Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001

MICO DMC S.r.l.

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GENERAL SECTION

1. Foreword

MICO DMC S.r.l. (hereinafter "**MICO DMC**" or the "**Company**") decided to adopt its own Organisation, Management and Control Model (hereinafter the "**Model**") pursuant to the dictates of Italian Legislative Decree 231/2001 (hereinafter also referred to as the "**Decree**") on administrative liability of entities.

In preparing this Model, MICO DMC complied with the provisions of the Guidelines for the construction of Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/2001 (hereinafter the "**Guidelines**") issued in 2002 by Confindustria, later updated in 2008 and 2014, and approved by the Italian Ministry of Justice, with case law on overriding matters, as well as with the provisions referred to in the "Consolidated principles for the preparation of organizational models and the activity of the organization" issued by CNDCEC, ABI, CNF and Confindustria on February 2019.

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

The aim of the Decree was to adapt domestic regulations on the liability of entities to a number of international agreements already adopted by Italy, i.e.: i) the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests; ii) the Convention also signed in Brussels on 26 May 1997 on the fight against corruption; iii) the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions; iv) the United Nations Convention against Corruption (UNCAC) of 31 October 2003. This Decree, containing the "*Regulations on administrative liability of entities, companies and associations with or without legal status*", was introduced to Italian law by an administrative liability system for entities (i.e. legal entity, company, consortium, etc.) for certain offences committed on behalf of or to the benefit of such entities by:

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

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

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

The regulations therefore aim to widen the boundaries of personal criminal liability by including the direct involvement of "entities" that have benefited from commission of the offence. This is a form of "administrative-criminal" liability as, though it involves administrative sanctions, it results from the commission of a predicate offence by one or more of the individuals indicated above, where they have acted on behalf of or in the interests of the entity, and can be sanctioned only under the criminal code through criminal proceeding investigations.

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

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

2.1. Offences resulting in administrative liability of an entity

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

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

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

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

This is the first group of offences originally identified by Italian Legislative Decree 231/2001 and later amended by Italian laws 61/2002, 190/2012, 3/2019[2] and, lastly, by the Legislative Decree n. 75 of 14 July 2020, concerning the implementation of the so-called PIF Directive (EU Directive 2017/1371, relating to the fight against fraud affecting the financial interests of the European Union through criminal law)[3]. The following offences can be attributed to this category of crimes:

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1 Note a recent decision (Court of Cassation, Criminal Sect. II, no. 295 of 9.01.2018) which in relation to the concept of interest clarified that “*on the issue of criminal liability of entities, the interests of the offender can coincide with those of the entity, but the liability of the latter exists only when, in pursuing his or her own interests, the agent objectively also fulfils those of the entity. It follows that, in order to assign liability for the offence to the entity, it is sufficient that the conduct of the offender objectively and actually tends, from a collective standpoint, to also fulfil the interests, economic or otherwise, of the entity*”.

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

3 The Legislative Decree implementing Directive (EU) 2017/1371 ("PIF Directive"), relating to the fight against fraud affecting financial interests of the European Union, has involved a far-reaching integration of a number of predicate offenses. In particular: i) the crime of fraud in public supplies (Article 356 of the Italian Criminal Code) and the crime of fraud in agriculture (Article 2 of the Law n. 898 of 1986) have been inserted in Article 24 of the Decree; ii) the crimes pursuant to Article 24 of the Decree have been detected not only if committed to the detriment of the State or other public body but also if committed to the detriment of the European Union; iii) Article 25 of the Decree has been integrated with three new crimes: embezzled, embezzled through profit of others' error and abuse of office, which are relevant only if they harm the financial interests of the European Union; iv) Article 25-*quinquiesdecies* of the Decree has been amended by introducing the Entity's liability for serious VAT fraud not included in the previous and recent reform (Law 157/2019), i.e. the crimes of unfaithful declaration, omitted declaration and undue compensation, provided that they are committed in the context of

- misuse of public funds (Art. 316-*bis*, Italian Criminal Code);
- embezzlement of public funds (Art. 316-*ter*, Italian Criminal Code);
- fraud in public supplies (Art. 356, Italian Criminal Code);
- fraud against the State or other public body (Art. 640, paragraph 2.1, Italian Criminal Code);
- aggravated fraud for the purpose of obtaining public funds (Art. 640-*bis*, Italian Criminal Code);
- computer fraud against the State or other public body (Art. 640-*ter*, Italian Criminal Code);
- fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2, Italian Law n. 898/1986);
- extortion (Art. 317, Italian Criminal Code);
- bribery to exercise an official duty and bribery to commit an act contrary to official duty (Articles 318, 319 and 319-*bis*, Italian Criminal Code);
- judicial corruption (Art. 319-*ter*, Italian Criminal Code);
- unlawful inducement to give or promise benefits (Art. 319-*quater*, Italian Criminal Code);
- bribery of a public service official (Art. 320, Italian Criminal Code);
- penalties for the corrupting party (Art. 321, Italian Criminal Code);
- attempted bribery (Art. 322, Italian Criminal Code);
- misappropriation, extortion, unlawful inducement to give or promise benefits, bribery and attempted bribery of members of the international criminal courts or bodies of the European Union and officials of EU member states and non-EU countries (Art. 322-*bis*, Italian Criminal Code);
- influence peddling (Art. 346-*bis*, Italian Criminal Code)[4];
- embezzlement (Article 314 paragraph 1, Italian Criminal Code), when the fact offends the financial interests of the European Union;
- embezzled by profit from the error of others (Article 316, Italian Criminal Code), when the fact offends the financial interests of the European Union;
- abuse of office (Article 323, Italian Criminal Code), when the fact offends the financial interests of the European Union;
- inducement not to make statements or to make false statements to the court (Art. 377-*bis*, Italian Criminal Code).

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cross-border fraudulent systems and in order to evade VAT for a total amount of not less than ten million euros; v) the list of tax offenses have been expanded, with the inclusion; vi) with the new Article 25-*sexiesdecies* the smuggling offenses provided for the Presidential Decree n. 43 of 1973 have been inserted in the Decree.

4 Offence introduced by Italian Law 3/2019.

The Legislative Decree 75/2020 also provided that, in relation to all crimes against the public administration pursuant to Art. 24 of Legislative Decree 231/2001, the responsibility is extended to cases in which not only the Italian state and public bodies are damaged, but also the European Union.

