In the context of activities carried out under a contracting or subcontracting regime, the personnel employed by the contracting or subcontracting company must be provided with a specific identification card with a photograph, containing the worker's personal details and the indication of the employer*."

[30] Safety Decree, 18, paragraph 1, letter aa): the employer and the managers, who organise and direct the activities according to the attributions and competences conferred on them, have the obligation to "*aa) communicate electronically to INAIL and to IPSEMA, and through them to the national information system for prevention in the workplace referred to in Article 8, in the event of a new election or designation, the names of the workers' safety representatives; in the initial phase of application the obligation under this letter concerns the names of the workers' representatives already elected or designated*".

For the criminal offences under Article 589 of the Criminal Code (manslaughter), Entities are subject to a financial penalty of between 250 and 1,000 units (in this regard it should be considered that the value of each unit may be determined, on the basis of the Entity's economic and financial condition, at between a minimum of 258 and a maximum of 1,549 Euro) and to the disqualification penalties referred to in Article 9, paragraph 2, for a duration of not less than three months and not more than one year.

For the criminal offences under Article 590, third paragraph, of the Criminal Code (serious and very serious negligent injuries), Entities are subject to a penalty of not more than 250 units and to the disqualification penalties referred to in Article 9, paragraph 2, for a duration of not more than six months.

For the administrative liability of LPM S.p.A. under the Decree to arise, however, Article 5 of the Decree itself requires that the Offences have been committed in its interest or to its advantage (for example in terms of savings in occupational health and safety costs).

2 . 1 In relation to the Offences and criminal conduct set out above, the risk analysis was carried out on the basis of the consideration that, unlike the other types of offence indicated in the Decree, what matters in this area is the mere non-observance of rules laid down to protect the health and safety of Workers from which the harmful event (death or injury) results, and not the psychological element of intent (awareness and will of the perpetrator to cause such event).

The areas of activity considered most specifically at risk for LPM S.p.A. all relate to such possible non-observance and are, for the purposes of this Special Part of the Model, the following:

1) workplaces (risk of explosion, fire, noise, vibrations, physical, chemical, carcinogenic, mutagenic and biological agents);
2) use and maintenance of plants, radiogenic plants, electrical plants and equipment, automatic warehouse, work equipment, goods-handling equipment (forklift, pallet truck, forklift pallet truck, cranes, lifting magnets, overhead cranes), manual handling of loads, use of video display terminals;
3) personal protective equipment (PPE),
4) assembly work at third parties' premises;
5) Health Surveillance and physical safety;
6) Emergency management;
7) training, information and instruction of workers;
8) monitoring of compliance with legislation and procedures (hereinafter the "**Risk Areas**").

Any additions to the Risk Areas may be ordered by the Board of Directors.

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

This Special Part is intended to regulate the conduct of Corporate Representatives, Suppliers and Partners of LPM S.p.A. as well as, to the extent that they do not fall within these definitions, of the relevant figures referred to in paragraph 5.2.1 of this Special Part.

The specific Recipients of this Special Part are:

- Employer
- Production Manager
- RSPP
- Supervisors
- ASPP
- RLS

The objective of this Special Part is that such Recipients adhere – to the extent that they are involved in carrying out activities falling within the Risk Areas and in consideration of the different position and the different obligations that each of them assumes towards LPM S.p.A. – to rules of conduct in line with what is prescribed therein in order to prevent and avoid the occurrence of Offences committed in breach of the rules on the protection of health and safety at work.

In particular, this Special Part has the function of:

a) provide a list of the general principles as well as of the specific procedural principles which the Recipients are required to observe for the correct application of the Model;
b) provide the SB and the heads of the company functions called upon to cooperate with it with the principles and operational tools necessary to be able to carry out the control, monitoring and verification activities entrusted to it.

4 . 1 In carrying out their respective activities/functions, in addition to the rules of this Model, Corporate Representatives are required, in general, to comply, for the parts of their concern, with all the rules and principles contained in the following documents:

1. company organisation chart;
2. CCNL;
3. Risk Assessment Document (DVR) with the related supplementary documents;
4. Procedures and operating instructions adopted by LPM S.p.A.;
5. UNI/INAIL guidelines for an SGSL;
6. Code of Ethics.

4 . 2 The policy for preventing the commission of Offences in breach of the rules on the protection of health and safety at work adopted by LPM S.p.A. is based on the following general principles and activities, to which fundamental importance is attributed:

a) clear identification and correct application of the requirements of the applicable laws and regulations on safety at work;

b) determination of health and safety at work policies aimed at defining the general commitments undertaken by LPM S.p.A. for the prevention of risks and the progressive improvement of health and safety;

c) identification and assessment of the risks for all categories of Workers, with particular reference to:
   - drafting of the Risk Assessment Document;
   - contracting agreements;
   - assessment of interference risks.

d) setting of objectives aligned with the general commitments defined in the policies referred to in point b) and development of programmes for achieving such objectives, with the related definition of priorities, timing and allocation of the respective responsibilities – with assignment of the necessary resources – in matters of health and safety at work, with particular reference to:
   - allocation of tasks and duties;
   - activities of the Prevention and Protection Service and appointment of the Competent Physician;
   - activities of all the other persons on whom responsibility falls for implementing the measures for the health and safety of Workers;

e) preparation and implementation of a system of procedures and work instructions, partly indicated in the DVR, which provides for the necessary activities and the roles of the persons involved in the system referring to the SGSL, which must be known and observed by all;

f) constant awareness-raising of the company structure, at all levels, of the absolute importance of compliance with the procedures on workplace safety and the use of PPE, in order to ensure the achievement of the objectives set also through the scheduling of training plans, with differentiated training for persons exposed to specific risks;

g) implementation of adequate monitoring, verification and inspection activities in order to ensure the effectiveness of the aforesaid occupational health and safety management system, in particular as regards:
   - maintenance and improvement measures;
   - management, rectification and prevention of conduct in breach of the rules, relating to disciplinary measures;
   - consistency between the activity carried out and the skills possessed;

h) implementation of the necessary corrective and preventive actions according to the results of monitoring;

i) carrying out a periodic review by company management in order to assess the effectiveness and efficiency of a system referring to the SGSL in achieving the objectives set, as well as the adequacy of the latter with respect both to the specific reality of LPM S.p.A. and to any changes in the activity;

j) need for the adoption of the Model and of the Code of Ethics by LPM S.p.A. to be made known to all External Collaborators, who must undertake to comply with the provisions contained therein in the performance of the services commissioned;

k) need for, in the event that External Collaborators are entrusted with works or services to be carried out within the Production Unit as part of the Company's production cycle, the interference risk assessment to be carried out, the DUVRI to be delivered to the External Collaborators and a guarantee to be obtained of the correct training of the External Collaborator and/or its personnel on the interference risks identified and on the conduct to be adopted;

l) need for the interference risk assessment to be carried out and constantly updated for the areas of the Production Unit used in common with Unimolds S.r.l. and for the personnel to be correctly trained on the interference risks identified and on the conduct to be adopted.

In order to allow the implementation of the principles aimed at protecting the health and safety of Workers and to guarantee adequate safeguards within the individual Risk Areas, also and above all through compliance with the principles and activities referred to in letters a) to k) of Article 4.2, the following specific procedural principles are provided for.

5.1 COMPANY POLICIES ON SAFETY

The occupational health and safety policy adopted by LPM S.p.A. must constitute a fundamental reference for all Corporate Representatives and for all those who, external to LPM S.p.A., have dealings with it.

This policy must be applied to all activities carried out by LPM S.p.A. and must have as its objective to set out the principles which inspire every company action and to which everyone must adhere in relation to his or her own role and the responsibilities assumed within LPM S.p.A., with a view to the health and safety of all Workers.

This policy provides for the commitment of LPM S.p.A. to:

- consider the health and safety system as an integral part of company management, knowledge of which must be guaranteed to all Corporate Representatives;
- make the entire company organisation accountable, from the Employer to each of the Workers, in the management of the occupational health and safety system, each for his or her own attributions and competences, in order to prevent prevention activity from being regarded as the exclusive responsibility of certain persons with a consequent lack of active participation by certain Corporate Representatives;
- involve and consult the Workers, including through supervisors and RLS; in prior consultation on the identification and assessment of risks and the definition of preventive measures as well as periodic meetings with them;

- define and disseminate within LPM S.p.A. the objectives of the Occupational Health and Safety Management System and the related implementation programmes;
- provide the necessary human and instrumental resources, assessing the advisability of investments in new plants and taking into account in such assessment, in addition to economic and financial aspects, also aspects of safety and protection of the health of Workers;
- promote collaboration with the Competent Authorities in order to establish an effective communication channel aimed at continuous improvement of performance on safety and protection of the health of Workers;
- continuously improve prevention;
- constantly monitor the company's accident situation in order to ensure control over it, identify critical issues and the related corrective/training actions;
- periodically review the health and safety policy adopted and the related management system implemented in order to ensure their constant adequacy to the organisational structure of LPM S.p.A..

5.2 THE ORGANISATION OF THE SYSTEM

5.2.1 TASKS AND RESPONSIBILITIES

In defining the organisational and operational tasks of Managers, Supervisors and Workers, those relating to the safety activities within their competence must also be set out and made known,

as well as the responsibilities connected with the exercise thereof and the tasks of inspection, verification and supervision in matters of occupational health and safety (SSLav). The obligations which, in implementation of the principles described above and of the applicable legislation, are placed on the relevant figures are set out below.

(A) THE EMPLOYER

The Employer of LPM S.p.A. is assigned all obligations in matters of health and safety at work, including the following non-delegable tasks:

1. assessing all risks to the safety and health of Workers, also in the choice of work equipment and substances used, as well as in the arrangement of workplaces, including those concerning groups of Workers exposed to particular risks (e.g. risks connected with gender differences, age, origin from other countries); in this regard, in the choice made, the Employer must ensure compliance with the technical and structural standards required by law;

2. following such assessment, drawing up the Risk Assessment Document (to be kept at the Production Unit) and/or any update thereof, bearing a certain date, containing:
   - a report on the assessment of all risks to safety and health during work, in which the criteria adopted for the assessment itself are specified;
   - the indication of the prevention and protection measures implemented and of the personal protective equipment adopted following the aforesaid risk assessment;
   - the programme of the measures considered appropriate to ensure the improvement of safety levels over time;
   - the identification of the procedures for implementing the measures to be taken and of the roles in the company organisation that must carry them out;
   - the indication of the name of the RSPP, of the RLS and of the Competent Physician who took part in the risk assessment;
   - the identification of the tasks that may expose Workers to specific risks requiring recognised professional capacity, specific experience, adequate training and instruction.

   The activity of risk assessment and of drafting the Risk Assessment Document must be carried out in collaboration with the RSPP and the Competent Physician. For this activity the Employer may avail himself or herself of the collaboration of an External Consultant considered suitable.
   The risk assessment is subject to prior consultation with the RLS, and must be carried out again on the occasion of changes to the production process that are significant for SSLav;

3. designating the Head of the Prevention and Protection Service.

The Employer is assigned all the tasks, competences and functions provided for by the Safety Decree, including those of:

a) appointing the Competent Physician to carry out Health Surveillance;

b) designating in advance the Workers in charge of implementing fire-prevention and fire-fighting measures, evacuation of the workplace in the event of serious and immediate danger, rescue, first aid and, in any event, emergency management;

c) providing Workers with the necessary and suitable personal protective equipment, after consulting the RSPP and the Competent Physician;

d) adopting appropriate measures so that only Workers who have received adequate instructions and specific training have access to areas that expose them to a serious and specific risk;
e) fulfilling the information, training and instruction obligations referred to in paragraph 5.2.3 below;
f) communicating to INAIL, for statistical and informational purposes, the data relating to occupational accidents that result in absence from work of at least one day, excluding the day of the event and, for insurance purposes, the information relating to occupational accidents that result in absence from work of more than three days;
g) convening the periodic meeting referred to in Article 35 of the Safety Decree;
h) updating the prevention measures in relation to organisational and production changes that are relevant for occupational health and safety, or in relation to the degree of development of prevention and protection technology;
i) providing for an adequate system of supervision of compliance with safety procedures and measures by Workers, identifying within his or her own Production Unit specific figures assigned to this task.

In order to ensure the implementation of a synergistic and participatory company safety model, the Employer provides the Prevention and Protection Service and the Competent Physician with information on:

a) the nature of the risks;
b) the organisation of work;
c) the planning and implementation of preventive and protective measures;
d) the description of the plants and of the production processes;
e) the data relating to accidents and those relating to occupational diseases.

(B) The Prevention And Protection Service (SPP)

In fulfilling the obligations on SSLav, the Employer organises the Service for the Prevention and Protection from occupational risks, which is responsible for:

- identifying risk factors, assessing risks and identifying measures for the safety and healthiness of the working environments, in compliance with the legislation in force on the basis of specific knowledge of the company organisation;
- drawing up, to the extent of its competence, the preventive and protective measures following the risk assessment and the control systems for such
- drawing up the safety procedures for the various company activities;
- proposing the information and training programmes for Workers;
- taking part in the consultations on the protection of SSLav as well as in the periodic meeting referred to in Article 35 of the Safety Decree;
- providing Workers with any information on the protection of SSLav that may be necessary.

Where, in carrying out their tasks, the RSPP or the ASPPs identify any critical issues in the implementation of the remedial actions prescribed by the Employer, the RSPP concerned must give immediate notice thereof to the SB.

Any replacement of an RSPP must also be communicated to the SB with express indication of the reasons supporting such decision.
The RSPP carries out, together with the Competent Physician, at least twice a year, inspections at the Production Unit. In addition, the RSPP organises an annual meeting of the SPP, giving prior notice thereof to the SB.

(C) The Competent Physician

The Competent Physician is responsible, among other things, for:

- collaborating with the Employer and with the Prevention and Protection Service in the risk assessment, also for the purposes of planning,

where necessary, Health Surveillance, preparing the implementation of measures for the protection of the health and psychophysical integrity of Workers, training and information activity for them, for the part within his or her competence, and organising the first aid service taking into account the particular types of work and exposure and the particular organisational methods of work;

- planning and carrying out Health Surveillance;
- establishing, updating and keeping under his or her own responsibility a health and risk record for each of the Workers subject to Health Surveillance;
- providing Workers with information on the meaning of the medical examinations to which they are subjected and informing them of the related
- communicating in writing, on the occasion of the periodic meeting referred to in Article 35 of the Safety Decree, the anonymous collective results of the Health Surveillance carried out, providing indications on the meaning of such results for the purposes of implementing the measures for the protection of the health and psychophysical integrity of Workers;
- visiting the working environments at least once a year or at a different frequency on the basis of the risk assessment;
- taking part in the planning of the monitoring of the exposure of Workers, the results of which are provided to him or her promptly for the purposes of risk assessment and Health Surveillance.

(D) The Workers' Safety Representative (RLS)

This is the person elected or designated, in accordance with the trade union agreements on the matter, to represent the Workers for aspects of health and safety in the workplace.

He or she receives, through the Employer or a delegate thereof, the specific training required on health and safety.

Among other things, the RLS:

- has access to the workplaces;
- is consulted in advance and promptly on the assessment of risks and on the identification, planning, implementation and verification of preventive measures;
- is consulted on the designation of the RSPP, of the ASPPs and of those in charge of implementing emergency and first-aid measures and of the Competent Physician;
- is consulted on the organisation of training activities;
- promotes the development, identification and implementation of prevention measures suitable to protect the health and psychophysical integrity of Workers;
- takes part in the "periodic meeting on prevention and protection from risks";
- receives information relating to the risk assessment and the related prevention measures and, where he or she so requests and for the performance of his or her function, has the possibility to consult the Risk Assessment Document and the DUVRIs.

The RLS has the time necessary to carry out the assignment, without loss of pay, as well as the means necessary for the exercise of the functions and powers granted to him or her; he or she may not suffer any prejudice because of carrying out his or her activity and the same protections provided by law for trade union representatives apply to him or her.

(E) The Workers

Each of the Workers must take care of his or her own safety and health and that of the other persons present in the workplace who may be affected

by the effects of his or her actions and omissions, in relation to the training and instructions received and the equipment provided.

Workers must in particular:

– comply with the provisions and instructions given by the Employer, the Managers and the Supervisors, for the purposes of collective and individual protection;
– correctly use machinery, equipment, tools, hazardous substances and preparations, means of transport and other work equipment, as well as safety devices;
– use the protective devices made available to them in accordance with the Employer's instructions and in an appropriate manner;
– immediately report to the Employer, the Manager or the Supervisor the deficiencies of the means and devices in the preceding points, as well as any other dangerous conditions of which they become aware, working directly, in cases of urgency, within the scope of their competences and possibilities, to eliminate or reduce such deficiencies or dangers, notifying the RLS;
– not remove or modify without authorisation safety, signalling or control devices;
– not carry out on their own initiative operations or manoeuvres that are not within their competence or that may compromise their own safety or that of other Workers;
– take part in the training and instruction programmes organised by the Employer;
– undergo the medical checks provided for them;
– contribute, together with the Employer, the Managers and the Supervisors, to the fulfilment of all obligations imposed by the competent authority or in any case necessary to protect the safety and health of Workers during work.

Workers of companies that carry out contracted and subcontracted activities for LPM S.p.A. inside the Production Unit must display a specific identification card.

(F) Designers, Manufacturers, Suppliers And Installers

Designers of workplaces, work stations and plants are required to comply with the general principles of prevention in matters of health and safety at work when making design and technical choices and are also required to use machinery and protective devices meeting the essential safety requirements laid down in the legislative and regulatory provisions in force.

Suppliers sell, hire and grant for use equipment, plants and personal protective equipment that comply with the legislative and regulatory provisions in force on health and safety at work and on product type-approval.

Installers and fitters of plants, work equipment or other technical means, for the part within their competence, must comply with the rules on SSLav, with the DUVRI and with the instructions provided by the respective manufacturers.
Installers and fitters must ensure that the personnel assigned to carry out work within the Company have been trained, informed of the specific risks and of the prevention and emergency measures adopted in relation to the activity to be carried out and have been provided with the necessary PPE.

5.2.2 The Planning Process

In order to implement the policy referred to in paragraph 5.1, LPM S.p.A. undertakes, as provided for by the legislation in force, to ensure compliance with the legislation on the protection of health and safety at work, as well as to ensure, in general, a safe, healthy working environment suitable for carrying out work activity. In this regard LPM S.p.A. correctly identifies the requirements imposed in this area by EU, national, regional and local laws and regulations, also in order to ensure the correct preparation and implementation of a system referring to the SGSL, defines the general commitments and plans the interventions necessary to equip itself with the technical tools suitable for complying with the rules laid down to protect the health and safety of workers.

