LIMONTA 1893

# MODEL 231

Organization, Management and Control Model
*ex* Legislative Decree No. 231/2001

# General Part

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# CHAPTER 1
# DESCRIPTION OF REGULATORY FRAMEWORK

## 1.1 Introduction

On 8th June 2001, in execution of the delegation of authority under Article 11 of Law No. 300 of 29th September 2000 and in order to align the internal regulations regarding liability of legal entities with several international Conventions to which Italy had long been a party (Brussels Convention of 26th July 1995, on protection of financial interests of the European Communities; Brussels Convention of 26th May 1997, on the fight against corruption; OECD Convention of 17th December 1997, on the fight against corruption), Legislative Decree No. 231 was issued - "*Regulation of administrative liability of legal entities, companies, and associations, including those without legal personality*".

This decree thus introduced the new regulation of administrative liability, both personal and autonomous, of collective Entities (whether or not endowed with legal personality) for certain offences committed, in their own interest or to their own advantage, by individuals (and their subordinates) who perform (*de jure* or *de facto*) functions of representation, administration and management, thus distinguishing this liability - by virtue of which the Entity itself is liable for the consequences of an illegal act with its own assets - from the concurrent liability of the natural person who materially committed the offence.

According to the regulations introduced by Legislative Decree No. 231/2001 - later amended and supplemented by Legislative Decree No. 350 of 25th September 2001, converted by Law No. 409 of 23rd November 2001; by Legislative Decree No. 61 of 11th April 2002; by Presidential Decree No. 115 of 30th May 2002; by Presidential Decree No. 313 of 14th November 2002; by Law No. 7 of 14th January 2003; by Law No. 228 of 11th August 2003; by Law No. 62 of 18th April 2005; by Law No. 262 of 28th December 2005; by Law No. 7 of 9th January 2006; by Law No. 38 of 6th February 2006; by Law No. 123 of 3rd August 2007; by Legislative Decree No. 231 of 21st November 2007; by Law No. 48 of 18th March 2008; by Legislative Decree No. 81 of 9th April 2008; by Law No. 94 of 15th July 2009; by Law No. 99 of 23rd July 2009; by Law No. 116 of 3rd August 2009; by Legislative Decree No. 39 of 27th January 2010; by Legislative Decree No. 121 of 7th July 2011; by Law No. 183 of 12th November 2011; by Legislative Decree No. 109 of 18th July 2012; by Law No. 190 of 6th November 2012; by Law No. 125 of 30th October 2013; by Legislative Decree No. 93 of 14th August 2013; by Legislative Decree No. 39 of 4th March 2014; by Law No. 186 of 15th December 2014; by Law No. 68 of 22nd May 2015; by Law No. 69 of 27th May 2015; by Legislative Decree No. 7 and 8 of 15th January 2016; by Legislative Decree No. 125 of 21st June 2016; by Law No. 199 of 29th October 2016; by Legislative Decree No. 38 of

15th March 2017; by Law No. 161 of 17th October 2017; by Legislative Decree No. 21 of 1st March 2018; by Law No. 3 of 11th January 2018; by Legislative Decree No. 107 of 10th August 2018; by Law No. 3 of 9th January 2019; by Law No. 39 of 3rd May 2019, by Decree-Law No. 124 of 26th October 2019, by Legislative Decree No. 75 of 14th July 2020; by Legislative Decree No. 184 of 8th November 2021, by Law No. 22 of 9th March 2022, by Legislative Decree No. 19 of 2nd March 2023, and by Law No. 137 of 9th October 2023 – the companies can therefore be held "liable" for certain offences, committed or attempted, in their interest or advantage, by members of "top management", the so-called individuals "in top management positions" or simply "executives", as well as those who are subject to the management or supervision of the latter (art. 5, paragraph 1, of Legislative Decree No. 231/2001).

In this way, both the assets of companies and the economic interests of the shareholders are directly involved in the suppression of certain offences, which did not, until the enactment of the aforementioned decree, suffer any direct consequences in the event of commission of offences, in the interest or to the benefit of the company, by directors and /or employees.

Legislative Decree No. 231/2001 thus innovated the legal system by regulating the application to companies, both directly and independently, of pecuniary and interdictory penalties for offences ascribed to persons, who are functionally related to them, pursuant to art. 5.

However, such administrative liability is excluded, not only in the case of commission of the offence by individuals in top management positions and /or their subordinates in their own exclusive interest or that of third parties, but also in the case of the adoption and effective implementation by the companies, prior to the commission of the offences, of an Organization, Management and Control Model suitable for preventing such offences.

### 1.2 Nature of liability

With reference to the nature of liability under Legislative Decree No. 231/2001, the explanatory Report to the decree underlines the "*birth of a tertium genus that combines the essential features of the criminal and administrative systems in an attempt to balance the reasons of preventive effectiveness with those, even more inescapable, of maximum guarantee*".

This form of liability, in accordance with the provisions of Article 27 of the Constitution, is called "administrative", although it borrows several characters from "criminal" liability, such as:

- principle of legality (art. 2, of Legislative Decree No. 231/2001);
- autonomy of liability of the entity from the assessment of the liability of the natural person responsible for the criminal conduct (art. 8, of Legislative Decree No. 231/2001);
- application of the guarantees inherent in the criminal trial to the proceedings on administrative offences dependent on offence as well (art. 34, of Legislative Decree No. 231/2001);
- punitive nature of the sanctions applicable to the company (art. 9 *et seq*. of Legislative Decree No. 231/2001).

### 1.3 Perpetrators of the offence: individuals in top management positions and individuals subject to the management of others.

As mentioned above, under art. 5, of Legislative Decree No. 231/2001, the company is liable for offences committed:

- by "*persons who hold representative, administrative, or managerial positions within the entity or within one of its organizational units with financial and functional autonomy, as well as persons who, even* de facto*, manage and control the entity itself*" (defined above as individuals "in top management positions" or simply "executives"; art. 5, sub-paragraph 1-a), Legislative Decree No. 231/2001);
- by persons subject to the management or supervision of one of the executives (so-called individuals subject to the management of others; art. 5, sub-paragraph 1-b), Legislative Decree No. 231/2001).

For the purpose of establishing the company's administrative liability, it is also necessary that the aforementioned persons have acted, through criminally relevant conduct, in the interest or to the advantage of the company itself: conversely, if the aforementioned persons have acted exclusively in their own interest or in the interest of third parties, the company is not punishable (art. 5, sub-paragraph 2, Legislative Decree No. 231/2001).

### 1.4 Type of offences

Notwithstanding the aforementioned subjective limitation, it should be noted that the entity's liability exists only for the offences expressly referred to in Section III of Legislative Decree No. 231/2001, committed in its interest or to its advantage by the persons qualified under art. 5, sub-paragraph 1 of said Decree, or if there are specific legal provisions that refer to the Decree, as in the case of art. 10 of Law No. 146/2006, which introduced transnational offences.

Knowledge of the offences that could lead to the Entity's liability is therefore essential for the prevention of the offences and for the control system provided for by the Decree. Specifically, the offences covered by the relevant regulations can be summarized in the following categories:

**a) Undue receipt of funds, fraud to the detriment of the State, a public entity or the European Union, or for the purpose of obtaining public fuds, computer fraud to the detriment of the State or a public entity and fraud in public supplies** (art. 24, Legislative Decree No. 231/2001) [article amended by the Law No. 161/2017 and Legislative Decree No. 75/2020].

- Misappropriation of public funds (art. 316-*bis* of Criminal Code) [article amended by Decree Law No. 13/2022];
- Undue receipt of public supplies (art. 316-*ter* of Criminal Code) [article amended by Law No. 3/2019 and Decree-Law No. 13/2022];

- Fraud to the detriment of the State or other public entity or the European Communities (art. 640, sub-paragraph 2, no. 1, Criminal Code);
- Aggravated fraud for obtaining public funds (art. 640-bis of Criminal Code) [article amended by Decree Law No. 13/2022];
- Computer fraud to the detriment of the State or other public entity (art. 640-*ter* of Criminal Code);
- Fraud in public supplies (art. 356 of Criminal Code) [introduced by Legislative Decree No. 75/2020];
- Fraud to the detriment of the European Agricultural Fund (art. 2. of Law No.898 of 23rd December 1986) [introduced by Legislative Decree No. 75/2020];
- Disruption of the freedom of public tenders (art. 353 of Criminal Code) [introduced by Law No. 137/2023];
- Disruption of the freedom for choosing a contractor (art. 353-*bis* of Criminal Code) [introduced by Law No. 137/2023].

**b) Computer offences and unlawful data processing** (art. 24-bis, Legislative Decree No. 231/2001) [article added by Law No. 48/2008; amended by Legislative Decree No. 7 and 8/2016 and Decree-Law No. 105/2019].

- Computer documents (art. 491 *bis* of Criminal Code);
- Unauthorized access to a computer or telecommunications system (art. 615 *ter* of Criminal Code);
- Illegal possession, dissemination and installation of equipment, codes and other means of access to computer or telematic systems (art. 615 *quater* of Criminal Code) [article amended by Law No. 238/2021];
- Illegal possession, dissemination and installation of computer equipment, devices or programs aimed at damaging or disrupting a computer or telecommunications system (art. 615 *quinquies* of Criminal Code) [article amended by Law No. 238/2021];
- Unlawful interception, obstruction or interruption of computer or telematic communications (art. 617 *quater* of the Criminal Code) [article amended by Law No. 238/2021];
- Illegal possession, dissemination and installation of equipment and other means designed to intercept, obstruct or disrupt computer or telematic communications (art. 617 *quinquies* of Criminal Code) [article amended by Law No. 238/2021];
- Damage to computer information, data and programs (art. 635 *bis* of Criminal Code);
- Damage to information, data, and computer programs used by the State or other public entity or otherwise of public utility (art. 635 *ter* of Criminal Code);
- Damage to computer or telematic systems (art. 635 *quater* of Criminal Code);
- Damage to computer or telematic systems of public utility (art. 635 *quinquies* of Criminal Code);
- Computer fraud of certifying body's electronic signature (art. 640 *quinquies* of Criminal Code);
- Violation of the rules on National Cybersecurity Perimeter (art. 1, sub-paragraph 11, of Decree Law No. 105 of 21st September 2019).

**c) Organized offences (Art. 24-*ter*, Legislative Decree No. 231/2001)** [article added by Law No. 94/2009 and amended by Law No. 69/2015].

- Mafia-type association including foreign ones (art. 416 *bis* of Criminal Code) [article amended by Law No. 69/2015];

- Criminal association (art. 416 of Criminal Code);
- Political-mafia electoral exchange (art. 416 *ter* of Criminal Code) [so replaced by art. 1, sub-paragraph 1, of Law No. 62 of 17th April 2014, effective as of 18th April 2014, pursuant to the provisions of art. 2, sub-paragraph 1 of the aforesaid Law No. 62/2014);
- Kidnapping for extortion purposes (art. 630 of Criminal Code);
- Association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (art. 74 of Presidential Decree No. 309 of 9th October 1990) [sub-paragraph 7 *bis* added by Legislative Decree No. 202/2016];
- All offences if committed by taking advantage of the conditions provided for by art. 416 *bis* of Criminal Code to facilitate the activity of the associations provided for by the aforesaid article (Law No. 203/91);
- Illegal manufacture, introduction into the State, offering for sale, transfer, possession and carrying in a public place or a place open to the public of war weapons or war-like weapons or parts thereof, explosives, clandestine weapons, as well as multiple common firearms excluding those provided for in art. 2, sub-paragraph 3 of Law No. 110 of 18th April 1975 (Article 407, sub-paragraph 2-a), number 5, of Criminal Code).

**d) Embezzlement, extortion, undue inducement to give or promise benefits, bribery and abuse of office** (art. 25, Legislative Decree No. 231/2001) [amended by Law No. 190/2012, Law No. 3/2019 and Legislative Decree No. 75/2020].

