EUROSETS S.R.L.

ORGANISATION, MANAGEMENT AND CONTROL MODEL

(PURSUANT TO IT. LEGISLATIVE DECREE No. 231/01)

GENERAL SECTION

ANNEXES

Annex A: Code of Ethics and Conduct

Annex B: Disciplinary System

0 DEFINITIONS

- EUROSETS S.R.L. OR EUROSETS OR COMPANY OR ENTITY OR BUSINESS: Limited liability company based in Medolla (MO), Strada Statale 12, no.143.

- Activities at risk: operations, i.e. acts, which expose EUROSETS to the risk of committing the offences envisaged by (It.) Legislative Decree no. 231/2001.

- CCNL: National Collective Bargaining Agreement currently in force and applied by EUROSETS.

- (It.) Legislative Decree 231/2001 (also "Legislative Decree" or "Decree"): (It.) Legislative Decree no. 231 of 8 June 2001, as subsequently amended, laying down rules on the administrative liability of legal persons, companies and associations, including those without legal personality.

- Addressees: all those who hold functions of representation and direction or management and control (including de facto), employees and all those who are subject to the management or supervision of the senior figures of the Entity.

- Representatives of the Entity: executives and employees of EUROSETS.

- OMC model: Organisation, management and control model envisaged by (It.) Legislative Decree no. 231/2001.

- SB: Supervisory Board responsible for monitoring the functioning of and compliance with the Model and for updating it.

- P.A.: the Public Administration, including its officials and public service appointees.

- Partners: contractual counterparties of EUROSETS, both natural and legal persons, with whom the Entity enters into any form of contractually regulated cooperation, and intended to cooperate with the Company in the areas at risk.

- Offences: the predicate offences envisaged by (It.) Legislative Decree no. 231/2001 the commission of which could entail the Entity's liability.

- Rules and general Principles of conduct: the rules and principles set out in this Model and identified in the General Section, including its annexes, and in the Special Section thereof.
- ICS: internal control system, i.e. the set of processes directed at management review, audit and compliance review.

1 FOREWORD

1.1 The (It.) Legislative Decree of 8 June 2001, no. 231

The administrative liability of Entities and associations.

(It.) Legislative Decree of 8 June 2001, no. 231 (hereinafter also referred to as the "Decree"), enacted in execution of the delegation of powers under (It.) Law no. 300/2000, introduced into our legal system the regime of "administrative liability of legal persons, companies and associations, including those without legal personality".

This type of liability arises from the commission, by a person holding a top management position within the Entity, or by an employee, of one of the offences specifically listed in the Decree itself. For the Entity to incur administrative liability, it is also necessary that the offence is committed in its interest, or that it has benefited from it.

The institution of this type of liability arises, in fact, from the consideration that, often, unlawful acts committed within the Entity, far from resulting from a private initiative of an individual, are rather part of a widespread internal policy and result from decisions by the top management of the Entity itself. It also marked the Italian legal system's adaptation to a series of international conventions to which Italy had acceded at the time, including in particular the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Prior to the introduction of this legislation, entities were not subject, under Italian law, to criminal/administrative liability and only natural persons (directors, executives, collaborators, etc.) could be prosecuted for the possible commission of offences in the interest of the corporation.

Although liability is defined as "administrative", it actually bears strong similarities to criminal liability, in that it arises as a result of the commission of a crime and is established by the criminal court in a judgment handed down following criminal proceedings.

As to the persons whose conduct is relevant under Art. 5 of (It.) Legislative Decree no. 231/2001, they are as follows:

- persons who hold positions of representation, administration or direction of the Entity or of one of its organisational units with financial or functional autonomy, as well as persons who exercise, even de facto, the management or control of the Entity (so-called "senior management", Art. 5, paragraph 1, letter a);
- persons subject to the direction or supervision of one of the above-mentioned persons (so-called "subordinates", Art. 5, paragraph 1, letter b).

The Entity's liability does not exist if the persons mentioned have acted exclusively in their own interest or in the interest of third parties outside the organisational and corporate structure (Art. 5, paragraph 2), as well as where the offence was committed by persons other than those mentioned.
In order for the offence to be chargeable to the Entity, therefore, it must be objectively attributable to the Entity and therefore derive from a manifestation of will or, at least, from an "organisation culpability", understood as a lack of or failure to take the necessary precautions to avoid the commission of offences.
Precisely because of this direct imputability of the offence to the Company, Art. 8 of the Decree provides that entities are liable even where the natural person who committed the offence is not identified or cannot be charged, or the offence is extinguished for reasons other than amnesty.
In any case, the administrative liability of the Entity, if found, is in addition to the criminal liability of the natural person who committed the offence and the civil liability for damages.
This administrative liability of entities can also be incurred in relation to offences committed abroad, provided that the State of the place where the offence was committed does not prosecute for them (Art. 4 of It. Legislative Decree no. 231/01).

Jurisprudence has also addressed the question of the applicability of (It.) Legislative Decree no. 231/2001 to Groups of Companies.
With respect to Groups of Companies, the Court of Cassation has ruled (Judgment no. 24583 of 17 November 2010, Criminal Section V), stating that the Parent Company or other companies in the Group may be held liable, pursuant to (It.) Legislative Decree no. 231 of 2001, for the offence committed in the course of the activity of another company of the group, provided that a natural person acting on their behalf, also pursuing the interest of the latter, is involved in its commission: "In effect, the holding company or other group companies may be liable under Law 231, but it is necessary that the person acting on behalf of them be the same as the person committing the offence; in short, a generic reference to the group is not sufficient to affirm the company's liability under Law 231/2001".

The Decree therefore provides for the application of a number of administrative sanctions (Chapter I, Section II) against the Entity that is found liable:

- financial penalties;
- bans, such as disqualification from carrying out the activity, suspension or revocation of authorisations, licences or concessions, prohibition from contracting with the Public Administration, exclusion from facilitations, financing, grants and the possible revocation of those already granted and, finally, prohibition from advertising goods or services;
- confiscation of the price or profit of the offence;

- publication of the conviction.

With regard to the types of offences to which the regulations in question apply, the decree as supplemented at the date of adoption of this Model refers exclusively to certain cases, which can be logically contextualised as follows:

Offences committed in relations with the Public Administration (Art. 24, It. Legislative Decree no. 231/01).

- Misappropriation to the detriment of the State or other public body or the European Union (Art. 316-bis of the It. Penal Code);
- Undue receipt of grants, financing or other disbursements from the State or other public body or from the European Communities (Art. 316-ter of the It. Penal Code);
- Fraud to the detriment of the State or other public body or the European Communities (Art. 640, paragraph 2, no. 1 of the It. Penal Code);
- Aggravated fraud to obtain public funds (Art. 640-bis of the It. Penal Code);
- Computer fraud to the detriment of the State or other public body (Art. 640-ter

of the It. Penal Code). Cyber crimes and unlawful processing of data (Art. 24 bis, It.

Legislative Decree no. 231/2001)

- Forgery of a public document or a document having evidentiary effect (Art. 491-bis of the It. Penal Code);
- Unauthorised access to a computer or telecommunications system (Art. 615 ter of the It. Penal Code);
- Unauthorised possession and distribution of access codes to computer or telecommunications systems (Art. 615c of the It. Penal Code);
- Distribution of computer equipment, devices or programmes intended to damage or interrupt a computer or telecommunications system (Art. 615 quinquies of the It. Penal Code);
- Illegal interception, obstruction or interruption of computer communications or telecommunications (Art. 617 quater of the It. Penal Code);
- Installation of equipment designed to intercept, prevent or interrupt computer communications or telecommunications (Art. 617 quinquies of the It. Penal Code);
- Damage to computer information, data and programmes (Art. 635-bis of the It. Penal Code);
- Damage to information, data and computer programmes used by the State or other public body or otherwise of public utility (Art. 635b of the It. Penal Code);
- Damage to computer or telecommunications systems (Art. 635c of the It. Penal Code);
- Damage to computer or telecommunications systems of public utility (Art. 635 quinquies);
- Computer fraud by the person providing electronic signature certification services (Art. 640 quinquies of the It. Penal Code).

Organised crime offences (Art. 24 ter, It. Legislative Decree no. 231/2001).

- Criminal association (Art. 416 of the It. Penal Code);
- Mafia-type associations, including foreign ones (Art. 416-bis of the It. Penal Code);
- Political and mafia vote rigging (Art. 416 ter of the It. Penal Code);

Kidnapping for the purpose of extortion (Art. 630 of the It. Penal Code);

- Association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (Art. 74 of It. Presidential Decree of 9.10.1990 no. 309);
- 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 weapons of war or warlike weapons or parts thereof, explosives, clandestine weapons as well as several common firearms (Art. 407, para. 2, letter a), no. 5) of the (It.) Code of Criminal Procedure).

Offences committed in relations with the Public Administration (Art. 25 of It. Legislative Decree no. 231/01).

- Illegal abuse of a position or office for personal gain (Art. 317 of the It. Penal Code);
- Bribery in the exercise of office (Art. 318 of the It. Penal Code);
- Bribery for an act contrary to official duties (Art. 319 of the It. Penal Code);
- Aggravating circumstances (Art. 319-bis of the It. Penal Code);
- Bribery in judicial acts (Art. 319-ter of the It. Penal Code);
- Undue inducement to give or promise benefits (Art. 319-quater of the It. Penal Code);
- Bribery of a public service appointee (Art. 320 of the It. Penal Code);
- Penalties for the person committing the bribery (Art. 321 of the It. Penal Code);
- Incitement to bribery (Art. 322 of the It. Penal Code);
- Embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery of members of bodies of the European Communities and of officials of the European Communities and of foreign States (Art. 322-bis of the It. Penal Code).

Offences of counterfeiting money, public credit cards, revenue stamps and instruments or identifying marks (Art. 25-bis of It. Legislative Decree no. 231/01).

- Counterfeiting of money, spending and introduction into the State, in concert, of counterfeit money (Art. 453 of the (It.) Penal Code);
- Alteration of currency (Art. 454 of the It. Penal Code);
- Spending and introduction into the State, without concert, of counterfeit money (Art. 455 of the It. Penal Code);
- Spending of counterfeit currency received in good faith. (Art. 457 of the It. Penal Code);
- Forgery of revenue stamps, introduction into the State, purchase, possession or putting into circulation of forged revenue stamps (Art. 459 of the It. Penal Code);
- Counterfeiting watermarked paper in use for the manufacture of public credit cards or revenue stamps (Art. 460 of the It. Penal Code);
- Manufacture or possession of watermarks or instruments intended for the counterfeiting of money, revenue stamps or watermarked paper (Art. 461 of the It. Penal Code);
- Use of forged or altered revenue stamps (Art. 464 of the It. Penal Code);

Counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models or designs (Art. 473 of the It. Penal Code);

- Introduction into the State and trade in products with false signs (Art. 474 of the It. Penal Code). Offences against industry and trade (Art. 25 bis 1 of It. Legislative Decree no. 231/2001).
- Disturbing the freedom of industry and trade (Art. 513 of the It. Penal Code);
- Unlawful competition by threat or violence (Art. 513-bis of the It. Penal Code);
- Fraud against national industries (Art. 514 of the It. Penal Code);
- Fraud in the exercise of trade (Art. 515 of the It. Penal Code);
- Sale of non-genuine foodstuffs as genuine (Art. 516 of the It. Penal Code);
- Sale of industrial products with false signs (Art. 517 of the It. Penal Code);
- Manufacture of and trade in goods made by usurping industrial property rights (Art. 517 ter of the It. Penal Code);
- Counterfeiting of geographical indications or designations of origin for agri-food products (Art. 517 quater of the It. Penal Code).