5.2.3 INFORMATION, TRAINING AND INSTRUCTION

(A) INFORMATION

The information, training and instruction that LPM S.p.A. provides to Corporate Representatives must be easily understandable and must enable them to acquire the necessary awareness of:

- the risks to safety and health connected with the activity of the company in general;
- the protection and prevention measures and activities adopted;
- the specific risks to which the worker is exposed in relation to the activity carried out, the safety regulations and the company provisions on the matter;
- the dangers connected with the use of hazardous substances and preparations on the basis of the safety data sheets provided for by the legislation in force and by good technical standards (evidence of the training/information of workers having taken place is kept at the Personnel Department, available to the external supervisory bodies);
- the procedures concerning first aid, fire-fighting, evacuation of workers, emergency management and safety signage;
- the names of the RSPP, of the ASPPs and of the Competent Physician and their tasks;
- the consequences of carrying out their activity not in accordance with the SSLav system adopted by LPM S.p.A.;
- the role and responsibilities that fall on each of them and the importance of acting in accordance with the company policy referred to in paragraph 4.2 and this Chapter 5 and any other requirement relating to the SSLav system adopted by LPM S.p.A., as well as the principles indicated in this Special Part that are relevant to them.

The information activity described is evidenced on a documentary basis, including by means of specific minutes.

(B) TRAINING AND INSTRUCTION

LPM S.p.A. undertakes to raise awareness throughout the company organisation in order to ensure the achievement of the objectives set, including through the scheduling of training plans.
LPM S.p.A. recognises the importance of training and instruction as a tool to pursue, through the achievement of the objectives on safety at work. It also considers it essential to have an effective information process at all company levels.
To this end:

a) the functional managers have the annual responsibility to assess and identify the competences and knowledge required for each task and to communicate them to the head of human resources;

b) on the occasion of the Management review, the need to adapt the training and instruction plan for Workers on the basis of the planned activities and the Company's organisational needs is examined;

c) a company job description manual is prepared, updated annually by the function managers, in which the person-task-competence correspondence matrix is also managed.

d) the awareness of personnel is ensured by means of:

- internal procedures and work instructions;
- task-specific training activities;
- dissemination of the company Code of Ethics;
- meetings on the management of safety aspects
- consultation on safety issues through the RLS

e) information to Workers is conveyed by the following means:

- Information meetings
- Information sheets
- Use of notice boards
- By e-mail
- IT systems in use
- Internal communications
- Safety signage
- Emergency floor plans

f) the contents of the information are updated whenever new technical knowledge and/or changes arise, specific requests from the RLS or the Control Bodies, needs on the basis of operating experience, analysis of incidents, near misses and anomalies, results of internal audits;

g) to ensure the correct management of resources, the functional managers, in collaboration with the head of human resources, on the occasion of drawing up the annual budget, plan the training and instruction of personnel taking into account the following:

- the effectiveness of the courses held in the current year;
- new training needs in relation to the competences required: Workers who change task and those who are transferred must receive specific, prior and/or additional training, where necessary, for the new assignment;
- new training needs to improve the awareness of personnel
- training must be appropriate to the risks of the task to which each of the Workers is actually assigned;

h) every Worker must undergo all those training actions made mandatory by legislation such as, for example:

- use of work equipment;
- use of personal protective equipment;
- manual handling of loads;
- use of video display terminals;

i) periodic emergency drills must be carried out, evidence of which must be given (through, for example, minutes of the drill having taken place with reference to the methods of conduct and the results);

j) those assigned to specific emergency tasks (e.g. fire-prevention and evacuation and first-aid officers) must receive specific training;

k) in training activity the learning of Workers must be verified at the end of each training activity by means of a specific final examination or on an ongoing basis through assessment by the superior within each function;

l) evidence must be given on a documentary basis of all the training activity described above, including by means of specific minutes, and, where required, it must be repeated periodically.

m) the Head of human resources records the training plans, keeps a training schedule, checks compliance with them and files the documentation;

n) Supervisors are trained so as to acquire overall competence in the Integrated Management System (all procedures and operating instructions) so as to be able to perform the role assigned to them by law;

o) the training plan, again with a view to improving the competence of personnel, is implemented in connection with:

- changes of task;
- gaps that emerge in the IMS;
- distribution of new system documentation, processes, machines or materials, for which training activity is required;
- changes to objectives, targets, procedures, instructions, manual;
- events that have created, or risked creating, environmental, quality or health and safety problems
- new mandatory requirements;

p) for all newly hired personnel with a permanent/fixed-term employment contract and temporary agency contract an induction training path is provided, made up of two distinct sections:

- General part: common to all and prepared by the personnel office in collaboration with the SPP for the safety part
- On-the-job part: prepared by the head of the area in which the newly hired personnel has been placed;

q) the training path of the newly hired Worker is estimated at about 1 month; at the end of this period the head of human resources draws up a report, signed by the Company and by the Worker, attesting the training, and files it;

r) LPM S.p.A. also guarantees that all staff permanently present in the company organisational context, in whatever form of employment relationship they operate, have the necessary competence and training and instruction.

5.2.4 COMMUNICATION, INFORMATION FLOW AND COOPERATION

In order to make the organisational system adopted for safety management, and therefore the prevention of accidents in the workplace, more effective, LPM S.p.A. organises itself to ensure an adequate level of circulation and sharing of information among all Workers.

In this regard LPM S.p.A. adopts an internal communication system that provides for two different types of information flows:

a) bottom-up The bottom-up flow is guaranteed by LPM S.p.A. through the possibility offered to each of the Workers to bring to the attention of his or her hierarchical superior observations, proposals and needs for improvement, both in written and verbal form and without formal constraints, concerning the management of safety in the company, which will then be transmitted to the Employer and/or the RSPP and/or the SB;

b) top-down The top-down flow is aimed at disseminating to all Workers knowledge of the system adopted by LPM S.p.A. for the management of safety in the workplace by means of direct verbal communications, display on the notice board, safety signage and signs placed within the company, and the internal company e-mail system.

To this end LPM S.p.A. guarantees Corporate Representatives adequate and constant information through the preparation of notices to be circulated internally and the organisation of periodic meetings concerning:

- new risks in matters of health and safety of Workers;
- changes in the organisational structure adopted by LPM S.p.A. for the management of the health and safety of Workers;
- the contents of the company procedures adopted for the management of the safety and health of Workers;
- any other aspect concerning the health and safety of Workers.

5.2.5 DOCUMENTATION

In order to contribute to the implementation and constant monitoring of the system adopted to guarantee health and safety in the workplace, LPM S.p.A. ensures that the following documents are properly kept and updated:

the health record, which must be established, updated and kept by the Competent Physician;

- the Risk Assessment Document, which indicates the methodology with which the risk assessment was carried out and contains the programme of maintenance and improvement measures.

LPM S.p.A. is also required to ensure that:

the Head and the Officers of the Prevention and Protection Service (RSPP and ASPP), the Competent Physician, those in charge of implementing emergency and first-aid measures, as well as any Managers, are formally appointed;

- documentary evidence is given of the visits to the workplaces carried out by the Competent Physician and by the RSPP;
- documentation relating to laws, regulations and accident-prevention rules relevant to the company's activity is kept;
- documentation relating to company regulations and agreements is kept;

- the manuals and instructions for use of machines, equipment and personal protective equipment supplied by the manufacturers are kept;
- every procedure adopted by LPM S.p.A. for the management of health and safety in the workplace is kept;
- all documentation relating to the activities referred to in Chapter 5.2.3 (Information, training and instruction) is kept by the RSPP and made available to the SB.

5.2.6 MONITORING AND REVIEW

LPM S.p.A. carries out adequate monitoring, verification and inspection activity in order to ensure the effectiveness of the occupational health and safety management system, in particular as regards:

- maintenance and improvement measures of the system, organised and implemented;
- management, rectification and prevention of conduct in breach of the rules, relating to disciplinary measures, in accordance with the Disciplinary Code;
- consistency between the activity carried out and the skills possessed;
- implementation of the necessary corrective and preventive actions according to the results of monitoring;
- review and periodic updating of the procedures;

- carrying out of internal audits;
- carrying out a periodic review by the Employer, during the periodic meetings with management and the periodic meetings with the workers' representatives and with the Supervisors, in order to assess the effectiveness and efficiency of the SSLav in achieving the objectives set, as well as the adequacy of the latter with respect to the specific reality of LPM S.p.A. Such review will be recorded in the related meeting minutes.

LPM S.p.A. provides that, where monitoring concerns aspects requiring specific competences, it is entrusted to competent Consultants.

5.3 CONTRACTING AGREEMENTS

In contracting agreements, meaning contracts for works, services or supply, the principles indicated below must be observed.

With regard to contracts subject to the legislation under Article 26 of the Safety Decree, Legislative Decree No. 81/2008, the obligations incumbent on the Employer, in accordance with company procedures, are the following:

- verification of the technical and professional suitability of the contracting companies or self-employed workers in relation to the work to be awarded by contract;
- making available to the contractors detailed information on the specific risks existing in the environment in which they are to operate and on the prevention and emergency measures adopted in relation to its own activity,
- cooperation in implementing the measures for prevention and protection from occupational risks affecting the work activity that is the subject of the contract;
- coordination of the interventions for protection and prevention from the risks to which Workers are exposed, through a constant exchange of information with the employers of the contracting companies, also in order to eliminate risks due to interference between the work of the different companies involved in carrying out the overall work. To this end the contracting companies must carry out an inspection of the working environment before the start of the work awarded by contract;
- receipt of adequate guarantee from the contracting companies that the personnel assigned to carry out the contracted activities at the Company have been informed and trained on the specific risks of the working environment and from interference, as well as on the prevention and emergency measures adopted in relation to its own activity, including the delivery of the necessary PPE.

The principal Employer promotes the cooperation and coordination referred to in the preceding points, in particular by drawing up a Single Risk Assessment Document in which the measures adopted to eliminate or, where this is not possible, to minimise the risks from interference are indicated.
The DUVRI is drawn up and subsequently updated in consideration of the specific activities to be carried out by the contractor or subcontractor within the workplaces of LPM S.p.A., assessing the interference risks of the specific activity to be carried out and verifying the training of the personnel assigned before the activity begins.

SPECIAL PART F

MONEY LAUNDERING, USE OF MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGIN AND SELF-LAUNDERING AND CRIMES RELATING TO PAYMENT INSTRUMENTS OTHER THAN CASH AND FRAUDULENT TRANSFER OF VALUABLES

(ARTICLES 25-OCTIES OF THE DECREE AND 25-OCTIES1 OF THE DECREE)

INDEX SPECIAL PART F

DEFINITIONS

CHAPTER 1 THE TYPES OF OFFENCES
1.1 MONEY LAUNDERING (ARTICLE 25-OCTIES OF THE DECREE)
1.2 CRIMES RELATING TO PAYMENT INSTRUMENTS OTHER THAN CASH AND FRAUDULENT TRANSFER OF VALUABLES (ARTICLE 25-OCTIES.1 OF THE DECREE)

CHAPTER 2 RISK AREAS

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

CHAPTER 4 GENERAL PRINCIPLES OF CONDUCT AND CONTROL

CHAPTER 5 SPECIFIC PROCEDURAL PRINCIPLES

Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

1.1 THE MONEY LAUNDERING OFFENCES (ARTICLE 25-OCTIES OF THE DECREE)

Article 25-*octies* of the Decree (Handling of stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering) provides that:

"1*. In relation to the offences referred to in Articles 648, 648-bis, 648-ter and 648-ter.1 of the Criminal Code, a financial penalty of 200 to 800 units applies to the entity. Where the money, goods or other benefits derive from a crime for which the penalty of imprisonment of a maximum of more than five years is laid down, a financial penalty of 400 to 1,000 units applies.*
2. In cases of conviction for one of the crimes referred to in paragraph 1, the disqualification penalties provided for by Article 9, paragraph 2, apply to the entity for a duration of not more than two years.
3. In relation to the unlawful acts referred to in paragraphs 1 and 2, the Ministry of Justice, after hearing the opinion of the UIF, formulates the observations referred to in Article 6 of Legislative Decree No. 231 of 8 June 2001."

The Money Laundering Offences, considered such even if the activities that generated the proceeds to be laundered took place in the territory of another EU State or of a non-EU country, are listed below:

- ***HANDLING OF STOLEN GOODS (ARTICLE 648 OF THE CRIMINAL CODE)***

This offence arises where a person, in order to procure a profit for himself or others, purchases, receives or conceals money or things deriving from any crime, or in any case intervenes in having them purchased, received or concealed. This offence is punished by imprisonment of two to eight years and a fine of Euro 516 to Euro 10,329. The penalty is reduced where the act is of particular minor gravity.

- ***MONEY LAUNDERING (ARTICLE 648-BIS OF THE CRIMINAL CODE)***

This offence arises where a person replaces or transfers money, goods or other benefits deriving from a non-negligent crime, or carries out other transactions in relation to them, so as to obstruct the identification of their criminal origin.

This offence is punished by imprisonment of four to twelve years and a fine of Euro 5,000 to Euro 25,000. The penalty is increased where the act is committed in the exercise of a professional activity.

- ***USE OF MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGIN (ARTICLE 648-TER OF THE CRIMINAL CODE)***

This offence arises in the case of use in economic or financial activities of money, goods or other benefits deriving from crime. In this case imprisonment of four to twelve years and a fine of Euro 5,000 to Euro 25,000 is provided for. The penalty is increased where the act is committed in the exercise of a professional activity.

- ***SELF-LAUNDERING (ARTICLE 648-TER.1 OF THE CRIMINAL CODE)***

All the types of Money Laundering Offences provided for before the amendment introduced by Law No. 186/2014 did not penalise the person who had committed the crime from which the unlawful proceeds derived (the so-called predicate crime), but a person extraneous to that unlawful act who,

being aware of the criminal origin of the sums or other benefits, re-used or concealed them, etc.

With the inclusion of self-laundering among the predicate Offences, the crime is also committed by the person who committed the predicate offence. The provision in fact punishes the person who, after having committed or participated in committing a non-negligent crime, uses, replaces or transfers money, goods or other benefits deriving from the commission of that crime, so as to concretely obstruct the identification of their criminal origin. In this case the penalty of imprisonment of two to eight years and a fine of Euro 5,000 to Euro 25,000 is provided for. The penalty is increased where the acts are committed in the exercise of banking or financial activity or of other professional activity.

In the event of the commission of offences by the Entity, with particular reference to tax offences which, by their nature, produce an economic advantage, the possibility of committing the offence of self-laundering is particularly high given the possible occurrence of the conduct provided for by the new provision, that is, replacement, transfer or use in economic and financial activities, since the proceeds deriving from tax evasion are usually transferred or used in economic/financial activity.

For the offence to occur, however, there must also be an obstacle to the identification of the origin of the proceeds. It seems reasonable to state that, in the case of holding in the Entity's accounts the sums evaded from taxation or of their "transparent" use that results directly from the accounting records, no conduct directed at obstructing the identification of the origin being identifiable, self-laundering must be excluded.

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- **THE ANTI-MONEY LAUNDERING DECREE**

Italian legislation on the prevention of money laundering and terrorist financing aims to hinder such phenomena by prohibiting, among other things, the carrying out of transactions with anonymous instruments, limiting the use of cash and ensuring the traceability of transactions through customer identification and data retention.

The reference legislative framework consists of the Anti-Money Laundering Decree (Legislative Decree No. 231/2007), as substantially amended by Legislative Decree No. 90/2017 (transposition of the Fourth AML Directive) and by Legislative Decree No. 125/2019 (transposition of the Fifth AML Directive), as well as by subsequent corrective and implementing measures.

The Anti-Money Laundering Decree provides, in summary, the following main tools of prevention and enforcement:

1. Limitations on the use of cash and bearer instruments. The transfer of cash and bearer instruments, in euro or foreign currency, between different persons is prohibited when the value of the transaction is equal to or exceeds the threshold in force under Article 49 of Legislative Decree No. 231/2007, currently set at Euro 5,000. The transfer may, however, be carried out through banks, electronic money institutions and Poste Italiane S.p.A. Specific thresholds/exceptions provided for by law remain unaffected (for example, for money transfer services – threshold of Euro 1,000; for sales to non-resident tourists, dedicated limits and procedures).
2. Customer due diligence obligations. The "obliged entities" must carry out customer due diligence in relation to the relationships and transactions inherent in their activity, according to the risk-based approach governed by Articles 17-30 of Legislative Decree No. 231/2007, including by remote identification methods in the cases and with the safeguards provided for.

3. Record-keeping obligations. The obliged entities must keep the documents, data and information acquired to fulfil the due diligence obligations so that they can be used for any investigations or analyses of money laundering or terrorist financing by the UIF and the other competent authorities. The rules currently in force are contained in Article 31 of Legislative Decree No. 231/2007 (which replaced the previous numbering).
4. Reporting of suspicious transactions (STR). The obliged entities must send to the Financial Intelligence Unit (UIF) a report when they know, suspect or have reasonable grounds to suspect that money laundering or terrorist financing transactions are being, have been or have been attempted to be carried out. The rules are now in Article 35 of Legislative Decree No. 231/2007.

Obliged entities. The obliged entities include, in particular:

a) Financial intermediaries and other financial operators, including:
   - banks;
   - Poste Italiane S.p.A.;
   - securities brokerage firms (SIM);
   - asset management companies (SGR);
   - collective investment undertakings (OICR), including SICAV/SICAF, as provided for by the decree.

b) Professionals:
   - chartered accountants and accounting experts;
   - notaries and lawyers when, in the name and on behalf of clients, they carry out transactions of a financial or real estate nature or assist clients in the transactions specified by the decree.

c) Statutory auditors;

d) other persons who carry out activities subject to licences/authorisations/ registrations or to specific reporting obligations, including, by way of example:
   - "gold buying" ("compro oro") operators
   - providers of services relating to the use of virtual currencies and digital wallet service providers (as identified by the anti-money laundering legislation in force);
   - debt collection on behalf of third parties;
   - transport of cash and valuables;
   - operation of casinos;
   - offering, including online, of games, betting or prize competitions with cash winnings;
   - further categories expressly indicated by Legislative Decree No. 231/2007 and by the implementing legislation.

As emerges from the list just given, LPM S.p.A., as a company in the metalworking sector, does not ordinarily fall among the "*obliged entities*" subject to the specific anti-money laundering obligations (due diligence, record-keeping, STR), not carrying out activities falling within those specified above.

1.2 Crimes Relating To Payment Instruments Other Than Cash (Article 25-octies.1)

Article 25-*octies*.1 of the Decree provides for the following Predicate Offences:

- unlawful use and forgery of payment instruments other than cash (Article 493-ter of the Criminal Code)
- any other crime against public faith, against property or in any case harming property provided for by the Criminal Code,

when it concerns payment instruments other than cash (unless the act constitutes another administrative offence punished more severely), which is punished by imprisonment of not less than ten years

with provision for a financial penalty of three hundred to eight hundred units and the disqualification penalties provided for by Article 9, paragraph 2;

- possession and dissemination of equipment, devices or computer programs aimed at committing offences concerning payment instruments other than cash (Article 493-*quater* of the Criminal Code)
- computer fraud (Article 640-*ter* of the Criminal Code), in the aggravated case of a transfer of money, monetary value or virtual currency being carried out,
- any other crime against public faith, against property or in any case harming property provided for by the Criminal Code, when it concerns payment instruments other than cash (unless the act constitutes another administrative offence punished more severely), which is punished by imprisonment of less than ten years.

with provision for a financial penalty of up to five hundred units and the disqualification penalties provided for by Article 9, paragraph 2;

- fraudulent transfer of valuables (Article 512-*bis* of the Criminal Code)

with provision for a financial penalty of two hundred and fifty to six hundred units and the disqualification penalties provided for by Article 9, paragraph 2

- Unlawful Use And Forgery Of Payment Instruments Other Than Cash (Article 493-ter Of The Criminal Code)

The criminal offence is committed by anyone who, in order to derive a profit for himself or for others, unlawfully uses, without being the holder, credit or payment cards, or any other similar document that enables the withdrawal of cash or the purchase of goods or the provision of services, or in any case any other payment instrument other than cash, as well as by anyone who, in order to derive a profit for himself or for others, forges or alters the instruments or documents referred to in the first sentence, or possesses, transfers or acquires such instruments or documents of unlawful origin or in any case forged or altered, as well as payment orders produced with them.