- Extortion (art. 317 of Criminal Code) [article amended by Law No. 69/2015];
- Bribery for the exercise of function (art. 318 of Criminal Code) [amended by Law No. 190/2012, Law No. 69/2015 Law No. 3/2019];
- Bribery for an act contrary to official duties (art. 319 of Criminal Code) [article amended by Law No. 69/2015];
- Aggravating circumstances (art. 319 *bis* of Criminal Code);
- Bribery in judicial acts (art. 319 *ter* of Criminal Code) [article amended by Law No. 69/2015];
- Undue inducement to give or promise benefits (art. 319 *quater* of Criminal Code) [article added by Law No. 190/2012 and amended by Law No. 69/2015];
- Bribery of a person in charge of a public service (art. 320 of Criminal Code);
- Penalties for the briber (art. 321 of Criminal Code);
- Incitement to bribery (art. 322 of Criminal Code);
- Embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery, abuse of office, involving members of international Courts, European Community bodies or international parliamentary assemblies or international organizations, and officials of the European Communities and foreign States (art. 322 *bis* of Criminal Code) [amended by Law No. 190/2012 and Law No. 3/2019];
- Trafficking in unlawful influence (art. 346 *bis* of Criminal Code) [amended by of Law No. 3/2019];
- Embezzlement (limited to the first paragraph) (art. 314 of Criminal Code) [introduced by the Legislative Decree No. 75/2020];
- Embezzlement by profiting from the error of others (art. 316 of Criminal Code) [introduced by

Legislative Decree No. 75/2020];

- Abuse of office (art. 323 of Criminal Code) [introduced by the Legislative Decree No. 75/2020].

**e) Forgery of money, public credit cards, revenue stamps, and instruments or signs of recognition** (art. 25-*bis*, of the Legislative Decree No. 231/2001) [article added by the Legislative Decree No. 350/2001, converted with amendments by the Law No. 409/2001; amended by the Law No. 99/2009; amended by the Legislative Decree No. 125/2016].

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

**f) Offences against industry and trade** (art. 25-*bis*.1, of Legislative Decree No. 231/2001) [article added by the Law No. 99/2009].

- Unlawful competition with threat or violence (art. 513 *bis* of Criminal Code);
- Disruption of industrial or commercial freedom (art. 513 of Criminal Code);
- Fraud against national industries (art. 514 of Criminal Code);
- Fraud in the exercise of trade (art. 515 of Criminal Code);
- Sale of non-genuine foodstuffs as genuine (art. 516 of Criminal Code);
- Sale of industrial products with false signs (art. 517 of Criminal Code);
- Manufacture and trade of goods made by usurping industrial property rights (art. 517-*ter* of Criminal Code);
- Counterfeiting of geographical indications or designations of origin of agri-food products (art. 517 *quarter* of Criminal Code);

**g) Corporate offences** (art. 25-*ter*, Legislative Decree No. 231/2001) [article added by Legislative Decree No. 61/2002, amended by Law No. 190/2012, Law No. 69/2015, Legislative Decree No. 38/2017 and Legislative Decree No. 19/2023].

- False corporate communications (art. 2621 of Civil Code) [article amended by Law No. 69/2015];
- Trivial acts (art. 2621 *bis* of Civil Code);

- False corporate communications of listed companies (art. 2622 of Civil Code) [article amended by Law No. 69/2015];
- Obstructed control (art. 2625, sub-paragraph 2, of Civil Code);
- Improper return of contributions (art. 2626 of Civil Code);
- Illegal distribution of profits and reserves (art. 2627 of Civil Code);
- Illegal transactions involving shares or quotas of the company or the parent company (art. 2628 of Civil Code);
- Transactions to the detriment of creditors (art. 2629 of Civil Code);
- Failure to disclose conflict of interest (art. 2629-*bis* of Civil Code) [added by Law No. 262/2005];
- Fictitious capital formation (art. 2632 of Civil Code);
- Improper distribution of corporate assets by liquidators (art. 2633 of Civil Code);
- Bribery among private individuals (art. 2635 of Civil Code) [added by Law No. 190/2012; amended by Legislative Decree No. 38/2017 and Law No. 3/2019];
- Incitement to bribery among private individuals (art. 2635-*bis* of Civil Code) [added by Legislative Decree No. 38/2017 and amended by Law No. 3/2019];
- Unlawful influence on the assembly (art. 2636 of Civil Code);
- Market rigging (art. 2637 Civil Code);
- Obstructing the exercise of functions of public supervisory authorities (art. 2638, sub-paragraphs 1 and 2, Civil Code);
- False or omitted declarations for the issuance of the preliminary certificate (art. 54 of Legislative Decree No. 19/2023) [added by Legislative Decree No. 19/2023];

**h) Offences with the purpose of terrorism or subversion of democratic as provided by the Criminal Code and special laws** (Art. 25 *quater*, Legislative Decree No. 231/2001) [article added by Law No. 7/2003].

- Subversive associations (art. 270 of Criminal Code);
- Associations with the purpose of terrorism, including international terrorism or subversion of democratic order (art. 270 *bis* of Criminal Code);
- Aggravating and mitigating circumstances (art. 270 *bis* 1 of Criminal Code) [introduced by Legislative Decree No. 21/2018];
- Assistance to associates (art. 270 *ter* of Criminal Code);
- Enlistment with the purpose of terrorism, including international terrorism (art. 270 *quarter* of Criminal Code);
- Transfer organization with the purpose of terrorism (art. 270 *quarter.*1 of Criminal Code) [introduced by Decree Law No. 7/2015, converted, with amendments, by Law No. 43/2015];
- Training for activities with the purpose of terrorism, including international terrorism (art. 270 *quinquies* of Criminal Code).
- Funding activities with the purpose of terrorism (Law No. 153/2016, art. 270 *quinquies*.1 of Criminal Code);
- Subtraction of seized property or money (art. 270 *quinquies.*2 of Criminal Code);

- Conduct with the purpose of terrorism (art. 270 *sexies* of Criminal Code);
- Attack for terrorist or subversive purposes (art. 280 of Criminal Code);
- Act of terrorism with deadly or explosive devices (Article 280 *bis* of Criminal Code);
- Acts of nuclear terrorism (Article 280 *ter* of Criminal Code);
- Kidnapping with the purpose of terrorism or subversion (art. 289 *bis* of Criminal Code);
- Kidnapping with the purpose of coercion (art. 289 *ter* of Criminal Code) [introduced by Legislative Decree No. 21/2018];
- Incitement to commit any of the offences provided for in Chapters One and Two (art. 302 of Criminal Code);
- Political conspiracy by agreement (art. 304 of Criminal Code);
- Political conspiracy by association (art. 305 of Criminal Code);
- Armed gang: formation and participation (art. 306 of Criminal Code);
- Assisting participants in conspiracy or armed gang (art. 307 of Criminal Code);
- Possession, hijacking and destruction of an aircraft (Law No. 342/1976, art. 1);
- Damage to ground installations (Law No. 342/1976, art. 2);
- Sanctions (Law No. 422/1989, art. 3);
- Active repentance (Legislative Decree No. 625/1979, art. 5);
- New York Convention of 9th December 1999 (art. 2);

**i) Female genital mutilation practices** (art. 25-*quater*.1, Legislative Decree No. 231/2001) [article added by Law No. 7/2006].

- Female genital mutilation practices (art. 583-*bis* of Criminal Code).

**j) Offences against individual personality** (art. 25-*quinquies*, Legislative Decree No. 231/2001) [article added by Law No. 228/2003; amended by Law No. 199/2016]

- Reduction or maintenance in slavery or servitude (art. 600 of Criminal Code);
- Child prostitution (art. 600 *bis* of Criminal Code);
- Child pornography (art. 600 *ter* of Criminal Code).
- Illegal possession of or access to pornographic material (art. 600 *quarter* of Criminal Code) [article amended by Law No. 238/2021];
- Virtual pornography (art. 600 *quarter*.1 of Criminal Code) [added by art. 10, Law No. 38 of 6th February 2006];
- Tourism initiatives aimed at the exploitation of child prostitution (art. 600 *quinquies* of Criminal Code);
- Human trafficking (art. 601 of Criminal Code) [amended by Legislative Decree No. 21/2018];
- Purchase and sale of slaves (art. 602 of Criminal Code);
- Illegal intermediation and exploitation of labour (art. 603 *bis* of Criminal Code);
- Child grooming (art. 609 *undecies* of Criminal Code) [article amended by Law No. 238/2021].

**k) Market abuse offences** (art. 25 *sexies*, Legislative Decree No. 231/2001) [article added by Law No. 62/2005].

- Market manipulation (art. 185, Legislative Decree No. 58/1998) [article amended by Legislative Decree N. 107/2018 and Law No. 238/2021];

- Abuse or unlawful disclosure of insider information. Recommendation or inducement of others to commit insider trading (art. 184 of Legislative Decree No. 58/1998) [article amended by Law No. 238/2021];

**l) Other cases of market abuse** (art. 187-*quinquies* TUF [Consolidated Law on Finance]) [article amended by Legislative Decree No. 107/2018]

- Prohibition of market manipulation (art. 15 EU Reg. No. 596/2014)
- Prohibition of insider trading and unlawful disclosure of inside information (Art. 14 EU Reg. No. 596/2014)

**m) Offences of involuntary manslaughter and serious or very serious involuntary injuries, committed with the violation of safety regulations and rules for the protection of occupational hygiene and health** (art. 25- *septies*, Legislative Decree No. 231/2001) [article added by Law No. 123/2007; amended by Law No. 3/2018].

- Negligent personal injuries (art. 590 of Criminal Code);
- Involuntary manslaughter (art. 589 of Criminal Code);

**n) Receiving stolen goods, money laundering and use of money, assets or benefits from illicit origin, as well as self-laundering** (art. 25-*octies*, Legislative Decree No. 231/2001) [article added by Legislative Decree No. 231/2007; amended by Law No. 186/2014 and Legislative Decree No. 195/2021].

- Receiving stolen goods (art. 648 of Criminal Code) [article amended by Legislative Decree No. 195/2021];
- Money laundering (art. 648-*bis* of Criminal Code) [article amended by Legislative Decree No. 195/2021];
- Use of money, assets or benefits from illicit origin (art. 648 *ter* of Criminal Code) [article amended by Legislative Decree No. 195/2021];
- Self-laundering (art. 648 *ter*.1 of Criminal Code) [article amended by Legislative Decree No. 195/2021];

**o) Offences involving non-cash payment instruments** (art. 25 *octies*.1, Legislative Decree No. 231/2001) [article added by Legislative Decree 184/2021].

- Misuse and forgery of non-cash payment instruments (art. 493 *ter* of Criminal Code);
- Illegal possession and dissemination of computer equipment, devices or programs aimed at committing offences regarding non-cash payment instruments (art. 493 *quater* of Criminal Code);
- Computer fraud aggravated by carrying out transfer of money, monetary value or virtual currency (art. 640 *ter* of Criminal Code);
- Fraudulent transfer of valuables (art. 512 *bis* of Criminal Code) [introduced by Law No. 137/2023].

**p) Other types of offences regarding non-cash payment instruments** (art. 25 *octies*.1 sub-paragraph 2, Legislative Decree No. 231/2001) [article added by Legislative Decree 184/2021].

- Other cases

**q) Copyright infringement offences** (art. 25 *novies*, Legislative Decree No. 231/2001) [article added by Law No. 99/2009].