Corporate offences (Art. 25-ter of It. Legislative Decree no. 231/01).

- False corporate communications (Art. 2621 of the It. Civil Code);
- Minor offences (Art. 2621-bis of the It. Civil Code);
- Non-punishability on grounds of particularly tenuous offences (Art. 2621-ter of the It. Civil Code);
- False corporate communications to the detriment of shareholders or creditors (Art. 2622, paragraphs 1 and 3, of the It. Civil Code);
- Obstruction of control (Art. 2625, paragraph 2 of the It. Civil Code);
- Undue repayment of contributions (Art. 2626 of the It. Civil Code);
- Illegal distribution of profits and reserves (Art. 2627 of the It. Civil Code);
- Illegal transactions involving shares or quotas of the company or the parent company (Art. 2628 of the It. Civil Code);
- Transactions to the detriment of creditors (Art. 2629 of the It. Civil Code);
- Failure to disclose conflict of interest (Art. 2629-bis of the It. Civil Code);
- Fictitious capital formation (Art. 2632 of the It. Civil Code);
- Undue distribution of company assets by liquidators (Art. 2633 of the It. Civil Code);
- Bribery between private individuals (Art. 2635 of the It. Civil Code);
- Unlawful influence on the shareholders' meeting (Art. 2636 of the It. Civil Code);
- Stock manipulation (Art. 2637 of the It. Civil Code);
- Obstructing the exercise of the functions of public supervisory authorities (Art. 2638, paragraph 1 and 2 of the It. Civil Code). Crimes for the purpose of terrorism or subversion of the democratic order envisaged by the (It.) Penal Code and special laws (Art. 25-quater of It. Legislative Decree no. 231/01).

Associations for the purpose of terrorism, including international terrorism or subversion of the democratic order (Art. 270-bis of the It. Penal Code);

- Assistance to members of said associations (Art. 270-ter of the It. Penal Code);
- Conscription for the purposes of terrorism, including international terrorism (Art. 270-quater of the It. Penal Code);

- Training in activities for the purpose of terrorism, including international terrorism (Art. 270-quinquies of the It. Penal Code);
- Conduct for the purpose of terrorism (Art. 270-sexies of the It. Penal Code);
- Attacks for the purposes of terrorism or subversion (Art. 280 of the It. Penal Code);
- Act of terrorism using deadly or explosive devices (Art. 280-bis of the It. Penal Code);
- Kidnapping for the purpose of terrorism or subversion (Art. 289-bis of the It. Penal Code);
- Urgent measures for the protection of the democratic order and public security (Art. 1 of It. Decree Law of 15/12/1979 no. 625 conv. with amend. in It. Law 6/02/1980 no. 15);
- International Convention for the Suppression of the Financing of Terrorism New York 9 December 1999 (Art. 2).

Practices of female genital mutilation (Art. 25-quater-1 of It. Legislative Decree no. 231/01).

Offences against the individual (Art. 25-quinquies of It. Legislative Decree no. 231/01)

- Reducing and maintaining individuals to a state of slavery or servitude (Art. 600 of the It. Penal Code);
- Child prostitution (Art. 600-bis of the It. Penal Code);
- Child pornography (Art. 600-ter of the It. Penal Code);
- Possession of pornographic material (Art. 600-quater);
- Virtual pornography (Art. 600-quater.1 of the It. Penal Code);
- Tourism initiatives aimed at the exploitation of child prostitution (Art. 600-quinquies of the It. Penal Code);
- Human trafficking (Art. 601 of the It. Penal Code);
- Purchase and sale of slaves (Art. 602 of the It. Penal Code);
- Grooming minors (Art. 609-undecies of the It. Penal Code);
- Illegal intermediation and exploitation of labour (Art. 603-bis of the

It. Penal Code). Market abuse offences (Art. 25-sexies of It. Legislative

Decree no. 231/01).

- Insider trading (It. Legislative Decree of 24.02.1998 no. 58, Art. 184);
- Market manipulation (It. Legislative Decree of 24.02.1998 no. 58, Art. 185).

Unintentional offences committed in breach of the rules on accident prevention and the protection of occupational health and safety (Art. 25 septies of It. Legislative Decree no. 231/2001).

- Negligent manslaughter (Art. 589 of the It. Penal Code);
- Unintentional grievous or very grievous bodily harm (Art. 590 of the It. Penal Code).

Receiving, laundering and using money or benefits of unlawful origin, and self-laundering (Art. 25 octies of It. Legislative Decree no. 231/2001).

- Receiving stolen goods (Art. 648 of the It. Penal Code);
- Money laundering (Art. 648-bis of the It. Penal Code);
- Use of money, goods or benefits of unlawful origin (Art. 648-ter of the It. Penal Code);
- Self-laundering (Art. 648-ter.1 of the It. Penal Code).

Transnational Crimes (It. Law of 16 March 2006, no. 146, Articles 3 and 10).

- Criminal association (Art. 416 of the It. Penal Code);
- Mafia-type association (Art. 416-bis of the It. Penal Code);
- Criminal association for the purpose of smuggling foreign tobacco products (Art. 291-quater of the Consolidated Act as per It. Presidential Decree of 23 January 1973, no. 43);
- Association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (Art. 74 of the Consolidated Act as per It. Presidential Decree of 9 October 1990, no. 309);
- Provisions against illegal immigration (Art. 12, paragraphs 3, 3-bis, 3-ter and 5, of the Consolidated Act as per It. Legislative Decree of 25 July 1998, no. 286);
- Inducement not to make statements or to make false statements to the judicial authorities (Art. 377-bis of the It. Penal Code);
- Aiding and abetting (Art. 378 of the It. Penal Code).

Copyright infringement offences (Art. 25 novies of It. Legislative Decree no. 231/2001).

- Introduction in telecommunication systems, available to the public, by means of connections of any kind, of a protected intellectual work or part thereof (Art. 171, paragraph 1, letter a-bis) of It. Law 633/1941);
- Offences referred to in the preceding paragraph committed with reference to another person's work not intended for publication, or by usurping the authorship of the work, or by deforming, mutilating or otherwise modifying the work, if the honour or reputation of the author is harmed (Art. 171, paragraph 3 of It. Law 633/1941);
- Unauthorised duplication, for profit, of computer programs; import, distribution, sale, possession for commercial or entrepreneurial purposes or rental of programs contained in media not marked by the SIAE [Italian Society of Authors and Publishers]; preparation of means intended solely to allow or facilitate the arbitrary removal or functional circumvention of devices applied to protect a computer program (Art. 171-bis, paragraph 1 of It. Law 633/1941);
- Reproduction, transfer to another medium, distribution, communication, presentation or showing in public of the contents of a database in breach of the provisions of Articles 64-quinquies and 64-sexies of (It.) Law 633/1941, with the aim of profiting therefrom and on media not bearing the SIAE [Italian Society of Authors and Publishers] mark; extraction or reuse of the database in breach of the provisions of Articles 102-bis and 102-ter of (It.) Law 633/41; distribution, sale and rental of the database (Art. 171-bis, paragraph 2 of It. Law 633/1941);

- Unauthorised duplication, reproduction, transmission or dissemination in public by any process, in whole or in part, of an original work intended for the television, film, sale or rental circuit, discs, tapes or similar supports or any other support containing audio or video recordings of similar musical, cinematographic or audiovisual works or sequences of moving images; unlawful reproduction, transmission or dissemination in public, by any process, of literary, dramatic, scientific or educational, musical or dramatic-musical, multimedia works, or parts of works, even if they are included in collective or composite works or databases; possession for sale or distribution, putting on the market, renting or otherwise transferring for any reason, public projection, broadcasting by means of television by any process, broadcasting by means of radio, listening in public of the aforementioned duplications or reproductions; possession for sale or distribution, placing on the market, sale, rental, transfer for any reason whatsoever, broadcasting by radio or television by any process whatsoever, of video cassettes, music cassettes, any medium containing audio or video recordings of musical, cinematographic or audiovisual works or sequences of moving images, or any other medium for which, pursuant to (It.) Law 633/1941, the SIAE [Italian Society of Authors and Publishers] mark is envisaged, without such mark or with a counterfeit or altered mark; retransmission or broadcasting by any means, in the absence of an agreement with the lawful distributor, of an encrypted service received by means of equipment or parts of equipment suitable for decoding conditional access transmissions; introduction into the territory of the State, possession for sale or distribution, sale, rental, transfer for any reason, commercial promotion, installation of special decoding devices or elements that allow access to an encrypted service without payment of the fee due; manufacture, import, distribution, sale, rental, assignment for any reason, advertising for sale or rental, or possession for commercial purposes, of equipment, products or components, or provision of services whose predominant purpose or commercial use is to circumvent effective technological measures referred to in Art. 102-quater of (It.) Law 633/1941 or are principally designed, produced, adapted or produced with the aim of enabling or facilitating the circumvention of the aforesaid measures; unlawful removal or alteration of the electronic information referred to in Article 102-quinquies, or distribution, importation for distribution purposes, broadcasting by radio or television, communication or making available to the public of works or other protected material from which the electronic information itself has been removed or altered (Art. 171-ter paragraph 1 of It. Law 633/1941);

- Reproduction, duplication, transmission or unauthorised distribution, sale or marketing, transfer for any reason whatsoever or unauthorised importation of more than fifty copies or specimens of works protected by copyright and related rights; communication to the public, for the purposes of gain, by entering it into a system of telematic networks, by means of connections of any kind, of an intellectual work protected by copyright, or part of it; commission of one of the offences referred to in the preceding point by exercising in an entrepreneurial form activities of reproduction, distribution, sale or marketing, importation of works protected by copyright and related rights; promotion or organisation of the unlawful activities referred to in the preceding point (Art. 171-ter paragraph 2 of It. Law 633/1941);
- Failure to notify the SIAE [Italian Society of Authors and Publishers], by producers or importers of media not subject to the marking referred to in Article 181-bis of (It.) Law 633/1941, within thirty days from the date of placing on the market in the national territory or importation, of the data necessary for the unambiguous identification of the media not subject to the marking or false declaration on the fulfilment of the obligations referred to in Art. 181-bis, paragraph 2 of said data (Art. 171-septies of It. Law 633/1941);
- Fraudulent production, sale, import, promotion, installation, modification, use for public and private use of apparatus or parts of apparatus for the decoding of audiovisual transmissions with conditional access made over the air, by satellite, by cable, in both analogue and digital form (Art. 171-octies of It. Law 633/1941).

Inducement not to make statements or to make false statements to the judicial authorities (Art. 25 decies of It. Legislative Decree no. 231/2001).

- Inducement not to make statements or to make false statements to the judicial authorities (Art. 377-bis of the It. Penal Code).

Environmental offences (Art. 25 undecies of It. Legislative Decree no. 231/2001).