- Possession And Dissemination Of Equipment, Devices Or Computer Programs Aimed At Committing Offences Concerning Payment Instruments Other Than Cash (Article 493-quater Of The Criminal Code)

The offence is committed by anyone who, unless the act constitutes a more serious offence, in order to make use of it or to allow others to make use of it in the commission of offences concerning payment instruments other than cash, produces, imports, exports, sells, transports, distributes, makes available or in any way procures for himself or for others equipment, devices or computer programs which, by technical and construction characteristics or by design, are built primarily to commit such offences, or are specifically adapted for the same purpose".

As already emerges from the heading, this is a preparatory offence to the commission of further offences concerning payment instruments other than cash.

In addition to the material object of the offence, the destination for the purpose of committing offences relating to payment instruments other than cash also emerges from the specific intent,

which consists in the aim of making use of such instruments, or of allowing others to make use of them, for the commission of such offences.

- **Computer Fraud (Article 640-ter Of The Criminal Code)**

To give an example of the different types of offence, case law attributes to the offence under Article 493-ter of the Criminal Code the unlawful use of a credit card to make payments or cash withdrawals, while it attributes to Article 640-ter of the Criminal Code the no less serious case of unlawful use of the codes of the same card to carry out online transactions.

It should also be noted that with Legislative Decree No. 184/2021 the offence of computer fraud under Article 640-ter of the Criminal Code is reintroduced into Legislative Decree No. 231/2001 through Article 25-octies.1, even though it is already included in the list of predicate offences by Article 24 of the Legislative Decree, where it is committed "*to the detriment of the State or of another public body or of the European Union*". Computer fraud is therefore present in Legislative Decree No. 231/2001 in its two distinct and autonomous "versions":

- in Article 24 of Legislative Decree No. 231/2001, as an offence punishable in its full provision, but only if committed to the detriment of the State or of another public body or of the European Union;
- in Article 25-octies.1 of Legislative Decree No. 231/2001, as an offence punishable even if committed against a private party, but on condition that the aggravating circumstance of an unlawful act that produced a transfer of money, monetary value or virtual currency can be alleged.

– **Fraudulent Transfer Of Valuables (Article 512-bis Of The Criminal Code)**

[I]. Unless the act constitutes a more serious offence, anyone who fictitiously attributes to others the ownership or availability of money, goods or other benefits in order to circumvent the provisions of law on asset preventive measures or on smuggling, or to facilitate the commission of one of the crimes referred to in Articles 648, 648-bis and 648-ter, is punished by imprisonment of two to six years.

[II]. The same penalty as in the first paragraph applies to anyone who, in order to circumvent the provisions on anti-mafia documentation, fictitiously attributes to others the ownership of businesses, company quotas or shares or of corporate offices, where the entrepreneur or the company takes part in procedures for the award or performance of contracts or concessions

Chapter 2 Risk Areas

In relation to the Offences and criminal conduct set out above, the areas considered most specifically at risk are, for the purposes of this Special Part of the Model, the following:

1. management of relations with Suppliers and External Consultants at national and transnational level, with particular reference to the management of knowledge of the counterparties (Suppliers and customers);
2. management of incoming and outgoing financial flows, with particular reference to the management of payments and receipts;
3. drafting and approval of the financial statements;
4. intra-group relations;
5. management of the issuance of credit cards or other payment instruments other than cash, their unlawful use and the charging of expenses, keeping of credentials

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

This Special Part refers to conduct engaged in by Corporate Representatives, Consultants and Partners.

Particular regard must be had to Employees who, in carrying out their duties, come into contact with money and other means of collection and payment and who are, in summary:

- Administration and Finance area personnel;
- Marketing & Sales Division;
- Operations Division (Warehouse Management and Purchasing)
- Users of company credit cards or other company payment instruments other than cash

- Consistently with the principles set out in the General Part of this Model and in the Code of Ethics and with the principles of conduct set out in the other Special Parts, in carrying out the activities in the identified Risk Areas, all Recipients of the Model are required to observe the following principles of conduct.
-
- As a general rule, the Recipients of this Special Part are required to ensure that:
- segregation of duties is ensured, as far as possible and taking into account the structure of the Company, between the various persons involved in the process of managing invoicing activities (sales/purchase) and financial transactions (receipts/payments);
- authorisation and signing powers consistent with the organisational and management responsibilities assigned are identified and made known, with provision, where appropriate, for expenditure approval thresholds;
- accounting is managed in accordance with generally recognised principles of bookkeeping, the provisions of law and the existing company procedures;
- LPM S.p.A.'s financial flows, both incoming and outgoing, are constantly monitored and always traceable;
- for the management of incoming and outgoing flows, as well as for the management of treasury transactions or intra-group transactions, only banking channels and those of other accredited financial intermediaries subject to European Union rules are used, or credit/financial institutions located in a non-EU State that imposes obligations equivalent to those provided for by money laundering laws and provides for supervision of compliance with such obligations;
- transactions involving the use or employment of economic or financial resources have an express reason ("causale") and are documented and recorded in accordance with the principles of accounting fairness and transparency;
- tax returns are prepared ensuring the correctness and completeness of the data and in compliance with the legislation in force.
- counterparties are checked, in order to ascertain their existence and respectability, before starting the relationship and/or making payments;
- the recording of all transactions involving the use or employment of economic or financial resources takes place in accordance with the principles of accounting fairness and transparency.
- It is also prohibited to:
- make payments/accept receipts on current accounts of banks operating in countries included in the blacklists of "tax havens" or of "terrorism-risk" countries and in favour of off-shore companies, except in documented cases approved by the Chairman of the Board of Directors, relating to typically commercial relations for the purchase or sale of services, in compliance with the tax legislation in force;
- make payments and/or transfers of money to encrypted or anonymous current accounts;
- issue invoices or release documents for non-existent transactions;
- indicate fictitious deductible items by making use of invoices or other

documents having probative value similar to invoices for non-existent transactions;

- provide unnecessary services, invoice services not actually provided, duplicate the invoicing for the same service, omit the issue of credit notes where services have been invoiced, even by mistake, that are wholly or partly non-existent or not fundable;

- purchase goods and/or services against payment of consideration abnormally lower than the market value of the good or service;
- unlawfully use or allow unauthorised third parties to use company credit cards or other payment instruments other than cash attributable to the Company;
- carry out activities of procurement, production and/or dissemination of equipment and/or software intended to commit offences concerning payment instruments other than cash,
- carry out an unlawful transfer of money, monetary value or virtual currency by altering the operation of a computer or telematic system or by fraudulently interfering with data, information or programs contained therein.

Consultants and Partners must be informed of the Company's adoption of the Model and of the Code of Ethics and Conduct, knowledge of and compliance with which will constitute a contractual obligation on such persons.

In particular, in carrying out the activities considered at risk, Corporate Representatives, directly, and Consultants and Partners, by means of specific contractual clauses, in relation to the type of relationship in place with the Company, must observe the following general principles of conduct:

1) refrain from engaging in conduct such as to constitute the types of offence provided for by the aforesaid Money Laundering Offences;
2) refrain from engaging in conduct which, although not in itself constituting types of offence falling within those considered above, may potentially become so;
3) maintain correct, transparent and cooperative conduct, in compliance with the provisions of law and internal company procedures, in all activities aimed at managing the master data of Suppliers/Customers/ Partners, including foreign ones;
4) not have commercial relations with persons (natural or legal) who are known or suspected to belong to criminal organisations or in any case to operate outside the law such as, by way of example but not limitation, persons linked to the money laundering environment, drug trafficking, arms trafficking, terrorism, usury, etc.;

5) not use anonymous instruments to carry out transfers of significant amounts;
6) not accept cash payments and pay particular attention to payments from foreign credit institutions, especially where they have their registered office in tax havens or come from persons listed in the anti-terrorism *blacklist*;
7) maintain correct conduct, in compliance with the provisions of law and internal company procedures, in all sales and purchase accounting activities;
8) carry out constant monitoring of the company's financial flows;
9) comply, in drawing up the annual statutory financial statements, the reports and the other corporate communications required by law, with Italian accounting standards so that the documents drawn up give a

true and fair representation of the economic, asset and financial position of the Company;

10) ensure the regular functioning of the Company and of the Corporate Bodies, guaranteeing and facilitating every form of control over corporate management provided for by law;
11) report to the Supervisory Body any transaction that presents indicators of anomaly and, where necessary, after appropriate consultation with one's manager, suspend/discontinue the relationship with the customer concerned. Reports as well as any discontinuations of relationships must be made with the utmost promptness;
12) use any payment instruments other than cash of the Company and/or assigned by the Company to a specific person solely for office purposes;

13) not transfer to third parties the credentials of the Company's payment instruments other than cash or those assigned by the Company to a specific person.

It is also prohibited to:

a) make payments/accept receipts on current accounts of banks operating in countries included in the blacklists of "tax havens" or of "terrorism-risk" countries[31] and in favour of off-shore companies, except in documented cases approved by the Chairman of the Board of Directors, relating to typically commercial relations for the purchase or sale of services, in compliance with the tax legislation in force;
b) make payments and/or transfers of money to encrypted or anonymous current accounts;
c) issue invoices or release documents for non-existent transactions;
d) indicate fictitious deductible items by making use of invoices or other documents having probative value similar to invoices for non-existent transactions;
e) provide unnecessary services, invoice services not actually provided, duplicate the invoicing for the same service, omit the issue of credit notes where services have been invoiced, even by mistake, that are wholly or partly non-existent or not fundable;

f) purchase goods and/or services against payment of consideration abnormally lower than the market value of the good or service;
g) grant External Consultants or Suppliers fees that are unusual or higher than market rates without reasonable justification;
h) unlawfully use or allow unauthorised third parties to use company credit cards or other payment instruments other than cash attributable to the Company;
i) carry out activities of procurement, production and/or dissemination of equipment and/or software intended to commit offences concerning payment instruments other than cash,
j) carry out an unlawful transfer of money, monetary value or virtual currency by altering the operation of a computer or telematic system or by fraudulently interfering with data, information or programs contained therein.

[31] This means the lists of persons, Groups or Entities subject to European Union financial restrictive measures or lists of persons linked to international terrorism, compiled and published by the Financial Intelligence Unit (UIF) established at the Bank of Italy, by the World Bank and by recognised international financial institutions. In particular, reference is made to the Lists compiled by the European Union, by OFAC (the "*Office of Foreign Assets Control*" of the US Department of the Treasury), by the UN and by the World Bank.

In addition to the general rules of conduct indicated above and the prevention and control safeguards set out in the other special parts and, in particular, in Special Part C, further operational prevention and control safeguards are set out below to prevent the commission of the Offences covered by this Special Part.

The Recipients of the Model are obliged to:

1) at the stage of customer acquisition, assess, in addition to financial reliability, also the related "money laundering risk" profiles. To this end the Marketing & Sales Division will first obtain from customers, where necessary through area managers or agents, the documents attesting registration in the Companies Register or similar body and the correctness of the VAT number communicated, consisting of certifications and/or self-certifications with translation into English or Italian;
2) assess, on the basis of the documentation acquired, the "money laundering risk" profile associated with each customer, also taking into consideration the following "points of attention":
   - the customer's sector of activity and profession/sector of activity and corporate purpose (in the case of a legal person);
   - operations channelled through foreign current accounts;
   - the customer's residence/registered office in blacklisted countries or in non-cooperative countries on the lists of the Financial Action Task Force (FATF);
   - request for payment of the transaction through financing from a bank established in one of the countries indicated in the preceding point;
   - request for payment of the transaction with a sum of money exceeding the legal limits for cash payments, or with bearer bank or postal savings books or with bearer securities (cheques, postal orders, certificates of deposit, etc.) in Euro or foreign currency or with instruments outside normal commercial practice;
3) in the case of "anomaly profiles" in financial relations with counterparties in relation to the method, place or recipient of the payment – immediately notify one's superior and proceed with the transaction only after obtaining his or her opinion/authorisation and, if appropriate, given the importance of the transaction, notify the SB;
4) in acquiring Suppliers and partners, carry out preventive checks on the counterparty to the transaction in order to verify its identity, registered office, legal nature, reputation and reliability;
5) choose Suppliers or External Consultants on the basis of requirements of professionalism, quality, reliability and cost-effectiveness and carry out periodic assessments of the continuing existence of such requirements;
6) document the process of selection/periodic assessment of the Supplier or External Consultant, including any quotations requested and/or the checks carried out on the Supplier or External Consultant itself, regarding honourability and commercial reliability (e.g. request for anti-mafia certificates, criminal record and pending charges searches, on-site visits, etc.);
7) ensure the completeness and updating of the data and information on Suppliers, External Consultants and customers in order to demonstrate their correct and timely identification and a precise assessment and verification of their profile;
8) verify the regularity of payments, with reference to the full coincidence between the recipients/payers of payments and the counterparties actually involved in the transactions;

9) ensure the traceability of the phases of the decision-making process relating to financial relations with third parties;
10) provide, as far as possible, for segregation between the person who requests the service or purchase, the person who records the invoice and prepares the payment instructions and the person who checks and/or authorises the payment; in particular, the following must always be verified: (i) the quantity and quality of incoming goods as well as the receipt of the service before giving approval for payment of the goods/service and (ii) any deviations between the amount invoiced by the Supplier or External Consultant and the amount ordered and (iii) the coincidence between the recipient of the payment and the person who supplied the goods and services and issued the invoice;
11) provide, as far as possible, for segregation between the person who negotiates the commercial offer of goods and/or services, the person who prepares the invoice and the person who verifies receipt of payment; in particular it must always be verified (i) that the service is actually performed, (ii) the coincidence between the recipient of the goods and services and the recipient of the invoice, (iii) the coincidence between the recipient of the goods and services indicated in the invoice and the person who made the payment, (iv) the correspondence of the amounts invoiced with the amounts agreed and (v) the correspondence between what was invoiced and what was collected;
12) prepare, also through External Consultants, and maintain, with annual updating, a file of suitable documentation on transfer pricing relating to all intra-group transactions carried out during each financial year, in accordance with the applicable legislative and regulatory provisions, including the guidelines issued by the OECD. This file must contain an adequate comparability analysis, the description of the intercompany transactions, the pricing methods adopted and any further element useful to demonstrate the conformity of the consideration applied with the arm's length principle.

13) carry out intra-group transactions only under specific contracts aimed at governing the methods of settlement of intra-group transactions with consideration determined in accordance with the applicable transfer price policy;
14) use payment instruments other than cash according to the following operating methods and company policies:
   i. company credit cards are in a named person's name and may be held and used only by the holder or person authorised to use them;
   ii. company credit cards must provide for monthly spending limits, reasonable and appropriate to the company expenses of the holder/ authorised person;
   iii. the holder/person authorised to use credit cards or any other payment instrument other than cash may use them only for company expenses connected with the assignment carried out and must keep the payment instruments received with the utmost diligence, separate from the related credentials;
   iv. it is prohibited to unlawfully use or hold codes, passwords, PINs, credentials or other means suitable for using credit or debit cards or other company payment instruments other than cash, of which one is not the holder or which one is not authorised in writing to use;
   v. it is prohibited to unlawfully hold or use any other company document or instrument that enables the withdrawal of cash and/or the purchase of goods or services and their payment, if one is not a holder or person authorised in writing to use them;
   vi. it is prohibited to transfer, communicate or make available to persons who are not holders and not authorised to use them, credit or debit cards, payment instruments other than cash, as well as the related codes, passwords, PINs,

credentials or other means or documents suitable for their use or that enable the withdrawal of cash, the purchase of goods or the payment of services;

vii. it is prohibited to use company credit cards and any other company payment instrument other than cash for personal purposes;

viii. expenses incurred with a credit card or any other payment instrument other than cash must be checked monthly, where possible against supporting documentation; the check must be carried out by a person other than the one who made the payment with an instrument other than cash;

ix. any personal expenses – where incurred with company payment instruments – must be reimbursed to the Company.

SPECIAL PART G

ENVIRONMENTAL OFFENCES

(ARTICLE 25-UNDECIES OF THE DECREE)

INDEX SPECIAL PART G

DEFINITIONS

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Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

CER means the European Waste Catalogue.

Environmental Code means Legislative Decree No. 152 of 3 April 2006 and subsequent amendments and additions.

Waste producer means LPM S.p.A.

Domestic waste water means waste water from residential settlements and services and deriving mainly from human metabolism and domestic activities.

Industrial waste water means any type of waste water discharged from buildings or installations in which commercial activities or the production of goods are carried out, other than domestic waste water and rainwater run-off.

Urban waste water means domestic waste water or the mixture of domestic waste water, industrial waste water or rainwater run-off conveyed into sewerage networks, including separate ones, and coming from an agglomeration.

Waste means any substance or object which the holder discards or intends or is required to discard pursuant to Article 183 of the Environmental Code, to which direct reference is made for any updates/changes.

Waste management means the collection, transport, recovery including sorting, and disposal of waste, including the supervision of such operations and the aftercare of disposal sites, as well as the operations carried out as a dealer or broker (cf. Article 183, letter n) of the Environmental Code).

The operations of removal, grouping, sorting and storage preliminary to the collection of natural materials or substances deriving from atmospheric or meteorological events, including storm surges and floods, even where mixed with other materials of anthropogenic origin, carried out, for the technical time strictly necessary, at the same site in which those events deposited them, do not constitute waste management activities.

Waste collection means the operation of removing waste, including preliminary sorting and preliminary storage prior to collection, including the management of the collection centres referred to in letter “mm”, for the purposes of grouping the waste for its transport to a treatment plant (cf. Article 183, letter o) of the Environmental Code).

Temporary storage means the grouping of waste for the purpose of its transport to a recovery and/or disposal plant, carried out prior to collection pursuant to Article 185-bis (cf. Article 183, letter bb), of the Environmental Code).

Stockpiling means disposal activities consisting of the operations of preliminary storage of waste referred to in point D 15 of Annex “B” to Part IV of the Environmental Code, as well as recovery activities consisting of the operations of placing materials in

reserve referred to in point R 13 of Annex “C” to Part IV of the Environmental Code (cf. Article 183, letter aa) of the Environmental Code).

Recovery means the recovery operations, which must take place without danger to human health and without using processes or methods that could harm the environment, set out in Annex “C” to Part IV of the Environmental Code.

Disposal means any operation other than recovery even where the operation has as a secondary consequence the recovery of substances or energy, as per the non-exhaustive list of disposal operations set out in Annex B to Part IV of the Environmental Code.