- Making available to the public, in a system of telematic networks, through connections of any kind, a protected intellectual work, or part thereof (art. 171, Law No. 633/1941, sub-paragraph 1-a) *bis*);
- Offences referred to in the preceding paragraph committed on others' works not intended for publication

if honour or reputation thereof is offended (art. 171, Law No. 633/1941, sub-paragraph 3);

- Illegal duplication, for profit, of computer programs; importation, distribution, sale, or possession for commercial or business purposes, or rental of programs contained in media not marked by SIAE [Italian Society of Authors and Publishers]; preparation of means to remove or bypass protection devices of computer programs (art. 171 *bis* of Law No. 633/1941, sub-paragraph 1);
- Reproduction, transfer to another medium, distribution, communication, presentation or demonstration in public, of the contents of a database; extraction or reuse of the database; distribution, sale or rental of databases (art. 171 *bis* of Law No. 633/1941, sub-paragraph 2);
- Illegal duplication, reproduction, transmission, or public dissemination by any means, in whole or in part, of intellectual works intended for the television, cinema, sales, or rental circuits of records, tapes, or similar media, or any other media containing phonograms or videograms of musical, cinema, or audiovisual works or sequences of moving images; literary, dramatic, scientific, or educational works; musical or dramatic-musical works; multimedia works, even if included in collective or composite works or databases; illegal reproduction, duplication, transmission, or dissemination, sale or trade, transfer by any means or illegal importation of more than fifty copies or samples of works protected by copyright and related rights; introduction into a telematic network system, by means of connections of any kind, of an intellectual work protected by copyright, or part thereof (art. 171 *ter*, Law No. 633/1941);
- Failure to notify SIAE the identification data of unmarked media or false declaration (art. 171 *septies*, Law No. 633/1941);
- Fraudulent production, sale, importation, promotion, installation, modification, and use for public and private purposes of devices or parts of devices intended for decoding of conditional access audiovisual transmissions broadcast via airwaves, satellite, cable, in both analogue and digital form (art. 171 *octies* of Law No. 633/1941).
- Illegal recording on digital, audio, video, or audiovisual media, in whole or in part, of a cinema, audiovisual, or editorial work, or reproduction, performance, or public communication of illegal recording (following the recent introduction made by Law No. 93/2023).

**r) Inducement not to make statements or to make false statements to the judicial authority** (art. 25 *decies* of Legislative Decree No. 231/2001) [article added by Law No. 116/2009].

- Inducement not to make statements or to make false statements to judicial authorities (art. 377 *bis* of Criminal Code).

**s) Environmental offences** (art. 25 *undecies*, Legislative Decree No. 231/2001) [article added by Legislative Decree No. 121/2011, amended by Law No. 68/2015, amended by Legislative Decree No. 21/2018].

- Environmental disaster (art. 452 *quater* of Criminal Code);
- Environmental pollution (art. 452 *bis* of Criminal Code);
- Involuntary offences against the environment (art. 452 *quinquies* of Criminal Code);
- Trafficking and abandonment of highly radioactive material (art. 452 *sexies* of Criminal Code);
- Aggravating circumstances (art. 452 *octies* of Criminal Code);
- Killing, destroying, capturing, removing, keeping specimens of protected wild animals or plant species

(art. 727 *bis* of Criminal Code);
- Destruction or deterioration of habitat within a protected site (art. 733 *bis* of Criminal Code);
- Importation, exportation, holding, use for profit, purchase, sale, display, or keeping for sale or for commercial purposes of protected species (Law No. 150/1992, art. 1, art. 2, art. 3 *bis* and art. 6);
- Discharges of industrial wastewater containing hazardous substances; discharges onto soil, subsoil and groundwater; discharges into marine water by ships or aircraft s(Legislative Decree No.152/2006, art. 137);
- Unauthorized waste management activities (Legislative Decree No. 152/2006, art. 256);
- Pollution of soil, subsoil, surface water or groundwater (Legislative Decree No. 152/2006, art. 257);
- Illegal waste trafficking (Legislative Decree No. 152/2006, art. 259);
- Violation of reporting requirements, storage of mandatory records and forms (Legislative Decree No.152/2006, art. 258);
- Organized activities for illegal waste trafficking (art. 452 *quaterdecies* of Criminal Code) [introduced by Legislative Decree No. 21/2018];
- False information regarding nature, composition, and physicochemical characteristics of waste in preparation of a waste analysis certificate; entry of a false waste analysis certificate into SISTRI [Waste Traceability System]; omission or fraudulent alteration of paper copy of SISTRI form - movement area in waste transport (Legislative Decree No. 152/2006, art. 260 *bis*);
- Penalties (Legislative Decree No. 152/2006, art. 279);
- Malicious pollution caused by ships (Legislative Decree No. 202/2007, art. 8);
- Negligent pollution caused by ships (Legislative Decree No .202/2007, art. 9);
- Ceasing and reducing the use of hazardous substances (Law No. 549/1993, art. 3);

**t) Employment of third-country nationals whose stay is irregular**
- Provisions against illegal immigration (Art. 12, sub-paragraphs 3, 3 *bis*, 3 *ter* and 5, Legislative Decree No. 286/1998) [article amended by Decree Law No. 20/2023];
- Employment of third-country citizens whose stay is irregular (art. 22, sub-paragraph 12 *bis*, Legislative Decree No. 286/1998).

**u) Racism and xenophobia** (Art. 25 *terdecies*, Legislative Decree No. 231/2001) [article added by Law No. 167 of 20th November 2017, amended by Legislative Decree No. 21/2018]
- Propaganda and incitement to commit racial, ethnic, and religious discrimination (art. 604 *bis* of Criminal Code) [added by Legislative Decree No. 21/2018];

**v) Fraud in sports competitions, illegal operation of gaming or betting, and gambling conducted using prohibited devices** (art. 25 *quaterdecies*, Legislative Decree No. 231/2001) [article added by Law No. 39/2019];
- Frauds in sports competitions (art. 1, Law No. 401/1989);
- illegal operation of gaming or betting (Article 4, Law No. 401/1989);

**w) Tax Offences** (art. 25 *quinquesdecies*, Legislative Decree No. 231/2001) [article added by Law No. 157/2019 and Legislative Decree No. 75/2020].
- Fraudulent declaration through use of invoices or other documents for non-existent transactions (art. 2,

Legislative Decree No. 74/2000);
- Fraudulent declaration by means of other artifices (art. 3, Legislative Decree No. 74/2000);
- Issuance of invoices or other documents for non-existent transactions (art. 8, Legislative Decree No. 74/2000);
- Concealment or destruction of accounting documents (art. 10, Legislative Decree No. 74/2000);
- Fraudulent evasion of payment of taxes (art. 11, Legislative Decree No. 74/2000);
- Fraudulent tax return (art. 4, Legislative Decree No. 74/2000) [introduced by Legislative Decree No. 75/2020];
- Omitted declaration (art. 5, Legislative Decree No. 74/2000) [introduced by Legislative Decree No. 75/2020];
- Improper offsetting (art. 10 *quater*, Legislative Decree No. 74/2000) [introduced by Legislative Decree No. 75/2020];

**x) Smuggling** (art. 25-*sexiesdecies*, Legislative Decree No. 231/2001) [article added by Legislative Decree No. 75/2020].
- Smuggling in movement of goods across land borders and customs areas (art. 282, Presidential Decree No. 43/1973);
- Smuggling in movement of goods across border lakes (art. 283, Presidential Decree No. 43/1973);
- Smuggling in maritime movement of goods (art. 284, Presidential Decree No. 43/1973);
- Smuggling in movement of goods by air (art. 285, Presidential Decree No. 43/1973);
- Smuggling in free trade zones (art. 286, Presidential Decree No. 43/1973);
- Smuggling through improper use of goods imported with customs benefits (art. 287, Presidential Decree No. 43/1973);
- Smuggling in customs warehouses (art. 288, Presidential Decree No. 43/1973);
- Smuggling in cabotage and traffic (art. 289, Presidential Decree No. 43/1973);
- Smuggling in exportation of goods eligible for duty drawback (art. 290, Presidential Decree No. 43/1973);
- Smuggling in temporary importation or exportation (art. 291, Presidential Decree No. 43/1973);
- Smuggling of foreign manufactured tobacco products (art. 291 *bis*, Presidential Decree No. 43/1973);
- Aggravating circumstances of the offence of smuggling foreign tobacco products (art. 291 *ter*, Presidential Decree No. 43/1973);
- Criminal organization aimed at smuggling of processed foreign tobacco (art. 291 *quater*, Presidential Decree No. 43/1973);
- Other cases of smuggling (art. 292, Presidential Decree No. 43/1973);
- Aggravating circumstances of smuggling (Article 295, Presidential Decree No. 43/1973);

**y) Offences against cultural heritage** (art. 25 *septiesdecies*, Legislative Decree No. 231/2001) [Article added by Law No. 22/2022];
- Theft of cultural property (art. 518 *bis* of Criminal Code);
- Misappropriation of cultural property (art. 518 *ter* of Criminal Code);
- Receiving stolen cultural property (art. 518 *quater* of Criminal Code);
- Forgery of private documents related to cultural property (art. 518 *octies* of Criminal Code);
- Violations related to sale of cultural property (art. 518 *novies* of Criminal Code);

- Illegal importation of cultural property (art. 518 *decies* of Criminal Code);
- Illegal removal or exportation of cultural property (art. 518 *undecies* of the Criminal Code);
- Destruction, dispersion, deterioration, disfigurement, vandalism, and illegal use of cultural or landscape property (art. 518 *duodecies*, of Criminal Code);
- Counterfeiting of works of art (art. 518 *quaterdecies* of Criminal Code);

**z) Laundering of cultural property and destruction and looting of cultural and landscape property** (art. 25 *duodevicies*, Legislative Decree No. 231/2001) [Article added by Law No. 22/2022].

- Laundering of cultural property (art. 518 *sexies* of Criminal Code);
- Destruction and looting of cultural and landscape property (art. 518 *terdecies* of Criminal Code);

**aa) Liability of entities for administrative wrongdoings resulting from offence** (art. 12, Law No. 9/2013) [They are a prerequisite for entities operating within the extra virgin olive oil supply chain].

- Trade in counterfeit or adulterated foodstuffs (art. 442 of Criminal Code);
- Adulteration and counterfeiting of foodstuffs (Article 440 of Criminal Code);
- Trade in harmful food substances (Article 444 of Criminal Code);
- Counterfeiting, alteration or use of distinctive signs of intellectual works or industrial products (art. 473 of Criminal Code);
- Introduction into the State and trade in products with false signs (art. 474 of Criminal Code);
- Fraud in the conduct of business (art. 515 of Criminal Code);
- Sale of non-genuine foodstuffs as genuine (art. 516 of Criminal Code);
- Sale of industrial products with false markings (art. 517 of Criminal Code);
- Counterfeiting of geographical indications and designations of origin for agri-food products (art. 517 *quater* of Criminal Code);

**(bb) Transnational offences** (Law No. 146/2006) [Transnational commission of the following offences is a prerequisite for administrative liability of entities].

- Provisions against illegal immigration (art. 12, sub-paragraphs 3, 3 *bis*, 3 *ter* and 5 of the Consolidated Text referred to in Legislative Decree No. 286 of 25th July 1998);
- Association aimed at the illicit trafficking of narcotic or psychotropic substances (art. 74 of Consolidated Text referred to in Presidential Decree No. 309 of 9th October 1990);
- Criminal association aimed at smuggling of foreign manufactured tobacco (art. 291 *quater* of Consolidated Text referred to in Presidential Decree No. 43 of 23rd January 1973);
- Inducement not to make statements or to make false statements to judicial authorities (art. 377 *bis* of Criminal Code);
- Aiding and abetting (art. 378 of Criminal Code);
- Criminal association (art. 416 of Criminal Code);
- Mafia-type association including foreign ones (art. 416 *bis* of Criminal Code).

### 1.5 Penalty systems

Articles 9 - 23 of Legislative Decree No. 231/2001 govern the penalties that may be imposed on the company, as a result of the commission or attempted commission of the above-mentioned offences; specifically, the aforesaid provisions state:

a) monetary penalties (and precautionary attachment);

they are determined by the criminal judge through a system based on 'quotas' (ranging from a minimum of one hundred to a maximum of one thousand quotas, with a value ranging from a minimum of €258 to a maximum of €1,549). In determining the monetary penalty, the judge must indicate:

- number of quotas, taking into account the seriousness of the act, degree of responsibility of the company, as well as actions taken to eliminate or mitigate the consequences of the act and to prevent the commission of further offences;
- amount of the individual quotas, based on the company's economic and asset conditions.