- Environmental pollution (Art. 452-bis of the It. Penal Code);
- Environmental disaster (Art. 452 quater of the It. Penal Code);
- Unintentional offences against the environment (Art. 452 quinquies of the It. Penal Code);
- Aggravating circumstances (Art. 452 octies of the It. Penal Code);
- Trafficking and abandonment of highly radioactive material (Art. 452 sexies of the It. Penal Code)
- Killing, destroying, capturing, taking, keeping specimens of protected wild animal or plant species (Art. 727-bis of the It. Penal Code);
- Destruction or deterioration of habitats within a protected site (Art. 733-bis of the It. Penal Code);

- Water discharge of hazardous substances in violation of the requirements of the authorisation (Art. 137, para. 3 of It. Legislative Decree of 3.4.2006 no. 152) and the tabular limits for certain substances (Art. 137, para. 5, first sentence of It. Legislative Decree of 3.4.2006 no. 152);
- Discharge of prohibited substances into marine waters by ships or aircraft (Art. 137, para. 13 of It. Legislative Decree of 3.4.2006 no. 152);
- Water discharge of certain hazardous substances without authorisation or with suspended or revoked authorisation (Art. 137, para. 2 of It. Legislative Decree of 3.4.2006 no. 152);
- Water discharge in violation of the tabular limits for certain particularly hazardous substances (Art. 137, para. 5, second sentence of It. Legislative Decree of 3.4.2006 no. 152);
- Discharge into the soil, subsoil or groundwater (Art. 137, para. 11 of It. Legislative Decree of 3.4.2006 no. 152);
- Unauthorised handling of non-hazardous waste (Art. 256, para. 1 letter a of It. Legislative Decree of 3.4.2006 no. 152) and temporary storage at the place of production of hazardous medical waste (Art. 256 , para. 6 of It. Legislative Decree of 3.4.2006 no. 152);
- Unauthorised handling of hazardous waste (Art. 256, para. 1 letter b of It. Legislative Decree of 3.4.2006 no. 152); creation and management of an illegal landfill of non-hazardous waste (Art. 256, para. 3, first sentence of It. Legislative Decree of 3.4.2006,
  no. 152); mixing of waste (Art. 256, para. 5 of It. Legislative Decree of 3.4.2006 no. 152);
- Construction and operation of an illegal landfill site for hazardous waste (Art. 256, para. 3, second sentence, of It. Legislative Decree of 3.4.2006 no. 152);
- Failure to clean up a site contaminated by non-hazardous (Art. 257, para. 1 of It. Legislative Decree of 3.4.2006 no. 152) and hazardous (Art. 257, para. 2 of It. Legislative Decree of 3.4.2006 no. 152) waste;
- Preparation or use of a false waste analysis certificate (Art. 258, para. 4, second sentence of It. Legislative Decree
  of 3.4.2006 no. 152);
- Illegal shipment of waste (Art. 259, para. 1 of It. Legislative Decree of 3.4.2006 no. 152);
- Organised activities for the illegal trafficking of waste (Art. 452-quaterdecies of the It. Penal Code);
- [Infringement of SISTRI [sistema di controllo della tracciabilità dei rifiuti - waste tracking system] requirements (Art. 260-bis of It. Legislative Decree of 3.4.2006 no. 152)];
- Air pollution (para. 5 of Art. 279 of It. Legislative Decree of 3.4.2006 no. 152);
- Import, export, transport or other unauthorised use of endangered specimens (Art. 1, paragraph 1 and 2, Art. 2, paragraphs 1 and 2 of It. Law of 7.2.1992 no. 150);
- Illegal possession of endangered or captive specimens (Art. 6, paragraph 4 of It. Law of 7.2.1992 no. 150);

- Falsification or alteration of certifications and licences and use of false or altered certifications and licences for the import of animals (Art. 3- bis of It. Law of 7.2.1992 no. 150);
- Use of harmful substances (Art. 3, paragraph 6 of It. Law 549/1993);
- Unintentional pollution (Art. 9, paragraph 1 of It. Legislative Decree no. 202/2007);
- Malicious pollution (Art. 8, paragraph 1 of It. Legislative Decree no. 202/2007); permanent damage from unintentional pollution (Art. 9, paragraph 2 of It. Legislative Decree no. 202/2007);
- Permanent damage due to malicious pollution (Art. 8, paragraph 2 of It. Legislative Decree no. 202/2007).

Employment of illegally residing third-country nationals (Art. 25 duodecies of It. Legislative Decree no. 231/2001).

For the above-mentioned offences, all the above-mentioned sanctions may be imposed on the Entity, with the exception of corporate offences and market abuse, as well as the majority of environmental offences, which are punished with a fine only.

It is worth pointing out that some types of offences were added after the Decree came into force, and that the list of offences relevant to the Decree is set to expand further.

1.1.1 The Organisation, Management and Control Model (OMC) as an exemption from liability

Articles 6 and 7 of the Decree envisage that, where one of the offences referred to in the Decree is committed by a member of top management or a subordinate in the interest or to the benefit of the Entity, the Entity may be exempt from liability if it has adopted and effectively implemented an internal Organisation, Management and Control Model (also referred to as OMC) suitable for preventing such offences.

According to Art. 6, paragraph 2 of the Decree, the OMC must in particular meet the following requirements:

- identify the activities within the scope of which offences may be committed;
- envisage 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 that are suitable for hindering the commission of offences;
- foresee information obligations vis-à-vis the body in charge of supervising the functioning of and compliance with the OMC;

- introduce an appropriate disciplinary system to sanction non-compliance with the measures set out in the OMC. Although (It.) Legislative Decree no. 231/01 emphasises the “exempting” function of OMCs, they primarily have a “preventive” function in relation to the offences referred to in the Decree and, more generally, are aimed at ensuring that the legal person’s activities fully comply with a parameter of “legality”.

1.2 Assobiomedica and Confindustria guidelines and reference standards.

In accordance with Art. 6, paragraph 3 of the Decree, Assobiomedica (a trade association of which EUROSETS is not a member but whose guidelines appear to be of significant importance for the implementation of the Model in question) has issued its own “Guidelines for drawing up Organisation, Management and Control Models pursuant to Legislative Decree no. 231/2001” (hereinafter also referred to as the “Guidelines”), communicated to the (It.) Ministry of Justice, which deemed them suitable in a note dated 18 December 2009.

Consequently, EUROSETS has based the drafting of its organisation, management and control model (hereinafter the “Model”) on the provisions of these Guidelines at the date of issue of the Model and intends to comply with them also in the event of any subsequent amendments and additions.

The Guidelines provide instructions of a methodological nature to member and non-member companies for the creation of an organisational model suitable for preventing the commission of the offences envisaged by the Decree and thus acting as an exemption from the liability and sanctions provided for therein.

These general instructions require subsequent adaptation by individual companies in order to take into account their own characteristics, size, the different geographical and economic markets in which they operate, and the specific risks identified.

EUROSETS, in preparing the Model, has fully taken into account the indications provided by Assobiomedica, adapting them to its own specific requirements and, for certain areas identified as most at risk, has adopted additional prevention measures.

1.3 Structure of the EUROSETS model

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

The General Section, consisting of this document and its annexes, briefly describes (It.) Legislative Decree no. 231/01 with its possible repercussions on the Company; it also lays down the general principles of conduct to be followed and defines the general architecture of the Model, clarifying its function, objectives and operating methods, identifying the powers and duties of the Supervisory Board and introducing a disciplinary system capable of sanctioning non-compliance with the Model’s provisions.

On the other hand, the Special Section describes the acts that may constitute predicate offences, identifies the corporate activities in which they may be carried out, and regulates the prescriptions and preventive measures to be followed in the performance of such activities, aimed at safeguarding the legality of EUROSETS' conduct. The above structure is aimed at facilitating the implementation of the Model by the addressees according to the risk areas in which they are involved.

2 GENERAL SECTION

2.1 Motivation and purpose

EUROSETS is a limited liability company duly registered at the Modena companies' register and belonging to the Villa Maria S.p.a. Group.

The Company has deemed it appropriate to supplement the system of controls and standards of corporate conduct already in force, by adopting its own organisation, management and control model pursuant to (It.) Legislative Decree no. 231/01 (hereinafter referred to as the "Model") to implement and maintain an organisational system that is formalised and clear, suitable for ensuring correct, transparent and lawful conduct in the conduct of business and in the management of company activities with particular reference to the prevention of the offences referred to in the Decree.

In particular, by adopting the Model, EUROSETS intends to pursue the following aims:

- identify the areas of company activity in which the offences referred to in the Decree may be committed and inform all those who work within the Company of the possible ways in which such offences may be committed;
- emphasise that such forms of behaviour are strongly condemned by EUROSETS, even where the Company is apparently in a position to benefit from them, because they are in any case contrary to the provisions of the law and the principles of good conduct to which it intends to adhere in the performance of its activities;
- deal with the regulatory risk of preventing the commission of the offences referred to in the Decree through appropriate management of the at-risk activities and the adoption of specific company protocols and procedures;
- enable the Company, by means of an adequate system of control and continuous information flows, to intervene promptly to prevent and/or combat the commission of the offences set out in the Decree, also by constantly ascertaining that the conduct required by the procedures and prescriptions set out in the Model matches that implemented and the possible imposition of disciplinary sanctions on the authors of non-compliant conduct;

- make the directors, executives and employees of the Company aware that the conduct required in the performance of the relevant activities must always be characterised by compliance with the rules of conduct, both general and specific, laid down in the Model and that, in the event of violation of the aforementioned prescriptions, they may incur offences that may lead to administrative sanctions against the Entity and criminal sanctions against them.

The preventive control system sealed with the Model must be based on the definition of a threshold of "acceptability" of the risk of commission of the offences covered by (It.) Legislative Decree no. 231/2001. According to the Confindustria Guidelines, this threshold is represented by a prevention system that cannot be circumvented except fraudulently. This is in fact to be considered the solution most in line with the logic expressed in Art. 6, paragraph 1, letter c) of the Decree, according to which the entity is not liable if the offence was committed by fraudulently circumventing the organisational model.

Without prejudice to the purposes set out in the Decree, the Model also lets EUROSETS add value to its modus operandi, protect its position and image, the expectations of its shareholders and the work of its employees, and represents a constant reference point of awareness for those who work to pursue the company's objectives.
This system of processes has long enabled the Entity to lay down organisational standards based on the principles of fairness and sound and prudent management, on which the further governance system introduced with this Model will then be grafted for the specific purpose of ensuring the legality of the actions of company representatives.

2.2 Drafting the Model

EUROSETS intended to implement a Model whose content is shared for the effective achievement of the above-mentioned objectives and, therefore, involved all structure managers up to the top management in the implementation activities and identified an internal dedicated working group to manage the project. The steps of study, basic and detailed design up to the adoption of the OMC were carried out in a reasonable time frame with the availability of adequate economic resources to achieve the objective.

Although Articles 6 and 7 of the Decree provide for the possibility for the Entity to adopt two separate Models in relation to the different categories (top management or subordinates) of possible perpetrators of offences, EUROSETS has decided to adopt a single OMC that meets the requirements of both articles, without making a clear distinction between measures adopted for members of top management and subordinates.

2.3 Elements of the Model

EUROSETS developed its OMC with the aim of meeting the "specific requirements" of the Decree, summarised in Art. 7 paragraph 3 and more analytically defined in Art. 6 paragraph 2 which then provided the outline for drawing up the Model, namely:

- identify the activities within the scope of which offences may be committed;
- envisage 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 that are suitable for preventing the commission of offences;
- foresee information obligations vis-à-vis the body in charge of supervising the functioning of and compliance with the OMC;
- introduce an appropriate disciplinary system to sanction non-compliance with the measures set out in the OMC. The basic elements of the OMC are as follows:

- definition of ethical principles and rules of conduct in relation to behaviour that may constitute the offences referred to in the Decree;
- identification of the activities within the scope of which offences may be committed (so-called mapping of areas at risk);
- verification, in potential areas at risk, of the suitability of the existing organisational system to prevent the offences identified for each activity and simultaneous detection of deficiencies;
- redefinition of the system of proxies and powers to ensure its consistency with internal needs and compliance with the Articles of Association and internal functions;
- provision of specific management arrangements for financial resources, consistently with the controls already in place;
- consequent improvement and supplementation of the system of internal controls and existing internal procedures;
- introduction of a methodology for the constant detection and management of sensitive processes depending on organisational changes and/or legislative amendments, with the help of appropriate (IT) tools;

- establishment of the Supervisory Board, definition of its powers and responsibilities, its reporting lines and information flows to it;
- widespread information/training on the contents of the OMC to all the Addressees referred to in paragraph 2.4, ensuring its constant update and effectiveness over time;
- introduction of a disciplinary system in application of Art. 6 paragraph 2 against the Addressees referred to in paragraph 2.4, aimed at penalising non-compliance with the procedures and prescriptions of the OMC;
- verification of the potential relevance of unlawful conduct by persons external to the Entity and possible preparation of appropriate measures to punish such conduct;
- definition of roles and responsibilities related to the adoption and effective implementation of

the OMC. Therefore, in addition to the risk analysis, the following form an integral part of the EUROSETS OMC:

- Annex A: Code of Ethics and Conduct;
- Annex B: Disciplinary System

2.4 Addressees of the Model

Depending on the involvement in the potential areas at risk of offences, as identified and specified in the Special Section, the addressees of the OMC are identified as all those who hold, within EUROSETS, functions of representation and direction or management and control (including de facto), as well as the Addressees, who are subject to the management or supervision of the members of tope management, i.e. employees.
Relationships with external parties that work with the Company or in its interest are, in particular, governed by section 2.7 below.