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

This is a series of crimes and offences included in the Decree by Italian Law no. 48 of 18 March 2008, later amended by Italian Law Decree 93/2013. The Decree Article in question envisages administrative liability of an entity in relation to the commission of criminal offences associated with computer systems. The following are included in this category of offences:

- electronic documents (Art. 491-*bis*, Italian Criminal Code);
- unauthorised access to an IT or electronic system (Art. 615-*ter*, Italian Criminal Code);
- unauthorised possession and dissemination of access codes to IT or electronic systems (Art. 615-*quater*, Italian Criminal Code);
- dissemination of equipment, devices or software with the intention of damaging or crashing an IT or electronic system (Art. 615-*quinquies*, Italian Criminal Code);
- unlawful interception, blocking or interruption of IT or electronic communications (Art. 617-*quater*, Italian Criminal Code);
- installation of devices to intercept, block or interrupt IT or electronic communications (Art. 617-*quinquies*, Italian Criminal Code);
- damage to information, data and software (Art. 635-*bis*, Italian Criminal Code);
- damage to information, data and software used by the State or other public body, or in any event of public utility (Art. 635-*ter*, Italian Criminal Code);
- damage to IT or electronic systems (Art. 635-*quater*, Italian Criminal Code);
- damage to IT or electronic systems of public utility (Art. 635-*quinquies*, Italian Criminal Code);
- computer fraud by a digital signature services provider (Art. 640-*quinquies*, Italian Criminal Code);
- obstacle and false declarations towards new Authorities in charge of supervising cyber security (Art.1, paragraph 11 of Decree-law 21 September 2019 n.105, so-called Cybersecurity Decree regulating the cybernetic national security perimeter, converted with modifications by the Law no.133 of 18 November 2019)[5].

[5] This is a new predicate offense for entities falling within the cybernetic national security perimeter. Specifically, the bodies involved must prepare and update annually a list of their networks, ICT systems and IT services, from whose malfunction or interruption could result in a prejudice for the interests of the State, to be transmitted to the mentioned Authorities (e.g. National Evaluation and Certification Center, set up at the Ministry for Economic Development). However, the so-called perimeter of cybernetic national security has not yet been identified. To this end, within four months from the date of entry into force of the Conversion Law (i.e., by March 21, 2020) a Decree of the President of the Council of Ministers will be issued and only those who will fall within the perimeter will be obliged to comply with the D.L. 105/2019, and therefore to the new predicate offense. These subjects, among other things, will be subject to surveillance and inspection by the Presidency of the Council of Ministers or by the Ministry of Economic Development, depending on the public or private nature of the entity. As of now, it is certain that the rule will apply to public administrations, public and private bodies

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

This series of offences was included in the Decree by Italian Law 94/2009. The category includes the following offences:

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

Crimes against the public faith (Art. 25-bis of the Decree)

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

- counterfeiting of coins, circulation and importation, acting alone, of counterfeit coins (Art. 453, Italian Criminal Code);
- coin alteration (Art. 454, Italian Criminal Code);
- circulation and importation, acting alone, of counterfeit coins (Art. 455, Italian Criminal Code);
- circulation of counterfeit coins received in good faith (Art. 457, Italian Criminal Code);
- counterfeiting of revenue stamps, importation, purchase, possession or circulation of counterfeit revenue stamps (Art. 459, Italian Criminal Code);
- counterfeiting of safety paper used to manufacture public paper or revenue stamps (Art. 460, Italian Criminal Code);
- manufacture or possession of watermarks or tools for the counterfeiting of coins, revenue stamps or safety paper (Art. 461, Italian Criminal Code);
- use of counterfeit or altered revenue stamps (Art. 464, Italian Criminal Code);
- counterfeiting, alteration or use of trademarks or distinctive marks, or patents, models and designs (Art. 473, Italian Criminal Code);

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and operators, based in the national territory on which it depends the exercise of an essential function for the State and from whose malfunction, interruption (even partial) or improper use, may arise a prejudice to national security.

- importation and marketing of products with false markings (Art. 474, Italian Criminal Code).

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

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

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

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

As part of the corporate law reform, Italian Legislative Decree no. 61 of 11 April 2002 extended the administrative liability system for entities, pursuant to Italian Legislative Decree 231/2001, also to certain corporate offences. The range of corporate offences was expanded by Italian Law no. 262 of 28 December 2005 and, later, by Law no. 69 of 27 May 2015, as well as by Italian Legislative Decree no. 38 of 15 March 2017. These refer to the following predicate offences in particular:

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

- market rigging (Art. 2637, Italian Civil Code);
- obstructing the exercise of duties of public supervisory authorities (Art. 2638, Italian Civil Code).

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

Art. 25-*quater* was introduced to Italian Legislative Decree 231/2001 by Art. 3, Italian Law no. 7 of 14 January 2003. It refers to "*crimes for the purpose of terrorism or subversion of democratic order, envisaged in the Italian Criminal Code and special laws*", as well as crimes other than the above "*which are in any event committed in violation of the provisions of Art. 2 of the International Convention for the Suppression of the Financing of Terrorism signed in New York on 9 December 1999*"[6]. The category of "*crimes for the purpose of terrorism or subversion of democratic order, envisaged in the Italian Criminal Code and special laws*" is referred to in a general sense by the law, without indicating specific regulations, the violation of which would involve the application of this Article. However, a list of the main predicate offences can include the following:

- subversive conspiracies (Art. 270, Italian Criminal Code);
- aiding and abetting terrorism, domestic or international, or subversion of democratic order (Art. 270-*bis*, Italian Criminal Code);
- aiding and abetting conspiracy (Art. 270-*ter*, Italian Criminal Code);
- terroristic recruitment, domestic or international (Art. 270-*quater*, Italian Criminal Code);
- terrorist training, domestic or international (Art. 270-*quinquies*, Italian Criminal Code);
- terrorism financing (Italian Law 153/2016; Art. 270-*quinquies*.1, Italian Criminal Code);
- misappropriation of assets or sums of money subject to seizure (Art. 270-*quinquies*.2, Italian Criminal Code);
- terroristic conduct (Art. 270-*sexies*, Italian Criminal Code);
- terroristic or subversive attack (Art. 280, Italian Criminal Code);
- terrorist act using lethal bombs or explosives (Art. 280-*bis*, Italian Criminal Code);
- nuclear terrorist acts (Art. 280-*ter*, Italian Criminal Code);
- kidnapping for the purpose of terrorism or subversion (Art. 289-*bis*, Italian Criminal Code);
- inducement to commit any one of the crimes envisaged in the first and second chapters (Art. 302, Italian Criminal Code);
- formal political conspiracy (Art. 304, Italian Criminal Code);

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

- organised political conspiracy (Art. 305, Italian Criminal Code);
- armed gang: formation and participation (Art. 306, Italian Criminal Code);
- aiding and abetting members of a conspiracy or armed gang (Art. 307, Italian Criminal Code);
- seizure, hijacking and destruction of an aircraft (Art. 1, Italian Law 342/1976);
- damage to underground installations (Art. 2, Italian Law 342/1976);
- sanctions (Art. 3, Italian Law 422/1989);
- active repentance (Art. 5, Italian Legislative Decree 625/1979);
- New York Convention of 9 December 1999 (Art. 2).