Pursuant to art. 12, sub-paragraph 2, of Legislative Decree No. 231/2001, pecuniary penalties are reduced in cases where, prior to declaration of the opening of the hearing, the entity has fully compensated for the damage, if the pecuniary damage caused is of particular insignificance or the entity has adopted and implemented the Model.

b) interdiction sanctions (also applicable as a precautionary measure), lasting no less than three months and no more than two years, such as:

- prohibition from carrying out business activities;
- suspension or revocation of authorizations, licenses or permits instrumental to the commission of the offence;
- ban of contracting with public administration, except for obtaining public services;
- exclusion from benefits, funding, contributions or subsidies and possible revocation of those already granted;
- ban on advertising goods or services.

These sanctions apply only in relation to offences for which they are expressly provided (namely: offences against public administration, certain offences against public trust, offences relating to terrorism and subversion of democratic order, offences against individual personality, offences concerning occupational health and safety, and transnational offences), and provided that at least one of the following conditions is met:

1. the company must have obtained a significant profit from the commission of the offence, and the offence must have been committed by individuals in top management positions, or by individuals subject to the management of others, if, in the latter case, the commission of the offence was determined or facilitated by serious organizational deficiencies;
2. In case of repeated offences.

The judge determines the type and duration of the interdiction sanction, taking into account the nature of the offence committed and the effectiveness of the individual sanctions to prevent it, and, if necessary, may apply them jointly (art. 14, sub-paragraph 1 and sub-paragraph 3, Legislative Decree No. 231/2001).

Sanctions of interdiction from conducting business, prohibition from contracting with public administration, and prohibition from advertising goods or services may be applied - in the most serious cases - even definitively. However, it is also possible to appoint a commissioner to continue the activities (instead of applying the sanction), in accordance with the conditions specified in art. 15 of Legislative Decree No. 231/2001.

Without prejudice to the application of pecuniary sanctions, pursuant to art. 17 of Legislative Decree No. 231/2001, interdiction sanctions shall not be applied when, prior to the declaration of the opening of the first instance hearing, the following conditions concur:

1. the entity has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offence or has otherwise effectively done so;
2. the entity has eliminated the organizational deficiencies that led to the offence through the adoption and implementation of organizational models suitable to prevent offences of the kind that occurred;
3. the entity has made the profit obtained available for confiscation.

Finally, Law No. 3 of 9th January 2019, on “Measures to combat offences against public administration and on transparency of political parties and movements” (the so-called *Legge Spazzacorrotti*) introduced specific regulations for the application of Interdiction sanctions to certain offences against the Public Administration, namely, extortion, simple and aggravated bribery, where the aggravation is due to the substantial profit obtained by the entity, bribery in judicial acts, undue induction to give or promise benefits, offering or promising to a public official or a person in charge of a public service money or other benefits by the briber, and incitement to bribery. In particular, the law has provided for an escalation of the sanctions regime, distinguishing between two different penalty ranges depending on the offender’s status: interdiction sanctions may last between 4 and 7 years if the offence is committed by a top management individual and between 2 and 4 years if the offender is a subordinate.

On the other hand, the law has instead provided for the application of disqualification sanctions at the base level specified in Article 13, sub-paragraph 2 of Decree 231 (3 months to 2 years), if the entity, for the same aforesaid offences and prior to the first-instance judgment, has taken steps to avoid further consequences of the offence and has cooperated with the judicial authority to secure evidence of the wrongdoing, to identify those responsible for it, and has implemented organizational models suitable for preventing new offences and avoiding organizational deficiencies that caused them.

c) confiscation (and preventive seizure in precautionary measures); against the entity, confiscation of the proceeds or profit of the offence is always ordered with the conviction, except for the portion that can be returned to the injured party. Rights acquired *bona fide* by third parties are preserved. When it is not possible to directly confiscate assets constituting the price or profit of the offence, the confiscation may instead involve sums of money, goods, or other assets of equivalent value to the price or profit of the offence. As a precautionary measure, the seizure of items that constitute the price or profit of the offence, or their monetary equivalent, which are subject to confiscation, may be ordered. As highlighted by case law, to order preventive seizure, the judge must assess the concrete validity of the accusation and find serious indications of the entity's responsibility (Cass. Pen. [*Criminal Section of the Italian Supreme Court of Cassation*], Div. VI, No. 34505 of 2012)..

d) publication of the judgment (in case of application of an interdiction sanction): when imposing an interdiction sanction, the judge may also order the publication of the conviction sentence in one or more newspapers, either in full or in excerpt, and require that the sentence be posted in the municipality where the entity has its main office.

### 1.6 Attempted offences

In cases where the attempt to commit an offences referred to in Legislative Decree No. 231/2001, the pecuniary penalties (in terms of amount) and interdiction sanctions (in terms of duration) are reduced by one-third to one-half.

Pursuant to art. 26, Legislative Decree No. 231/2001, the imposition of sanctions is excluded in cases where the entity has voluntarily prevented the performance of the action or the realization of the event, thereby severing any connection with those who claim to act on its behalf.

### 1.7 Changes affecting the entity

Articles 28 - 33 of Legislative Decree No. 231/2001 govern the financial responsibility of the entity in the event of changes such as transformation, merger, demerger, and business transfer. This framework aims to achieve two main objectives: on the one hand, it seeks to prevent these operations from being used as a means to evade liability; on the other hand, it strives not to penalize organizational changes that are made in good faith and without any intent to evade responsibility.

It was thus provided that:

- in case of transformation, the entity's liability for offences committed prior to the date on which the transformation took effect remains unchanged. This is due to the nature of this transformation, which implies a simple change in the corporate type, without the extinction of the original legal entity (art. 28, Legislative Decree No. 231/2001);
- in the event of a merger (including by incorporation), the entity resulting from the merger -

assuming all the rights and obligations of the companies participating in the operation (art. 2504-*bis*, first sub-paragraph, Civil Code) - will be liable for the offences for which the entities participating in the merger were responsible (art. 29, Legislative Decree No. 231/2001);

- in the event of a demerger (whether total or partial), the beneficiary entities will instead be jointly and severally liable to pay the pecuniary penalties owed by the demerged entity, for offences committed prior to the date on which the demerger took effect, up to the limit of the actual value of the net assets transferred to the individual entity. This limit does not apply to beneficiary companies to which the branch of activity in the scope of which the offence was committed is transferred, even in part (art. 30 of Legislative Decree No. 231/2001). On the other hand, interdiction penalties related to offences committed prior to the date on which the demerger took effect apply to entities, to which the branch of activity within which the offence was committed remained or was transferred, even in part.

Without prejudice to the foregoing, art. 31 of Legislative Decree No. 231/2001 also establishes common provisions for cases of mergers and demergers regarding the determination of penalties if such extraordinary transactions occur before the conclusion of the trial. In such cases, the judge must assess the monetary penalty according to the criteria referred to in art. 11, sub-paragraph 2, of Legislative Decree No. 231/2001. In doing so, the judge should refer to the economic and financial conditions of the originally liable entity, rather than those of the entity to which the penalty would be attributed following the merger or demerger.

In the event of application of an interdiction sanction, the entity that becomes responsible following a merger or demerger is also permitted to request the judge to convert this sanction into a monetary penalty, provided that the organizational deficiencies that enabled the commission of the offence have been rectified, and the entity has taken steps to compensate the damage and make available (for confiscation) any profit obtained.

Finally, in the case of business transfer in whose business the offence was committed, it is provided (art. 33 of Legislative Decree No. 231/2001) that the transferee is jointly and severally liable to pay the monetary penalty imposed on the transferor, subject to the following limitations:

(i) the benefit of prior recourse against the transferor is preserved;

(ii) the transferee's liability is limited to the value of the transferred business and the monetary penalties recorded in the mandatory accounting books or due for administrative offences of which they were aware.

Conversely, interdiction sanctions imposed on the transferor do not extend to the transferee.

### 1.8 Offences committed abroad

According to Article 4 of Legislative Decree No. 231/2001, the entity can also be held accountable in Italy for offences committed abroad, provided that the offence was committed by an individual functionally related to the entity, pursuant to art. 5, sub-paragraph 1, of Legislative

Decree No. 231/2001, and that the entity has its head office in Italy.

Therefore, if the State where the offence is committed does not take action against the entity, proceedings can be conducted in Italy, always and only in the cases and under the conditions referred to in articles 7, 8, 9, and 10 of Criminal Code (where the law provides that the offender - a natural person - is punished at the request of the Minister of Justice, proceedings against the entity will occur only if a request is also made against the entity itself).

Furthermore, it is important to note that Law No. 146 of 2006, which ratified the United Nations Convention and Protocols against Transnational Organized Offences adopted by the General Assembly on 15th November 2000 and 31st May 2001, stipulates in Article 10 the liability of entities for certain transnational offences. These include offences such as organized offence, including mafia-type associations, criminal associations aimed at drug trafficking, and trafficking in migrants. To qualify a criminal offence as a "transnational offence", the conditions specified by the legislator must be met, and namely:

a. the commission of the offence must involve an organized criminal group;

b. the offence must be punishable by a maximum penalty of at least 4 years of imprisonment;

c. the unlawful conduct must be, alternatively:

- committed in more than one State;
- committed in one State but having substantial effects in another State;
- committed in a single State, provided that a substantial part of its preparation, planning or direction and control occurs in another State;
- committed in one State, but involving an organized criminal group engaged in criminal activities in more than one state.

### 1.9 Proceedings for assessing a wrongdoing

Liability for administrative wrongdoings arising from offences is always assessed within the framework of a criminal proceeding, as provided by art. 36 of Legislative Decree No. 231/2001. According to this provision: "*The jurisdiction to address administrative offences of the entity belongs to the criminal judge competent for the offences from which these offences arise. For the procedure for assessing the administrative offence of the entity, the provisions regarding the composition of the Court and the procedural rules related to the offences from which the administrative offence depends shall apply"*.

Pursuant to Article 38 of Legislative Decree No. 231/2001, the trial against the entity, for reasons of effectiveness, consistency, and procedural economy, should be, as far as possible, joined with the criminal trial against the perpetrator of the predicate offense that leads to the entity's liability. However, Article 39, sub-paragraph 2 of Legislative Decree No. 231/2001 provides for some exceptions, stipulating that separate proceedings for the administrative offense will take

place when:

**a)** a stay of proceedings was ordered under article 71 of Criminal Procedure Code;

**b)** the proceedings have been settled by summary judgment or by the application of punishment in accordance with article 444 of Criminal Procedure Code, or a criminal decree of conviction has been issued;

**c)** compliance with procedural provisions makes it necessary.

### 1.10 Adoption of the Management Organization Model as an exempting condition from administrative liability

Articles 6 and 7 of Legislative Decree No. 231/2001 provide specific conditions for exempting the entity from liability, distinguishing between the case of an offence committed by individuals in top management positions and that of an offence committed by their subordinates.

In the case of offences committed by individuals in top management positions (i.e. those who, regardless of their nominal role, perform functions of representation, administration, or management of the entity or one of its organizational units with financial and functional autonomy, as well as those who, even *de facto*, exercise management and control of the entity, such as members of the board of directors or the executive committee, general managers, etc.), the administrative liability of the entity is excluded if it is proven that:

1. the management body has adopted and effectively implemented, prior to the commission of the offence, an Organization and Management Model suitable to prevent offences of the kind that occurred;
2. the management body has entrusted the task of supervising the functioning, observance and updating of the Model to a Body, endowed with autonomous powers of initiative and control[1];
3. the perpetrators acted by fraudulently circumventing the adopted Organization and Management Model;
4. there was insufficient or no supervision by the supervising body.

The company must, therefore, demonstrate its lack of involvement in the contested actions of the executive by proving the existence of the above-listed concurrent requirements and, consequently, that the commission of the offence does not stem from its own “organizational fault”.

In this regard, in the event of a trial, the burden will be on the prosecution to prove the existence and ascertainment of the predicate criminal offence attributed to the individual within the organizational structure, and that they acted in the interest or for the benefit of the entity itself,

[1] Law No. 183/2011 added the following new paragraph to art. 6 of Legislative Decree No. 231/2001: “*4-bis. In* società di capitali [capital company]*, the board of statutory auditors, supervisory board and management control committee may perform the functions of the supervisory board referred to in paragraph 1-b)*."

as well as the lack of internal regulation mentioned above (cf. Cass. No. 27765/2010). Conversely, it will be the entity's responsibility to prove the existence of the exonerating conditions outlined in art. 6 of Legislative Decree No. 231/2001, and namely that: (i) the entity adopted and effectively implemented an Organization and Management Model suitable for preventing the commission of offences of the kind that occurred; (ii) has established a Supervisory Board vested with autonomous powers; (iii) the latter has adequately performed its functions; and (iv) the perpetrator fraudulently circumvented the Organization Model.