2.5 Dissemination, information and training

The OMC, in its complete version and when it is first issued, is distributed to the addressees referred to in paragraph 2.4, with evidence of feedback collected by top management and the Supervisory Board. The same dissemination and communication methods will be adopted for new recruits and for subsequent revisions and additions to the Model.
In any case, the updated edition of the OMC is available in the appropriate section of the intranet.

When the Model is first adopted, the Governing Body, in close cooperation with the Supervisory Board, prepares the mandatory training of all addressees of the Model, through targeted sessions to ensure adequate knowledge, understanding and application.

Following the adoption of the OMC, training on its contents and related updates is implemented periodically by the Supervisory Board, which draws up an annual training plan concerning, inter alia:

- sessions for new recruits (in addition to what was prepared as information on the subject at the time of recruitment);
- session for all addressees for updates;
- specific sessions by role and/or organisational unit, based on the relevant sensitive processes and procedures, to be implemented according to changes in organisation, legislation and risk perception.

For clarifications on the interpretation of the precepts contained in the OMC and the procedures, employees may contact their superiors or the Supervisory Board.

2.6 Relationship between the Model, the Code of Ethics and Conduct, and the Disciplinary System

The EUROSETS Code of Ethics and Conduct enshrines the principles, values and ethical standards that inspire the conduct of all officials of the Entity.

The OMC, while inspired by the principles of the Code of Ethics and Conduct, complies with the specific requirements of the Decree and establishes an internal organisational system suitable for preventing the commission of offences.

The Disciplinary System refers to non-compliance with this Code and the procedures and requirements of the OMC.

2.7 Third Parties

EUROSETS also makes use of external parties (hereinafter “Third Parties”) in the pursuit of its objectives.

The contractual clauses envisaged by the Special Section will be included in contractual relations with agents, distributors, suppliers and consultants who, as persons outside the organisational structure, are not addressees of the OMC.

Contracts stipulated with third parties must always meet an actual need of the Company, and external parties must be properly selected according to objective evaluation criteria regarding quality,

skill and professionalism in accordance with established internal policies and procedures based on principles of fairness and transparency.

The stages of contract stipulation, payment of remuneration and verification of performance are carried out in strict compliance with internal procedures and the policies referred to therein.

In any case, no service and consultancy contracts will be concluded or renewed with parties:

- convicted with a non-final judgment for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities;
- convicted with a final judgment for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities.

EUROSETS also reserves the right not to enter into or renew supply and consultancy contracts with parties:

- being investigated for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities;
- undergoing trial for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities.

To this end, the contracts will include a declaration by the contractor that it is not, or has not been, implicated in legal proceedings relating to the criminal offences contemplated in (It.) Legislative Decree no. 231/01 or in Special Laws generating administrative liability of legal entities.

2.8 Organisational structure: proxies, powers and functions

The organisational structure of the Company must be clear, formalised and consistent with the division of responsibilities between the various internal functions.

The conferral of proxies and powers must always be consistent with the Articles of Association, and the exercise of powers cannot disregard the express conferral thereof, in the manner and within the limits of the Articles of Association. The Entity may only be committed externally by persons with a written power of attorney which specifically indicates the powers conferred.

2.9 Principles of conduct

This section is added to the Entity's Code of Ethics and Conduct and contains the principles of conduct to be followed by all EUROSETS employees.

These prescriptions are an indispensable reference in the process of formulating the objectives that the Company sets itself and must inform every aspect of EUROSETS' activity. They are also based on the Business's responsibility towards the economic system and civil society as a whole, with particular regard to environmental protection: EUROSETS intends to be a responsible member of the community in which it operates, contributing to the well-being and health of the country in which it operates.

2.9.1 General Principles

EUROSETS operates and pursues its business objectives in compliance with the regulations applicable to it. Compliance with the law and internal rules is of paramount importance for the optimal functioning and good reputation of the Company vis-à-vis customers, the Model's Addressees and the Community.

2.9.2 Obligations of employees and contractual value of the Model

In pursuit of the company's objectives and when carrying out any operation, all EUROSETS employees must operate with professionalism and dedication, in accordance with internal policies, and in a spirit of social responsibility.

With this in mind, the employees, in addition to complying with the laws and regulations in force, must base their actions on the principles of the Code of Ethics and Conduct and those set out in the OMC, of whose contents they must be fully aware of and promote compliance with by third parties that have relations with the Entity. The rules contained in the OMC supplement the conduct that the employees are required to observe also in accordance with the rules of ordinary diligence governed by Articles 2104 and 2105 of the (It.) Civil Code.

2.9.3 Additional obligations of the Directors

The conduct of the Directors must set an example for the personnel assigned to them, both hierarchically and functionally, and be such that they understand that compliance with the rules of the OMC constitutes, for all, an essential aspect of the quality of work performance.

Strict compliance with the rules contained in the Model is in addition to the obligations of sound and prudent management on the part of those acting on behalf of EUROSETS.

Particular care must be taken in the selection of employees, external collaborators and third-party contractors in general, so that hiring employees and signing contracts with external parties is always justified, not only by the actual existence of concrete internal needs, but also on the basis of criteria of competence and professionalism.

2.9.4 Conduct in business management and relations with the public institutions

EUROSETS carries out its activities in a variety of social and institutional contexts that are constantly and rapidly changing and require particular caution due to the potential critical nature of the work performed. This implies the need to act efficiently and transparently, as well as in accordance with internal rules aimed at ensuring that the conduct of those involved in the process is always inspired by principles of honesty, integrity, loyalty and mutual respect.

All persons working in the pursuit of the company's objectives must avoid any situation and activity in which a conflict of interest may arise between their personal economic activities and the tasks they perform within or on behalf of EUROSETS.

Acts of business courtesy or gifts of use, in either direction, are permitted only insofar as they cannot be construed as aimed at acquiring undue benefits.

Relations with Institutions and the other Businesses operating in the same sector, set up in the pursuit and implementation of corporate objectives, shall be maintained exclusively by the persons entrusted with the functions required therefor.

Such persons must not seek to improperly influence, through bribery and/or collusive behaviour, the decisions of the other party, including those of officials dealing with or making decisions on its behalf.

2.9.6 Relations with customers

In its relations with its customers, EUROSETS pursues not only compliance with the requirements imposed by law, but above all the provision of services aimed at excellence in terms of expertise, quality, safety and respect. Therefore, all those involved in the management and implementation of the characteristic activities are asked to contribute with determination and commitment to achieving this added value.

Any information or communication to private or public customers - even potential ones - concerning the services offered by EUROSETS must be truthful, complete and correct.

2.9.7 Internal control system (known as ICS)

The Company's organisation is based on principles of internal control aimed at ascertaining the adequacy of internal processes in terms of effectiveness and efficiency of operations, compliance with laws and regulations, reliability and integrity of accounting and financial data, and safeguarding of the Entity's assets.

The constant achievement of these objectives is made possible by an internal policy aimed at maintaining a management and operational environment in which people, at all levels, feel responsible for and participate in the definition and optimal functioning of the control system. EUROSETS has, therefore, paid close

attention and is committed to the project of identifying sensitive processes characteristic of the complex and varied activities carried out. The objective of this activity is for the Company to equip itself with tools and methodologies to counter the risk of the commission of the offences envisaged by the Decree, as well as the risk of legitimate activities being carried out through practices and methods that leave room for inference or misinterpretation.

2.9.8 Transparency in accounting

Transparency and truthfulness in accounting are irreplaceable values and parameters that must inspire the work of every EUROSETS employee.

It is the specific responsibility of managers to protect the integrity of the Entity's assets, in accordance with the laws in force.

Transparent accounting is based on the truthfulness, accuracy and completeness of the documentation of each activity and of the related accounting operations; therefore each operation must be reflected in the respective supporting documentation, so that it can be recorded in the accounts, reconstructed in detail - even at a distance of time - and allow the identification of the various levels of responsibility.

Each employee must ensure that management facts are correctly and promptly represented in the accounts and that the documentation is traceable and consultable.

If employees discover or become aware of any falsification, omission or negligence in the accounts, or in the documentation on which the accounting records are based, they must immediately report it to their superior or to the Supervisory Board.

(It.) Legislative Decree no. 24/2023 ("**Whistleblowing Decree**"), in implementation of Directive (EU) 2019/1937, introduced a specific regime for the protection of individuals who report unlawful conduct of which they have become aware in the context of their work (hereinafter, for brevity, the "**Whistleblower**" or the "**Whistleblowers**"), with the aim of incentivising the reporting of wrongdoing that undermines the public interest or the integrity of entities (hereinafter, for brevity, the "**Report**" or the "**Reports**").

In particular, all those who work in the name and/or on behalf of Eurosets and who, by reason of the functions or activities performed, come into possession of information concerning the commission, even attempted commission, of offences relevant under (It.) Legislative Decree no. 231 of 2001 involving Eurosets or conduct not in line with the principles of the Model adopted by Eurosets, are required to make circumstantiated Reports, based on precise and concordant elements of fact, through the channels indicated below.

In light of the above, Eurosets has adopted a specific procedure and set up a specific internal reporting channel based on the requirements of the relevant regulations (hereinafter referred to as the "**Channel**" for brevity).

With reference to the operation of the internal Channel, Reports may be made:

- **in written form**: through a whistleblowing platform (hereinafter, for brevity, the "**Platform**") available on the Eurosets website at the following link Whistleblowing - Eurosets, which makes it possible to send written messages and attach documents;

- **orally**: through the Platform, which also makes it possible to make and send recordings of oral messages.

The Platform guarantees the confidentiality of the Whistleblower's identity, that of the person involved, that of the facilitator (if any), the content of the Report and of the related documentation, as it is characterised by encrypted tools.

The management of the Channel and the reports received is entrusted to an independent and specifically trained external party (hereinafter referred to as the "**Handler**" for brevity).

In particular, the Handler:

- provides clear information on the Channel, procedures and prerequisites for reporting;

- issues acknowledgement of receipt of the reports received within seven days of their receipt;

- maintains contact with the whistleblower and may request additions from the latter, if necessary;

- diligently follows up on what has been reported;

- provides feedback to the whistleblowers within three months of the date of acknowledgement of receipt or, in the absence of such notice, within three months of the expiry of the seven-day period from the submission of the report.

Reports pertinent pursuant to (It.) Legislative Decree no. 231 of 2001 (relating to predicate offences 231 or violations of the Model) are forwarded, without delay, to the Eurosets Supervisory Board (as identified below), in compliance with the applicable legislation, with particular regard to the provisions on the protection of personal data.

When handling reports, the identity of the whistleblower, that of the person involved and that of the person mentioned in the report, as well as the content of the report and of the related documentation, must be kept confidential.