Emission means any solid, liquid and gaseous substance introduced into the atmosphere that may cause atmospheric pollution.

KILLING, DESTRUCTION, CAPTURE, TAKING, POSSESSION OF SPECIMENS OF PROTECTED WILD ANIMAL OR PLANT SPECIES* (ARTICLE 727-BIS OF THE CRIMINAL CODE)

Unless the act constitutes a more serious offence, anyone who, outside the permitted cases, kills, captures or possesses specimens belonging to a protected wild animal species is punished by detention of one to six months or a fine of up to Euro 4,000, except in cases where the action concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species.
Anyone who, outside the permitted cases, destroys, takes or possesses specimens belonging to a protected wild plant species is punished by a fine of up to Euro 4,000, except in cases where the action concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species.

* Protected wild animal or plant species means those indicated in Annex IV of Directive 92/43/EC and in Annex I of Directive 2009/147/EC. (In view of the activity carried out by LPM S.p.A. such offences are not considered capable of being actually committed).
(In view of the activity carried out by LPM S.p.A. this offence is not considered capable of being actually committed).

DESTRUCTION OR DETERIORATION OF HABITATS WITHIN A PROTECTED SITE (ARTICLE 733-BIS OF THE CRIMINAL CODE)

Anyone who, outside the permitted cases, destroys a “habitat within a protected site” or in any case deteriorates it, compromising its conservation status, is punished by detention of up to eighteen months and a fine of not less than Euro 3,000.

“Habitat within a protected site” means any habitat of species for which an area is classified as a special protection area pursuant to Article 4, paragraphs 1 or 2, of Directive 2009/147/EC, or any natural habitat or habitat of species for which a site is designated as a special area of conservation pursuant to Article 4, paragraph 4, of Directive 92/43/EC.
(In view of the activity carried out by LPM S.p.A. this offence is not considered capable of being actually committed).

LAW NO. 150 OF 7 FEBRUARY 1992

REGULATION OF THE OFFENCES RELATING TO THE APPLICATION IN ITALY OF THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA, SIGNED IN WASHINGTON ON 3 MARCH 1973, REFERRED TO IN LAW NO. 874 OF 19 DECEMBER 1975, AND OF REGULATION (EEC) NO. 3626/82, AND SUBSEQUENT AMENDMENTS, AS WELL AS RULES ON THE MARKETING AND POSSESSION OF LIVE SPECIMENS OF MAMMALS AND REPTILES THAT MAY CONSTITUTE A DANGER TO PUBLIC HEALTH AND SAFETY.

It is considered that, given the Company's scope of operations, this offence does not present a risk of commission (In view of the activity carried out by LPM S.p.A. such offences are not considered capable of being actually committed).

LEGISLATIVE DECREE NO. 152/2006 (ENVIRONMENTAL CODE)

UNLAWFUL DISCHARGE OF INDUSTRIAL WASTE WATER CONTAINING HAZARDOUS SUBSTANCES (ARTICLE 137 OF THE ENVIRONMENTAL CODE)

Where the conduct described in paragraph 1 of Article 137 of the Environmental Code ("*Anyone who opens or in any case carries out new discharges of industrial waste water, without authorisation, or continues to carry out or maintain such discharges after the authorisation has been suspended or revoked*") concerns discharges of industrial waste water containing the hazardous substances included in the families and groups of substances indicated in tables 5 and 3/A of Annex 5 to Part Three of the Environmental Code, the penalty is detention of three months to three years.

In the case of conviction the disqualification penalties apply for a duration of not more than six months.

The other relevant paragraphs of Article 137 are set out below:
"[3] Anyone who, outside the cases referred to in paragraph 5, or in Article 29-quattuordecies, paragraph 3, discharges industrial waste water containing the hazardous substances included in the families and groups of substances indicated in tables 5 and 3/A of Annex 5 to Part Three of this decree without complying with the requirements of the authorisation, or the other requirements of the competent authority pursuant to Articles 107, paragraph 1 (discharges into sewerage networks) and 108, paragraph 4 (discharges of hazardous substances), is punished by detention of up to two years. ….

[5] Unless the act constitutes a more serious offence, anyone who, in relation to the substances indicated in table 5 of Annex 5 to Part III of this decree, in carrying out a discharge of industrial waste water, exceeds the limit values set in table 3 or, in the case of discharge on the ground, in table 4 of Annex 5 to Part Three of this decree, or the stricter limits set by the regions or autonomous provinces or by the Competent Authority pursuant to Article 107, paragraph 1, is punished by detention of up to 2 years and a fine of Euro 3,000 to Euro 30,000. If the limit values set for the substances contained in table 3/A of the same Annex 5 are also exceeded, detention of six months to three years and a fine of six thousand to one hundred and twenty thousand Euro apply. ……

[11] *Anyone who does not observe the discharge prohibitions provided for by Articles 103 (discharges on the ground) and 104 (discharges into the subsoil and groundwater) is punished by detention of up to three years" …..*
The financial penalty for the Entity ranges from two hundred to three hundred units. In the case of conviction the disqualification penalties apply for a duration of not more than six months.
The penalty of detention of two months to two years always applies if the discharge into sea waters by ships or aircraft contains substances or materials for which an absolute ban on discharge is imposed under the provisions of the international conventions in force on the matter and ratified by Italy, unless they are in such quantities as to be rendered rapidly harmless by the physical, chemical and biological processes that occur naturally

at sea and provided that prior authorisation has been given by the competent authority.

Prohibition Of Abandonment (Article 192 Of The Environmental Code)

1. The uncontrolled abandonment and deposit of waste on and in the ground are prohibited.

2. The release of waste of any kind, in solid or liquid state, into surface and ground waters is also prohibited.

3. Without prejudice to the application of the penalties referred to in Articles 255 and 256, anyone who violates the prohibitions referred to in paragraphs 1 and 2 is required to proceed to the removal, to the sending for recovery or to the disposal of the waste and to the restoration of the state of the places jointly with the owner and the holders of real or personal rights of enjoyment over the area, to whom such violation is attributable by way of intent or negligence, on the basis of the checks carried out, in adversarial proceedings with the interested parties, by the persons in charge of control. The Mayor orders by ordinance the operations necessary for this purpose and the time limit within which to carry them out, after which he proceeds to execution at the expense of the obliged persons and to the recovery of the sums advanced.

4. Where responsibility for the unlawful act is attributable to directors or representatives of a legal person pursuant to and for the purposes of paragraph 3, the legal person and the persons who have succeeded to the rights of the person itself are jointly liable, in accordance with the provisions of Legislative Decree No. 231 of 8 June 2001, on the administrative liability of legal persons, companies and associations.

Unauthorised Waste Management Activity (Article 256, Paragraphs 1, 3, 5 And 6 Of The Environmental Code)

1. 1. Outside the cases penalised under Article 29-quattuordecies, paragraph 1, anyone who carries out an activity of collection, transport, recovery, disposal, trade and brokerage of waste in the absence of the required authorisation, registration or communication referred to in Articles 208, 209, 210, 211, 212, 214, 215 and 216 is punished (1):

a) by detention of three months to one year or a fine of two thousand six hundred Euro to twenty-six thousand Euro in the case of non-hazardous waste;

b) by detention of six months to two years and a fine of two thousand six hundred Euro to twenty-six thousand Euro in the case of hazardous waste.

3. Outside the cases penalised under Article 29-quattuordecies, paragraph 1, anyone who creates or manages an unauthorised landfill is punished by detention of six months to two years and a fine of two thousand six hundred Euro to twenty-six thousand Euro. Detention of one to three years and a fine of Euro five thousand two hundred to Euro fifty-two thousand apply if the landfill is intended, even in part, for the disposal of hazardous waste. A conviction or a judgment issued pursuant to Article 444 of the Code of Criminal Procedure entails the confiscation of the area on which the unlawful landfill is built if it is owned by the perpetrator or accomplice in the offence, without prejudice to the obligations of remediation or restoration of the state of the places. … 5.

Anyone who, in breach of the prohibition referred to in Article 187, carries out unauthorised waste mixing activities is punished by the penalty referred to in paragraph 1, letter b).
6. Anyone who carries out the temporary storage of hazardous healthcare waste at the place of production, in breach of the provisions of Article 227, paragraph 1, letter b), is punished by detention of three months to one year or by a fine of two thousand six hundred Euro to twenty-six thousand Euro. An administrative financial penalty of two thousand six hundred Euro to fifteen thousand five hundred Euro applies for quantities not exceeding two hundred litres or equivalent quantities.

Unlawful Burning Of Waste (Article 256-bis Of The Environmental Code)

1. Outside the cases penalised under Article 29-quattuordecies, paragraph 1, anyone who carries out an activity of collection, transport, recovery, disposal, trade and brokerage of waste in the absence of the required authorisation, registration or communication referred to in Articles 208, 209, 210, 211, 212, 214, 215 and 216 is punished:

a) by detention of three months to one year or a fine of two thousand six hundred Euro to twenty-six thousand Euro in the case of non-hazardous waste;
b) by detention of six months to two years and a fine of two thousand six hundred Euro to twenty-six thousand Euro in the case of hazardous waste.

2. The penalties referred to in paragraph 1 apply to business owners and heads of bodies who abandon or deposit waste in an uncontrolled manner or release it into surface or ground waters in breach of the prohibition referred to in Article 192, paragraphs 1 and 2.

3. Outside the cases penalised under Article 29-quattuordecies, paragraph 1, anyone who creates or manages an unauthorised landfill is punished by detention of six months to two years and a fine of two thousand six hundred Euro to twenty-six thousand Euro. Detention of one to three years and a fine of Euro five thousand two hundred to Euro fifty-two thousand apply if the landfill is intended, even in part, for the disposal of hazardous waste. A conviction or a judgment issued pursuant to Article 444 of the Code of Criminal Procedure entails the confiscation of the area on which the unlawful landfill is built if it is owned by the perpetrator or accomplice in the offence, without prejudice to the obligations of remediation or restoration of the state of the places.
4. The penalties referred to in paragraphs 1, 2 and 3 are reduced by half in cases of non-compliance with the requirements contained in or referred to in the authorisations, as well as in cases of lack of the requirements and conditions required for registrations or communications.

5. Anyone who, in breach of the prohibition referred to in Article 187, carries out unauthorised waste mixing activities is punished by the penalty referred to in paragraph 1, letter b).

6. Anyone who carries out the temporary storage of hazardous healthcare waste at the place of production, in breach of the provisions of Article 227, paragraph 1, letter b), is punished by detention of three months to one year or by a fine of two thousand six hundred Euro to twenty-six thousand Euro. An administrative financial penalty of two thousand six hundred Euro to fifteen thousand five hundred Euro applies for quantities not exceeding two hundred litres or equivalent quantities.

7. Anyone who breaches the obligations referred to in Articles 231, paragraphs 7, 8 and 9, 233, paragraphs 12 and 13, and 234, paragraph 14, is punished by an administrative financial penalty of two hundred and sixty Euro to one thousand five hundred and fifty Euro.

Remediation Of Sites (Article 257 Of The Environmental Code)

Anyone who causes pollution of the soil, subsoil, surface waters or groundwater by exceeding the risk threshold concentrations is punished by detention of six months to one year or by a fine of two thousand six hundred Euro to twenty-six thousand Euro, if he does not carry out remediation in accordance with the project approved by the competent authority in the procedure referred to in Articles 242 et seq.

In the event of failure to make the communication referred to in Article 242, the offender is punished by detention of three months to one year or by a fine of one thousand Euro to twenty-six thousand Euro.

Detention of one year to two years and a fine of five thousand two hundred Euro to fifty-two thousand Euro apply if the pollution is caused by hazardous substances.

Breach Of The Obligations Of Communication, Of Keeping Mandatory Registers And Of Forms (Article 258, Paragraph 4 Of The Environmental Code,)

4. Unless the act constitutes an offence, anyone who transports waste without the form referred to in Article 193 or without the substitute documents provided for therein, or states incomplete or inaccurate data in the form itself, is punished by an administrative financial penalty of one thousand six hundred Euro to ten thousand Euro. The penalty under Article 483 of the Criminal Code applies in the case of transport of hazardous waste. The latter penalty also applies to anyone who, in preparing a waste analysis certificate, provides false indications on the nature, composition and chemical-physical characteristics of the waste and to anyone who uses a false certificate during transport.

Illicit Trafficking Of Waste (Article 259, Paragraph 1 Of The Environmental Code,)

Paragraph 1. Anyone who carries out a shipment of waste constituting illicit trafficking pursuant to Article 26 of Regulation (EEC) No. 259 of 1 February 1993, or carries out a shipment of waste listed in Annex II of the aforesaid regulation in breach of Article 1, paragraph 3, letters a), b), c) and d), of the regulation itself is punished by a fine of one thousand five hundred and fifty Euro to twenty-six thousand Euro and by detention of up to two years. The penalty is increased in the case of shipment of hazardous waste.

Organised Activities For The Illicit Trafficking Of Waste (Article 452-quaterdecies Of The Criminal Code, Formerly Article 260 Of The Environmental Code)

[I]. Anyone who, in order to obtain an unjust profit, through several operations and through the setting up of continuous organised means and activities, transfers, receives, transports, exports, imports, or in any case unlawfully manages large quantities of waste is punished by imprisonment of one to six years.

[II]. If the waste is of high radioactivity, the penalty of imprisonment of three to eight years applies.

[III]. Conviction entails the accessory penalties referred to in Articles 28, 30, 32-bis and 32-ter, with the limitation referred to in Article 33.

[IV]. The judge, with the conviction or with the judgment issued pursuant to Article 444 of the Code of Criminal Procedure, orders the restoration of the state of the environment and may make the granting of the conditional suspension of the sentence subject to the elimination of the damage or danger to the environment.

[V]. Confiscation is always ordered of the things that were used to commit the offence or that constitute the product or profit of the offence, unless they belong to persons extraneous to the offence. Where this is not possible, the judge identifies assets of equivalent value which the convicted person has at his disposal, even indirectly or through an intermediary, and orders their confiscation.

It Control System For Waste Traceability (Article 260-bis Of The Environmental Code)

Article 260-bis of the Environmental Code provided for obligations and penalties relating to the waste traceability system (the so-called SISTRI).

Decree-Law No. 135 of 14 December 2018, converted with amendments by Law No. 12 of 11 February 2019, from 1 January 2019 abolished SISTRI and established the National Electronic Register for waste traceability, managed directly by the Ministry of the Environment and Protection of Land and Sea.

The bodies and companies that carry out waste treatment, the producers of hazardous waste and the bodies and companies that collect or transport hazardous waste on a professional basis or that operate as dealers and brokers of hazardous waste, the Consortia established for the recovery and recycling of particular types of waste, as well as, with reference to non-hazardous waste, anyone who carries out waste collection and transport on a professional basis, dealers and brokers of waste without possession, companies and bodies that carry out waste recovery and disposal operations, the Consortia and recognised systems, those established for the recovery and recycling of packaging and of particular types of waste, as well as the companies and bodies that are initial producers of hazardous waste and the companies and bodies that are initial producers of non-hazardous waste, are required to register in this register.

Article 6 of Decree-Law No. 135 of 14 December 2018 also provides that from 1 January 2019 and until the end of the full operation of the National Electronic Register, waste traceability (until the full operation of the National Electronic Register R.E.N.T.R.I.) is ensured by fulfilling the requirements of the Environmental Code (Articles 188, 189, 190 and 193) of the Environmental Code, in the text in force prior to the amendments that established SISTRI, that is, the completion of the forms, the keeping of the loading and unloading registers and the submission of the MUD (single environmental declaration form).

Penalties (Article 279 of the Environmental Code)

[paragraph V] In the cases provided for in paragraph 2, the penalty of detention of up to one year always applies if the exceeding of the emission limit values also results in the exceeding of the air quality limit values provided for by the legislation in force.

Limits on Emissions From Water Discharges (Annex 5, Part Three, Environmental Code)

Reference is made to tables No. 3 *"Emission limit values in surface waters and in sewers"*, 3-A *"Emission limits per unit of product referring to specific production cycles"*, 4 *"Emission limits for urban and industrial waste water discharged on the ground"*, 5 *"Substances for which limits less restrictive than those indicated in table 3 cannot be adopted, for discharge into surface waters and for discharge into sewers, or in table 4 for discharge on the ground"* of Annex No. 5, Part Three of the Environmental Code.

Law No. 549 of 28 December 1993 – Measures To Protect The Stratospheric Ozone And The Environment

"Cessation And Reduction Of The Use Of Ozone-depleting Substances" (Article 3 of Law No. 549/93)

Anyone who violates the provisions on the use of substances harmful to the ozone layer, without prejudice to the provisions of paragraph 4, is punished by detention of up to two years and a fine of up to three times the value of the substances used for production purposes, imported or marketed.

In the most serious cases, conviction entails the revocation of the authorisation or licence under which the activity constituting the unlawful act is carried out.

LEGISLATIVE DECREE NO. 202 OF 6 NOVEMBER 2007. – IMPLEMENTATION OF DIRECTIVE 2005/35/EC – ON SHIP-SOURCE POLLUTION AND CONSEQUENT PENALTIES.

(In view of the activity carried out by LPM S.p.A. such offences are not considered capable of being actually committed).

In relation to the Offences set out above, the areas considered most specifically at risk are, for the purposes of this Special Part of the Model:

- operations of handling, decanting, loading and unloading, temporary storage, stockpiling and disposal of hazardous substances (solid and liquid);
- operations carried out with natural and legal persons resident in the national territory or abroad who deal in the collection, transport, recovery, disposal, trade and brokerage of waste of any kind;
- management of emissions into the atmosphere;
- management of the AUA (Single Environmental Authorisation).

LPM S.p.A. is particularly sensitive to the subject of environmental protection, and has obtained ISO 14001 certification.

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

This Special Part refers to conduct engaged in by Corporate Representatives, Consultants and Partners as already defined in the General Part.

Particular regard must be had to Employees who, in carrying out their duties, are in any capacity involved in activities falling within the aforesaid Risk Areas. Among such Employees the following are mentioned in particular:

- Operations Division
- Environment and Safety Manager;
- Research & Development area personnel.

In carrying out the activities considered at risk, Corporate Representatives, directly, and Consultants and Partners, by means of specific contractual clauses, in relation to the type of relationship in place with the Company, must observe the following general principles of conduct:

a. raise awareness in the company structure, at all levels, of the importance of compliance with environmental legislation and of the achievement of the objectives set in this area;

b. identify and keep updated, also with the help of External Consultants, the catalogue of the legislation applicable to LPM S.p.A. on environmental matters;

c. periodically assess LPM S.p.A.'s compliance with environmental legislation and plan and carry out the environmental measures necessary to ensure compliance with environmental legislation, setting objectives with definition of priorities, timing and allocation of the respective responsibilities and assignment of the necessary resources;

d. implement adequate monitoring, verification and inspection activities in order to ensure the effectiveness of the environmental management system;

e. implement the necessary corrective and preventive actions according to the results of the monitoring;

f. carry out a periodic review by company management in order to assess the effectiveness and efficiency of the environmental management system in achieving the objectives set, as well as the adequacy of the latter with respect both to the specific reality of LPM S.p.A. and to any changes in the activity.