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

This Article of the Decree was added by Italian Law no. 7 of 9 January 2006 and envisages female genital mutilation practices as predicate offences (Art. 583-*bis*, Italian Criminal Code).

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

Art. 25-*quinquies* was introduced to Italian Legislative Decree 231/2001 by Art. 5, Italian Law no. 228 of 11 August 2003, and later by Art. 6, paragraph 1, Italian Law no. 199 of 29 October 2016. The regulation in question envisages and punishes crimes against the individual and, in particular:

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

Market abuse (Art. 25-sexies of the Decree)

The market abuse offences were introduced to Italian Legislative Decree 231/2001 by Art. 9, Italian Law no. 62 of 18 April 2005 (the "2004 Community Law"). As a result of these new regulations, the Decree envisages that companies can be held liable for the offences of:

- insider dealing (Art. 184, Consolidated Law on Finance)
- market manipulation (Art. 185, Consolidated Law on Finance).

Based on Art. 187-*quinquies* of the Consolidated Law on Finance, entities can also be held liable for the payment of a sum equal to the pecuniary administrative sanction imposed for the administrative offences of insider dealing (Art. 187-*bis*, Consolidated Law on Finance) and market manipulation (Art. 187-*ter*, Consolidated Law on Finance), if committed in their interest or to their benefit by persons attributable to the categories of "senior management" and "subordinates under their management or supervision".

Occupational health and safety offences (Art. 25-septies of the Decree)

This category of offences was introduced by Art. 9, Italian Law no. 123 of 3 August 2007. Administrative liability of the company is therefore envisaged in relation to the crimes referred to in Articles 589 and 590, paragraph three, of the Italian Criminal Code (Manslaughter, actual bodily harm and grievous bodily harm), committed in violation of accident prevention regulations and occupational health and safety protection.

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

These offences were introduced to Italian Legislative Decree 231/2001 by Italian Legislative Decree no. 231 of 21 November 2007 and, later, by Law 186/2014 containing "*Provisions on the emergence and repayment of capital held abroad and self-laundering*", expanding the range of offences under this category. In particular, the offences included in the aforementioned category are as follows:

- Receiving (Art. 648, Italian Criminal Code);
- Money laundering (Art. 648-*bis*, Italian Criminal Code);
- Use of money, goods or other benefit of unlawful origin (Art. 648-*ter*, Italian Criminal Code);
- Self-laundering (Art. 648-*ter*.1, Italian Criminal Code).

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

Italian Law no. 99 of 23 July 2009 introduced Art. 25-*novies* to the Decree, later amended by Law 116/09 and Legislative Decree 121/11. The current text of the regulation envisages administrative liability of the entity in relation to commission of the crimes referred to in Art. 171, paragraphs 1.*a-bis* and 3, Art. 171-*bis*, Art. 171-*ter*, Art. 171-*septies* and Art. 171-*octies*, Italian Law no. 633 of 22 April 1941 in relation to the protection of copyright and other rights associated with its exercise. In particular, the offences included in the aforementioned category are as follows:

- making available to the public, on an electronic network system and using connections of any kind, all or part of any protected intellectual property (Art. 171, paragraph 1.*a-bis*, Italian Law 633/1941);
- software pirating for profit; importation, distribution, sale or possession for marketing or business or leasing purposes of software held on media without SIAE markings; preparation of means for removing or bypassing software protection devices (Art. 171-*bis*, paragraph 1, Italian Law 633/1941);
- copying, transfer to other media, distribution, disclosure, presentation or demonstration in public of the contents of a database; extraction or redeployment of a database; distribution, sale or lease of databases (Art. 171-*bis*, paragraph 2, Italian Law 633/1941);

- offences referred to in the previous point committed on third party works not intended for publication, if resulting in damage to integrity or reputation (Art. 171, paragraph 3, Italian Law 633/1941);
- pirating, copying, broadcasting or circulating in public by any procedure, all or part of intellectual property intended for television broadcasting or cinematography, the sale or rental of disks, tapes or similar media or any other media containing audio or video representations of musical, cinematographic or similar audio-visual works or sequences of moving images; literary, dramatic, scientific or teaching, musical or musical theatre, multimedia works, including as part of collective or composite works or databases; copying, duplication, broadcasting or unauthorised circulation, sale or marketing, transfer of any nature or unauthorised importation of over fifty copies or samples of copyrighted works and associated rights; upload to an electronic network system, using connections of any kind, of all or part of any copyrighted intellectual property (Art. 171-*ter*, Italian Law 633/1941);
- failure to inform the SIAE of identification details of media not subject to SIAE markings or making false statement (Art. 171-*septies*, Italian Law 633/1941);
- fraudulent manufacture, sales, importation, promotion, installation, modification or application for public or private use of devices or device parts for decoding conditional-access audio-visual transmissions broadcast over the air, via satellite, cable, in analog or digital format (Art. 171-*octies*, Italian Law 633/1941).

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

Originally, Italian Legislative Decree 231/2001 did not contemplate environmental offences among the predicate offences that could give rise to administrative liability of an entity. Art. 25-*undecies* of Italian Legislative Decree 121/11 introduced environmental offences into the "catalogue" of predicate offences envisaged in Legislative Decree 231/01 as regards the administrative liability of entities. Later, Italian Law no. 68 of 22 May 2015 introduced new provisions on crimes against the environment. Italian Law 68/2015 introduced the new Title VI-*bis* on crimes against the environment to the Italian Criminal Code, i.e. the "*Eco Reati*" (environmental offences) that now includes 13 Articles (from Art. 452-*bis* to Art. 452-*quaterdecies* of the Criminal Code), the last of which, Art. 452-*quaterdecies* ("Organised trafficking of illegal waste") was recently introduced by Art. 3, paragraph 1.*a)*, Italian Legislative Decree no. 21 of 1 March 2018.