Eurosets is committed to ensuring that persons who provide reports - as well as persons who enjoy similar protection under the provisions of the Whistleblowing Decree - are not subjected to any form of retaliation, discrimination or penalisation, and in this respect has implemented measures to protect the confidentiality of their identity, without prejudice to legal obligations and the protection of the rights of Eurosets or of persons accused wrongly and/or in bad faith.

The protection of the whistleblower also applies if the report is made in the following cases:

- when the legal relationship has not yet begun, if information on violations was acquired during the selection process or at other pre-contractual stages;

- during the probationary period;

- after the termination of the legal relationship if the information on violations was acquired in the course of that relationship.

Breach of the duty of confidentiality is a source of disciplinary liability, without prejudice to further forms of liability provided for by law

2.11 Supervisory Board (SB)

Art. 6, paragraph 1 of (It.) Legislative Decree no. 231/2001 requires, as a condition for benefiting from the exemption from administrative liability, that the task of supervising the observance and functioning of the OMC, taking care of

its update, is entrusted to an internal Supervisory Board which, endowed with autonomous powers of initiative and control, continuously exercises the tasks entrusted to it.

The Supervisory Board of EUROSETS (hereinafter also referred to as "Board" or "SB") has the task of supervising, with continuity and independence from top management, the functioning of and effective compliance with the Model, in order to verify the compliance of concrete behaviours with it, as well as to verify the possible need to update the OMC and to formulate the relevant proposals.

The powers and duties of the Supervisory Board, its responsibilities and its relations with the other organs of the Entity are governed by a special Regulation establishing the Supervisory Board (hereinafter also referred to as the "SB Regulation"). Aspects of general relevance of the regulation and information flows to it are explained below.

To ensure the continuity and effectiveness of the activities entrusted to the Supervisory Board, said body has a direct relationship with all internal departments and also communicates with them by e-mail. In order to ensure the continuity and effectiveness of this relationship with all the recipients of the OMC, the Supervisory Board may also be contacted at any time by e-mail, the e-mail address being circulated and therefore known to all addressees of the Model.

2.11.1 Composition and appointment of the Supervisory Board

The Company's SB is a multi-member body, consisting of three members, which operates with autonomy, professionalism and continuity of action.

The member(s) of the SB, as well as the Body as a whole, must fulfil the requirements of:

- Honour, autonomy and independence, understood as authority and autonomy of judgement and powers of initiative and control. To this end, in addition to special requirements of honourableness and eligibility, a mechanism of reporting to the Board of Directors, the autonomous availability of resources, the absence of subordination constraints in inspection activities and other functions assigned, as well as special guarantees of stability (safeguards for the revocation of the appointment) have been provided for;
- Professionalism, understood as a set of skills fit for purpose. Therefore, it is necessary that the persons making up the Supervisory Board have significant expertise in the field of internal control and risk management activities, as well as in the organisational field;
- Continuity of action, understood as constant activity. The Supervisory Board may operate directly and autonomously within the Entity and may make use of the internal or external structures identified from time to time.

2.11.2 Reporting lines of the Supervisory Board

The Supervisory Board reports on the results of its activities and on the operation of and compliance with the OMC, on an ongoing basis, to the Managing Director, as well as to the Board of Directors in a periodical report. The Managing Director regularly reports to the Board of Directors any information of particular interest reported by the Supervisory Board.

Below are the reporting mechanisms of the Supervisory Board in relation to the different areas of its competence.

- Implementation of the OMC: the Supervisory Board reports continuously to the Chairman of the Board of Directors, who in turn reports periodically to the Board.
- Updating the OMC: the SB reports to the Board of Directors, as the body competent to amend and supplement the Model, proposing to it without delay any updates deemed urgent and submitting periodic reports containing proposals for other updates.
- Violations: in the manner set out in paragraph 2.13.

2.11.3 Functions and powers

The functions and powers of the Supervisory Board are as follows:

- supervise compliance with the OMC within the scope of the activities potentially at risk of offences envisaged by the Model, analysing violations of the procedures and/or prescriptions of the OMC detected directly or reported to it;
- issue organisational provisions to regulate its activities and the management of information flows in order to obtain all types of information relevant to the effective implementation of the OMC;
- ensure that knowledge, understanding of and compliance with the OMC is disseminated within the Company, also by means of appropriate documentation to this end, possibly supporting the performance of the necessary training activities;

  implement and document inspections to verify compliance with OMC procedures and requirements;
- communicate, pursuant to paragraph 2.13, the results of the pre-investigation activity carried out on violations of the procedures and/or prescriptions of the OMC , or dismiss with justification in case of unfounded report/information (as well as, upon request, make additions to the investigation);
- provide an advisory opinion in the assessment and evaluation of violations, as well as in the notification and imposition of sanctions;

- carry out the activities necessary to keep the mapping of areas of activity at risk up to date in accordance with changes in the Business's operating conditions and any legislative updates;
- formulate, without delay, to the Board of Directors proposals for updating the OMC deemed urgent and proposals for other updates;
- report on its activities to the competent bodies;
- where requested, provide explanations on the functioning of the OMC to its addressees.

The activities carried out by the Supervisory Board are documented, also in summary form, and the relevant documentation must be kept in such a way as to ensure confidentiality.

The Supervisory Board, in compliance with current privacy legislation, has access to all the documentation relating to the processes identified as sensitive in the OMC and, in any case, to all internal documentation that, in its sole discretion, is relevant for the performance of its duties.

The Supervisory Board may also obtain, from anyone working on behalf of the Entity, any information it deems useful for the purposes of supervision.

2.11.4 Information obligations towards the Supervisory Board

In compliance with Art. 6, paragraph 2 letter d) of the Decree, the Entity places an obligation on its internal bodies to inform the Supervisory Board of compliance with the provisions and procedures of the Model, so that the latter can concretely supervise the functioning and observance of the OMC. The obligation to provide information to the Body is fulfilled, in particular, through the preparation and organisation of a system of "information flows" directed to the Supervisory Board, which therefore represent an effective tool for the Supervisory Board's supervisory activities on at-risk activities.

This information contained in data or documents will be defined during the implementation of the OMC on the basis of the relevant areas and activities at risk.

The internal contact persons must therefore, in addition to what is already envisaged by the procedures and prescriptions set out in the Model, forward the following to the Supervisory Board, including but not limited to:

- timely reports prepared by the internal departments concerning facts, and in general events that highlight critical issues with regard to the application and applicability of the procedures and/or prescriptions of the OMC; requests for legal assistance made by the executives and other employees against whom the judicial authorities take action for offences under the decree;

- news of disciplinary proceedings carried out and any sanctions imposed or orders to dismiss such proceedings with the reasons therefor.

All employees are obliged to report, in any case, to the Supervisory Board all information concerning the occurrence or alleged occurrence of violations of the procedures and/or prescriptions of the OMC and/or the commission or reasonable danger of the commission of the offences referred to in the Decree.
The above-mentioned reports may be made in writing (including by e-mail) and/or by contacting the Supervisory Board, which will record and file them, guaranteeing their confidentiality.

The Company protects the author of the reports against any form of retaliation and penalisation in the context of the work activity, without prejudice to the protection of the rights of EUROSETS or of the persons accused wrongly or in bad faith.

The Supervisory Board, in the exercise of its functions, may issue supplementary provisions for the establishment of appropriate channels of communication to it.

2.12 Audits on the functioning and effectiveness of the Model

In addition to the checks deriving from the internal control system and those carried out by the Supervisory Board in the exercise of the control powers vested in it, the Board of Directors prepares the "review" of the OMC, in order to verify and implement its suitability, adequacy and effectiveness.
This is the occasion for presenting and discussing the periodic reports of the Supervisory Board, which will primarily concern the following aspects:

- analysis of detected non-compliances and status of corrective and preventive actions following inspection activities for non-compliance that did not result in disciplinary sanctions;
- analysis of situations that have generated investigations and, where appropriate, disciplinary sanctions;
- analysis of situations that have generated problems with Third Parties, communications and/or contract terminations;
- analysis of proposals for the addition of procedures relating to sensitive processes in the context of which the cases referred to in the first and second points above occurred, with a view to their inclusion in the adaptation of the OMC;
- status of transposition of changes in the relevant legislation and internal structure;
- staff awareness (information and training status);

- status of actions decided in previous reviews.

The review activity is documented in minutes signed by those present, which record the recommendations, conclusions and/or requests for action resulting from the review to improve the OMC.

2.13 Appointment of the Company's defence counsel

In the event that any document is received from which it is inferred that the Company is under investigation or has been indicted pursuant to (It.) Legislative Decree no. 231/2001, Eurosets will participate in the criminal proceedings in accordance with Art. 39 of (It.) Legislative Decree no. 231 of 2001, taking steps to identify one or more defence lawyers capable of protecting the Company's interests in court.

If, in addition to the involvement of Eurosets pursuant to (It.) Legislative Decree no. 231/2001, the legal representative of the Company is also under investigation, the appointment of one or more lawyers capable of protecting the Company's interest in court shall be the responsibility of the members of the Board of Directors.

2.14 Disciplinary System

The provision of an adequate disciplinary system to punish violations of the provisions contained in the Model is an essential element to ensure the suitability and effectiveness of the OMC (art. 6, paragraph 2 and 7 of It. Legislative Decree no. 231/2001).

EUROSETS has therefore supplemented its internal disciplinary code with a system of sanctions linked to the obligation of all employees to act in full compliance with the provisions and procedures of the Model. The aforementioned Disciplinary Code is adopted by EUROSETS in accordance with the CCNL [National Collective Bargaining Agreement] applicable to employees, as well as the Workers' Statute.

2.15 Sanctions procedure

The proceedings begin with the detection/reporting of actual or alleged violations of the procedures and/or requirements set out in the OMC.

The stages of the proceedings are as follows:

- Pre-investigation stage aimed at verifying the existence of the infringement. This stage, which is conducted by the Supervisory Board within a maximum of 15 days from the discovery or reporting of the violation, is also carried out by means of documentary checks. If the report/information proves to be manifestly unfounded,

the SB archives the case with reasons that are stated in the periodic reports. In the other cases, the SB communicates the findings of the pre-investigation in a written report to the:

- Chairman of the Board of Directors for violations by employees; or the Board of Directors for violations by some BoD members; or the Board of Statutory Auditors in the case of violations by all BoD members.

In any case, in the periodic report to the Board of Directors, the Supervisory Board shall account for the investigations carried out in respect of the most significant violations and all those relating to alleged violations by executives and employees with power of attorney, regardless of the outcome of the subsequent sanctioning procedure.

- Investigation stage aimed at ascertaining the grounds for the breach on the basis of the findings of the SB's activity. This stage is conducted within a maximum of 30 days by: either the Chairman of the Board of Directors in the case of violations by employees; or the Board of Directors in the case of violations by certain members of the BoD; or the Board of Statutory Auditors in the case of violations by all members of the BoD.

If the infringement proves to be unfounded, the bodies in charge of the investigation, according to their respective competences, will proceed to close the case by means of a motivated order to be kept at the headquarters. In the case of investigations against executives, the measure taken (including archiving) must be forwarded to the Board of Directors.

- Stage of notification and possible imposition of the sanction in compliance with the regulations in force (It. Law 300/70 and CCNL in force), in accordance with the Disciplinary System and the respective competences, by the:
  - Chairman of the Board of Directors for violations of employees;
  - Board of Directors for violations of some members of the Board of Directors;
  - Board of Statutory Auditors for the violations of all Directors

Where the establishment of infringements is particularly problematic, the time limits provided for the pre-investigation stage and the investigation stage may be extended until the conclusion of those stages, notifying the person concerned.