The procedural principles are set out below which, in relation to the Risk Areas highlighted above, must be implemented in specific procedures that Corporate Representatives and all those who have dealings with LPM S.p.A. are required to comply with.

5.1 COMPANY POLICIES ON ENVIRONMENTAL MANAGEMENT

The environmental policy is defined, approved and issued by the Board of Directors of LPM S.p.A. and is reviewed at least annually, again by the Board of Directors, on the basis of the results of monitoring of the system. The review, the outcome of which need not necessarily entail changes to the aforesaid policy, may also take place following possible events or situations that make it necessary.

This policy must be applied to all activities carried out by LPM S.p.A. and must have as its objective to set out the principles which inspire every company action and to which everyone must adhere in relation to his or her own role and the responsibilities assumed within LPM S.p.A., with a view to improving the Company's environmental performance.

In carrying out their activities on behalf of LPM S.p.A., Corporate Representatives, directly, and Consultants and Partners, by means of specific contractual clauses, must comply with the operating instructions adopted by the Company for environmental management.

On the basis of the aforesaid policy, LPM S.p.A. must therefore carry out its activities according to the following principles:

- making the entire company organisation accountable, including each of the Workers, in environmental management, each for his or her own attributions and competences, in order to prevent prevention activity from being regarded as the exclusive responsibility of certain persons with a consequent lack of active participation by certain Corporate Representatives;
- commitment to consider the environmental management system as an integral part of company management, knowledge of which must be guaranteed to all Corporate Representatives;
- commitment to continuous improvement and to the reduction of environmental impact;
- commitment to provide the necessary human and instrumental resources, assessing the advisability of investments in new plants, taking into account in such assessment, in addition to economic and financial aspects, also environmental aspects;
- commitment to ensure that each Corporate Representative, within the limits of their respective attributions, is made aware and trained to carry out his or her tasks in compliance with the rules on environmental protection;
- commitment to promote collaboration with the Competent Authorities (e.g. ARPA, Province, Municipality, Fire Brigade) in order to establish an effective communication channel aimed at continuous improvement of environmental performance;
- commitment to constantly monitor the level of discharges, of emissions into the atmosphere and of soil pollution, in order to ensure control over them, identify any critical issues and the related corrective actions;

- commitment to define the guidelines and organisational methods of the environmental management system in accordance with the Environmental Code and with reference to the ISO 14001 standards;
- commitment to define and disseminate within LPM S.p.A. the environmental objectives and the related implementation programmes;
- commitment to a periodic review of the environmental policy and of the management system implemented, in order to ensure their constant adequacy to the organisational structure of LPM S.p.A..

5.2 Procedures On Waste Management

In order to prevent the commission of offences relating to waste management, LPM S.p.A. must approve and implement procedures that provide clearly and precisely for the methods of execution, deadlines and roles of the persons involved in the following activities:

- operating plans for the correct separation, temporary storage, stockpiling and disposal of waste, including non-hazardous waste;
- constant verification and monitoring of the correct management of temporary storage, stockpiling and disposal of waste, including non-hazardous waste;
- classification of waste according to the CER code, also with the assistance of external consultants;
- verification of the suitability of transporters and of the operators of disposal and/or recovery plants;
- filling in and keeping of the waste loading and unloading register;
- filling in and keeping of the identification forms;
- drafting and submission of the Single Declaration Form (MUD).
- Registration in the national waste traceability registers and related periodic communications.

5.3 Procedures On Atmospheric Emissions

In order to prevent the commission of offences relating to atmospheric emissions, LPM S.p.A. must approve and implement procedures that provide clearly and precisely for:

- the methods of completing and submitting applications for authorisation for the installation of new plants that produce emissions into the atmosphere or for modifications to existing ones;
- the segregation of the functions responsible for the activities of approaching the public body for submission of the application and for management of authorisations, providing for specific control systems in order to ensure compliance with the standards of integrity, transparency and fairness of the process;
- specific control protocols and verification of the truthfulness and correctness of the documents whose production is necessary to obtain
- specific information flows between the company functions and the External Consultants involved, in a spirit of collaboration, mutual oversight and coordination;
    - the function designated to represent the Company towards the competent authority, to which a specific delegation and power of attorney is to be conferred;
    - the roles and tasks of the function responsible for controlling the phases of obtaining and renewing emission authorisations, with particular regard to the factual and legal prerequisites for submission of the related application;

- the methods of management of the authorised plants and the periodic checks provided for by the authorisation (chemical analysis of emissions, completion of fume registers, stamping of registers for self-checks);
- the computerised management of deadlines for the maintenance of the plants relating to emissions;
- the schedule for periodic checking of emissions.

SPECIAL PART H

OFFENCES OF FORGERY OF INSTRUMENTS OR SIGNS AND OFFENCES AGAINST INDUSTRY AND TRADE

(ARTICLES 25-BIS AND 25-BIS.1 OF THE DECREE)

INDEX SPECIAL PART H

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CHAPTER 4 GENERAL PRINCIPLES OF CONDUCT

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Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

1.1 THE TYPES OF OFFENCES OF FORGERY OF INSTRUMENTS OR DISTINCTIVE SIGNS (ARTICLE 25-BIS OF THE DECREE)

Among all the offences referred to in Article 25-bis of the Decree, a low risk of commission is identified in relation to the following types:

- **COUNTERFEITING OF MONEY, SPENDING AND INTRODUCTION INTO THE STATE, BY PRIOR AGREEMENT, OF COUNTERFEIT MONEY. (ARTICLE 453 OF THE CRIMINAL CODE)**

This type of offence arises against:
- anyone who counterfeits national or foreign coins having legal tender in the State or abroad;
- anyone who in any way alters genuine coins by giving them the appearance of a higher value;
- anyone who, 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;
- anyone who, in order to put them into circulation, purchases or in any case receives, from the person who forged them or from an intermediary, counterfeit or altered coins. The penalty provided for is imprisonment of three to twelve years and a fine of Euro 516 to Euro 3,098

- **ALTERATION OF COINS. (ARTICLE 454 OF THE CRIMINAL CODE)**

This type of offence arises against anyone who alters coins of the type indicated in Article 453 of the Criminal Code, in any way diminishing their value, or, with respect to coins thus altered, commits any of the acts indicated in Nos. 3 and 4 of that article.
The penalty provided for is imprisonment of one to five years and a fine of Euro 103 to Euro 516.

- **SPENDING AND INTRODUCTION INTO THE STATE, WITHOUT AGREEMENT, OF COUNTERFEIT MONEY. (ARTICLE 455 OF THE CRIMINAL CODE)**

This type of offence arises against anyone who, outside the cases provided for by the two Articles 453 and 454 of the Criminal Code, 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.
The penalties provided for are those laid down in Articles 453 and 454 of the Criminal Code, reduced by one third to one half.

- **SPENDING OF COUNTERFEIT MONEY RECEIVED IN GOOD FAITH. (ARTICLE 457 OF THE CRIMINAL CODE)**

This type of offence arises against anyone who spends or otherwise puts into circulation counterfeit or altered coins received by him in good faith

The penalty provided for is imprisonment of up to six months or a fine of up to Euro 1,032.

- **COUNTERFEITING OF REVENUE STAMPS, INTRODUCTION INTO THE STATE, PURCHASE, POSSESSION OR PUTTING INTO CIRCULATION OF COUNTERFEIT REVENUE STAMPS. (ARTICLE 459 OF THE CRIMINAL CODE)**

The provisions of Articles 453, 455 and 457 also apply to the counterfeiting or alteration of revenue stamps and to the introduction into the territory of the State, or to the purchase, possession and putting into circulation of counterfeit revenue stamps; but the penalties are reduced by one third.
For the purposes of criminal law, revenue stamps means stamped paper, revenue stamps, postage stamps and other values treated as equivalent to these by special laws.

- **COUNTERFEITING OF WATERMARKED PAPER USED FOR THE MANUFACTURE OF PUBLIC CREDIT CARDS OR REVENUE STAMPS. (ARTICLE 460 OF THE CRIMINAL CODE)**

This type of offence arises against anyone who counterfeits the watermarked paper used for the manufacture of public credit cards or revenue stamps, or purchases, holds or disposes of such counterfeit paper.
If the act does not constitute a more serious offence, the penalty provided for is imprisonment of two to six years and a fine of Euro 309 to Euro 1,032.

- **USE OF COUNTERFEIT OR ALTERED REVENUE STAMPS. (ARTICLE 464 OF THE CRIMINAL CODE)**

This type of offence arises against anyone who, not having participated in the counterfeiting or alteration, makes use of counterfeit or altered revenue stamps.
the penalty provided for is imprisonment of up to three years and a fine of up to Euro 516. If the stamps were received in good faith, the penalty laid down in Article 457 applies, reduced by one third.

Among the offences referred to in Article 25-bis of the Decree, on the other hand, the following types may concern the activity of LPM S.p.A., of which a brief description is given:

- **COUNTERFEITING, ALTERATION OR USE OF TRADEMARKS OR DISTINCTIVE SIGNS OR OF PATENTS, MODELS AND DESIGNS (ARTICLE 473 OF THE CRIMINAL CODE)**

This type of offence arises against anyone who, being able to know of the existence of the industrial property title, counterfeits or alters trademarks or distinctive signs, national or foreign, of industrial products, or anyone who, without having participated in the counterfeiting or alteration, makes use of such counterfeit or altered trademarks or signs.
This type of offence also arises against anyone who counterfeits or alters industrial patents, designs or models or, without having been involved in the counterfeiting or alteration, makes use of such counterfeit or altered patents, designs or models.
These crimes are punishable provided that the rules of domestic laws, EU regulations and international conventions on the protection of intellectual and industrial property have been observed.

- **INTRODUCTION INTO THE STATE AND TRADE OF PRODUCTS WITH FALSE SIGNS (ARTICLE 474 OF THE CRIMINAL CODE)**

This type of offence arises against anyone who, outside the cases of complicity provided for by Article 473 of the Criminal Code, introduces into the territory of the State, in order to derive profit, industrial products bearing counterfeit or altered trademarks or other distinctive signs, national or foreign.

It also arises against anyone who, outside the cases of complicity in counterfeiting, alteration or introduction into the territory of the State, holds for sale, offers for sale or otherwise puts into circulation, in order to derive profit, industrial products bearing counterfeit or altered trademarks or other distinctive signs, national or foreign.
These crimes are punishable provided that the rules of domestic laws, EU regulations and international conventions on the protection of intellectual and industrial property have been observed.

1.2 The Types Of Crimes Against Industry And Trade (Article 25-bis.1 Of The Decree)

- ### Disturbing The Freedom Of Industry Or Trade (Article 513 Of The Criminal Code)

This type of offence arises against anyone who uses violence against things or fraudulent means to prevent or disturb the exercise of an industry or a trade, where the act does not constitute a more serious offence.

- ### Unlawful Competition With Threats Or Violence (Article 513-bis Of The Criminal Code).

Anyone who, in the exercise of a commercial, industrial or in any case productive activity, carries out acts of competition with violence or threats is punished by imprisonment of two to six years.
The penalty is increased if the acts of competition concern an activity financed in whole or in part and in any way by the State or by other public bodies.

- ### Fraud In The Exercise Of Trade (Article 515 Of The Criminal Code)

This type of offence arises against anyone who, in the exercise of a commercial activity, or in a shop open to the public, delivers to the purchaser one movable item for another, or a movable item that, in origin, provenance, quality or quantity, differs from that declared or agreed, where the act does not constitute a more serious crime.
The provision provides for a different penalty treatment if precious objects are involved.

- ### Fraud Against National Industries (Article 514 Of The Criminal Code)

[I]. Anyone who, by offering for sale or otherwise putting into circulation, on national or foreign markets, industrial products, with names, trademarks or distinctive signs [2563-2574 of the Civil Code] that are counterfeit or altered [473, 474], causes harm to national industry, is punished by imprisonment of one to five years and a fine of not less than Euro 516.

[II]. If the rules of domestic laws or international conventions on the protection of industrial property have been observed for the trademarks or distinctive signs, the penalty is increased [64] and the provisions of Articles 473 and 474 [518] do not apply.

- ### Sale Of Non-genuine Foodstuffs As Genuine (Article 516 Of The Criminal Code)

This type of offence arises against anyone who offers for sale or otherwise places on the market non-genuine foodstuffs.

- **Sale Of Industrial Products With Misleading Signs (Article 517 Of The Criminal Code)**

  This type of offence arises against anyone who holds for sale, offers for sale or otherwise puts into circulation intellectual works or industrial products, with names, trademarks or distinctive signs, national or foreign, capable of misleading the buyer as to the origin, provenance or quality of the work or product, and is punished if the act is not provided for as an offence by another provision of law.

- **Manufacture And Trade Of Goods Made By Usurping Industrial Property Titles (Article 517-ter Of The Criminal Code)**

  This type of offence arises against anyone who, subject to the application of Articles 473 and 474 of the Criminal Code, being able to know of the existence of the industrial property title, manufactures or industrially uses objects or other goods made by usurping an industrial property title or in breach thereof.
  This type of offence also arises against anyone who, in order to derive profit, introduces into the territory of the State, holds for sale or offers for sale with direct offer to consumers or in any case puts into circulation the goods referred to in the preceding paragraph.
  The crimes provided for in the two preceding paragraphs are punishable provided that the rules of domestic laws, EU regulations and international conventions on the protection of intellectual or industrial property have been breached.

- **Counterfeiting Of Geographical Indications And Designations Of Origin Of Agri-food Products (Article 517-quater Of The Criminal Code)**

  This type of offence arises against anyone who counterfeits or in any case alters geographical indications or designations of origin of agri-food products.

  This type of offence also arises against anyone who, in order to derive profit, introduces into the territory of the State, holds for sale, offers for sale with direct offer to consumers or in any case puts into circulation the same products with the counterfeit indications or designations.
  The crimes provided for in the two preceding paragraphs are punishable provided that the rules of domestic laws, EU regulations and international conventions on the protection of geographical indications and designations of origin of agri-food products have been observed.

In view of the activity carried out by LPM S.p.A., with reference to the Offences and criminal conduct set out above, the areas considered most specifically at risk are, for the purposes of this Special Part of the Model, the following:

- management of the policy on the adoption and use of new inventions and methods of protection (trade secret or patenting);
- management of the policy on the adoption and use of its own trademarks, other distinctive signs and domain names;
- management of the administrative procedure before the competent national and international authorities aimed at obtaining registration of its own patents/trademarks/domain names;
- management of the activity of purchasing goods incorporating patents of third parties and/or bearing trademarks or other distinctive signs of third parties;
- management of the activity of selling goods incorporating patents of third parties or bearing trademarks or other distinctive signs of third parties.

The specific Recipients of this Special Part are:

- Administration and Finance Division
- Operations Division
- Marketing & Sales Division

Consistently with the principles set out in the General Part of this Model and in the Code of Ethics and with the principles of conduct set out in the other Special Parts, in carrying out the identified Sensitive Activities, all Recipients of the Model are required to observe the following principles of conduct.

With reference to the company activities identified as potentially relevant, the Recipients of the Model are prohibited from:

- producing or marketing, without being entitled to do so, goods that use trademarks, titles or designations of industrial property of third parties;
- acquiring goods incorporating patents of third parties and/or bearing trademarks or other distinctive signs of third parties, without the necessary guarantees on the entitlement of the transferor;
- marketing products with altered or counterfeit trademarks and/or distinctive signs;
- producing or marketing products that differ from what is declared;
- falsifying news and information relating to commercial and production activities and/or to the origin of the product.

In order to guarantee the implementation of the rules and prohibitions indicated in the preceding chapters, the procedures described below, as well as the general rules and principles contained in this Model, must be observed.
On the protection of trademarks, the following procedural principles are adopted:

- refrain from using and/or filing new patents and/or new trademarks (or other distinctive signs), except after a specific prior-art search;
- identify the function responsible for liaising with the patent and trademark consultancy firm engaged to verify the registrability/usability of new patents/trademarks, other distinctive signs, or domain names, by means of prior-art searches and requesting opinions from specialist consultants;
- provide for the creation of an archive or database of the patent/trademark portfolio owned by the Company and ensure, after the necessary coordination with the patent and trademark consultancy firm engaged, the management of registration applications or of the registrations obtained, proceeding to maintain or abandon them, according to company needs;
- where the need to create new trademarks is identified, those in charge of marketing and communication activity must take care to verify that they meet requirements of novelty such as to differ as far as possible, from a visual, phonetic and conceptual point of view, from trademarks already registered or used by third parties for products or services identical or similar to its own;
- where new inventions capable of being patented are conceived, those in charge of proceeding with patenting must take care to verify – with the assistance of the trusted patent consultants of LPM S.p.A. – that the invention meets the requirements for patentability, in particular that it does not exploit discoveries already patented by third parties;
- ascertain the lawful origin of products purchased, with particular reference to those which, because of their quality or the size of the price, give reason to believe that the rules on industrial property, origin or provenance have been breached;
- before placing products on the market, ascertain the regularity and completeness of the labelling and of the information placed on them, with particular attention to the presence of information relating to the name of the product, the name or trademark and the place of production or import according to the legislative provisions currently in force on the matter;
- where certain forms of collaboration with third parties (distribution contracts, joint ventures, OEM) involve the use of patents/trademarks of such or other third parties, the necessary guarantees and indemnities must be obtained to avoid any form of infringement of the industrial property rights of third parties;
- in the case of affixing the “made in Italy” wording, the requirements provided for by the rules of the Community Customs Code (EC Reg. No. 2913/1992 and subsequent amendments), Articles 23-24, must not be breached or circumvented.

Any procedures of greater protection or more specific procedures already adopted by the Company for carrying out activities within the Risk Areas remain unaffected.

SPECIAL PART I

CRIMES RELATING TO COPYRIGHT INFRINGEMENT

(ARTICLE 25-NONIES OF THE DECREE)

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Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

The article refers to certain offences provided for by Law No. 633 of 22 April 1941 on the protection of copyright and other rights related thereto

- **ARTICLE 171, PARAGRAPH 1, LETTER A)-BIS, AND PARAGRAPH 3 OF LAW NO. 633/41 (ARTICLE AS MOST RECENTLY REPLACED BY LAW NO. 248 OF 18 AUGUST 2000)**

This type of offence arises against anyone who, except as provided in Article 171-bis and Article 171-ter, without being entitled to do so, for any purpose and in any form, makes available to the public, by placing it in a system of telematic networks, through connections of any kind, a protected intellectual work, or part of it (Letter inserted by Decree-Law No. 7 of 31 January 2005.).

If the above offences are committed on a work of others not intended for publication, or with usurpation of the authorship of the work, or with deformation, mutilation or other modification of the work itself, where this results in offence to the honour or reputation of the author, the penalty treatment is more severe.

- **ARTICLE 171-BIS OF LAW NO. 633/41 (ARTICLE AS MOST RECENTLY REPLACED BY LAW NO. 248 OF 18 AUGUST 2000)**

1 . Anyone who unlawfully duplicates, in order to derive profit, computer programs or, for the same purposes, imports, distributes, sells, holds for commercial or entrepreneurial purposes or rents programs contained on media not marked by the Italian Society of Authors and Publishers (SIAE), is subject to imprisonment of six months to three years and a fine of five million to thirty million lire. The same penalty applies if the act concerns any means intended solely to allow or facilitate the arbitrary removal or functional circumvention of devices applied to protect a computer program. The penalty is not less than two years of imprisonment as a minimum and the fine thirty million lire if the act is of significant gravity.