Under Italian law, the environmental predicate offences are:

- environmental pollution (Art. 452-*bis*, Italian Criminal Code);
- environmental disaster (Art. 452-*quater*, Italian Criminal Code);
- criminal environmental offences (Art. 452-*quinquies*, Italian Criminal Code);
- trafficking and dumping of highly radioactive material (Art. 452-*sexies*, Italian Criminal Code);
- aggravating circumstances of the crimes referred to in Articles 452-*bis*, *quater*, *quinquies* and *sexies* of the Italian Criminal Code (Art. 452-*octies*, Italian Criminal Code);
- killing, destruction, capture, removal or possession of specimens of animal species

- protected wild plant species (Art. 727-*bis*, Italian Criminal Code);
- destruction or damage of habitats in a protected area (Art. 733-*bis*, Italian Criminal Code);
- discharge of industrial wastewater containing hazardous substances; discharge on land, in subsoil and in groundwater; offshore discharge by ships or aircrafts ("Environmental Code" - Art. 137, Italian Legislative Decree 152/06);
- unauthorised waste management activities ("Environmental Code" - Art. 256, Italian Legislative Decree 152/06);
- pollution of land, subsoil, surface water and groundwater ("Environmental Code" - Art. 257, Italian Legislative Decree 152/06);
- illegal waste trafficking ("Environmental Code" - Art. 259, Italian Legislative Decree 152/06);
- organised trafficking of illegal waste (Art. 452-*quaterdecies*, Italian Criminal Code)[7];
- violation of reporting obligations, obligations of maintenance of compulsory registers and forms ("Environmental Code" - Art. 258, Italian Legislative Decree 152/06)[8];
- importation, exportation, possession, for-profit use, purchase, sale, display or holding for sale or for marketing purposes of protected animal species (Articles 1 and 2, Italian Law 150/92);
- possession of live mammals and reptiles that could constitute a danger to public health and safety (Art. 6, Italian Law 150/92);
- exceeding air quality limits ("Environmental Code" - Art. 279, paragraph 5, Italian Legislative Decree 152/06);
- termination and reduction of the use of substances harmful to the ozone layer (Art. 3, Italian Law 549/93);

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

8 Note that Art. 260-*bis* ("IT system for waste traceability control") of Italian Legislative Decree 152/2006, still referred to by Italian Legislative Decree 231/2001 among the environmental predicate offences, is deemed repealed due to the repeal of Art. 36 of Italian Legislative Decree 205/2010 imposed by Art. 6, paragraph 2, Italian Law Decree 135/2018, as amended by the annexe to the conversion law no. 12 of 11 February 2019 with effect from 1 January 2019. This Article envisaged that:
"(…) 6. The penalty referred to in Art. 483 of the Italian Criminal Code shall apply to any person who, in preparing a waste analysis certificate, used in the system for waste traceability control, provides false indications of the nature, composition and chemical and physical characteristics of the waste, and to any person who includes a false certificate among the data to be provided for waste traceability purposes.
A transport operator who fails to accompany waste transport with a printed copy of the SISTRI - AREA MOVIMENTAZIONE (handling area) sheet and, where necessary on the basis of current regulations, with a copy of the analysis certificate identifying the waste characteristics, shall be punished by a pecuniary administrative sanction ranging from € 1,600.00 to € 9,300.00. The penalty referred to in Art. 483 of the Italian Criminal Code shall apply in the case of transportation of hazardous waste. The latter penalty shall also apply to a person who, during transportation, makes use of an analysis certificate containing false indications of the nature, composition and chemical and physical characteristics of the waste transported. 8. A transport operator accompanying waste transport with a printed copy of the SISTRI - AREA MOVIMENTAZIONE sheet that has been fraudulently altered shall be punished by the penalty envisaged in the combined provisions of Articles 477 and 482 of the Italian Criminal Code. The penalty is increased by up to one third in the case of hazardous waste. 9. If the conduct referred to in paragraph 7 does not prejudice traceability of the waste, the pecuniary administrative sanction ranging from € 260.00 to € 1,550.00 shall apply".

- wilful and negligent shipping pollution (Articles 8 and 9, Italian Legislative Decree 202/07).

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

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

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

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

Italian Law no. 167 of 20 November 2017, integrated by Italian Legislative Decree 21/2018, expanded the list of predicate offences by introducing the new Art. 25-*terdecies* to the Decree.

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

Sporting fraud offences (Art. 24-quaterdecies of the Decree)

Italian Law no. 39 of 3 May 2019 extended the liability of entities to sporting fraud offences and unauthorised exercise of gambling and betting activities, referred to in Articles 1 and 4, Italian Law no. 401 of 13 December 1989[9].

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

On 24 December 2019, Law no. 157/2019, that has converted the Decree-law 26 October 2019 no. 124, was published on the Official Journal. The mentioned Law, *inter alia*, has included tax offenses in the catalog referred to in Legislative Decree 231/2001.

Precisely, Article 39, paragraph 2 of Legislative Decree 124/2019 has included in the list of predicate offenses the following crimes referred to in Legislative Decree n. 74/2000:

- fraudulent declaration using invoices or other documents for non-existent operations (Article 2, Legislative Decree n. 74/2000);
- fraudulent declaration through other artifices (Article 3, Legislative Decree n. 74/2000);

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

- issue of invoices or other documents for non-existent operations (Article 8, Legislative Decree n. 74/2000);
- concealment or destruction of accounting documents, (Article 10, Legislative Decree n. 74/2000);
- fraudulent removal from the payment of taxes (Article 11, Legislative Decree n. 74/2000).

The new Article 25-*quinquiesdecies* of the Legislative Decree 231/2001, establishes also the possibility to increase of a third of the financial pecuniary sanction above mentioned, if the entity has achieved a significant profit following the commission of the tax offenses listed above. To the pecuniary sanctions could be added, then, disqualification penalties such as the prohibition to contract with Public Administration, the exclusion from concessions, loans, contributions or subsidies, as well as the prohibition to advertise goods or services.

With the Legislative Decree n. 75 of 14 July 2020, concerning the implementation of the EU directive 2017/1371 (the so-called PIF Directive), Article 25-*quinquiesdecies* of the Decree was further amended, with the introduction of the liability of the entity in the event of serious VAT fraud against the European Union. In particular, among the predicate offenses, the following cases have also been included, with the specification that they are relevant only in the event that the fraud is transnational and the tax evaded is not less than ten million euros:

- unfaithful declaration (Article 4, Legislative Decree n. 74/2000);
- omitted declaration (Article 5 of Legislative Decree n. 74/2000);
- undue compensation (Article 10-quarter, Legislative Decree n. 74/2000).