2.16 Adoption of, amendments and additions to the Model

The adoption of the OMC is the responsibility of the EUROSETS Board of Directors. This Model was unanimously approved by the Board of Directors.

The Board of Directors is responsible for adopting, updating, adjusting and making any other changes to the OMC as a result of:

- significant violations of the OMC;
- identification of new sensitive activities, related to the initiation of new activities by the Entity or changes to those previously identified;
- changes in the organisational structure of the Entity;
- identification of possible areas for improvement of the OMC identified by the Supervisory Board following its periodic verification and monitoring activities;
- regulatory changes and developments in legal theory and case law concerning the administrative liability of entities.

To this end, the Supervisory Board has the task of notifying the Board of Directors of the need to amend or update the OMC.

Contents

3.1. Functions and objectives of the special section

The Special Section of this Model aims to:

- identify, following a description of the offences, the corporate activities within the scope of which relevant offences pursuant to (It.) Legislative Decree no. 231/2001 may be committed;
- point out to the Addressees of the Model which concrete conduct could lead to the application, against EUROSETS, of the sanctions provided for in (It.) Legislative Decree no. 231/2001;
- regulate the conduct required of the addressees of the Model, for the specific purpose of preventing the commission of offences, including by referencing the most relevant company procedures.

The final objective of the Special Section, therefore, is to put together a structured set of "rules" that cannot be circumvented, except fraudulently (in which case, however, the exemption from liability provided for in Art. 6, paragraph 1, letter c) of the Decree shall apply).

In order to achieve these purposes, this Special Section focuses in particular on analysing in detail the individual offences or categories of offences that are considered homogeneous, exemplifying the possible ways in which they may be committed by EUROSETS officials, also in order to assess whether it is even abstractly conceivable - in relation to the activities concretely carried out by the Company - that such offences may be committed.

In any case, it was decided to include the constituent elements also of those offences considered not relevant for the purposes of the Model, in order to allow all addressees to be aware of them and to be able to assess any relevance that might arise (in terms of risk of one of these offences being committed), for the purposes of the consequent reporting to the Supervisory Board.

3.2. The business activity carried out by EUROSETS

Today, EUROSETS, a limited liability company based in Medolla (Modena) and belonging to Villa Maria S.p.A. Group, is an Italian company and international leader in the production of biomedical devices for Autotransfusion, Orthopaedics, Cardiac Surgery and Thoracic Surgery.

In carrying out its activities and in view of the particular relevance of its products for the (It.) National Health System, the Company pursues its objectives while maintaining the highest quality standards and keeping in mind the interest of the community. The company has a Quality System certified in accordance with ISO 13485 by TÜV Product Service GmbH in Munich and is registered as a "Production workshop" for medical-surgical aids by the Italian Ministry of Health.

3.3. OFFENCES RELEVANT TO THE EUROSETS ORGANISATION, MANAGEMENT AND CONTROL MODEL

The possible offences contemplated by the Decree, considered relevant in relation to the activity concretely carried out by EUROSETS, and the prescribed protective measures are examined below.

3.3.1 MISAPPROPRIATION OF FUNDS, FRAUD TO THE DETRIMENT OF THE STATE, A PUBLIC BODY OR THE EUROPEAN UNION OR FOR THE PURPOSE OF OBTAINING PUBLIC FUNDS, COMPUTER FRAUD TO THE DETRIMENT OF THE STATE OR A PUBLIC BODY AND FRAUD IN PUBLIC PROCUREMENT (Art. 24 of It. Legislative Decree no. 231/01)

Art. 316-bis of the (It.) Penal Code (Misappropriation of public funds)

Anyone who, outside the public administration, having obtained from the State or other public body or from the European Communities grants, subsidies, loans, subsidised loans or other disbursements of the same kind, however named, intended for the achievement of one or more purposes, does not allocate them for the intended purposes, shall be punished by imprisonment for a term ranging from six months to four years.

The moment the offence is committed coincides with the execution stage; therefore, the offence also occurs with reference to loans or other disbursements already obtained in the past and which are now no longer intended for the purposes for which they were granted.
The purpose of this offence is to repress fraud following the obtaining of public benefits consisting in diverting them from the typical purpose identified by the precept authorising the disbursement, a purpose of general interest that would be frustrated if the purpose constraint were circumvented.

Art. 316-ter of the (It.) Penal Code (Undue receipt of payments)

Unless the act constitutes the offence envisaged by Article 640-bis, anyone who, by using or submitting false declarations or documents or certifying untrue things, or by omitting due information, unduly obtains for himself/herself or for others contributions, subsidies, financing, subsidised loans or other disbursements of the same kind, however named, granted or disbursed by the State by other public bodies or by the European Communities, shall be punished with imprisonment for a term ranging from six months to three years.
When the sum unduly received is equal to or less than EUR 3,999.96, only the administrative penalty of the payment of a sum of money ranging from EUR 5,164.00 to EUR 25,822.00 shall apply. This penalty may not, however, exceed three times the benefit obtained.

Under this offence, contrary to the previous point, the use to which the funds are put is irrelevant, since the offence occurs at the time the funds are obtained. Lastly, it should be noted that this offence is residual in relation to the offence of defrauding the State, in the sense that it only occurs in cases where the conduct does not constitute defrauding the State.

Art. 640, paragraph 2, no. 1 of the (It.) Penal Code (Fraud to the detriment of the State or other public body of the European Union)

Anyone who, by means of artifice or deception, misleads someone, procures for himself/herself or for others an unjust profit to the detriment of others, shall be punished by imprisonment for a term ranging from six months to three years and a fine ranging from EUR 51.00 to EUR 1,032.00. The penalty is imprisonment from one to five years and a fine ranging from EUR 309.00 to EUR 1,549.00. If the offence is committed to the detriment of the State or other public body or the European Union or under the pretext of having someone exempted from military service [omissis].

This offence occurs when fraud is perpetrated in order to obtain an undue profit that, at the same time, causes damage to others.

Art. 640-bis of the (It.) Penal Code (Aggravated fraud to obtain public funds)

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

This offence occurs when fraud is perpetrated to obtain public funds unduly. This offence may occur in the case of deception or fraud, for instance by communicating untrue data or preparing false documentation, in order to obtain public funding.

Art. 640-ter of the (It.) Penal Code (Computer fraud)

Anyone who, by altering in any way the operation of a computer or telecommunications system or by intervening without right in any manner whatsoever in data, information or programs contained in a computer or telecommunications system or pertaining to it, procures for himself/herself or others an unjust profit to the detriment of others, shall be punished by imprisonment for a term ranging from six months to three years and a fine of between EUR 51 and EUR 1,032.

The penalty shall be imprisonment for a term ranging from one and five years and a fine ranging from EUR 309 to EUR 1,549 if one of the circumstances envisaged in number 1) of the second paragraph of Article 640 applies, or if the offence is committed with abuse of the capacity of system operator.

The offence shall be punishable on complaint by the injured party, unless any of the circumstances referred to in the second and third paragraphs or the circumstance envisaged in Article 61, first paragraph, number 5, limited to having taken advantage of personal circumstances, also with reference to age, apply.

The hypothesis in question describes a case of fraud carried out through and with the help of computer systems.

Art. 356 of the (It.) Penal Code (Fraud in public procurement)

Anyone who commits fraud in the performance of procurement contracts or in the fulfilment of other contractual obligations set forth in the preceding Article shall be punished by imprisonment for a term ranging from one to five years and a fine of not less than EUR 1,032.

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

The offence in question describes a crime of its own, which can only be committed by a person who is contractually bound to the State, a public body or an undertaking performing a service of public necessity, and thus by the supplier, subcontractor, broker or representative.

The offence does not necessarily require the use of artifice or deception, typical of the offence of fraud, nor an event causing harm to the injured party, the wilful performance of the public contract for the supply of goods or services, and thus the simple execution in bad faith of the contract itself, being sufficient. This distinguishes it from the case under Art. 355 of the (It.) Penal Code ("breach of public procurement contracts").

Art. 2 of (It.) Law 23/12/1986, no. 898 (Fraud against the European Agricultural Fund)

Unless the act constitutes a more serious offence envisaged in Article 640-bis of the Penal Code, anyone who, by means of the presentation of false data or information, unduly obtains, for himself/herself or for others, aids, premiums, allowances, refunds, contributions or other disbursements to be borne in whole or in part by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development shall be punished by imprisonment for a term ranging from six months to three years. The penalty is imprisonment for a term ranging from six months to four years when the damage or profit exceeds EUR 100,000. Where the sum unduly received is equal to or less than EUR 5,000, only the administrative penalty set out in the following articles shall apply.

For the purposes of the provision of the preceding paragraph 1 and that of Article 3, paragraph 1, payments from the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development shall be treated in the same way as national quotas provided for by Community legislation as a supplement to the sums chargeable to those Funds, as well as payments charged in full to national finance on the basis of Community legislation. In the judgment, the court shall also determine the amount unduly received and order the offender to repay it to the administration that ordered the disbursement referred to in paragraph 1.

In cases of conviction or application of the penalty on request pursuant to Article 444 of the Code of Criminal Procedure for the offence referred to in paragraph 1, the provisions of Articles 240-bis and 322-ter of the Penal Code shall apply mutatis mutandis.

Art. 353 of the (It.) Penal Code (Interference with public auctions)

Anyone who, by means of violence or threats, or by gifts, promises, collusion or other fraudulent means, prevents or disrupts competitive bidding in public auctions or private tenders on behalf of public administrations, or drives away the bidders, shall be punished by imprisonment for a term ranging from six months to five years and a fine ranging from EUR 103 to EUR 1,032.

If the offender is a person entrusted by law or authority with the aforementioned auctions or bids, the term of imprisonment shall be from one to five years and the fine from EUR 516 to EUR 2,065.

The penalties laid down in this Article shall also apply in the case of private bidding on behalf of private persons, conducted by a public official or a person legally authorised to do so; but they shall be reduced by half.

The conduct of a person who uses violence or threats, gifts, promises, collusion or other fraudulent means to prevent or disrupt the conduct of tenders in public auctions and private tenders constitutes an offence. The case, therefore, protects the proper conduct of public tenders and private bids on behalf of the public administration.

Art. 353-bis (Interference with the free choice of contracting party)

Unless the act constitutes a more serious offence, anyone who, by means of violence or threats, or with gifts, promises, collusion or other fraudulent means, disturbs the administrative procedure aimed at establishing the content of the call for tenders or other equivalent act in order to influence the manner in which the public administration chooses the contractor shall be punished by imprisonment for a term ranging from six months to five years and a fine ranging from EUR 103 to EUR 1,032.

The offence is committed when a person uses violence or threats, offers or promises of gifts, collusion or other fraudulent means to disrupt the proper conduct of the procedure for the definition of the content of the call for tenders or other equivalent deed, in order to influence the manner in which the Public Administration chooses the contractor.

3.3.1.1 Explanatory remarks

The term Public Administration or Public Body refers to the set of public bodies and entities (Institutions, Authorities, Ministries, Regions, Provinces, Municipalities, Chambers of Commerce, Non-Economic Public Bodies, European Institutions, Hospitals, etc.) and sometimes private entities (e.g. concessionaires, contracting authorities, joint stock companies, etc.), and all other figures that perform a public function in some way, in the interest of the community and therefore in the public interest.

These mainly concern offences that may be committed in relations with the Public Administration in connection with the application for, use of and accounting for public funding.