In the case of offences committed by subordinates (i.e. those who, although autonomous, are still subject to the direction and supervision of executives, including the so-called 'parasubordinated' workers, linked to the entity by collaboration agreements and therefore subject to varying degrees of supervision and direction by the entity itself), the entity is held responsible if the offence has been committed due to the failure to comply with the duties of direction and supervision.

As a consequence of the above, in the event of a trial, the entity's liability is presumed if the offence was committed by individuals in top management positions, while the burden of proof lies with the Public Prosecutor or the Civil Party in the case of offences committed by subordinates.

In order to constitute a valid exemption, the Organization and Management Model must:

- meet specific requirements, tailored to the extent of delegated powers and the risk of committing offences that can be identified in the relevant context, identifying the activities within which there is the possibility of committing offences of the kind provided for by the Decree;
- provide specific protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the offences to be prevented;
- identify ways of managing financial resources suitable for preventing the commission of such offences;
- provide for reporting obligations towards the body in charge of supervising the functioning and observance of the Model;
- introduce an internal disciplinary system suitable for sanctioning non-compliance with the measures outlined in the Model.

In this regard, art. 7, sub-paragraph 4 of Legislative Decree No. 231/2001, expressly considers a periodic review and potential modification of the Model, when significant violations of the requirements are discovered or when changes occur in its organization and activity. Additionally, the presence of a disciplinary system suitable for sanctioning non-compliance with the measures outlined in the Model is deemed a requirement for considering the effective implementation of the Model itself.

### 1.11 Codes of conduct prepared by associations representing entities

Art. 6, sub-paragraph 3, Legislative Decree No. 231/2001 provides that "*Organization and management models may be adopted, guaranteeing the requirements of sub-paragraph 2, on according to codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice which, in consultation with the competent Ministries, may make observations, within thirty days, on the suitability of the models to prevent offences*."
In this regard, Confindustria has defined the "*Guidelines for the creation of organization, management and control models pursuant to Legislative Decree No. 231/2001*", initially issued on 7th March 2002, supplemented on 3rd October 2002, with an appendix related to the so-called corporate offences (as introduced into Legislative Decree No. 231/2001 by Legislative Decree No. 61/2002), and last updated as of June 2021 (hereinafter referred to as "Confindustria Guidelines"). These guidelines provide, among other things, methodological indications for identifying risk areas (sectors/activities where offences might be committed), for designing a control system (so-called protocols for planning and implementation of the entity's decisions), and for defining the contents of the Organization, Management, and Control Model.
Limonta S.p.A. (hereinafter referred to also just as "**Limonta**" or the "**Company**") has therefore adopted its own Organization, Management and Control Model based on Confindustria Guidelines, which provide:

- identification of risk areas, aimed at verifying in which area/company sector it is possible for offences to be committed;
- establishment of a control and management system capable of preventing risks through adoption of appropriate procedures. The components of the control system should be based on the following principles:
    - verifiability, documentability, consistency and congruence of each operation;
    - application of the principle of separation of functions;
    - documentation of controls;
    - provision of an adequate system of sanctions for violation of the rules of the Code of Ethics and the procedures set forth in the Model;
- identification of the requirements of the Supervisory Board, in terms of autonomy and independence, professionalism, continuity of action, integrity and absence of conflicts of interest, in order to avoid that this body is assigned operational tasks that would compromise its objectivity of judgment;
- identification of characteristics of the Supervisory Board (single- or multi-subjective composition, function, powers, etc.) and related reporting obligations.

### 1.12 Assessment of suitability

The assessment of the company's liability, carried out by the criminal judge, involves verifying the existence of the predicate offence for the company's liability, as well as the suitability of the adopted Organization Model, according to the so-called "*retrospective assessment*" principle, since the judge must place himself ideally in the company's *ex-ante* reality, at the time the offence was committed, in order to evaluate the congruence and reliability of the Model.

Specifically, an Organization Model that, prior to the commission of the offence, was capable of eliminating or at least reducing, with a reasonable degree of certainty, the risk of the offence subsequently being committed will be judged to be "suitable to prevent offences".

# CHAPTER 2
# DESCRIPTION OF BUSINESS: ELEMENTS OF THE GOVERNANCE MODEL AND ORGANIZATIONAL STRUCTURE GENERAL INFORMATION OF LIMONTA S.P.A.

## 2.1 Limonta S.p.A.

Limonta is a company founded in 1983, with over 100 years of activity in the textile sector. In the 1950s, the company strategically expanded into the chemical sector, paving the way for textile finishing.

A pivotal moment for the company's future development occurred in the early 1960s when it decided to invest in a new technology: the coating of thermoplastic polymers. This innovation was introduced by Cavalier Giovanni Battista upon his return to Italy from his travels in the United States and Germany. Thus, Limonta brought the novelty of coated fabrics to the Italian textile market.

In the second half of the twentieth century, between the 1970s and the 1990s, this integration led to the enhancement of research and development in areas such as leather goods, accessories, apparel, footwear, automotive applications, and synthetic turf production.

Since the 1990s, the company has embarked on a path of constant sustainable growth. Numerous investments have been made over these years to promote technological innovations aimed at the efficient use of resources, reduction of environmental impact, and development of increasingly eco-friendly products that combine technical performance with high stylistic value.

Currently, the company is engaged in the manufacture and trade of fabrics, velvets, and textile complements for interior design and apparel, tapestries, synthetic leathers for furniture, clothing, footwear, leather goods, and transportation, as well as coated fabrics.

## 2.2 *Governance* model of Limonta S.p.A.

Limonta S.p.A. has favoured the so-called traditional governance system through the following

organic breakdown:

**Meeting**

The shareholders' meeting is responsible for making decisions, both in ordinary and extraordinary sessions, on matters reserved to it by law and by the company's articles of association.

**Board of Directors**

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company and may perform all acts, including acts of disposal, that it deems appropriate for the achievement of the corporate purpose, with the sole exclusion of those that the law or the Articles of Association expressly reserve to the shareholders' decision.

The power to represent the company in legal matters is vested in the Chairman and Vice Chairman of the Board of Directors, who have free signing authority for executing all resolutions of the Board, whenever not otherwise resolved.

The Board of Directors may delegate its powers, to the extent allowed by law and the Articles of Association, to an executive committee to be formed from among its members or to individual directors, appointing one or more managing directors.

The administrative body may appoint, with the possibility of sub-delegation, directors, attorneys and agents in general for specific acts or categories of acts.

**Board of Auditors**

The Board of Statutory Auditors consists of three regular and two alternate members.

The Board of Statutory Auditors is entrusted with the duties set forth in art. 2403 of Civil Code, and in particular that of supervision.

a) on compliance with the law and the Articles of Association;

b) on adherence to the principles of proper administration;

c) on the adequacy of the organizational, administrative and accounting structure adopted by the Company, and its actual functioning.

Members of the Board of Statutory Auditors remain in office for three fiscal years, expiring on the date of the Shareholders' Meeting convened to approve the financial statements for the third fiscal year of their term of office, and are eligible for reappointment. The term of office of the Auditors ends when the Board of Statutory Auditors is reconstituted.

**2.3 Organizational structure of Limonta S.p.A.**

Limonta has chosen to establish an internal organization system, structured according to the company's organizational chart. The Board of Directors is the top management body from which all company functions depend, including the RSGA [Responsible for Corporate Management System] and the Marketing Manager, as well as:

- Financial Management, to which Accounting Manager, Financial Controller Manager, Treasury Manager, I.C.T. Manager, Legal Manager report;

- General Management, to which these functions report: Human Resources, Purchasing Manager, Chemical Manager, Quality Manager, as well as Operations Manager; Management of LIMONTA FABRICS & COATINGS division, dedicated to the production and implementation of projects with the best fashion brands and their designers; Management of LIMONTA INTERIORS division, dedicated to the creation and production of sophisticated and innovative fabrics for Furniture, Outdoor and Contract; Management of LIMONTA SOCIETY division, Italian brand of home linens, which involves production and sales through physical stores and e-commerce.

Limonta is divided into different factories, and namely:

- **Limonta 1**, based in Costa Masnaga (LC), via C. Battisti No. 15, where activities include production of fabrics, both cloth and plastic materials, including synthetic leather (finishing and resin coating);
- **Limonta 2**, based in Garbagnate (MI), SS36, km 36 No. 9, dedicated to the production of fabrics (finishing and coating);
- **Limonta 3** (Limonta Wall), where production activities are no longer carried out, although the production lines and waste to be disposed of are still present;
- **Unità locale [Local Unit of] d Casalmaggiore** (CR), Via Case Sparse No. 21, used for storage of goods with third parties.

**2.4 Representation of the Entity in case of disputes**

If the entity is subject to proceedings for an offence under Legislative Decree No. 231/01 and its legal representative is also under investigation due to predicate offence, it is required to appoint a trusted defence attorney by a specifically delegated individual to safeguard the company's interests during the criminal proceedings (in this regard, cf. the extensive case law, e.g., Cass. Pen. 25.7.23, No. 32110; Cass. Pen., 22.9.22, No. 35387).

This necessity arises from art. 39 of Legislative Decree No. 231/01, which states: "*The entity participates in the criminal proceeding with its legal representative, unless the latter is accused of the offence arising out of the administrative wrongdoing*". This provision aims to ensure the full guarantee of the right to defence for the collective entity, given the inherent conflict of interest that may exist between the defence of the individual and the defence of the legal entity. This principle was also reaffirmed by the United Sections of the Court of Cassation, with judgment No. 33041 of 2015, which established a general and absolute prohibition of representation (by the legal representative under investigation), justified by the suspicion that the appointment of a trusted defence attorney by the individual under investigation might "*produce potentially harmful effects on the strategic choices of the entity's defence, which could conflict with the divergent defence strategies of the legal representative under investigation*".

Limonta, in providing for such a possibility, has established the need to appoint a "legal

representative for the proceedings" who will be responsible for the appointment of the entity's defence attorney in legal proceedings. Cautiously, this role is designated within the company's Management, preferring the Finance Manager for this task. The Finance Manager will make all decisions regarding selection of the legal professional and will evaluate the most appropriate defence strategy with them.

## CHAPTER 3
## ORGANIZATION, MANAGEMENT AND CONTROL MODEL AND METHODOLOGY FOLLOWED FOR ITS PREPARATION

### 3.1 Background

Limonta, aware of the need to ensure fairness and transparency in its operations to protect its image and position, has long decided to adopt and implement an Organization and Management Model (hereinafter referred to as the "**Model**") in accordance with Legislative Decree No. 231/2001. This Model, which has been constantly updated, not only provides a basis for exemption from corporate liability for certain types of offences but also represents a commitment to social responsibility for the benefit of shareholders, employees, creditors, and all other stakeholders with an interest in the company's success.

This initiative was undertaken with the belief that adopting the Model can serve as an effective tool for raising awareness among all those operating within the Company. The aim is to ensure that they follow correct and transparent practices in their activities, thereby mitigating the risk of committing offences covered by the Decree.

The introduction of a business control system, together with the establishment and dissemination of ethical principles, not only enhances the already high standards of conduct adopted by the Company but also increases the trust and reputation Limonta enjoys with third parties. Moreover, it serves a regulatory function by governing the behaviour and decisions of those who are daily tasked with operating in favour of the Company in accordance with these ethical principles.

The Company has therefore aimed to initiate a series of activities to ensure that its organizational Model complies with the requirements set forth by Legislative Decree No. 231/2001 and aligns with the principles already embedded in its governance culture.

In light of the foregoing, for greater clarity, it is deemed appropriate to outline the methodologies followed and the criteria adopted during the various phases of the project.