Smuggling offenses (Article 25-sexiesdecies of the Decree)

With the Legislative Decree n. 75 of 14 July 2020, concerning the implementation of the EU directive 2017/1371 (so-called "PIF Directive") was included in Legislative Decree 231/01, the new Article 25-sexiesdecies, which provides that the entity can also respond for smuggling offenses provided for by the Presidential Decree n. 43 of 1973. These types of offenses punish the conduct of those who introduce goods into the territory of the State, violating specific provisions on customs matters.

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

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

- measures against illegal immigration (Art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, Italian Legislative Decree no 286 of 25 July 1998 (consolidated text));
- criminal conspiracy (Art. 416, Italian Criminal Code);
- mafia-type conspiracy (Art. 416-*bis*, Italian Criminal Code);
- criminal conspiracy for smuggling tobacco products processed in other countries (Art. 291-*quater*, Italian Presidential Decree no. 43 of 23 January 1973 (consolidated text));
- association for the purpose of unlawful trafficking in narcotic drugs or psychotropic substances (Art. 74, Italian Presidential Decree no. 309 of 9 October 1990 (consolidated text));

- inducement not to make statements or to make false statements to the court (Art. 377-*bis*, Italian Criminal Code);
- aiding and abetting (Art. 378, Italian Criminal Code).

Such offences are transnational when the offence is committed in one or more countries or, if committed in one country, a substantial part of the preparation and planning of the offence occurs in another country, or further, if committed in one country, an organised criminal group operating in criminal activities in multiple countries is implicated[10].

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

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

If an offence is committed by a senior manager, in fact, the company is not liable if it can prove that (Art. 6):

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

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

c) the individuals committed the offence by fraudulently circumventing the organisation and management models;

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

The mere adoption of the Model by the administrative body - identified as the body with management powers, i.e. the Board of Directors - is not sufficient, however, as a measure for determining an exemption from corporate liability, since it is in fact necessary that the model is efficient and effective.

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

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

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

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

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

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

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

The company must in any event demonstrate that it is extraneous to the alleged offences by the senior manager, proving that each of the above-listed requirements is met and, consequently, the circumstances surrounding the offence committed do not derive from its own "organisational blame". If an offence is instead committed by parties subject to management or supervision by others, the company is liable if the offence committed was made possible due to violation of the management or supervisory obligations with which the company is expected to comply (Art. 7, paragraph 1).

In any event, violation of the management or supervisory obligations is excluded if, prior to commission of the offence, the company adopted and effectively implemented an Organisation, Management and Control Model suitable for preventing the types of offence committed (Art. 7, paragraph 1).

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

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

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

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

Art. 6, paragraph 2-*bis* of the Decree, added by Italian Law no. 179 of 30 November 2017, introduced further requirements concerning whistleblowing[11], which Models must have in order to guarantee entities' exemption from administrative liability pursuant to Italian Legislative Decree 231/2001. Specifically, the Models must:

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

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

c) guarantee and protect the ban on direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly associated with the report;
d) in the disciplinary system, introduce sanctions against those who violate whistleblower protection measures, and against those who with wilful misconduct or gross negligence submit reports that are unfounded.

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

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

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

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

2.3. Sanctioning system

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

- pecuniary sanctions (and precautionary seizure);
- prohibitive sanctions (also applicable as a precautionary measure), which in turn can consist in:
    - temporary or permanent ban on conducting business activities;
    - suspension or removal of authorisations, licences or concessions used to commit the offence;
    - ban on contracting with public administration, except to request provision of a public service;
    - exclusion from aid, financing, grants or subsidies and the withdrawal of any already granted, if any;
    - temporary or permanent ban on advertising goods or services;
- seizure of the price or profit gained from the offence (and precautionary seizure), without prejudice to compensation to the injured party[12];
- publication of the sentence (if a prohibitive sanction is imposed)[13].

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

A pecuniary sanction is determined by the criminal court through a system based on "quotas" not less than one hundred and not more than a thousand in number, with the amount - each quota - ranging between a minimum Euro 258 and a maximum Euro 1,549. In determining the extent of the pecuniary sanction, the court establishes:

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

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

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

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

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

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

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

Consequently, if the conditions are satisfied for the application of a prohibitive sanction that would result in suspension of the entity's activities, the court can order the continuation of business activities (rather than impose the prohibitive sanction) pursuant to the provisions of Art. 15 of the Decree, for this purpose appointing a commissioner for a period equal to the duration of the prohibitive sanction[14]. The Commissioner ensures the adoption and effective implementation of Organisation, Management and Control Models

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13 Publication of the sentence is arranged in accordance with art 36 of the penal code, as well as by billposting in the municipality in which the entity has its head office. The expense for publication of the sentence, arranged by the court registry, is borne by the entity.

14 The court can order the continuation of business activities when at least one of the following conditions is satisfied:

a) the entity provides a public service or an essential public service, the suspension of which could be seriously detrimental to the community;

b) the suspension of activities of the entity, taking into account its size and the economic conditions of the area in which it is located, could bring about significant repercussions on employment.

suitable for preventing the type of offence committed, with the power to take extraordinary administration action only after authorisation from the court.

2.4. Attempted crime

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

The imposition of sanctions is excluded in cases in which the entity voluntarily prevents the action from being carried out or the offence from being committed (Art. 26, Italian Legislative Decree 231/2001). The exclusion of sanctions is justified, in such cases, by the entity's termination of all identification with the parties appointed to act in its name and on its behalf.

2.5. Entity-changing events

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

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

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

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

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

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

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

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

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

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

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

2.6. Offences committed in other countries

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

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

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

2.7. Offence verification proceedings

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

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

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

2.8. Suitability opinion

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

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

3. Description of the corporate entity

MICO DMC was established as a limited liability company in 2015 and is 51% controlled by Fiera Milano Congressi S.p.A. (hereinafter also "**FMC**" or "**Fiera Milano Congressi**"). and 49% by AIM Group International S.p.A. FMC is subject to management and coordination by Fiera Milano S.p.A. (hereinafter also the "**Parent Company**" or "**Fiera Milano**").

Fiera Milano Group, of which MICO DMC belongs, covers all typical phases of the exhibition and congress industry, as the largest Italian operator and as one of the largest European and international integrated companies in the sector. The Group's business operations in the aforementioned sector are attributable to five operating segments:

- organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services;
- organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services;
- stand-fitting services, technical services and all exhibition site services for exhibitions and congresses organised directly by the Group;
- management of conventions, conferences and events;
- content production and supply of online and offline publishing services (publishing and digital services), as well as for the organization of events and conferences (events and training sessions).