In summary, these rules punish:

- anyone outside the Public Administration who, having obtained economic benefits, subsidies or financing, subsidised loans or other disbursements of the same kind, however named, from the State, from another public body or from the European Community, intended to favour the performance of works or activities in the public interest, does not use them, does not allocate them for the purposes envisaged or uses them for purposes other than those for which they were granted;
- the use or presentation of false declarations or documents or those certifying untrue things or the omission of due information, in order to obtain, without being entitled thereto, contributions, subsidies, financing, subsidised loans or other disbursements of the same kind granted or disbursed by the State, other public bodies or the European Community;
- anyone who, by using artifice or deception and thereby misleading someone, obtains an unfair profit, to the detriment of the State, of another public body or of the European Community and/or unduly obtains contributions, subsidies, financing, subsidised loans or public grants from the State, other Public Bodies or the European Community; anyone who, by altering in any way the operation of a computer or telecommunications system (of the Public Administration) or by manipulating the data contained therein, obtains an unfair profit, thereby causing damage to third parties;
- anyone who, when taking part in tender procedures, by violence or threat, or by gifts, promises, collusion or other fraudulent means prevents or disrupts the same, or anyone who, by violence or threat or by gifts, promises, collusion or other fraudulent means prevents or disrupts the administrative procedure aimed at establishing the content of the notice or other equivalent act;
- anyone acting in bad faith in the performance of a public procurement.

Indeed, EUROSETS, within the framework of a more general analysis of corporate risks, has always paid particular attention to the risk related to relations with the Public Administration, and in particular to the overall risk of conduct that may constitute a disruption of the regular conduct of a tender - in the broadest sense - as well as the commission of the offences of disrupting the freedom of tenders and of disrupting the freedom of proceedings.

From a legal point of view, it was considered that the offences referred to in Art. 353 of the (It.) Penal Code and Art. 353 bis of the (It.) Penal Code may be committed in the context of: (i) public tenders, i.e. so-called "open" and "restricted" procedures, (ii) private tenders, i.e. so-called negotiated procedures with or without a call for tenders, purchases on a case-by-case basis, trustee subcontracting and, in general, (iii) any procedure in which the P.A. carries out an "exploratory tender", even an informal one, among several possible competitors, i.e. the so-called technical dialogue and/or market survey, mainly used in the medical device sector. The Company has always been strongly committed to spreading awareness of these risks, and of the consequent need to comply with behavioural rules aimed at preventing them.

3.3.1.2 Identification of the areas at risk of commission of the offences of misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public procurement

In relation to the above, the following are identified as

Sensitive organisational areas:

- President and CEO;
- Technical;
- Technical & Maintenance;
- R&D;
- Scientific Director;
- Bid & Tenders;
- Customer Care;
- Customer Service;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Marketing;
- Country Manager;
- Business Development;
- Market Access;

- QA/RA/QC.

Sensitive Processes/Activities:

- participation in tender or direct negotiation procedures organised by the Public Administration for the award of procurement, supply or service contracts or other similar transactions;
- the communication of data to the public administration;
- the performance of supply contracts;
- marketing and scientific information activities towards the P.A.;
- the management of public grants;
- contracts and other contractual relationships for the purchase, supply and exchange of goods or services
  to the PA;
- proceedings aimed at obtaining concessions, licences, permits and the like from the PA;
- relations with tax, customs, health and social security Authorities, as well as with regulatory Authorities;
- relations with public offices responsible for patent and trade mark filings;
- access to telecommunications or computer systems of the PA for the transmission of data or information for the
  communication of the company's tax data;
- access to telecommunications or computer systems of the PA for the transmission of data or information for the
  communication of the company's social security data;
- participation in telematic tenders at the customer's request.

3.3.1.3 Measures to prevent the commission of the offence

- compliance with the ethical and behavioural principles adopted by the Entity;
- organisational structure (proxies, powers and functions) referred to in the General Section;
- principles of conduct in relations with customers, as set out in the General Section;
- corporate procedures governing participation in tender or direct negotiation procedures;
- corporate procedures governing the drafting, dissemination and validation of technical specifications and product data sheets;
- implementation of the Quality System.

In particular, the Addressees must:

- refrain from committing acts of violence or threats, or resorting to gifts, promises, collusion or other fraudulent means to prevent or disrupt the conduct of tenders in public auctions and private calls for proposals;
- refrain from carrying out acts of violence or threats, or resorting to gifts, promises, collusion or any other fraudulent means to disrupt the proper conduct of the procedure for the definition of the content of the call for tenders or of any other act equivalent thereto, in order to influence the manner in which the Public Administration chooses the contractor;
- refrain from proceeding with any transaction and operation concerning sums of money or goods if the circumstances of the operation or in the characteristics of the counterparty contain elements suggesting the unlawful origin of the goods and money in question (e.g. price significantly disproportionate to average market values);

- conduct themselves fairly, transparently and in compliance with the law in all activities aimed at managing the records of suppliers, customers, business partners, including foreign ones;
- verify (i) the exact match between the name/company name/country of the party making the payment and the data of the legal entity with which the contractual relationship actually exists and (ii) that the payment is made through "direct" banking channels, ascertaining in advance the conformity of any corporate schemes/trust structures used;
- analyse, manage and monitor risks related to the correct fulfilment of tax obligations in order to establish and maintain a cooperative, clear and transparent relationship with the tax administration (cooperative compliance);
- promote a corporate culture based on principles of honesty, fairness and compliance with tax regulations, ensuring their completeness and reliability as well as their availability to all levels of the company;
- keep accounting records and other documents required to be kept for tax purposes in a proper and orderly manner, providing physical and/or computerised defences to prevent any acts of destruction or concealment.

Furthermore, employees are prohibited from:

- altering, in any way whatsoever, the operation of a PA computer/telecommunications system or intervene, without having the right to do so and in any way whatsoever, on data/information/programs contained in a computer/telecommunications system of the Public Administration;
- using the user ID or password of another operator;
- accessing a PA computer/telecommunications system without authorisation from the Company;
- providing the PA with untruthful information, even partially;
- providing the P.A. with falsified data and characteristics relating to the marketed products;
- altering product data sheets;
- providing the P.A. with untrue declarations, even partially;
- using public funds for uses/purposes other than those for which they were granted;
- acting with malice or bad faith in the performance of supply contracts.

3.3.2 EMBEZZLEMENT, EXTORTION, UNDUE INDUCEMENT TO GIVE OR PROMISE BENEFITS, CORRUPTION AND ABUSE OF OFFICE (Art.25 of It. Legislative Decree no. 231/01)

Art. 314 of the (It.) Penal Code (Embezzlement) *[when the act harms the financial interests of the European Union].*

A public official or public service appointee, who, by reason of his/her office or service, has possession or otherwise the availability of money or other movable property of others, appropriates it, shall be punished by imprisonment for a term ranging from four to ten years and six months.

The punishment of imprisonment for a term ranging from six months to three years shall apply when the offender has acted with the sole purpose of making momentary use of the thing, and this, after the momentary use, has been immediately returned.

Art. 316 of the (It.) Penal Code (Embezzlement by profiting from the error of others) *[when the act harms the financial interests of the European Union]*

A public official or a public service appointee, who, in the performance of his/her duties or service, taking advantage of the error of others, unduly receives or withholds, for himself/herself or for a third party, money or other benefits, shall be punished by imprisonment for a term ranging from six months to three years.

Art. 317 of the (It.) Penal Code (Illegal abuse of a position or office for personal gain)

A public official or a public service appointee who, abusing his/her position or powers, compels someone to unduly give or promise, to him/her or to a third party, money or other benefits shall be punished by imprisonment for a term ranging from six to twelve years.

The offence occurs when a public official or a public service appointee, abusing his or her position, compels someone to give or promise to him- or herself or others money or other benefits not due to him or her. In brief:

- The conduct of a public official or public service appointee who compels someone (abusing his or her position) to behave in a certain manner is unlawful;
- the offence of illegal abuse of a position or office for illegal gain, being specific to "qualified" persons (=public officials or public service appointees), only presents risk profiles pursuant to Decree 231 in the event that a person belonging to the company organisation, in the interest or to the benefit of the company, contributes to the offence of the public official or person entrusted with a public service.

Art. 318 of the (It.) Penal Code (Bribery in the exercise of office)

A public official who, in the exercise of his/her functions or powers, unduly receives, for himself/herself or a third party, money or other benefits or accepts the promise thereof shall be punished by imprisonment for a term ranging from six to twelve years.

The offence occurs when a public official receives or is promised, for him- or herself or others, money or other benefits in order to exercise functions or powers under his or her purview.

By the term "exercise of his or her functions or powers", the legislator refers not only to strictly administrative functions, but also to judicial and legislative functions. In short, the exercise of his or her functions is to be understood generically as any activity that is a direct or indirect expression of the powers inherent in the public official's office.

The unlawful conduct of a public official consists in receiving or being promised a benefit (money, gifts, utilities, etc.) in order to carry out an activity within his or her purview and falling within his or her functions/powers (e.g. in the context of a tender procedure, legitimately awarding a higher score than the competitors). The offence may also occur when the public official receives undue remuneration (= benefits, money, gifts, utilities, etc.) for an activity already performed and falling under his or her purview. The rule also punishes cases where the private individual gives or promises money or other benefits to the public official to "thank" him or her for a due act.

Art. 319 of the (It.) Penal Code (Bribery for an act contrary to official duties).

A public official who, in order to omit or delay or to have omitted or delayed an act of his/her office, or in order to perform or to have performed an act contrary to the duties of his/her office, receives, for himself/herself or for a third party, money or other benefits, or accepts the promise thereof, shall be punished by imprisonment for a term ranging from six to ten years.

Corrupt conduct may take the form of "improper bribery", i.e. accepting the giving or promising of money or other benefits in order to perform an act in accordance with one's official duties (i.e. aimed at speeding up a matter falling within the competence of the qualified person, who should in any case have performed that act), or in the "proper" form characterised by performing an act contrary to one's duties (i.e. aimed at ensuring the award of a tender by distorting the results). Common to both offences is the equality between the two parties and their common "*quid pro quo*" intention.

The rationale of the rules under examination (Art. 318 and 319 of the It. Penal Code) is to allow the criminal justice system to react whenever there is a danger of subjugation of the public function to private interests, without tying punishability to the precise identification of a specific conduct that is the object of the offence, allowing the punishment of both parties to the criminal conspiracy, by reason of the mere commodification of the public function.

As for the content of the corruption pact, investigations have shown that, often:

- the corrupt public servant does not commit to adopting an act of his or her office, but rather to bring his or her institutional weight to bear on the public servant responsible for issuing the act with which the bribing party is concerned, by exercising influence;
- the service rendered by the corrupt party, far from materialising in a well-defined activity, such as the adoption of a specific administrative act, ends up being "diluted", having as its object the generic function or quality of the public agent, who undertakes to ensure protection for the bribing party in his or her future dealings with the administration;
- the bribe itself, instead of consisting of the classic giving of money, is concealed by elaborate triangulation mechanisms.

A peculiar feature of bribery, in all its forms, which differentiates it from the previous figure of extortion is the "criminal conspiracy": bribery exists when the public official and the private party are in a situation of substantial equality and come to an agreement through free negotiation. From here it is easy to understand the rationale for why the crime of bribery has the characteristics of a crime committed by multiple subjects, i.e. why both the corrupted and the bribing party are held liable.

Art. 319-bis of the (It.) Penal Code (Aggravating circumstances)

The penalty shall be increased if the object of the act referred to in Art. 319 is the conferment of public office or salaries or pensions or the conclusion of contracts in which the administration to which the public official belongs is concerned, as well as the payment or reimbursement of taxes.

Art. 319-ter of the (It.) Penal Code (Bribery in judicial proceedings)

If the acts referred to in Articles 318 and 319 are committed in order to favour or damage a party in civil, criminal or administrative proceedings, the penalty shall be imprisonment for a term ranging from six and twelve years.