2 . Anyone who, in order to derive profit, on media not marked by SIAE, reproduces, transfers to another medium, distributes, communicates, presents or demonstrates in public the content of a database in breach of the provisions of Articles 64-quinquies and 64-sexies, or carries out the extraction or re-use of the database in breach of the provisions of Articles 102-bis and 102-ter, or distributes, sells or rents a database, is subject to imprisonment of six months to three years and a fine of five million to thirty million lire. The penalty is not less than two years of imprisonment as a minimum and the fine thirty million lire if the act is of significant gravity

- **ARTICLE 171-TER OF LAW NO. 633/41**

The offences provided for by the article in question arise against anyone who, for non-personal use and for profit:

a) unlawfully duplicates, reproduces, transmits or broadcasts in public by any process, in whole or in part, an intellectual work intended for the television, cinema, sale or rental circuit, discs, tapes or similar media or any other medium containing phonograms or videograms of musical,

cinematographic or similar audiovisual works or sequences of moving images;

b) unlawfully reproduces, transmits or broadcasts in public, by any process, works or parts of works that are literary, dramatic, scientific or educational, musical or dramatic-musical, or multimedia, even if included in collective or composite works or databases;

c) although not having participated in the duplication or reproduction, introduces into the territory of the State, holds for sale or distribution, distributes, places on the market, rents or in any case transfers in any capacity, screens in public, transmits by television by any process, transmits by radio, plays in public the unlawful duplications or reproductions referred to in letters a) and b);

d) holds for sale or distribution, places on the market, sells, rents, transfers in any capacity, screens in public, transmits by radio or television by any process, videocassettes, music cassettes, any medium containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images, or other medium for which the affixing of a mark by the Italian Society of Authors and Publishers (S.I.A.E.) is required under this law, lacking such mark or bearing a counterfeit or altered mark (2) ;

e) in the absence of agreement with the lawful distributor, retransmits or broadcasts by any means an encrypted service received by means of apparatus or parts of apparatus capable of decoding conditional-access transmissions;

f) introduces into the territory of the State, holds for sale or distribution, distributes, sells, rents, transfers in any capacity, commercially promotes, installs special decoding devices or elements that allow access to an encrypted service without payment of the fee due;

f-bis) manufactures, imports, distributes, sells, rents, transfers in any capacity, advertises for sale or rental, or holds for commercial purposes, equipment, products or components or provides services that have the prevailing purpose or commercial use of circumventing effective technological measures referred to in Article 102-quater or that are primarily designed, produced, adapted or made for the purpose of making possible or facilitating the circumvention of the aforesaid measures. Technological measures include those applied, or remaining, following the removal of the measures themselves as a result of voluntary initiative of the rights holders or of agreements between the latter and the beneficiaries of exceptions, or following the execution of measures of the administrative or judicial authority (3).

h) unlawfully removes or alters the electronic information referred to in Article 102-quinquies, or distributes, imports for distribution purposes, broadcasts by radio or television, communicates or makes available to the public works or other protected material from which the electronic information has been removed or altered;

h-bis) unlawfully, including in the manner indicated in paragraph 1 of Article 85-bis of the consolidated text of public security laws, referred to in Royal Decree No. 773 of 18 June 1931, fixes on a digital, audio, video or audio-video medium, in whole or in part, a cinematographic,

audiovisual or editorial work or carries out the reproduction, performance or communication to the public of the unlawfully made fixation.

Article 171-ter of Law No. 633/41 also punishes anyone who:

a) unlawfully reproduces, duplicates, transmits or broadcasts, sells or otherwise places on the market, transfers in any capacity or unlawfully imports more than fifty copies or specimens of works protected by copyright and related rights;

a-bis) in breach of Article 16, for profit, communicates to the public by placing it in a system of telematic networks, through connections of any kind, an intellectual work protected by copyright, or part of it;

b) while carrying on in an entrepreneurial form the activity of reproduction, distribution, sale or marketing, import of works protected by copyright and related rights, is guilty of the acts provided for in paragraph 1;

c) promotes or organises the unlawful activities referred to in paragraph 1.

- **ARTICLE 171-SEPTIES OF LAW NO. 633/41**

This type of offence arises against a) producers or importers of media not subject to the mark referred to in Article 181-bis, who fail to communicate to SIAE, within thirty days from the date of placing on the market in the national territory or of import, the data necessary for the unique identification of the media themselves; and b) unless the act constitutes a more serious offence, anyone who falsely declares that the obligations referred to in Article 181-bis, paragraph 2, of this law have been fulfilled.

- **ARTICLE 171-OCTIES OF LAW NO. 633/41**

This type of offence arises against anyone who, for fraudulent purposes, produces, offers for sale, imports, promotes, installs, modifies, uses for public and private use apparatus or parts of apparatus capable of decoding conditional-access audiovisual transmissions made over the air, by satellite, by cable, in both analogue and digital form. Conditional access means all audiovisual signals transmitted by Italian or foreign broadcasters in a form such as to make them visible exclusively to closed groups of users selected by the person making the signal broadcast, regardless of the imposition of a fee for use of such service.

- **ARTICLE 174-QUINQUIES OF LAW NO. 633/41 (ARTICLE INSERTED BY ARTICLE 30 OF LEGISLATIVE DECREE NO. 68 OF 9 APRIL 2003.)**

[I] When he or she brings criminal proceedings for any of the non-negligent offences provided for by this section committed within a commercial establishment or an activity subject to authorisation, the public prosecutor notifies the questore (provincial police chief), indicating the elements useful for the adoption of the measure referred to in paragraph 2.
[II]. After assessing the elements indicated in the communication referred to in paragraph 1, the questore, after hearing the interested parties, may order, by a reasoned measure,

the suspension of the establishment or activity for a period of not less than fifteen days and not more than three months, without prejudice to any criminal seizure that may have been ordered.

[III]. In the event of conviction for any of the offences referred to in paragraph 1, the temporary cessation of the establishment or activity for a period of three months to one year, calculated including the duration of the suspension ordered pursuant to paragraph 2, is always ordered as an accessory administrative penalty. Article 24 of Law No. 689 of 24 November 1981 applies. In the case of specific recidivism, revocation of the operating licence or of the authorisation to carry out the activity is ordered.

[IV]. The provisions of this article also apply to development and printing establishments, to synchronisation and post-production establishments, as well as to mastering and printing establishments and those which in any case carry out industrial production activities connected with the making of counterfeit media, and to television programme broadcasting or receiving centres. The benefits referred to in Article 45 of Law No. 1213 of 4 November 1965, and subsequent amendments, are suspended in the event of criminal proceedings being brought; if there is a conviction, they are revoked and may not be granted again for at least two years

In relation to the Offences and criminal conduct set out above, the areas considered most specifically at risk for the purposes of this Special Part are the following:

1. management of the IT system and of software licences and, in particular: activities connected with the management of the company IT system, with the management of the software and databases used by the Company;
2. management of activities involving the use of material covered by copyright;
3. management of promotion and sales activities.

The specific Recipients of this Special Part are:

- IT area personnel
- Administration and Finance - Operations Division

- Marketing & Sales Division

Consistently with the principles set out in the General Part of this Model and in the Code of Ethics and with the principles of conduct set out in the other Special Parts, in carrying out the identified Sensitive Activities, all Recipients of the Model are required to observe the following principles of conduct.

With reference to the Sensitive Activities, as a general rule, it is advisable for the Recipients of this Special Part to:

- inform users of the IT systems that the software assigned to them is protected by copyright laws and as such its duplication, distribution, sale or possession for commercial and/or entrepreneurial purposes is prohibited;
- adopt company rules of conduct in relation to the use of IT systems that concern all the Company's personnel as well as third parties acting on its behalf;
- provide the Recipients with adequate information on works protected by copyright and on the risk of commission of such offence;
- carry out periodic monitoring of the software used on company IT systems;
- identify specific functions authorised to install software on company IT devices;
- verify, also through External Consultants, the requirements necessary for the use and/or reproduction in the Company's promotional and advertising material of intellectual works of third parties.

In order to guarantee the implementation of the rules and prohibitions indicated in the preceding chapters, the procedures described below, as well as the general rules and principles contained in this Model, must be observed. On the protection of intellectual property rights, the following procedural principles are adopted:

- ensure that all copyright works created within the company are original and do not constitute, in whole or in part, plagiarism of the works of others;
- protect, where the conditions exist, the copyright of its own works and in particular of databases, images and/or software created by the company and of strategic value to it, through SIAE registrations or other methods of establishing a certain date;
- use disclaimers on presentations, technical and commercial documentation that clearly identify the copyright holder and the date of creation;
- prohibit the employment, use and installation on hardware equipment issued by the Company of material that is not original and/or not authorised by the Company;
- prohibit the downloading of software not previously authorised by the Company;
- within the promotion-advertising of trademarks and products and in the management of events, avoid the use and making available to the public (including through a system of telematic networks) of works protected by third-party copyright, except with prior authorisation of the holders of such works or within the limits allowed by the legislation in force on copyright.

SPECIAL PART L

TRANSNATIONAL OFFENCES

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Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained in this Special Part.

The scope of the types of offence provided for by the Decree has also been extended to offences against transnational organised crime by virtue of Law No. 146 of 16 March 2006.
The regulation of the predicate offences is entirely contained in the aforesaid special law and not in the Decree and, therefore, it is necessary to refer to it to find the extent and duration of the individual penalties.
This Special Part refers to the transnational offences as referred to in the combined provisions of Articles 3 and 10 of Law No. 146 of 16 March 2006 – "Ratification and implementation of the United Nations Convention and Protocols against transnational organised crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001" (Official Gazette No. 85 of 11 April 2006) – and subsequent amendments and additions.
Pursuant to Article 3, Law No. 146/2006, an offence is defined as transnational if it is punished by imprisonment of not less than four years at the maximum, where an organised criminal group is involved, with the further condition that at least one of the following requirements is met:

- it is committed in more than one State;
- it is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State;
- it is committed in one State, but an organised criminal group engaged in criminal activities in more than one State is involved in it;
- it is committed in one State but has substantial effects in another State.

Pursuant to Article 10, Law No. 146/2006, the offences relevant for the purposes of the administrative liability of the entity are:

ASSOCIATION OFFENCES: -

- Criminal conspiracy (Article 416 of the Criminal Code);
- Mafia-type associations, including foreign ones (416-bis of the Criminal Code);
- Criminal conspiracy aimed at the smuggling of foreign processed tobacco (Article 291-quater of the Consolidated Act approved by Presidential Decree No. 43/73 and amended by Law No. 92/2001);
- Association aimed at the illicit trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree No. 309/1990);

OFFENCES CONCERNING THE USE OF UNLAWFUL PROCEEDS: -

- Money laundering (Article 648-bis of the Criminal Code);
- Use of money, goods or benefits of unlawful origin (648-ter of the Criminal Code);

OFFENCES CONCERNING THE TRAFFICKING OF MIGRANTS: -

- Provisions against illegal immigration (Article 12, Legislative Decree No. 286 of 25 July 1998, Immigration Consolidated Act);

OFFENCES OF OBSTRUCTION OF JUSTICE: -

- Inducement not to make statements or to make false statements to the judicial authorities (Article 377-bis of the Criminal Code);
- Aiding and abetting (Article 378 of the Criminal Code).

1.1 ASSOCIATION OFFENCES:

– CRIMINAL CONSPIRACY (ARTICLE 416 OF THE CRIMINAL CODE);

The criminal offence in question is committed when three or more persons associate for the purpose of committing several crimes.

Article 416 of the Criminal Code punishes those who promote or establish or organise the association. The mere fact of participating in the association also constitutes an offence.

The leaders are subject to the same penalty laid down for the promoters.

The penalty is increased if the number of associates is ten or more.

A central aspect of the offence under Article 416 of the Criminal Code concerns the clause – of doubtful interpretation – that expressly declares this offence punishable "by that fact alone". According to the prevailing opinion, this clause serves to specify that the association must be considered unlawful even where it has not actually carried out criminal acts and, above all, that it must be held equally punishable as an offence in its own right, even where such crimes have actually been committed.

The possibility of contingent complicity in the association offence (so-called "external" complicity) by persons "extraneous" to the criminal association is controversial: that is, by persons who, although not forming an integral part of a criminal organisation or participating in its structure, nevertheless maintain relations of collaboration with that organisation so as to contribute to its preservation or strengthening.

- **MAFIA-TYPE ASSOCIATIONS, INCLUDING FOREIGN ONES (416-BIS OF THE CRIMINAL CODE);**

An association is of the mafia type when those who belong to it make use of the intimidating force of the associative bond and of the condition of subjection and code of silence that derives from it to commit crimes, to acquire directly or indirectly the management or in any case the control of economic activities, concessions, authorisations, contracts and public services and to make unjust profits or advantages for themselves or for others, or in order to prevent or obstruct the free exercise of the vote or to procure votes for themselves or for others on the occasion of elections.

- **CRIMINAL CONSPIRACY AIMED AT THE SMUGGLING OF FOREIGN PROCESSED TOBACCO (ARTICLE 291-QUATER OF THE CONSOLIDATED ACT APPROVED BY PRESIDENTIAL DECREE NO. 43/73 AND AMENDED BY LAW NO. 92/2001);**

The criminal offence in question is committed when three or more persons associate for the purpose of committing several crimes among those provided for by Article 291-bis of Presidential Decree No. 43 of 23 January 1973 (consisting in the introduction, sale, transport, purchase or possession, in the territory of the Italian State, of quantities of smuggled foreign processed tobacco exceeding 10 conventional kg). Article 291-quater punishes those who promote, establish, direct, organise or finance the association.

The mere fact of participating in the association also constitutes an offence. The penalty is increased if the number of associates is ten or more. The penalty is also increased if the association is armed. The association is considered armed when the participants have at their disposal, for the achievement of the association's purposes, weapons or explosive materials, even if concealed or kept in a storage place.

The penalties provided for by the article in question are reduced by one third to one half in respect of the defendant who, dissociating himself from the others, works to prevent the criminal activity from having further consequences, including by concretely assisting the police authority or the judicial authority in gathering decisive elements for the reconstruction of the facts and for the identification or capture of the perpetrators of the offence or for the identification of resources relevant to the commission of the crimes.

- ASSOCIATION AIMED AT THE ILLICIT TRAFFICKING OF NARCOTIC OR PSYCHOTROPIC SUBSTANCES (ARTICLE 74 OF PRESIDENTIAL DECREE NO.

The criminal offence in question is committed when three or more persons associate for the purpose of committing several crimes among those provided for by Article 73 of Presidential Decree No. 309 of 9 October 1990 (consisting, in summary, in the unlawful production, trafficking and possession of narcotic or psychotropic substances).

Article 74 punishes those who promote, establish, direct, organise or finance the association.
The mere fact of participating in the association also constitutes an offence. The penalty is increased if the number of associates is ten or more or if among the participants there are persons addicted to the use of narcotic or psychotropic substances.

The penalty is also increased if the association is armed. The association is considered armed when the participants have at their disposal weapons or explosive materials, even if concealed or kept in a storage place.
The penalty is also increased if the narcotic or psychotropic substances are adulterated or mixed with others in such a way that their harmful potential is accentuated.
The penalties are reduced by one half to two thirds for anyone who has effectively worked to secure the evidence of the offence or to deprive the association of resources decisive for the commission of the crimes.

1.2 OFFENCES CONCERNING THE USE OF UNLAWFUL PROCEEDS:

- MONEY LAUNDERING (ARTICLE 648-BIS OF THE CRIMINAL CODE)

This offence arises where a person replaces or transfers money, goods or other benefits deriving from a non-negligent crime, or carries out other transactions in relation to them, so as to obstruct the identification of their criminal origin.
This offence is punished by imprisonment of four to twelve years and a fine of Euro 1,032 to Euro 15,493. The penalty is increased where the act is committed in the exercise of a professional activity.

- USE OF MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGIN (ARTICLE 648-TER OF THE CRIMINAL CODE)

This offence arises in the case of use in economic or financial activities of money, goods or other benefits deriving from crime. In this case imprisonment of four to twelve years and a fine of Euro 1,032 to Euro 15,493 is provided for. The penalty is increased where the act is committed in the exercise of a professional activity.

■ Legislative Decree No. 231/07 transposed Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering of the proceeds of criminal activities and terrorist financing, as well as Directive 2006/70/EC laying down implementing measures. Article 25-octies was therefore introduced into the regime of Legislative Decree No. 231/01, which provides for the liability of Entities for the offences of handling stolen goods, money laundering and use of money, goods or benefits of unlawful origin referred to in Articles 648, 648-bis and 648-ter of the Criminal Code. Therefore, the crimes of money laundering and use of money,

goods or benefits of unlawful origin may entail the administrative liability of the entity even where they do not meet the requirement of "transnationality". With reference to Italian legislation on the prevention of Money Laundering Offences, reference is made to what is already described in Special Part F, Chapter 1.

1.3 OFFENCES CONCERNING THE TRAFFICKING OF MIGRANTS:

- PROVISIONS AGAINST ILLEGAL IMMIGRATION (ARTICLE 12, LEGISLATIVE DECREE NO. 286 OF 25 JULY 1998, IMMIGRATION CONSOLIDATED ACT);

Article 12 of the Consolidated Act referred to in Legislative Decree No. 286/1998 provides first of all for the offence, known in legal doctrine as aiding illegal immigration, consisting in the act of anyone who "in breach of the provisions of this consolidated act performs acts aimed at procuring the entry of a foreigner into the territory of the State".
The second offence, contained in Article 12 and indicated in legal doctrine as aiding illegal emigration, consists in the act of anyone who "performs (...) acts aimed at procuring the illegal entry into another State of which the person is not a citizen or has no right of permanent residence".
In the third paragraph of Article 12, the legislator provides for a higher penalty when the acts of aiding illegal immigration or of aiding illegal emigration are carried out "in order to derive profit, even indirect".

Paragraph 3-bis of Article 12 provides for an increase of the penalties referred to in the third paragraph if:
- the act concerns the unlawful entry or stay in the territory of the State of five or more persons;
- the act was committed to procure the unlawful entry or stay and the person was exposed to danger to his or her life or safety;
- the act was committed to procure the unlawful entry or stay and the person was subjected to inhuman or degrading treatment;
- the act is committed by three or more persons acting together or using international transport services or counterfeit or altered documents or documents otherwise unlawfully obtained.

Paragraph 3-ter of Article 12 provides that the penalties are also increased "if the acts referred to in the third paragraph are committed in order to recruit persons to be used for prostitution or in any case for sexual exploitation or concern the entry of minors to be employed in unlawful activities in order to facilitate their exploitation".
The fifth paragraph of Article 12 provides for a further case of criminal offence, known in legal doctrine as aiding illegal stay, and consisting in the act of anyone who "in order to derive an unjust profit from the illegal condition of the foreigner or in the context of the activities punished under this article, facilitates the foreigner's stay in the territory of the State in breach of the rules of this Consolidated Act".