3.1. Corporate purpose

The organization, management, supply, promotion and sale of services in the travel and tourism industry (defined as "*destinamtion mangement*") are managed by the company MICO DMC, which has the following corporate purpose:

(i) organization, management and supply, as well as the promotion and sale of services in the travel and tourism sector, defined as "destination management" and in particular the following services:

- booking / issuing of airplane / railway tickets;
- hotel reservations;
- transport logistics and personalized services on all destinations;
- guided tours / excursions;
- organization of incentives, gala dinners, team building and special events;
- coordination on site and assistance at the airport;
- as well as any other activity related or connected to the implementation and rendering of the aforementioned services;

(ii) the representation of Italian and foreign cities, localities, accommodation facilities and hotels aimed at promoting them as places for the realization of the aforementioned services, the acquisition of public and / or private contracts for the realization of works in the context of exhibition centers and / or exhibition events;

(iii) the implementation of marketing and communication strategies in Italy and abroad for the promotion of the services referred to in sub ii).

3.2. Governance Model

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

- **Board of Statutory Auditors or a single Auditor**, called upon to supervise: compliance with the law and the Articles of Association, as well as with the principles of sound administration in carrying out company business; the adequacy of the organisational structure, the internal control system and the administrative and accounting system of the Company; the financial reporting process; the effectiveness of the internal control, internal audit and risk management systems; the independent audit of the separate and consolidated accounts, as well as the independence of the Independent Auditors, particularly as regards the provision of non-audit services to the entity subject to accounting audit
- **Shareholders' Meeting**, authorised to decide, inter alia, in an ordinary or extraordinary meeting: on the appointment or removal of members of the Board of Directors and of the Board of Statutory Auditors or Single Auditor and their relevant remuneration and responsibilities; to approve the Financial Statements and the allocation of profits; on the purchase and disposal of shares and on changes to the Articles of Association;

- **Independent Auditors** assigned to carry out the accounting audit. In accordance with law, the Independent Auditors are entered in a special register established by the Ministry of Economy and Finance, and appointed by the Shareholders' Meeting, based on a justified proposal from the Board of Statutory Auditors. In conducting their activities, the appointed Independent Auditors have access to the information, data

(documents or digital), archives and assets of the Company. The Independent Auditors:

- o during the year, verify that company accounts are duly kept and that operating events are correctly recognised in the accounting records.
- o verify whether the financial statements correspond with the accounting entries and the audits conducted, and whether the financial statements comply with current regulations;
- o in a specific report, express an opinion on the financial statements of the Company.

In line with directives issued by the parent company (Fiera Milano S.p.A.), the Company has adopted an internal control and risk management system, represented by a set of rules, procedures and organisational structures which, through suitable identification, measurement, management and monitoring of the main risks, is designed for conducting business that is sound, fair and consistent with its predefined objectives.

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

The Company has stipulated with FMC Shared Services Agreement that can involve sensitive activities referred to in the subsequent Special Sections of this 231 Model and must therefore be governed by a written contract.

As services beneficiary, the Company is responsible for the truthfulness, completeness and adequacy of the documentation or information disclosed for the purpose of providing the required services.

The competent departments of Fiera Milano and FMC or its appointed third-party entities, which provide services to the Company, are required to comply with the principles of conduct envisaged in the 231 Model of the provider company and with the provisions of this Model prepared by the Company as beneficiary of the services governed by the Shared Service Agreements.

The Shared Service Agreements contain a specific 231 clause, on the basis of which the parties commit themselves to complying with the provisions of the Model and to abstain from any conduct that could give rise to the predicate offences referred to in Italian Legislative Decree 231/2001, on penalty of cancellation of the contract.

4. The Organisation, Management and Control Model of MICO DMC

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

- **General Section**, containing the reference regulatory framework, cases of predicate offences relevant for the purpose of administrative liability of entities in consideration of the type and characteristics of their business activities; the company organisation; the structure of the Organisation, Management and Control Model of MICO DMC; its purpose; the Model recipients; the operating methods for updates; the activities at risk; the composition and operations of the Supervisory Body; training and education activities; and the sanctioning system;

- **Special Sections**, relating to the categories of predicate offences envisaged in Italian Legislative Decree 231/01, with an indication of the sensitive business processes/activities that gain relevance in that they could potentially give rise to the commission of offences, the related control protocols and the conduct guidelines to be adopted.

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

- **Code of Business Ethics**, brought to the attention also of external parties over which the Company exercises management or supervisory powers and those with stable business partnerships with the Company, and - in more general terms - to stakeholders, as indicated in Attachment A to this Model;
- **Full organisation chart**, clearly identifying the corporate structure;
- **System of delegated powers**, which assigns powers to heads of divisions/departments concerned to manage the activities under their responsibility;
- **Internal policies, guidelines and procedures** governing operating activities, the definition of levels of control and authorisation procedures;
- **Reporting system**, to ensure that anyone becoming aware of situations of the possible violation of prescribed regulations can inform the competent structures without risk of retaliation (see paragraphs 4.7 and 5.3 below);
- **Disciplinary and sanctioning system**, intended to be a disciplinary system that governs the conduct associated with potential cases of violation of the Model, the sanctions that can be imposed, the procedure for imposing the sanctions and the related sanctioning system which, instead, refers to the potential imposition of sanctions on third parties who are not employees of the Company (see paragraph 7 below).

4.1. Purpose of the Model

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

This document also aims to:

- sensitise those who, in various capacities, collaborate with the Company (employees, external collaborators, suppliers, etc.) requesting that, to the extent of the activities carried out in the interests of MICO DMC, they adopt correct and transparent conduct, in line with the ethics values on which pursuit of the corporate purpose is based and sufficient to prevent the risk of commission of offences contemplated in the Decree;
- determine, in all those who work in the name of and on behalf of the Company in the “areas at risk of offences” and “areas instrumental to the commission of offences”, awareness of the risk - in the event of violation of the provisions contained herein - of committing an offence subject to criminal and disciplinary sanctions for the offender and an administrative sanction for the company;
- reiterate that such forms of unlawful conduct are strongly condemned by the Company, in that (even if the Company were apparently to benefit) they are in any event contrary not only to the provisions of law, but also to the ethics principles that the Company intends to adopt in pursuing its corporate mission;

- establish and/or enhance controls that allow MICO DMC to prevent or react promptly to block the commission of offences by senior managers and their subordinates that could result in administrative liability of the Company;
- through continuous monitoring of the “areas at risk of offences” and “areas instrumental to the commission of offences”, allow the Company to intervene promptly to prevent or combat the commission of such offences;
- guarantee its integrity, adopting the obligations specifically envisaged in Art. 6 of the Decree;
- improve effectiveness and transparency in the management of business activities;
- determine that a potential offender is fully aware that the commission of any offence is strongly condemned and contrary not only to the provisions of law, but also to the ethics principles that the Company intends to adopt and to the interests of the Company, also when it could appear to benefit.