### 3.2. Functions of the Model

The purpose of the adopted organizational Model is essentially to establish a structured and comprehensive system of procedures and control activities aimed at preventing the offences outlined in Legislative Decree No. 231/2001. Therefore, for the Model to be properly developed, it is crucial to first identify the activities exposed to the risk of offences and subsequently to

structure them procedurally.

The Model is therefore aimed at: (i.) ensuring that all individuals acting on behalf of the Company are aware that violations of the provisions contained therein may result in liability for offences subject to penalties; (ii.) reaffirming that any form of illicit behaviour is strongly condemned, as it contradicts not only specific legal provisions but also the ethical and social principles that the Company seeks to adhere to in carrying out its mission; (iii.) equipping the Company with monitoring tools for "risk areas" to enable adequate and timely prevention and response actions against the commission of such offences.

In the Special Part, the Model provides for the identification (so-called mapping) of "risk areas", i.e. those activities in which it is believed there is a greater possibility of offences being committed, also in consideration of the specific activity carried out by Limonta, which in itself excludes some areas and highlights others, as well as the rules of conduct to be adhered to.

The following are examples of "sensitive activities":

a. Management of relationships with public officials;
b. management of occupational safety and hygiene (Legislative Decree No. 81/08), environmental risk or privacy protection (Legislative Decree No. 196/03 and EU Regulation 2016/679);
c. management of internal corporate procedures, in compliance with the provisions of the Environmental Code (Legislative Decree No. 152 of 3rd April 2006), updated with amendments introduced by Law No. 37 of 3rd May 2019 and Decree-Law No. 27 of 29th March 2019, converted with modifications by Law No. 44 of 21st May 2019.
d. management of relations with social security agencies or tax authorities;
e. bookkeeping and budgeting;
f. preparation of prospectuses following extraordinary transactions (mergers, demergers, etc.);
g. identification of a Supervisory Board tasked with specific duties to oversee the Model, operations, and the behaviour of individuals;
h. definition of authorizing powers consistent with assigned responsibilities;
i. respect for the principle of separation of functions;
j. provision of tools to raise awareness and disseminate the established behavioural rules and procedures to all levels of the company;
k. protection of intellectual property, trademarks and patents.

### 3.3 Limonta's Project for the definition of its Organization, Management and Control Model in accordance with Legislative Decree No. 231/2001

Art. 6, sub-paragraph 2-a) of Legislative Decree No. 231/2001 indicates, among the requirements of the Model, first of all, the identification of so-called "sensitive" processes and activities (hereinafter referred to as "**Sensitive Activities**" and "**Sensitive Processes**"), within

the scope of which the offences referred to in the decree itself may be committed. Therefore, it was preliminarily necessary to identify the company areas covered by the intervention, processes and Sensitive Activities.

This is followed by the identification of corporate individuals who, based on the functions performed and responsibilities assumed, have an in-depth knowledge of the sensitive areas, as well as the control mechanisms in place.

Therefore, for each business area, the possibility of the commission of individual offences underlying administrative liability, pursuant to Legislative Decree No. 231/2001, was verified: in this regard, it was first assessed that the risk related to some criminal offences (such as counterfeiting currency or postage stamps, offences against individual personality [prostitution and pedophilia], offence of female genital mutilation, terrorism and subversion of the democratic order, sports competition frauds and abuse in gambling and betting) is only theoretically, rather than concretely, conceivable. Therefore, the analysis focused on offences considered more likely in those so-called sensitive areas.

The existing control system has been reviewed, and Limonta's Organization, Management and Control Model has been prepared. This Model represents a coherent set of principles, rules, and provisions that: (i) affect the internal functioning of the company and the ways in which it interacts with external entities; (ii) regulate the diligent management of a control system for Sensitive Activities, aimed at preventing the commission or attempted commission of offences covered by Legislative Decree No. 231/2001; (iii) ensure conditions of transparency and correctness in the conduct of business activities to protect the company's reputation and image, the shareholders' interests, and the work of its employees; (iv) finally, aim to prevent offences that could be committed by both individuals in top management positions and their subordinates, and to provide for the exemption of the entity's liability in the event of commission of one of the offences referred to in Legislative Decree No. 231/2001.

This document consists of a "General Part", which contains the key principles of the adopted Organization Model, and a "Special Part", prepared in consideration of individual company activities, sensitive processes detected and applicable procedures, to prevent the occurrence of different categories of offences contemplated in Legislative Decree No. 231/2001.

**3.4 Concept of acceptable risk**

For the purposes of applying the provisions of Legislative Decree No. 231/2001 and drafting an organization, management, and control model, the concept of "*acceptable risk*" is crucial. This involves defining a threshold that sets a limit on quantity and quality of preventive measures to be implemented in order to prevent the commission of an offences.

In relation to the risk of committing the offences referred to in Legislative Decree No. 231/2001, the acceptability threshold must be such as to allow the creation of a preventive system that

cannot be circumvented, except fraudulently, thus intentionally violating the adopted Model.

This solution is in line with the rationale of "fraudulent evasion" of the organization model as an exemption expressed in Decree 231 for the purpose of excluding the entity's administrative liability (art. 6, sub-paragraph 1-c, "*persons have committed the offence by fraudulently circumventing the organization and management models*").

As clarified by case law (see Cass. Pen. Sect. V, No. 4677, 2014), the fraud referred to in Decree 231 does not necessarily require actual tricks and deceptions that would make it nearly impossible to argue the effectiveness of the organization model as a defence. At the same time, fraud cannot simply consist of a mere breach of prescriptions contained in the model. It therefore requires that the breach of the model is still the result of circumventing the "safeguard measures", which would undermine its effectiveness.

Therefore, because of its characteristics, an effective preventive control system must be capable of ensuring that no individual within the company can justify his/her conduct by claiming ignorance of the company's directives. It should also prevent, in ordinary cases, that an offence is caused by human error, including negligence or incompetence, in the assessment of the company's directives.

### 3.5 Adoption of the Model

The adoption of the Model has been implemented as follows:

1. Preparation and updating of the Model, initially with the help of external consultants and then with the systematic activity of the Supervisory Board.
2. Approval of the Model by Limonta's Board of Directors, which also established and appointed the Supervisory Board. The Model will be updated based on the evolution of legislation and emerging business needs.
3. Implementation and Verification of the Model, with the Supervisory Board and the Board of Directors having the authority to make necessary adjustments tailored to the specific business context, particularly during the initial implementation phase.

Instead, it will be Limonta's primary task to exercise the controls necessary to verify the application of the adopted Model.

## CHAPTER 4
## THE SUPERVISORY BOARD PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

### 4.1 The Supervisory Board

Another exemption from the entity's liability under Legislative Decree No. 231/2001, in addition to the adoption and implementation of an Organization, Management and Control Model suitable for preventing the offences under consideration, is the establishment of a Supervisory Board,

endowed with autonomous powers to verify and control over the operation of the model itself, its concrete compliance and its constant updating.

As provided by Legislative Decree No. 231/2001 and reiterated by Confindustria Guidelines, the Supervisory Board must ensure the following requirements:

a. autonomy and independence, which are evident when the initiative for control is free from any interference and /or influence from any member of the company; in this sense, it is essential to position the Supervisory Board "*as a staff unit at the highest possible hierarchical level*", with the provision for the Supervisory Board to report to the highest operational executive of the company or to the Board of Directors as a whole. The Supervisory Board should not have operational tasks that could compromise its objectivity in assessing behaviours and the Model;
b. professionalism, which refers to the "*set of tools and techniques*" necessary to effectively carry out the activities of the Supervisory Board; in this regard, the Company has decided to leverage the specialized techniques of those who perform "*inspection*" activities, consultancy (analysis of control and management systems), and legal expertise, in order to obtain the most comprehensive supervision possible. With particular regard to the aspects of health and safety protection in the workplace, the Supervisory Board must avail itself of all the resources that the Company has activated for managing these aspects (RSPP - Head of the Prevention and Protection Service, RLS – Workers' Safety Representative, MC - Competent Doctor, first aid personnel, emergency personnel in case of fire).
c. continuity of action, which aims to ensure the effective and constant implementation of the organization model, guaranteed by the presence of a structure dedicated exclusively and full-time to supervisory activities.

**4.2 General principles on the establishment, appointment and removal of the Supervisory Board**

In implementation of the provisions of art. 6 of Legislative Decree No. 231/2001, Limonta has established a Supervisory Board, which is assigned the tasks of overseeing the application and updating of the Model through autonomous powers of initiative and control, with the assistance of individual company functions and, if necessary, support of a dedicated staff (selected, even on a part-time basis, for specific tasks).

The main point of contact for Limonta's Supervisory Board is the Board of Directors, to which it must report any committed offences and any deficiencies in the Model.

In the absence of specific indications in the body of Legislative Decree No. 231/2001, Limonta has opted for a solution that, taking into account the objectives pursued by the law, is capable of ensuring, in relation to its size and organizational complexity, the effectiveness of the controls for which the Supervisory Board is responsible, identifying it as a body composed of three

members.

The Supervisory Board will remain in office for a maximum term of three years, as per appointment minutes, and its members will be eligible for re-election.

Once constituted, the Supervisory Board elects a Chairman from among its members and establishes a set of operating regulations, to which all its members must adhere.

It is understood that the Board of Directors, during future appointments, may adopt different criteria for the identification and composition of the Supervisory Board, provided that they comply with legal provisions and Confindustria Guidelines. It will always be necessary for the members of the Supervisory Board to possess, in addition to adequate professional skills, personal qualifications that ensure autonomy, independence, and integrity required for the role.

In particular, the following may not be appointed as members of the Supervisory Board:

a. those who are in any of the causes of ineligibility or disqualification provided for in Article 2382 of Civil Code for directors;
b. those who are indicted for any of the offences set forth in Legislative Decree No. 231/2001;
c. those who have been sentenced to imprisonment as a result of criminal trial involving the commission of an offence;
d. the spouse, relatives and in-laws up to the fourth degree of the company's board members, board members, spouse, relatives and in-laws up to the fourth degree of the members of the controlled and/or controlling, investee and/or participating companies of the company;
e. those who are related to the company by employment relationships.

In the case of the appointment of a head of a business function, the same requirements will apply, except for those indicated by paragraph e hereabove.

Should one or more members of the Supervisory Board cease to serve, the Board of Directors will replace them by its own resolution and at the same time arrange for the corresponding update of the Model.

The appointment may also be terminated by the Company, but only upon one of the following grounds:

- serious and verified reasons of incompatibility that would undermine its independence and autonomy;
- gross negligence in the performance of duties related to the assignment;
- violation of confidentiality obligations imposed on the Supervisory Board;
- unexcused absence more than three consecutive times from meetings of the Supervisory Board;
- termination, as determined by the Board of Directors, of the position held, if the appointment to the Supervisory Board was linked to the role of head of that specific company function. In any case, any organizational measure concerning the head of the function (e.g., transfers to another position, dismissals, disciplinary actions, appointment of a new head) must be approved by the Board of Directors.

The removal of the Supervisory Board or any of its members falls within the competence of the Board of Directors, after consulting the Board of Statutory Auditors. The resolution for removal must be passed with a two-thirds majority of the votes cast by the directors present and entitled to vote.

The Board of Directors, in the meeting at which it resolves on the removal of a member of the Supervisory Board, will also provide for his or her replacement.

### 4.3 Functions and powers of the Supervisory Board

The Supervisory Board is generally tasked with the following responsibilities:

- monitoring the effectiveness of the Model: this involves checking that actual behaviours are consistent with the adopted Model;
- assessing the Model's adequacy: this means evaluating whether the Model genuinely (and not just formally) has the capacity to prevent undesired behaviours;
- analysis regarding the maintenance of the soundness and functionality requirements of the Model over time;
- evaluation, also with the help of the various functions involved, of the need to propose to the Board of Directors any updates to the Model resulting from changes in the organizational structure or company operations, as well as any regulatory changes;
- resolution of minor changes of a non-substantial nature and of immediate applicability, to be reported, however, to the Board of Directors;
- supervision of the appropriateness of the system of delegated powers and assigned responsibilities in order to ensure the effectiveness of the Model.