1.4 OFFENCES OF OBSTRUCTION OF JUSTICE:

- INDUCEMENT NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES (ARTICLE 377-BIS OF THE CRIMINAL CODE)

Article 377-bis of the Criminal Code punishes the conduct of anyone who, by resorting to violence, threats or the "offer or promise of money or other benefit", induces not to make statements, or to make false ones, all those who are called upon to make,

before the Judicial Authority, statements usable in criminal proceedings, where they have the right not to answer

The inducing conduct identifiable in the structure of the crime under Article 377-bis of the Criminal Code must be carried out through means exhaustively outlined by the incriminating provision and therefore consist of violence, a threat, or an offer or promise of money or other benefit.

- **AIDING AND ABETTING (ARTICLE 378 OF THE CRIMINAL CODE).**

Article 378 of the Criminal Code punishes the conduct of anyone who, after a crime has been committed for which the law provides for life imprisonment or imprisonment, and outside the cases of complicity in the same, helps someone to evade the investigations of the Authority or to escape its searches.

The provisions of this article also apply where the person helped is not imputable or it appears that he or she did not commit the crime.

According to the case law currently most followed, it should be noted that it is not required that, following the helping conduct, justice is actually misled, nor that the intent to evade the investigations has been concretely achieved, it being conceivable for aiding and abetting to exist when the authority is aware of the truth of the facts and has already obtained proof of the actual participation in the crime of the person helped.

However, so as not to excessively broaden the boundaries of the provision, it is in any event necessary, for the offence in question to be completed, that the helping conduct be at least potentially harmful to the investigations of the authorities; entering the sphere of perception of the investigating body; failing such a feature, the act can only constitute, where the related objective and subjective elements are present, the constituent elements of attempted crime.

Moreover, assuming that the offence in question may be committed through falsehood, part of legal doctrine and all case law are, in relation to reticence, as well as to silence or even to refusal to answer, aligned on an extensive line, asserting that the crime of aiding and abetting is also constituted by purely omissive conduct.

In relation to the offences and criminal conduct set out above, the areas considered most specifically at risk are, for the purposes of this Special Part of the Model, the following:

1. management and execution of the procurement process in relation to transnational activities;
2. authorisation and execution of investments in relation to transnational activities;
3. authorisation and execution of sales of goods and services in relation to transnational activities;
4. management of financial transactions in relation to transnational activities;
5. management of relations with directors and employees involved in judicial proceedings;
6. management of activities aimed at allowing the entry of a person into the territory of a State;
7. intra-group relations.

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

This Special Part refers to conduct engaged in by Corporate Representatives, Consultants and Partners, as already defined in the General Part.

Particular regard must be had to Employees who, in carrying out their duties, come into contact with money and other means of collection and payment and who are, in summary:

- Administration and Finance area personnel;
- Marketing & Sales Area Personnel
- Purchasing area personnel;
- Human Resources area personnel.

Consistently with the principles set out in the General Part of this Model and in the Code and with the principles of conduct set out in the other Special Parts, in carrying out the identified Sensitive Activities, all Recipients of the Model are required to observe the following principles of conduct.

The Recipients of this Special Part are obliged to:

- ascertain, by the means available, the honourability and reliability of suppliers/customers and business partners (commercial and financial), by obtaining information on the legal representative, the directors and the shareholders, depending on the type of company, as well as obtaining public data relating to indicators of prejudice (e.g. protested bills, pending insolvency proceedings);
- constantly monitor outgoing money flows;
- maintain correct, transparent and cooperative conduct, in compliance with the provisions of law and internal company procedures, in all activities aimed at managing the master data of suppliers/ customers/partners, including foreign ones;
- not carry out any transaction that may be anomalous in type or subject matter or that may result in the establishment or maintenance of relationships that present anomalous profiles from the point of view of the reliability and/or reputation of the counterparties;
- not grant fees in favour of Consultants and Suppliers that are not adequately justified in relation to the type of engagement to be carried out and to the practices in force at local level;
- not select personnel within the company whose requirements and reliability have not been adequately examined, to the extent compatible with the legislation in force.

With reference to the Offences of criminal conspiracy and mafia-type criminal conspiracy, including foreign, in addition to the general principles of conduct set out above, reference is also made to what is indicated in “Special Part F – Handling of stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as crimes relating to payment instruments other than cash”.

In addition to the general rules of conduct indicated above and in addition to the prevention and control safeguards set out in the other Special Parts, further operational safeguards are set out below to prevent the commission of the Offences covered by this Special Part.

The Recipients of this Special Part are required to:

- not have commercial relations with persons (natural or legal) who are known or suspected to belong to criminal organisations or in any case to operate outside the law such as, by way of example but not limitation, persons linked to the money laundering environment, drug trafficking, usury;
- not use anonymous instruments to carry out transfers of significant amounts;
- not accept cash payments and pay particular attention to payments from foreign credit institutions, especially where they have their registered office in tax havens or come from persons listed in the anti-terrorism blacklist that can be found on the website of the Ministry of the Interior;
- carry out constant monitoring of the company's financial flows;
- consult one's superior immediately in the case of transactions that present indicators of anomaly and, where necessary, after appropriate consultation with one's manager, suspend/discontinue the relationship with the customer concerned. Reports as well as any discontinuations of relationships must be made with the utmost promptness;
- choose Employees, External Consultants and Suppliers on the basis of requirements of professionalism, independence and competence and in relation to them the choice must be adequately reasoned;
- pay fees, commissions or brokerage fees to third parties and in particular to Consultants in an amount appropriate to the services rendered to LPM S.p.A. and in line with the engagement conferred;
- verify that the conditions agreed with Suppliers of goods and services are laid down on the basis of transparent decision-making processes that can be reconstructed over time, and are authorised exclusively by persons vested with suitable powers, according to a system of delegations and powers of attorney consistent with organisational and management responsibilities;
- verify that the conditions agreed with Suppliers of goods and services fully documented in paper and/or electronic form, also in relation to any payment extensions granted.

In addition, it is prohibited to:

- have dealings, negotiate and/or enter into and/or perform contracts or acts with natural and legal persons listed in the anti-terrorism *blacklist* that can be found on the website of the Ministry of the Interior or belonging to organisations listed therein;
- grant benefits to natural and legal persons listed in the anti-terrorism *blacklist* that can be found on the website of the Ministry of the Interior or belonging to organisations listed therein;
- hire persons listed in the anti-terrorism *blacklist* that can be found on the website of the Ministry of the Interior or belonging to organisations listed therein.

SPECIAL PART M

TAX OFFENCES

(ARTICLE 25-QUINQUIESDECIES OF THE DECREE)

INDEX SPECIAL PART M

DEFINITIONS

CHAPTER 1 THE TYPES OF TAX OFFENCES (ARTICLE 25-QUINQUIESDECIES OF THE DECREE)

CHAPTER 2 RISK AREAS

CHAPTER 3 RECIPIENTS OF THE SPECIAL PART

CHAPTER 4 GENERAL PRINCIPLES OF CONDUCT AND CONTROL

CHAPTER 5 SPECIFIC PROCEDURAL PRINCIPLES

Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained below in this Special Part.

For an appropriate reading and understanding of the legal provisions that introduced tax offences among the predicate Offences, the following general definitions applicable to all tax offences apply:

a) "invoices or other documents for non-existent transactions" means invoices or other documents having similar probative value under tax rules, (i) issued for transactions not actually carried out in whole or in part or (ii) that indicate consideration or value added tax in an amount higher than the real one, or (iii) that refer the transaction to persons other than the actual ones;

b) "active or passive items" means (i) the components, expressed in figures, that contribute, positively or negatively, to the determination of income or of the tax bases relevant for the application of income tax or value added tax and (ii) the components that affect the determination of the tax due;

c) "returns" also means returns submitted in the capacity of director, liquidator or representative of companies, bodies or natural persons or of withholding agent, in the cases provided for by law;

d) the "purpose of evading taxes" and the "purpose of allowing third parties to evade" are understood to include, respectively, also (i) the purpose of obtaining an undue refund or the recognition of a non-existent tax credit, and (ii) the purpose of allowing third parties to obtain them;

e) with regard to acts committed by a person acting as director, liquidator or representative of companies, bodies or natural persons, the "purpose of evading taxes" and the "purpose of avoiding payment" are understood to refer to the company, body or natural person on whose behalf one acts;

f) "tax evaded" means the difference between the tax actually due and that indicated in the return, or the entire tax due in the case of failure to file a return, net of the sums paid by the taxpayer or by third parties as advance payment, withholding or in any case in payment of such tax before the submission of the return or the expiry of the related deadline; the theoretical tax that is not actually due and is connected with a downward adjustment of current-year losses or of prior-year losses to which the taxpayer is entitled and which can be used is not considered tax evaded;

g) the thresholds of punishability referred to the tax evaded are also understood to extend to the amount of the undue refund requested or of the non-existent tax credit stated in the return;

h) "transactions simulated objectively or subjectively" means (i) apparent transactions, other than those governed by Article 10-bis of Law No. 212 of 27 July 2000, carried out with the intention of not carrying them out in whole or in part, or (ii) transactions referring to fictitiously interposed persons;

i) "fraudulent means" means active artificial conduct as well as omissive conduct carried out in breach of a specific legal obligation, which results in a false representation of reality.

Foreword – Tax Offences as predicate offences under the Decree

Article 25-quinquiesdecies provides for the following tax offences (the "**Tax Offences**"):

- fraudulent tax return through the use of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree No. 74/2000 – New regulation on offences relating to income tax and value added tax);
- fraudulent tax return through other artifices (Article 3 of Legislative Decree No. 74/2000)
- unfaithful tax return (Article 4 of Legislative Decree No. 74/2000)
- failure to file a tax return (Article 5 of Legislative Decree No. 74/2000)
- issuance of invoices or other documents for non-existent transactions (Article 8 of Legislative Decree No. 74/2000)
- concealment or destruction of accounting documents (Article 10 of Legislative Decree No. 74/2000)
- undue offsetting (Article 10-quater of Legislative Decree No. 74/2000)
- fraudulent evasion of tax payment (Article 11 of Legislative Decree No. 74/2000)

It is important to stress that, with reference to the tax offences referred to in Articles 4, 5 and 10-quater of Legislative Decree No. 74/2000, they are relevant under Legislative Decree No. 231/2001 only if committed for the purpose of evading VAT for an amount of not less than Euro 10 million, and also in the case of attempt, when carried out in a transnational context (within the European Union).

With reference then to the offences referred to in Articles 2, 3, 4 and 5 of Legislative Decree No. 74/2000 (set out below) the cause of non-punishability under Article 13, paragraph 2 of the same decree is provided for, that is, where the taxpayer extinguishes the tax debt, including interest and penalties, by means of voluntary correction ("ravvedimento operoso"), before having formal knowledge of access, inspections, audits or of the start of any administrative assessment activity or of criminal proceedings.

In the event of establishment of the personal criminal liability of the senior person or official charged with the aforesaid tax offences, the penalty provided for, of an afflictive nature (generally custodial), will be applied to him or her.

In the event of concurrent establishment of administrative liability under Legislative Decree No. 231/2001 against the Entity, an administrative penalty (financial and/or disqualification) will be imposed on the latter. If it is also established that the entity has obtained a profit of significant size, the financial penalty will be increased by one third.

With specific reference to disqualification penalties, it should be noted that the penalties referred to in **Article 9, paragraph 2 of Legislative Decree No. 231/2001, letter c**) – prohibition on contracting with the public administration, except to obtain the performance of a public service – **letter d**) **–** exclusion from benefits, financing, contributions or subsidies and possible revocation of those already granted – and letter **e**) – prohibition on advertising goods or services – are applicable.

Article 25-*quinquiesdecies* of the Decree

"1*. In relation to the commission of the crimes provided for by Legislative Decree No. 74 of 10 March 2000, the following financial penalties apply to*

a) for the crime of fraudulent tax return through the use of invoices or other documents for non-existent transactions provided for by Article 2, paragraph 1, a financial penalty of up to five hundred units;

b) for the crime of fraudulent tax return through the use of invoices or other documents for non-existent transactions, provided for by Article 2, paragraph 2-bis, a financial penalty of up to four hundred units;
c) for the crime of fraudulent tax return through other artifices, provided for by Article 3, a financial penalty of up to five hundred units;
d) for the crime of issuance of invoices or other documents for non-existent transactions, provided for by Article 8, paragraph 1, a financial penalty of up to five hundred units;
e) for the crime of issuance of invoices or other documents for non-existent transactions, provided for by Article 8, paragraph 2-bis, a financial penalty of up to four hundred units;
f) for the crime of concealment or destruction of accounting documents, provided for by Article 10, a financial penalty of up to four hundred units;
g) for the crime of fraudulent evasion of tax payment, provided for by Article 11, a financial penalty of up to four hundred units.

1-bis. In relation to the commission of the crimes provided for by Legislative Decree No. 74 of 10 March 2000, when they are committed in order to evade value added tax within the framework of cross-border fraudulent schemes connected with the territory of at least one other Member State of the European Union, from which a total damage equal to or exceeding ten million euro results or may result, the following financial penalties apply to the entity:
a) for the crime of unfaithful tax return provided for by Article 4, a financial penalty of up to three hundred units;
b) for the crime of failure to file a tax return provided for by Article 5, a financial penalty of up to four hundred units;
c) for the crime of undue offsetting provided for by Article 10-quater, a financial penalty of up to four hundred units. …..".

The individual tax offences

For the purposes of this Special Part, a brief description is given of the tax offences (hereinafter the "**Tax Offences**").

- ***Fraudulent Tax Return Through The Use Of Invoices Or Other Documents For Non-existent Transactions (Article 2 Of Legislative Decree No. 74/2000):***

"*1. Anyone who, in order to evade income tax or value added tax, making use of invoices or other documents for non-existent transactions, states fictitious deductible items in one of the returns relating to such taxes is punished by imprisonment of four to eight years.*
2. The act is considered committed by making use of invoices or other documents for non-existent transactions when such invoices or documents are recorded in the mandatory accounting records, or are held for the purpose of proof against the tax authorities.
2-bis. If the amount of the fictitious deductible items is less than one hundred thousand euro, imprisonment of one year and six months to six years applies."

This is a "return-related" offence, meaning by this a "formal" offence, therefore closely connected with the filing obligation and of a "fraudulent" nature, in the sense that it consists in artificial conduct by the perpetrator.

The unlawfulness of the conduct (making use of invoices and documents for transactions that are objectively and subjectively non-existent and stating fictitious deductible items in tax returns) derives, therefore, not only from the objective presence of invoices or other documents, but also from the further fact that such documents are

already recorded in the accounting records or are in any case held for evidentiary purposes in the course of a tax audit.
Penalties: for the natural person offender, imprisonment of 4 to 8 years, unless the general mitigating circumstance referred to in paragraph 2-bis applies (where the fictitious deductible items are less than one hundred thousand euro) – for the Entity: financial penalty of up to 500 units, in the absence of the general mitigating circumstance (amount of fictitious deductible items less than one hundred thousand euro); financial penalty of up to 400 units, in the presence of the aforesaid general mitigating circumstance.

- ***FRAUDULENT TAX RETURN THROUGH OTHER ARTIFICES (ARTICLE 3 OF LEGISLATIVE DECREE NO. 74/2000)***

"*1. Outside the cases provided for by Article 2, anyone who, in order to evade income tax or value added tax, carrying out transactions that are objectively or subjectively simulated or making use of false documents or other fraudulent means capable of obstructing the assessment and of misleading the tax authorities, states in one of the returns relating to such taxes taxable items for an amount lower than the actual one or fictitious deductible items or fictitious credits and withholdings, is punished by imprisonment of three to eight years when, jointly:*

a) the tax evaded exceeds, with reference to any of the individual taxes, thirty thousand euro;

b) the total amount of the taxable items removed from taxation, including by stating fictitious deductible items, exceeds five per cent of the total amount of the taxable items stated in the return, or, in any case, exceeds one million five hundred thousand euro, or where the total amount of the fictitious credits and withholdings reducing the tax exceeds five per cent of the amount of the tax itself or in any case thirty thousand euro.

2. The act is considered committed by making use of false documents when such documents are recorded in the mandatory accounting records or are held for the purpose of proof against the tax authorities.

3. For the purposes of applying the provision of paragraph 1, the mere breach of the obligations of invoicing and of recording taxable items in the accounting records, or the mere indication in invoices or in records of taxable items lower than the real ones, do not constitute fraudulent means".

This too is a "return-related" offence, meaning by this a "formal" offence, therefore closely connected with the filing obligation, and of a "fraudulent" nature, in the sense that it consists in artificial conduct by the perpetrator.

The unlawfulness of the conduct is characterised by these elements:

- transactions that are objectively and subjectively simulated;
- use of false documents or other fraudulent means capable of obstructing the assessment or of misleading the tax authorities;
- untrue statement (understated taxable items and fictitious deductible items) in tax returns (income and VAT);
- exceeding of two quantitative thresholds that must exist jointly: 1. tax evaded exceeding Euro 30 thousand; 2. total amount of taxable items removed exceeding 5% of the taxable items stated in the return or in any case exceeding Euro 1,500,000, or where the total amount of the fictitious credits and withholdings reducing the tax exceeds 5% of the amount of the tax itself or in any case Euro 30,000;
- the false documents are recorded in the mandatory accounting records or are in any case held for the purposes of proof against the tax authorities.

- ***Unfaithful Tax Return (Article 4 of Legislative Decree No.***

"*1. Outside the cases provided for by Articles 2 and 3, anyone who, in order to evade income tax or value added tax, states in one of the annual returns relating to such taxes taxable items for an amount lower than the actual one or non-existent deductible items, is punished by imprisonment of two years to four years and six months when, jointly:*

a) the tax evaded exceeds, with reference to any of the individual taxes, one hundred thousand euro;

b) the total amount of the taxable items removed from taxation, including by stating non-existent deductible items, exceeds ten per cent of the total amount of the taxable items stated in the return, or, in any case, exceeds two million euro.

1-bis. For the purposes of applying the provision of paragraph 1, no account is taken of the incorrect classification, of the valuation of objectively existing taxable or deductible items, in respect of which the criteria actually applied have in any case been indicated in the financial statements or in other documentation relevant for tax purposes, of the breach of the criteria for determining the accrual period, of the non-inherence, of the non-deductibility of real deductible items.

1-ter. Outside the cases referred to in paragraph 1-bis, valuations which, considered as a whole, differ by less than 10 per cent from the correct ones do not give rise to punishable acts. The amounts falling within this percentage are not taken into account in verifying whether the thresholds of punishability provided for in paragraph 1, letters a) and b) are exceeded."

It should be recalled that this crime has been included among the predicate Tax Offences on condition that the conduct is committed within cross-border fraudulent schemes and for the purpose of evading VAT for a total value of not less than Euro 10 million.

It is always a return-related crime.

It should be noted that Legislative Decree No. 124/2019 amended the exemption provided for in paragraph 1-ter, replacing the adverb "individually" with "as a whole", with the effect that, for the purposes of computing the higher taxable amounts relevant for the commission of the crime in question, all the valuations made by the taxpayer in the same tax year, even if relating to different transactions or situations, must be considered cumulatively and the calculation of the aforesaid "allowance" must be made with reference to their total amount.