4.2. Model recipients

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

1. members of the corporate bodies, who in an official or acting capacity carry out duties of operation, administration, management or control of the Company, or of one of its divisions/departments with financial and operating independence;
2. managers and employees of the Company, and in general if operating under the management and/or supervision of persons referred to in point 1;
3. third parties that have contractually regulated partnership arrangements with the Company (e.g. consultants, partners and other collaborators).

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

4.3. Operating methods adopted to construct and update the Model

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

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

- **Risk Assessment** of processes and activities, within which the offences indicated in Italian Legislative Decree 231/2001 can be committed and the activities that are deemed instrumental to committing the offences, that is to say the activities which, in principle, could create the conditions for committing the crimes, are identified. Preliminary to this step is the analysis, primarily document-based, of the corporate and organisational structure of the Company, in order to better understand the activities conducted and to identify the business areas covered by the action.
- **Identification of key parties**, to identify those with in-depth knowledge of the sensitive processes/activities and control mechanisms: in this step, individual interviews are held with persons at the highest level of the organisation to gather

the information necessary to understand the roles and responsibilities of the parties involved in sensitive processes.

- **Gap analysis and Action Plan**, designed to identify the organisational requirements that characterise an organisation model suited to preventing the offences referred to in Italian Legislative Decree 231/2001 and action to improve the existing Model: gap analysis was therefore conducted between the existing organisation and control model and an abstract reference model assessed on the basis of the contents governed by the Decree and Guidelines.
- **Design and updating of the Model**: this step was supported by the results of previous steps and the guidance provided by the decision-making bodies of the Company.

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

- align the Model to the Company's organisational structure following changes, also taking into consideration any developments in the company regulations and procedures system;
- integrate the Model to cover types of offence introduced to Italian Legislative Decree 231/2001 after the adoption or the previous updating of the Model, assessing both the applicability of the new types of offence to the Company and whether the existing control system remains suitable to monitor the risk of commission of the related offences;
- assess the impact on the Model of case law and legal theory developments and changes in the reference guidelines, identifying the appropriate updates and/or additions required;
- integrate the Model on the basis of the results of audits on the Model, adopting any areas for improvement in terms of the control system and protocols brought to light by the audits.

4.4 Relationship between the Model and the Code of Business Ethics

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

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

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

The Code of Business Ethics must therefore be considered an essential and integral basis for the 231 Model, as together they constitute a systematic corpus of internal rules for the dissemination of a culture of business ethics and transparency and is a key element of the control system. The rules of conduct it contains, though the two documents have different purposes, are integrated in that:

- the Code of Business Ethics and its additions represent a tool adopted independently and are subject to application in general terms by the Company with

the aim of expressing the principles of "business ethics" adopted as its own and with which everyone is expected to comply;
- the 231 Model instead meets the specific provisions contained in the Decree, with the aim of preventing the commission of particular types of offence (as, if committed apparently to the company's benefit, can result in administrative liability under the terms of the Decree).

4.5. Identification of activities at risk

The adoption of the Model as a tool capable of guiding the behavior of the subjects who operate within MICO DMC and promoting at all company levels behaviors based on legality and correctness, has a positive effect on the prevention of any crime or offense envisaged by the 'legal system.

However, in consideration of the analysis of the business context, the activity carried out by the Company and the areas potentially subject to the risk of crime, only the predicate offenses as indicated below were considered relevant, and therefore specifically examined in this Model:

- Crimes against Public Administration and private to private corruption (artt. 24 e 25 e 25-decies);
- Corporate offenses (Art. 25-*ter*);
- Market abuse arti 25-*sexies*);
- Offences of receiving, laundering and use of money, goods or other benefit of unlawful origin, including self-laundering (Art. 25-*octies* of the Decree)
- Occupational health and safety offences (Art. 25-*septies* of the Decree)
- Tax Offenses (Art. 25-*quinquiesdecies*).

The following are the crime families of the Decree which, upon the outcome of the risk assessment activities, were considered abstractly applicable but at a less significant risk due to the operating sector, organization and processes that characterize the Company:

- computer crimes and unlawful data processing (Article 24-*bis*);
- organized crime offenses (Article 24-*ter*)
- forgery of money, public credit cards, revenue stamps and identification instruments or signs (Article 25-*bis*);
- crimes against industry and trade (Art. 25-*bis*.1);
- crimes of illicit brokering and exploitation of labor (Art.25-*quinquies*) and of employment of illegally staying third-country nationals (Art.25-*duodecies*);
- crimes relating to violation of copyright (Article 25-*novies*);
- environmental crimes (Article 25-*undecies*).

For the aforementioned cases, the reference to the principles contained both in the Company's Code of Ethics and in this Model was therefore considered exhaustive (in particular, in the special part relating to the "general principles of conduct relating to the categories of crime abstractly applicable but at a less significant risk "), Where company representatives, collaborators and partners are bound to respect the values of solidarity, protection of the individual personality, correctness, morality and respect for the law.

Finally, it should be noted that at the outcome of the risk assessment activities, the following were considered abstractly not applicable due to the operating sector, organization and processes that characterize the Company:

- transnational offenses (Art. 10 L. n. 146/2006)
- crimes with the purpose of terrorism or subversion of the democratic order (Article 25-*quater*);
- crimes against the individual (Article 25-*quinquies*)
- practices of mutilation of female genital organs (Article 25-*quater*.1);
- crimes of racism and xenophobia (Article 25-*terdecies*);
- sports fraud offenses (Article 24-*quaterdecies*).
- smuggling offenses (Article 25-*sexiesdecies*).

4.6. Definition of control protocols

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

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

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

4.7. Model adoption, amendments and additions

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

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

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

4.8. Whistleblowing

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

as well as every violation or alleged violation of the Code of Ethics, the Model or procedures established for its implementation.

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

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

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

- Corporate website of MICO DMC S.r.l., in the specific section dedicated to whistleblowing, by completing the special web form.
- E-mail - segnalazioni@fieramilano.it
- Voicemail - 800.688.326.
- Mail - Security Manager, Fiera Milano S.p.A., SS del Sempione 28, 20017 Rho (Milan).

The Company guarantees that the identity of the whistleblower remains confidential, regardless of the channels used, in its management of the report. The reports are safely stored by the Supervisory Body and the Disclosure Committee.