On an operational level, the Company's Supervisory Board is entrusted with the task of:

- developing and implementing a program for periodic checks on the actual application of company control procedures in Sensitive Activities and their effectiveness. It should be noted that the primary responsibility for controlling activities remains with operational management and is an integral part of business processes;
- collecting, processing, and storing relevant information regarding compliance with the Model, as well as updating, if necessary, the list of information that must be obligatorily transmitted to or made available to the Supervisory Board;
- continuously monitoring Sensitive Activities. To this end, the Supervisory Board will be regularly informed about developments in these high-risk areas and will have unrestricted access to all company documentation. Additionally, any situations within the company that may expose the organization to the risk of criminal activity must be reported to the Supervisory Board by all staff members;
- conducting appropriate internal investigations to ascertain any alleged violations of the Model's provisions;

- verifying that the elements outlined in the Model for different types of offences (e.g., adoption of standard clauses, execution of procedures, segregation of responsibilities, etc.) are adequate and meet the compliance requirements of Legislative Decree No. 231/2001, and, if they are not, request an update to these elements;
- promoting, with the support of the various heads of company functions, suitable initiatives to spread awareness and understanding of the Model throughout the entire staff;
- coordinating with the various heads of company functions to ensure the preparation of the necessary internal organizational documentation for the functioning of the Model, including instructions, clarifications, or updates.

The Supervisory Board, in order to be able to fulfil its duties comprehensively:

- will have unrestricted access to all the functions of the Company, without prior notice and without the need for any prior consent, in order to obtain any information or data deemed necessary for the performance of the duties under the Decree;
- may avail itself, in the performance of the tasks entrusted to it, under its direct supervision and responsibility, of the cooperation of all the functions and structures of the Company or of external consultants, making use of their respective skills and professionalism;
- will have an annual budget defined by the Board of Directors, which is adequate to support the spending decisions necessary to carry out its functions (specialized consultancy, missions and transfers, updating, etc.) thereby allowing the Supervisory Board to operate independently and with the appropriate tools for the effective execution of the tasks assigned by the Model;
- will carry out its activities, without oversight from any other corporate body or structure, reporting solely to the Board of Directors.

Finally, the Supervisory Board is free to establish its own Regulations solely to better govern its activities, always in compliance with legal norms, Confindustria Guidelines, and this Model.

**4.4 Reporting obligations to the Supervisory Board. General information and specific mandatory information**

In order to concretely carry out its activities, the Supervisory Board must be constantly and promptly informed, by means of a special internal communication system, about those acts, behaviours or events that may result in a violation of the Model or that, more generally, are relevant for the purposes of Legislative Decree No. 231/2001.

The reporting obligations about any conduct contrary to the provisions contained in the Model are part of the broader duty of care and duty of loyalty of the employee, as established by the Civil Code.

Those who report such circumstances in good faith will be protected against any form of retaliation, discrimination, or penalization, and in any case, the confidentiality of the whistle-

blower's identity will be assured, subject to legal obligations and the protection of the rights of the Company or individuals who may be wrongly and /or maliciously accused.

Correct fulfilment of the reporting obligation by the employee may not result in disciplinary sanctions either.

In order to effectively collect the reports described above, the Supervisory Board will communicate, to all parties concerned, the ways and forms of making them. The following general requirements apply in this regard:

- any reports related to the commission or reasonable risk of commission of offences under Legislative Decree No. 231/2001, or generally, conduct that is not in line with the behaviour rules adopted in implementation of the reference principles contained in this document, must be collected;
- an employee who wishes to report a violation (or suspected violation) of the Model should contact the Supervisory Board directly or, if deemed appropriate and not obstructive to the verification, his/her immediate superior. For this purpose, an email address has been established, hosted on servers external to the company, which ensures protection of the employee, security of the report, and complete confidentiality of the whistle-blower's identity during the handling of the report. The address is accessible from any device (smartphone, PC, tablet) and can be reached through any email account (for confidentiality purposes, it is advisable to use a private email address). Only the members of the Supervisory Board are authorized to access it. The address is as follows: odv_limonta@starsis.it
- unlawful or alleged unlawful conduct relevant under Legislative Decree No. 24/2023, including violations of the Model, may be reported, as provided for in the "Regulations for the management of reports of unlawful conduct and related forms of protection" adopted by Limonta, also through the special computer platform, which can be accessed from the Company's website, through the link "Whistleblowing Reports" in the footer. Again, the members of the Supervisory Board will be the only persons authorized to access the content of the reports;
- it is also possible to communicate with the Supervisory Board by sending a letter in a sealed envelope addressed to the attention of the Supervisory Board of Limonta (via regular or registered mail) to the Company's headquarters;
- the Supervisory Board, after reviewing the received reports and hearing from the involved parties (the whistle-blower and the alleged violator), will discretionary and under its own responsibility assess the cases where action is necessary. Any subsequent measures will be implemented in accordance with the provisions outlined in Chapter 5 (Disciplinary System).

In addition to the general violations reported above, information concerning the following must be obligatorily and immediately transmitted to the Supervisory Board:

- documents pertaining to the system of proxies in force;
- requests for legal assistance submitted by managers and /or employees who are being prosecuted by the judiciary for offences under the aforementioned legislation;
- any measures and /or information from law enforcement agencies or any other authorities indicating the conduct of investigations, including against unknown individuals, for offences under Legislative Decree No. 231/2001;
- news regarding actual implementation, at all company levels, of the Organization Model, including details of disciplinary procedures conducted and any sanctions imposed (including measures taken against employees), as well as the decisions to close such procedures with the related justifications;
- measures and /or information regarding the application of workplace health and safety regulations within the Company, with prompt reporting of any incidents that occur.

### 4.5 Reporting obligations to the Supervisory Board and whistle-blower's protection

In addition to what has already been specified in the previous paragraph, for the proper pursuit of the objectives set forth in Legislative Decree No. 231/2001, the cooperation and collaboration of all employees of the Company is essential.

In this regard, employees are obligated to report to the Supervisory Board all violations (even if only suspected) of the provisions contained in the Model 231 ("**Notifications**") and all relevant information useful for carrying out the functions of monitoring and control ("**Information**").

Notifications include all information related to the presumed commission of offences under Legislative Decree 231/2001, as well as behaviours that violate the Model 231. They must be promptly sent to the Supervisory Board and should be accurate, detailed, and referable to a specific event and area of activity.

Information, on the other hand, pertains to all relevant details useful for the activities of the Supervisory Board, such as any issues or anomalies found in the implementation of the Model, information about changes in the company's organization, etc.

For this purpose, the Supervisory Board can be contacted with its e-mail address odv_limonta@starsis.it. On this point, it is worth pointing out how, in order to guarantee the confidentiality of reporting the situation of wrongdoing or irregularity:

- an employee who reports illegal conduct, of which he/she has become aware due to his/her employment relationship, cannot be sanctioned, dismissed, or subjected to any discriminatory measures, whether direct or indirect, affecting his/her working conditions for reasons directly or indirectly related to the report made, except in cases of liability for defamation or slander;
- the whistle-blower's identity cannot be disclosed without the whistle-blower' consent;
- the report is exempt from the right of access to records.

On this point, it should be noted that, according to firm trend of the Supreme Court, the relevant legislation, which prevents adverse consequences for the reporting employee who becomes aware of illegal activity within the workplace, does not impose any obligation on the employee to actively gather information and does not authorize them to engage in improper investigative activities, in violation of legal limits (cf. Cass. Pen. No. 35792/2018).

Lastly, it should be noted that reports made in bad faith may result in the following consequences for the whistle-blower:

- criminal liability for libel (art. 368 of Criminal Code) and /or defamation (art. 595 of Criminal Code);
- civil liability for tortious acts;
- loss of anonymity and protections provided (following a judicial finding of civil or criminal liability).

**4.6 Information of flow management.**

Regarding the operational procedures for managing the information flows of periodic communications, please refer to the specific procedure “Management of Informational Flows and Periodic Communications”, which should be considered an essential and integral part of this Organization and Control Model.

In any case, it is specified that the Supervisory Board must be informed about (by way of example only):

a) measures and /or information from inspection bodies that may be even indirectly related to a violation of the rules established in the Organization Model;
b) initiation of an investigation or judicial proceeding for the offences covered by Legislative Decree 231/01;
c) sanctions issued due to violations concerning matters regulated by the Model;
d) information about litigations related to matters regulated by the Model;
e) significant disciplinary proceedings related to violations of matters governed by the Model;
f) information regarding specific events such as accidents, injuries, etc.;
g) any evidence and information regarding organizational changes that have a significant impact on the matters governed by the Model (e.g., appointment of a delegated authority, change of the Company Doctor, opening of a new facility, etc.).

**4.7 Management of spontaneous notification of alleged wrongdoing - whistleblowing.**

Limonta, in accordance with Legislative Decree No. 24 of 10th March 2023 (the so-called "Whistleblowing Decree"), issued in implementation of EU Directive 2019/1937 of the European Parliament and of the Council, has adopted the "Regulation for the Management of Notifications of Unlawful Conduct and Related Forms of Protection”. This regulation pertains to reports of alleged wrongdoing and potential violations of the Company’s Organization and Management Model and Code of Ethics, which is also considered an essential part of the MOG [Organisation

and Management Model]. For more details, please refer to this document available on the Company's website through the link in the footer.

**4.8 Duty of Information from the Supervisory Board to Corporate Bodies**

The Supervisory Board must also fulfil its duty of information to the corporate bodies regarding the implementation of the Model and the emergence of any critical issues.

In particular, the Supervisory Board will prepare an annual written report to the Company's Board of Directors detailing the activities carried out, including controls, specific checks conducted, their outcomes, any updates to the mapping of Sensitive Activities, etc.

The Supervisory Board must likewise coordinate with the competent functions within the Company, and namely:

- with the Head of Accounting and Financial Services regarding the control of financial flows, the financial statement preparation process, the definition of contractual clause content, compliance with public entity requirements that may be relevant for the commission of offences, the acquisition of grants and credit facilities in general from public entities, and the management of the company's information system;
- with the Head of Human Resources regarding staff training and disciplinary procedures related to compliance with the Model;
- with the Head of Prevention and Protection Services (or another legally equivalent figure), who handles technical-operational or primary level control regarding occupational health and safety, establishing an integrated control system for issues related to occupational safety and health policy.

Meetings with the Persons in Charge, to whom the Supervisory Board will refer, must be documented in minutes. Copies of the minutes will be kept by the Supervisory Board and, if necessary, by the Managers involved each time.

The Board of Directors will still have the authority to summon the Supervisory Board, which in turn will have the authority to request the Chairman of the Board of Directors to convene the board for urgent matters. The members of the Supervisory Board must also be present at Board of Directors' meetings convened to examine periodic or extraordinary reports from the Supervisory Board, as well as for other activities concerning the Model.

**4.9 Collection and storage of information**

The information, notifications, reports or records provided for in the Model will be stored by the Supervisory Board in a dedicated archive (either electronic or paper-based).

## CHAPTER 5

## DISCIPLINARY SYSTEM

**5.1 Function of the disciplinary system**

A fundamental aspect for the effectiveness of the Model is the establishment of an adequate disciplinary system aimed at sanctioning violations of the rules of conduct outlined therein. Therefore, the definition of an appropriate sanctioning system is an essential element for the Organization, Management, and Control Model to mitigate the administrative liability of entities.
The sanctions provided will be applied to any violation of the provisions contained in the Model, regardless of whether the conduct in question constitutes a criminal offence, and despite the fact that the criminal proceedings or their outcome are pending.