- ***Failure To File A Tax Return (Article 5 of Legislative Decree No. 74/2000)***

"1*. Anyone who, in order to evade income tax or value added tax, fails to file, being obliged to do so, one of the returns relating to such taxes, when the tax evaded exceeds, with reference to any of the individual taxes, fifty thousand euro, is punished by imprisonment of two to five years.*

1-bis. Anyone who fails to file, being obliged to do so, the withholding agent's return, when the amount of withholdings not paid exceeds fifty thousand euro, is punished by imprisonment of two to five years.

2. *For the purposes of the provision in paragraphs 1 and 1-bis, a return filed within ninety days of the expiry of the deadline, or one that is not signed or not drawn up on a form conforming to the prescribed model, is not considered omitted*."

It should be recalled that this crime has been included among the predicate Tax Offences on condition that the conduct is committed within cross-border fraudulent schemes and for the purpose of evading VAT for a total value of not less than Euro 10 million.

- ***Issuance Of Invoices Or Other Documents For Non-existent Transactions (Article 8 Of Legislative Decree No. 74/2000)***

"*1. Anyone who, in order to allow third parties to evade income tax or value added tax, issues or releases invoices or other documents for non-existent transactions is punished by imprisonment of four to eight years.*
2. For the purposes of applying the provision in paragraph 1, the issuance or release of several invoices or documents for non-existent transactions during the same tax period is considered a single offence.
2-bis. If the untrue amount stated in the invoices or documents, per tax period, is less than one hundred thousand euro, imprisonment of one year and six months to six years applies."
This offence is the first of those introduced by Decree-Law No. 129/2019 that are, so to speak, "non-return-related".
It is correlated, as a mirror image, to the first type of offence of fraudulent tax return through the use of invoices and other documents for non-existent transactions. The offence governed by Article 8 of Legislative Decree No. 74/2000 punishes the conduct of the person who, upstream, issues the invoice or document intended for another party. The commission of the offence, rather than being aimed at evasion of the tax by the same person who issued the tax document, must rather be aimed at evasion of the tax by the party who is the recipient and receiver of the document itself. Obviously, once this prerequisite is proven, it is also not necessary that there has been, on the part of the third party, actual and concrete evasion of the tax.

- ***Concealment Or Destruction Of Accounting Documents (Article 10 Of Legislative Decree No. 74/2000)***

"1*. Unless the act constitutes a more serious offence, anyone who, in order to evade income tax or value added tax, or to allow third parties to evade, conceals or destroys, in whole or in part, the accounting records or documents which must be retained, so as not to allow the reconstruction of income or of turnover, is punished by imprisonment of three to seven years*."

The offence in question penalises conduct consisting of the concealment and physical destruction of accounting records or of documents which must be retained, with the consequent impossibility of reconstructing income or turnover.

- ***Undue Offsetting (Article 10-quater Of Legislative Decree No. 74/2000)***

"*1. Anyone who fails to pay the sums due, using in offsetting, pursuant to Article 17 of Legislative Decree No. 241 of 9 July 1997, credits that are not due, for an annual amount exceeding fifty thousand euro, is punished by imprisonment of six months to two years.*
2. *Anyone who fails to pay the sums due, using in offsetting, pursuant to Article 17 of Legislative Decree No. 241 of 9 July 1997, non-existent credits for an annual amount exceeding fifty thousand euro, is punished by imprisonment of one year and six months to six years*."

It should be recalled that this crime has been included among the predicate Tax Offences on condition that the conduct is committed within cross-border fraudulent schemes and for the purpose of evading VAT for a total value of not less than Euro 10 million.

- ***Fraudulent Evasion Of Payment Of Taxes (Article 11 Of Legislative Decree No. 74/2000)***

"*1. Anyone who, in order to avoid payment of income tax or value added tax or of interest or administrative penalties relating to such taxes for a total amount exceeding fifty thousand euro, simulates a transfer or carries out other fraudulent acts on his or her own or others' assets capable of rendering wholly or partly ineffective the compulsory collection procedure, is punished by imprisonment of six months to four years. If the amount of taxes, penalties and interest exceeds two hundred thousand euro, imprisonment of one year to six years applies.*

2. *Anyone who, in order to obtain for himself or herself or for others a partial payment of taxes and related accessories, states in the documentation submitted for the purposes of the tax settlement procedure taxable items for an amount lower than the actual one or fictitious deductible items for a total amount exceeding fifty thousand euro, is punished by imprisonment of six months to four years. If the amount referred to in the preceding sentence exceeds two hundred thousand euro, imprisonment of one year to six years applies.*"

This offence punishes the conduct of the person who simulates a transfer or carries out other fraudulent acts on his or her own or others' assets, capable of rendering wholly or partly ineffective the compulsory collection procedure. The rationale lies in the danger that the tax claim will not find sufficient cover in the taxpayer's/debtor's assets. Being an offence of danger, it is not necessary that actual prejudice to the tax claims has materialised.

The punishability of the offence is subject to a threshold being reached: the tax debt (for principal, interest and penalties) must not be less than Euro 50,000.00.

Paragraph 2 of Article 11 of Legislative Decree No. 74/2000 provides for a separate offence relating to the tax settlement procedure.

In relation to the Tax Offences and criminal conduct set out above, the areas considered most specifically at risk are, for the purposes of this Special Part of the Model, essentially the areas relating to the issuance and recording of invoices issued and/or received by the Company in direct connection with the management of aspects relating to purchase requests or to the sales management process, the drawing up of the financial statements, the calculation of taxes and the related payments, the sending and filing of the related periodic tax returns, as well as in general the retention and filing of the related documentation.

These are, in particular, the following activities carried out on behalf of the Company:

- management of purchasing and sales processes;
- management of accounting (issuance of accounting documentation, receipt of accounting documentation),
- the drawing up and approval of financial statements (annual financial statements and/or consolidated financial statements);
- preparation and submission of returns and communications concerning tax matters;
- settlement and payment of taxes;
- corporate transactions or transactions on the company's assets aimed at fraudulently removing such assets from the payment of taxes;
- management of relations with the Shareholders and the Statutory Auditors.

The Recipients of this Special Part are not only the Directors, the Statutory Auditors, the Internal Managers (or *Process Owners*) particularly involved in carrying out the risk activities described above, but also all those who, operating in any capacity in such areas, may in any event, directly or indirectly, commit or facilitate the commission of the offences indicated above.

The specific Recipients of this Special Part are:

- Administration and Finance area personnel
- Human Resources area personnel
- Marketing & Sales area personnel
- Operations Division

Consistently with the principles set out in the General Part of this Model and in the Code of Ethics and with the principles of conduct set out in the other Sections of the Special Part, in carrying out the identified Sensitive Activities, all Recipients of the Model are required to observe the following principles of conduct.

The principles of conduct highlighted in Special Part – Section C (Corporate Offences) and in Special Part – Section F (Handling of stolen goods, money laundering and use of money, goods or benefits of unlawful origin, self-laundering as well as crimes relating to payment instruments other than cash and fraudulent transfer of valuables) are specifically referred to in relation to:

- activities of managing the active process: sales management, issuance of invoices and receipts,
- activities of managing the passive process: purchase management, receipt of goods and payments,
- management of accounting (issuance of accounting documentation relating to the accounting, receipt of accounting documentation relating to the accounting,
- segregation of duties,
- traceability of payments and receipts and,
- authorisation and signing powers.

More specifically, this section of the Special Part lays down the express obligation for the Recipients to:

a) maintain, in the management of accounting, correct and transparent conduct in compliance with the provisions of law and regulation, existing company procedures and generally recognised bookkeeping principles;

b) maintain correct and transparent conduct in compliance with the provisions of law and regulation and existing company procedures, in all activities aimed at the preparation of the financial statements, periodic accounting statements and other corporate communications;

c) ensure that information is truthful, timely, transparent and accurate;

d) avoid carrying out simulated transactions;

e) ensure (as far as possible) segregation of duties between the various persons involved in the process of managing invoicing activities (sales/purchase) and financial transactions (receipts/payments);

f) ensure the regular functioning of the Company and of the Corporate Bodies, guaranteeing and facilitating every form of control over corporate management provided for by law, as well as the free, informed and correct formation of the will of the shareholders' meeting.

g) refrain from engaging in conduct that materially prevents, by concealing documents or using other fraudulent means, or that in any case constitutes an obstacle to the performance of the

control or audit activity over corporate management by the Board of Statutory Auditors or the audit firm or the shareholders;

h) avoid corporate transactions or transactions on the company's assets aimed at removing assets of the Company from the payment of taxes.

In addition to the general rules of conduct indicated above, reference is made to the operational prevention and control safeguards indicated in the other Sections of the Special Part and, in particular, to those identified in Special Part C (Corporate Offences) and in Special Part F (Handling of stolen goods, money laundering and use of money, goods or benefits of unlawful origin, self-laundering as well as crimes relating to payment instruments other than cash and fraudulent transfer of valuables).
The further operational prevention and control safeguards to prevent the commission of the offences covered by this Section are set out below.
LPM S.p.A. adopts organisational measures and procedures suitable for minimising tax risk by implementing appropriate control and risk-management measures (use of specialist expertise, risk assessment in the case of complex transactions also in collaboration with External Consultants, identification and allocation of powers and responsibilities to defined persons).
In particular, LPM S.p.A.:

- clearly indicates the roles, tasks and responsibilities for the preparation of tax returns and communications and for the management of tax payments;
- identifies the active and control roles in carrying out accounting activities and in relations with credit institutions;
- provides for the keeping, also with the assistance of the External Consultant, of a constantly updated tax calendar, for all taxes and other tax obligations for which LPM S.p.A. is required to make payment;
- ensures, as far as possible, a distinction and personal separation between the person who verifies and authorises the activity, the person who manages/carries it out, and the person who retains/files the related documentation. Where, taking into account the human resources available, it is not possible to guarantee the above distinction, control and/or authorisation activities and those of preparation/execution/filing may not be reserved exclusively to a single person.
- ensures and monitors the correct retention and filing of tax documentation, and adopts security measures aimed at preventing its destruction and physical elimination;
- formalises in writing the relationship with External Consultants in tax and social security matters, with their express undertaking to comply with the provisions of Decree 231/2001 and the principles of the Code of Ethics.

In addition, the functions in charge are obliged to:

- transmit to the External Consultants engaged to determine income taxes and to prepare the Company's tax returns truthful data corresponding to the accounting records;
- verify the consistency of the taxes determined by the External Consultants and of the returns prepared by them with the Company's accounting data;
- promptly verify the correspondence of the amounts paid/debited with those determined at the stage of recording the taxes, correctly record income taxes in the accounts and take whatever is necessary for their timely payment;
- determine, with the possible assistance of External Consultants, after completion of the recording of purchase invoices and of the issue of sales invoices within the legal deadlines,

on the basis of the data extracted from the accounts, any value added tax due;

- prepare the specific form for payment of value added tax, take whatever is necessary for its timely payment (if due) and, also through External Consultants equipped with a specific mandate, make the necessary periodic communications and returns to the Revenue Agency within the legal deadlines, drawn up in accordance with the value added tax as determined above;

- promptly verify the correspondence of the amounts any amounts paid/debited by way of VAT with respect to those determined at the stage of recording;
- transmit to the External Consultants engaged to determine taxes other than income taxes, withholdings and/or social security contributions truthful data corresponding to the accounting records;
- verify the consistency of the amounts determined by the External Consultants for withholdings, taxes and/or social security and welfare contributions with the data resulting from the accounts;
- take whatever is necessary for the timely payment of the taxes, withholdings and social security and welfare contributions determined by the External Consultants in relation to employees and consultants, correctly record such taxes and social security and welfare contributions in the accounts, in compliance with what was determined by the External Consultants;
- promptly verify the correspondence of the amounts amounts paid/debited by way of taxes, contributions and social security and/or welfare payments with respect to those determined at the stage of recording and/or indicated in the returns sent to the competent authorities.

The prevention and control safeguards listed above supplement what is set out in the company procedural framework in force, to which reference is made.

SPECIAL PART N

OFFENCES RELATING TO THE VIOLATION OF RESTRICTIVE MEASURES OF THE EUROPEAN UNION

(ARTICLE 25-OCTIES.2 OF THE DECREE)

INDEX SPECIAL PART N

DEFINITIONS

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Reference is made to the definitions set out in the General Part, without prejudice to the further definitions contained below in this Special Part.

This Special Part refers to the following Offences relating to the violation of restrictive measures of the European Union referred to in Article 25-octies.2 of Legislative Decree No. 231/2001

- ***VIOLATION OF THE RESTRICTIVE MEASURES OF THE EUROPEAN UNION (ARTICLE 275-BIS, PARAGRAPHS 1, 2 AND 5, OF THE CRIMINAL CODE)***

"*[I]. Anyone who, in breach of a prohibition, obligation or restriction imposed by a restrictive measure of the European Union or by national legislative provisions implementing a restrictive measure of the European Union, is punished by imprisonment of two to six years and a fine of Euro 25,000 to Euro 250,000 if he or she:*

a) directly or indirectly makes available to a designated person, entity, body or group, or allocates for their benefit, funds or economic resources;

b) fails to adopt freezing measures on funds or economic resources belonging to a designated person, entity, body or group, or owned, held or controlled by them;

c) concludes in any capacity economic, commercial or financial transactions, including the award or continuation of the performance of public procurement or concession contracts, with a third State or its bodies or with entities or bodies directly owned or controlled by the same third State or its bodies;

d) imports, exports, trades, sells, purchases, transfers, causes to transit, transports goods, including in intangible form, or provides brokerage services, technical assistance or other services concerning the same goods;

e) provides services of any kind, including financial services, or carries out financial transactions.

[II]. The same penalty as in the first paragraph applies to anyone who circumvents the implementation of a restrictive measure of the European Union by means of:

a) the use, transfer to third parties or other disposal of frozen funds or economic resources directly or indirectly owned, held or controlled by a designated person, entity, body or group;

b) the submission or use of false statements or documents, or documents certifying untrue matters, for the purpose of obstructing the identification of the beneficial owner or ultimate beneficiary of funds or economic resources to be frozen.

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[V]. The provisions of the preceding paragraphs also apply in cases of transactions carried out without the related authorisation, or with authorisation obtained by providing false statements or documentation."

These types of Offence consist in the direct or indirect making available of funds or economic resources to designated persons, in breach of freezing obligations, and in other conduct prohibited by European Union regulations (including sectoral export/import bans, provision of prohibited services, etc.).

- ***Violation Of Information Obligations Imposed By A Restrictive Measure Of The European Union (Article 275-ter, Paragraphs 1 And 2, Of The Criminal Code)***

These types of Offence consist in the failure to provide, or the false provision of, the communications due to the competent authorities for the purposes of applying the restrictive measures, as well as in obstructing checks.

- ***Violation Of The Conditions Of The Authorisation To Carry Out Activities (Article 275-quater, Paragraph 1, Of The Criminal Code)***

These types of Offence consist in non-compliance with the conditions indicated in the authorisation measures issued by the competent authority by way of derogation from legislative limitations, where such authorisation is required by a restrictive measure of the European Union.

- ***Provisions Against Illegal Immigration (Article 12, Paragraphs 1 And 1-bis, Legislative Decree No. 286/1998)***

In this regard reference is made to Special Part D.

In relation to the Offences and criminal conduct set out above, the areas considered most specifically at risk are, for the purposes of this Special Part of the Model, the following:

- sale, delivery or making available of products to persons, entities or countries subject to sanctions by the European Union (e.g. Russia/ Belarus for certain industrial machinery or related services).
- technical assistance, installation, remote maintenance, software updates to sanctioned persons/countries in breach of European Union prohibitions;
- circumvention of restrictive measures through triangulation or intermediaries: shipments to distributors in “bridge” third countries (not sanctioned) that forward the goods to prohibited destinations;
- breach of information and cooperation obligations with the competent authorities;
- breach of the legislation on *dual use* goods.

The specific Recipients of this Special Part are:

- Administrative Body
- Marketing & Sales Division
- Operations Division

In light of the foregoing and in line with the principles set out above, in order to prevent the Recipients of this Special Part from carrying out actions that could constitute the Offences covered by this Special Part, LPM S.p.A. has adopted a management system which, with the assistance of specific IT tools and External Consultants, provides for:

- the drafting and updating of an up-to-date mapping of the countries, sectors and persons to which the European Union applies restrictive measures relevant to the Company's products and services;
- the prohibition on carrying out transactions in breach of restrictive measures of the European Union relevant to the Company's products and services;
- the prohibition on carrying out transactions that circumvent restrictive measures of the European Union relevant to the Company's products and services;
- the obligation to provide public authorities and public control bodies with clear, correct, truthful and complete information.

The operational prevention and control safeguards to prevent the commission of the offences covered by this Special Part N are set out below.

The Recipients of this Special Part N are required to:

- identify the personnel in charge of carrying out an up-to-date mapping of the countries, sectors and persons to which the European Union applies restrictive measures relevant to the products and services provided by the Company;
- draw up and update, by the personnel in charge, also with the assistance of External Consultants if necessary and/or appropriate, the mapping of the countries, sectors and persons to which the European Union applies restrictive measures relevant to the products and services provided by the Company;
- identify the personnel in charge of verifying whether the technical characteristics of the products or services provided by the Company make their supply subject to specific restrictive measures of the European Union;
- verify, by the personnel in charge, the technical characteristics of the products or services provided by the Company, also with the assistance of External Consultants if necessary and/or appropriate, and determine whether or not their supply is subject to specific restrictive measures of the European Union;
- file and retain the outcome of the verifications of the checks;
- provide the personnel of the sales, technical assistance, logistics and purchasing departments with periodic training on restrictive measures and prohibitions applicable to the sale of the Company's products and services;
- provide for mandatory preventive checks on customers, beneficial owners, distributors and end users of the products and services before making any offer or shipment;
- at the quotation and order stage, identify the end user and the place of installation of the equipment;
- not conclude contracts for the supply of goods or services with final destination in countries, sectors and persons in breach of the restrictive measures of the European Union;
- at the time of shipment, verify that the destination and the consignee match what is indicated in the contract;
- subject suppliers and subcontractors to checks for any restrictive measures and for links with designated persons;
- provide in supply contracts for undertakings by the supplier on the absence of links with sanctioned persons, information obligations and a right of withdrawal in the event of breaches;
- prohibit assistance, including remote, in favour of designated persons or in countries subject to restrictive measures;
- prohibit payments in favour of persons other than the person who rendered the service, or towards countries or persons subject to restrictive measures;
- in the case of payments coming from third parties other than the recipient of the service, or from countries subject to restrictive measures and/or included in blacklists, immediately inform the Head of Administration and Finance for all appropriate checks and actions;
- identify the company representatives authorised to interact with the administrations and to submit any applications for authorisation or derogation from restrictive measures of the European Union;
- it is mandatory to respond, in a complete and timely manner, to requests for information from the competent authorities in the course of verification and control of compliance with the restrictive measures of the European Union.

The prevention and control safeguards listed above supplement what is set out in the company procedural framework in force, to which reference is made.