Correct compliance with the reporting obligation cannot give rise to the imposition of disciplinary sanctions: those submitting a report in good faith are guaranteed against any form of retaliation, discrimination or penalisation and in any event the identity of the whistleblower is guaranteed to remain confidential, without prejudice to legal obligations and the safeguarding of rights of the Company or of persons accused wrongly and/or in bad faith. Also note that, pursuant to Art. 6, paragraph 2-*bis*.d) of Italian Legislative Decree 231/01, in addition to those indicated in the chapter "Disciplinary system", further sanctions are envisaged "*against those who violate whistleblower protection measures, and against those who with wilful misconduct or gross negligence submit reports that prove unfounded*".

5. Supervisory Body

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

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

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

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

complexity able to ensure the effectiveness of controls and activities assigned to the Supervisory Body, as well as the independence of its members.

The Company has identified a single-person Supervisory Body (hereinafter also, the "SB**")** without prejudice to the provision of the following paragraphs in relation to a collegiate body, composed for the majority of members outside the organization, in the event of a change in the choice adopted from society.

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

5.1 Composition and operations

The Company's Supervisory Body was established with approval of the Board of Directors. For appointment as member of the Supervisory Body, the subjective requirements of eligibility must be satisfied. The Supervisory Body remains in office for the term indicated in the deed of appointment and can be renewed.

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

- expiry of the term of office;
- withdrawal of the Body by the Board of Directors;
- withdrawal of one member, formalised in a specific written report submitted to the Board of Directors;
- one of the reasons for lapse indicated below has arisen.

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

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

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

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

a) direct or indirect ownership of equity interests of an extent that allows the exercise of considerable influence over the Company;

b) having carried out administrative duties - in the three years prior to appointment as member of the Supervisory Body or the establishment of consulting/collaboration arrangements with the Body - in business undertakings subject to bankruptcy, compulsory winding-up or other insolvency proceedings, except where on the basis of suitable elements and according to a reasoned and proportionate criterion the Company confirms that the interested party was extraneous to the events resulting in the business crisis;

c) a final conviction or sentence accepting a plea bargain, in Italy or another country, for crimes with fraudulent intent referred to in Italian Legislative Decree 231/2001;

d) the office or duties within the Company covered by the member of the Supervisory Body have terminated;

e) lack of autonomy and independence, i.e. the presence of blood relatives, relatives by marriage or similar to the fourth degree of members of the Board of Directors or Board of Statutory Auditors of the Company, or such members of Group companies; as well as the existence of long-term paid relations with the Company of consultants or service providers;

f) absence of professionalism.

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

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

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

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

5.2 Duties and powers of the Supervisory Body

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

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

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

- supervise the operations of the Model, with respect to reducing the risk of commission of the offences referred to in the Decree and in reference to the capacity to bring to light any unlawful conduct;
- supervise the existence and persistence over time of the efficiency and effectiveness requirements of the Model, also in terms of correspondence between the operating methods actually adopted by Model recipients and the procedures formally envisaged or referred to therein;
- arrange, develop and promote constant updating of the Model, where necessary submitting proposals to the governing body on any updates and adjustments to be made through amendments and/or additions proving necessary as a result of: i) significant violations of the provisions of the Model; ii) significant changes to the

internal structure of the Company and/or methods for conducting business activities; iii) regulatory changes.

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

- request information relating to collaborators, consultants, agents and external representatives of the Company;
- promote the implementation of any disciplinary action.

5.3 Information flows and Reporting to the Supervisory Body

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

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

- a description of the implementation status of prevention protocols for activities at risk under their responsibility;
- a description of the audit activities conducted with regard to implementation of the prevention protocols and/or action taken to improve their effectiveness;
- a justified indication of any need to amend the prevention protocols;
- any additional content that can be specifically requested, as necessary, by the Supervisory Body.

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

5.4 Supervisory Body reporting to the corporate bodies

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

The Supervisory Body also prepares:

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

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

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

5.5 Reporting among Group Supervisory Bodies

After adopting their own Organisation, Management and Control Model, each Italian company of the Group appointed an autonomous and independent supervisory body.

In compliance with the operational independence of the bodies of Group companies, which exercise their duties autonomously, the Supervisory Body of Fiera Milano can ask them for

information relating to the adoption, implementation and updating of their organisation, management and control models pursuant to the Decree, to the supervisory and training activities carried out, an all other information considered useful or necessary for the correct application of the Model and the governing provisions of the Decree.

The supervisory bodies of the Group companies submit a copy to the Fiera Milano Supervisory Body of final reports on activities carried out, as submitted to the corporate bodies of the respective subsidiaries.

The Company's Supervisory Body, in its periodic reports, provides the Board of Directors with information referred to in the previous point, if considered to be of logical interest to the management and coordination of the Group.

6. Dissemination of the Model

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

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

The General Section of this Model and the Code of Business Ethics are published on the Company's web site www.fieramilano.it, in the Investor Relations/Corporate Governance section and on the corporate Intranet under the section "Code of Business Ethics and 231 Models".

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

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

6.1. Personnel training and education

Every employee must:

i) acquire awareness of the principles and contents of the Model;

ii) learn the operating methods required to carry out their duties;

iii) in relation to their own role and responsibilities, actively participate in the effective implementation of the Model, reporting any shortcomings found;

iv) participate in training courses specific to their duties.

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

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

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

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

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

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

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

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

7. Disciplinary system

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

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

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

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

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

- the seriousness of the violation;

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

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

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

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

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

7.1 Employees

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

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

The National Pay Agreements for third sector, distribution and services employees are taken into consideration and, in procedural terms, Art. 7 of Italian Law 300/70 (the Workers' Charter) applies.

1. FINE

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

2. SUSPENSION

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

3. DISMISSAL

a) An employee who, when carrying out an activity in one of the areas at risk, adopts conduct non-compliant with the provisions of the Model and is unequivocally designed

to commit one of the offences sanctioned by Italian Legislative Decree 231/2001, is for so doing subject to the disciplinary sanction of dismissal with pay in lieu of notice and employee severance indemnity.

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

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

7.2. Managers

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

1. DISMISSAL

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

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

7.3. External collaborators

For the sanctioning of conduct by external collaborators (technical partners, project collaborators, para-subordinates) that does not comply with the provisions of the Model, special contractual clauses are included in the letters of assignment or cooperation agreements which envisage the termination of relations, without prejudice to any claim for compensation in cases were the conduct of the collaborator results in actual damage to the Company.

7.4. Directors

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

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

7.5. Statutory Auditors

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

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