**5.2 Measures against employees**

Compliance with the provisions and behavioural rules outlined in the Model by employees constitutes fulfilment of the obligations set forth in Article 2104, sub-paragraph 2, of Civil Code, of which the content of the Model is a substantial and integral part thereof.
Therefore, the violation of the provisions and behavioural rules of the Model will constitute a disciplinary offence for employees.
The measures outlined in the Model, whose non-compliance is subject to sanction, will be communicated to employees through an internal circular, posted in a place accessible to all, and will be binding on all company personnel.
Disciplinary measures will be imposed on employees in accordance with art. 7 of Law No. 300 of 20th May 1970 (the “Statute of Labourers”), as amended and updated by the most recent legislation, and in compliance with any applicable special regulations.
Upon notification of a violation of the Model, the verification procedure will be initiated, also in accordance with any applicable CCNL [National Collective Labour Agreement]. Therefore:

- to each report of violation of the Model, the investigation procedure will be initiated;
- if, following the procedure, a violation of the Model is confirmed, the Chairman of the Board of Directors, or a Delegated Director, at the request of the Supervisory Board, after consulting the immediate superior of the individual responsible for the censured conduct, will determine - after analysing the employee’s motivations - the applicable disciplinary sanction, also based on the relevant CCNL. It should be noted that Limonta 1 and Limonta 2 divisions apply the CCNL for clothing and apparel - industrial enterprises, the CCNL for employees in the rubber, electrical cables, and related industries, and the CCNL for executives;
- a proportionate disciplinary sanction will thus be imposed according to the severity of the violation;
- the Chairman of the Board of Directors, or the Managing Director, will then notify the Supervisory Board of the imposition of such a sanction, and the Supervisory Board will verify its actual implementation.

**5.3 Violations of the Model and related sanctions**

In accordance with the principles of specificity of violations and sanctions, Limonta intends to

inform its employees about the provisions and behavioural rules contained in the Model, whose violation constitutes a disciplinary offence, as well as the applicable sanctions, taking into account the severity of the infractions, and namely:

1. **verbal warning**, for employees who violate one of the internal procedures provided for by the Model (e.g., failure to observe the prescribed procedures, failure to communicate the prescribed information to the Supervisory Board, failure to carry out checks, etc.), or engage in a behaviour in the performance of Sensitive Activities that is not in compliance with the provisions of the Model itself;
2. **written warning**, for employees who repeatedly violate the procedures provided for by the Model or engage in a behaviour in the performance of activities in sensitive areas that is not in compliance with the provisions of the Model;
3. **fine**, for employees who, by violating the internal procedures provided for by the Model or engaging in a behaviour in the performance of Sensitive Activities that is not in compliance with the provisions of the Model, expose the integrity of company assets to a situation of objective danger, or for employees who repeatedly violate the procedures more than three times as specified under paragraph 2 hereinabove;
4. **suspension from work and pay**, for employees who, by violating the internal procedures provided for by the Model or by engaging in a behaviour during the performance of Sensitive Activities that is not in compliance with the provisions of the Model, cause damage to the Company by performing acts contrary to its interests, or for employees who repeatedly violate the procedures more than three times as specified under paragraphs 1-2-3 hereinabove;
5. **dismissal for just cause**, for employees who, by violating the internal procedures provided for by the Model, engage in a behaviour during the performance of Sensitive Activities that is not in compliance with the provisions of the Model, or who blatantly violate the procedures in a manner that results in the concrete application of measures against the Company as provided for by Legislative Decree No. 231/2001.

The type and extent of penalty will also be chosen taking into account:

- of the intentionality of the behaviour or the degree of negligence, imprudence, or incompetence, also considering the foreseeability of the event;
- of the overall behaviour of the worker, particularly regarding the presence or absence of previous disciplinary actions, within the limits allowed by law;
- of the worker's level of autonomy and the tasks performed;
- of the functional position of the persons involved in the facts constituting the violation;
- of the severity of the effects of the censured conduct, meaning the level of risk to which the Company reasonably believes it has been exposed, pursuant to and for the purposes of Legislative Decree No. 231/2001;

- of other special circumstances accompanying the disciplinary offence.

Limonta reserves the right to claim damages from the employees arising from violation of the Model.

### 5.4 Measures against members of the Administrative Body

The Supervisory Board, having been informed by members of the Board of Directors of a violation of the provisions and rules of conduct of the Model, shall promptly inform the entire Board of Directors and the Board of Statutory Auditors of the event.

The members of the Board of Directors and the Board of Statutory Auditors may, in accordance with the provisions of the Articles of Association, take appropriate actions in order to adopt the most suitable measures provided for by law, including revocation of any proxies granted to the member or members responsible for the violation.

### 5.5 Measures against auditors

Upon being informed of a violation of the provisions and behavioural rules of the Model by one or more statutory auditors, if appointed, the Supervisory Board must promptly inform the Board of Directors and the entire Board of Statutory Auditors of the event.

The recipients of the Supervisory Board's notification may then take appropriate measures as provided for by the Articles of Association, such as convening a shareholders' meeting, to adopt the most suitable measures provided for by law.

### 5.6 Measures against business partners, consultants, collaborators

Any violation of the Model by External Collaborators or Partners will instead be sanctioned, in accordance with the provisions of specific contractual clauses included in the relevant contracts, letters of appointment or partnership agreements, with termination of the contractual relationship, without prejudice to Limonta's right to claim compensation for any damages suffered.

## CHAPTER 6
## TRAINING AND COMMUNICATION PLAN

### 6.1 Foreword

Limonta, in order to effectively implement the Model, intends to ensure the proper dissemination of its contents and principles, both within and outside its organization. This communication will extend not only to its employees but also to individuals who, while not formally classified as employees, work towards achieving the company's objectives through contractual relationships. This communication and training activity will be tailored according to the recipients, but will always be based on principles of completeness, clarity, accessibility, and continuity. This approach will ensure that everyone has a full understanding of the company regulations they

must follow and the ethical standards that should guide their behaviours.

The Chairman of the Board of Directors (or his/her delegate) will be responsible for these tasks, identifying the best methods for delivering these services (such as training courses, information programs, dissemination of informational materials) according to the prescriptions of the Supervisory Board. The Supervisory Board itself is tasked with promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for training personnel and raising awareness about the principles contained therein.

### 6.2 Employees

Each employee is required:

- to gain awareness of the principles and contents of the Model;
- to understand the operational methods by which his/her work is to be performed;
- to actively contribute, in relation to their role and responsibilities, to the effective implementation of the Model, reporting any deficiencies found in it;
- to participate in training courses, differentiated according to the different Sensitive Activities.

In order to ensure effective and rational communication activities, the Company aims to promote and facilitate employees' understanding of the contents and principles of the Model, with a degree of detail varying according to their position and role.

Training and information for staff regarding regulatory provisions and implementation of the Model will be carried out by the Chairman of the Board of Directors or his/her delegate, in collaboration with the Supervisory Board, as follows:

- for managerial staff and those with representative functions, a training seminar will be organized following the adoption of the Organizational Model, and an informational note will be included in the body of the hiring letter;
- for the rest of the staff, internal informational notes will be distributed, and a specific informational note will be included in the body of the hiring letter. A copy of the Organization Model will be made available to employees in an accessible location, so they can be aware of the provisions contained therein.

Members of the corporate bodies, managerial staff, and those with representative functions at Limonta will receive a hard copy of the full version of the Model. This copy will also be provided to any new executives and new members of the corporate bodies at the time of their appointment.

Appropriate communication tools will be used to update employees on any changes made to the Model, as well as any significant procedural, regulatory, or organizational changes.

In any case, the Supervisory Board, in collaboration with the Board of Directors, reserves the right to promote any training activities it deems most suitable for the proper dissemination and

awareness of the Model's principles and themes within the company. It will also evaluate the methods for establishing a personnel selection system during the hiring phase that takes into account the regulatory provisions of Legislative Decree No. 231/2001.

### 6.3 Other recipients

Given that the communication of the Model's contents and principles must also be directed towards all third parties engaged in contractually regulated collaborations with Limonta or who represent the Company without employment ties, specific criteria for selecting representatives, consultants, and partners with whom the company intends to enter into any form of partnership (joint venture, consortium, etc.), collaboration, or conduct operations in "risk areas" can be established. This will be based on a proposal from the Supervisory Board followed by approval from the Board of Directors.

These parties must be provided with information regarding the adopted Model and, for the purpose of adapting existing contracts, the texts of the contractual clauses commonly used in this context.

## CHAPTER 7
## MODEL ADOPTION AND CRITERIA OF UPDATING AND ADJUSTMENT

### 7.1 Verifications and checks on the Model

Following the adoption and concrete implementation of this Model, the Supervisory Board will have to deal with the annual preparation of its own supervisory program, in which the following will be established and planned:

1. a calendar of activities to be carried out throughout the year;
2. time intervals of inspections;
3. criteria and procedures for analysis;
4. ability to conduct unscheduled audits verifications checks.

In carrying out its activities, the Supervisory Board may rely on the support of internal company functions and structures, which have specific expertise in the business sectors subject to control, as well as on external consultants. In such cases, the consultants must always report the results of their work to the Supervisory Board.

The Supervisory Board is vested, during verifications and inspections, with widest powers in order to effectively carry out the tasks entrusted to it.

### 7.2 Update and adjustment

The update of the Model and the need for its adjustment due to violations of the provisions contained therein, regulatory changes, or changes in the Company's structure, will be decided

by the Board of Directors.

Once approved, the modifications and instructions for their immediate application will be communicated to the Supervisory Board, which, in turn, will promptly make the changes effective and ensure the correct communication of the contents both within and outside the Company.

This Model will be subject to two types of biannual verifications:

1. verification of documents: a review of the main documents and contracts entered into by the Company in the “areas of activity at risk” will be conducted;
2. verification of procedures: the effective functioning of this Model will be verified in the manner established by the Supervisory Board.

Additionally, the notifications received throughout the year, the actions taken by the Supervisory Board, the events, acts, and contracts related to risk activities will also be reviewed.

At the conclusion of this verification, a report will be prepared and submitted to the Board of Directors (alongside the annual report), highlighting any potential deficiencies and suggesting possible corrective actions.

The Supervisory Board will also inform the Board of Directors about the outcomes of the undertaken activities through a specific report, in compliance with the resolution that orders the update and /or adjustment of the Model.

The Supervisory Board retains, in any case, specific duties and powers regarding care, development, and promotion of the ongoing updating of the Model. To this end, it formulates observations and proposals on the organization and control system to the relevant corporate structures or, in cases of particular importance, to the Board of Directors.

In particular, in order to ensure that changes to the Model are made promptly and effectively without coordination issues, the Board of Directors has decided to delegate to the Supervisory Board the task of making necessary modifications to the Model resulting from acts resolved by the Board itself (such as redefinition of the organizational chart) or by corporate functions with specific delegation (e.g., new corporate procedures).

On the occasion of presentation of the annual summary report, the Supervisory Board will submit a specific information note to the Board of Directors detailing the changes made in implementation of the received mandate, so that the Board of Directors can formally ratify them.

In any case, it remains the exclusive competence of the Board of Directors to deliberate updates and/or adjustments to the Model for the following reasons:

- regulatory changes in the area of administrative liability of entities;
- identification of new sensitive activities or changes to those previously identified, potentially linked to the start of new business activities;
- commission of the offences referred to in Legislative Decree No. 231/2001 by the recipients of the Model’s provisions, or, more generally, significant violations of the Model;

- identification of deficiencies and /or gaps in the Model's provisions following assessments of its effectiveness.

The Model will, in any case, be subject to periodic review process, to be arranged by resolution of the Board of Directors.

### 7.3 Application of the Model

The complexity of the Model and the need for its deep integration with the Company's structure entail that every revision of the Model must be followed by an operational program to incorporate innovations.

This program will identify the activities required to effectively implement the principles underlying the Model, specifying responsibilities, timelines, and execution methods.

All parties involved will strictly comply with the program, as it aims at the prompt and comprehensive implementation of all measures in accordance with the provisions and objectives of Legislative Decree No. 231/2001.

In particular, during the first year following a significant revision of the Model, Limonta will conduct thorough quarterly checks to ensure its effective implementation and better adapt it to the Company's actual circumstances.

### 7.4 Code of Ethics

At the same time as the adoption of the Model, the Company has approved its own Code of Ethics, prepared with the primary objective of defining the set of values that Limonta recognizes, accepts, shares, and commits to respect and enforce, all in accordance with the principles of freedom and human dignity and respect for diversity. The Code of Ethics is to be considered an essential and integral part of this Organization and Control Model.

## 8. Revision history

- REV. 01, December 2020.
- REV. 02, February 2024.