If the offence results in the wrongful conviction of an individual to a term of imprisonment not exceeding five years, the penalty shall be imprisonment for a term ranging from six to fourteen years; if the offence results in the wrongful conviction of an individual to a term of imprisonment exceeding five years or to life imprisonment, the penalty shall be imprisonment for a term ranging from eight to twenty years.

Bribery in judicial proceedings represents a peculiar case of bribery: the aspects concerning the relationship between the private party and the public official, and in particular the equal relationship between instigator and the instigated party concerning the trading of powers, remain unchanged from the rules previously commented on. What characterises the offence is that the conduct is aimed at favouring or harming a party in a civil, criminal or administrative trial.

Art. 319-quater of the (It.) Penal Code (Undue inducement to give or promise)

Unless the act constitutes a more serious offence, a public official or a public service appointee who, abusing his/her position or powers, induces a person to unduly give or promise, to him/her or to a third party, money or other benefits shall be punished by imprisonment for a term ranging from six years to ten years and six months. In the cases provided for in the first paragraph, anyone who gives or promises money or other benefits shall be punished by imprisonment of up to three years or by imprisonment of up to four years if the act harms the financial interests of the European Union and the damage or profit exceeds EUR 100,000.

The offence of undue inducement to give or promise benefits punishes, unless the offence constitutes a more serious crime, the conduct of a public official or a public service appointee who, abusing his or her position or powers, induces someone to give or promise unduly, to him or her or to a third party, money or other benefits, as well as the conduct of a person who gives or promises money or other benefits (to the public official or the person entrusted with a public service).

This offence differs from illegal abuse of office in:

- the method adopted to obtain or be promised the money or other benefits (consisting of inducement only);
- the punishability also of the person giving or promising money or other benefits.

Art. 320 of the (It.) Penal Code (Bribery of a public service appointee)

The provisions of Articles 318 and 319 also apply to the public service appointee. In any case, the penalties are reduced by no more than one-third.

Art. 321 of the (It.) Penal Code (Penalties for the bribing party)

The penalties laid down in the first paragraph of Article 318, Article 319, Article 319-bis, Article 319-ter and in Article 320 in relation to the aforementioned cases of Articles 318 and 319 shall also apply to a person who gives or promises the public official or the public service appointee money or other benefits.

Art. 322 of the (It.) Penal Code (Incitement to bribery)

Anyone who offers or promises money or other benefits not due to a public official or a public service appointee, for the exercise of his/her functions or powers, shall be subject, if the offer or promise is not accepted, to the penalty laid down in the first paragraph of Article 318, reduced by one-third. If the offer or promise is made in order to induce a public official or a public service appointee to omit or delay an act of his/her office, or to perform an act contrary to his/her duties, the offender

shall, if the offer or promise is not accepted, be subject to the penalty laid down in Article 319, reduced by one-third.

The punishment referred to in the first paragraph shall apply to a public official or a public service appointee who solicits a promise or giving of money or other benefits for the exercise of his/her functions or powers.

The punishment referred to in the second paragraph shall apply to a public official or a public service appointee who solicits a promise or giving of money or other benefits from a private individual for the purposes indicated in Article 319.

The offence is committed by the simple offer or promise of money or other benefits - by anyone - to a public official or a public service appointee, in order to induce him or her to perform an act contrary to or in conformity with his or her official duties, provided that the promise or offer is not accepted.

Similarly, the conduct of a public agent who solicits a promise or offer of money or other benefits from a private individual is penalised.

Art. 322-bis of the (It.) Penal Code (Embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery, abuse of office of members of bodies of the European Communities or of international parliamentary assemblies or international organisations and of officials of the European Communities and of foreign states)

The provisions of Articles 314, 316, 317 to 320 and 322, third and fourth paragraphs, and 323 also apply: 1) to members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;

2)to officials and other servants engaged under contract under the Staff Regulations of Officials of the European Communities or the Conditions of Employment of Other Servants of the European Communities;

3)to persons seconded by the Member States or by any public or private body to the European Communities, who perform functions corresponding to those of officials or servants of the European Communities; 4) to members and employees of bodies constituted on the basis of the Treaties establishing the European Communities; 5) to persons who, within other Member States of the European Union, perform functions or activities corresponding to those of public officials and public service appointees;

5-bis) to the Judges, the Prosecutor, Assistant Prosecutors, officials and agents of the International Criminal Court, persons seconded by States Parties to the Treaty establishing the International Criminal Court who exercise functions corresponding to those of officials or servants of the Court, and members and employees of bodies established under the Treaty establishing the International Criminal Court. 5-ter) to persons exercising functions or activities corresponding to those of public officials and public service appointees within public international organisations;

5-c) to members of international parliamentary assemblies or of an international or supranational organisation and to the judges and officials of international courts.
5-quinquies) to persons exercising functions or activities corresponding to those of public officials and public service appointees within non-EU States, when the act harms the financial interests of the Union.

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

1)to the persons referred to in the first paragraph of this Article;

2)to persons exercising functions or activities corresponding to those of public officials and public service appointees within other foreign States or international public organisations, if the act is committed in order to procure for oneself or others an undue benefit in international economic transactions or in order to obtain or maintain a financial economic activity.

The persons mentioned in the first paragraph are assimilated to public officials if they perform corresponding functions, and to public service appointees in other cases.

Art. 323 of the (It.) Penal Code Abuse of office

Unless the act constitutes a more serious offence, a public official or a public service appointee who, in the performance of his/her duties or service, in breach of the law or regulations, or by omitting to abstain in the presence of his/her own interest or that of a close relative or in the other prescribed cases, intentionally procures for himself/herself or others an unfair pecuniary benefit or causes unfair damage to others, shall be punished by imprisonment for a term ranging from one to four years.

The penalty is increased in cases where the benefit or damage is of a serious nature.

The offence in question occurs when the public official violates laws or regulations in order to gain an unfair benefit for him- or herself or others or to cause unjust damage

The offence is also committed where there is a legal obligation on the public agent to abstain in the presence of a conflict of interest (i.e. by failing to abstain in the presence of his or her own interest or that of a close relative or in the other prescribed cases). Moreover, abuse of office is a crime of result, which consists in the actual realisation of an unfair pecuniary benefit or unfair harm to others.

The offence of abuse of office, being specific to “qualified” persons (=public officials or public service appointees), only presents risk profiles pursuant to Decree 231 in the event that an individual belonging to the company organisation, in the interest or to the benefit of the company, contributes to the offence of the public official or public service appointee.

Art. 346-bis of the (It.) Penal Code Influence peddling

Anyone who, other than in cases of complicity in the offences referred to in Articles 318, 319, 319-ter and in the bribery offences referred to in Article 322-bis, exploiting or boasting existing or alleged relations with a public official or a public service appointee or one of the other persons referred to in Article 322-bis, unduly causing to be given or promised, either to himself/herself or to others, money or other benefits, as the price of his/her unlawful mediation towards a public official or a public service appointee or one of the other persons referred to in Article 322-bis, or to remunerate him/her in relation to the exercise of his/her functions or powers, shall be punished by imprisonment for a term ranging from one year to four years and six months.

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

The penalty is increased if the person who unduly causes money or other benefits to be given or promised to himself/herself or others is a public official or a public service appointee.

The penalties shall also be increased if the acts are committed in connection with the performance of judicial activities or in order to remunerate the public official or the public service appointee or one of the other persons referred to in Article 322-bis in connection with the performance of an act contrary to his/her official duties or the omission or delay of an act of his/her office.

If the facts are particularly trivial, the penalty is reduced.

The provision in question penalises so-called "unlawful mediation", i.e. the conduct of a person who, apart from cases of complicity in the offences referred to in Articles 318, 319, 319-ter and the bribery offences referred to in Article 322-bis, by exploiting existing relations or alleged relations with a public official, a public service appointee or one of the persons listed in Art. 322-bis, causes to be given or promised (to him- or herself or to others) money or other benefits.

Paragraph two also extends punishability to the person who promises or gives the money or benefit (as the price of his or her own unlawful mediation or to remunerate the public agent in connection with the exercise of his or her powers), who is subject to punishment regardless of whether the relationship between the mediator and the public agent exists or is merely asserted.

In summary, these rules punish:

- the public official and/or the public service appointee who receives or is promised, for him- or herself or for others, money or other benefits in order to exercise his or her functions or powers; in this case, the person (=bribing party) who gives or promises the public official or the public service appointee the money or other benefits is also punished;
- the public official and/or the public service appointee who, in exchange for the payment or promise of payment of money or other benefits, for him- or herself or for others, omits or delays the performance of a due act or performs an act that is not due even if apparently and formally regular and therefore in breach of the principles of good conduct and impartiality of the Public Administration; in such case, the person (=bribing party) who gives or promises the public official or the public service appointee the money or other benefits is also punished;
- corrupt acts carried out to favour or harm a party in civil, criminal or administrative proceedings, e.g. by bribing a magistrate, court clerk, bailiff, etc;

- the conduct of the public official and/or the public service appointee who, by abusing his or her position or powers, induces someone to give or promise unduly, to him or her or to a third party, money or other benefits, as well as the conduct of the person who gives or promises money or other benefits (to the public official or the public service appointee); in this case, the person (=bribing party) who gives or promises the public official or the public service appointee the money or other benefits is also punished;
- the simple offer or promise of money or other benefits - by anyone - to a public official or a public service appointee, in order to induce him or her to perform an act contrary to or in conformity with his or her official duties, provided that the promise or offer is not accepted;
- so-called "unlawful mediation", i.e. exploiting or boasting of existing or alleged relations with a public official or a public service appointee, including a foreign one, by unduly obtaining from him or her or a third party money or other benefits. Any person who gives or promises money or other benefits for such unlawful mediation and/or to remunerate a public subject shall also be punished;
- the public official and/or the public service appointee who, in the performance of his or her functions or service, in breach of the law or regulations, or by omitting to abstain in the presence of his or her own interest or that of a close relative or in the other prescribed cases, intentionally procures for him- or herself or others an unfair pecuniary benefit or causes unjust damage to others.

3.3.2.1 Identification of areas at risk of committing offences of embezzlement, illegal abuse of position, undue inducement to give or promise benefits, bribery and abuse of office

This category of offences presupposes the establishment of relations with the Public Administration (understood in a broad sense), but may also require, for its commission, the performance of preliminary or preparatory activities. Consequently, it seems appropriate to differentiate the activities at direct risk of commission of offences from the supporting activities, in which there is the possibility of conduct that, while not yet constituting a corruption offence, constitutes an indispensable preparatory activity.

Activities at direct risk: all activities in which the Company usually has or may have dealings with public officials or public service appointees, and in particular, on the basis of the different stages in which public administration procurement commissions are divided, we can distinguish:

- promotion and other cultural activities aimed at aligning skills and the scientific and methodological knowledge bases of the target audience with the company's offer;
- promotion of products and description of company solutions, in order to put the value of the offer across;
- the management of "walking implants" and "loans";
- the participation in tender or direct negotiation procedures, organised by hospital or healthcare facilities, for the award of contracts, supplies or services or other similar operations, characterised in any event by the fact that they are being carried out in a potentially competitive context, meaning also a context in which, although there is only one competitor in a particular procedure, the contracting entity would also have had the possibility of choosing other undertakings present on the market;
- the performance of contracts for the supply of goods or services, with a public contractor;

- the management of any disputes relating to the performance of contracts (however named) concluded with public entities;
- applying for and obtaining any authorisations and licences necessary to carry out the corporate activities;
- market access activities;
- the management of relations with HCPs with regard to consultations, conferences and congresses;
- the management of relations with the competent public bodies with regard to occupational health and safety, and in general the regulations for the prevention of accidents at work and occupational diseases, also with reference to inspections, investigations and possible sanctions;
- the administrative management of personnel, in particular for tax, social security, welfare and accident aspects, including the management of related inspections;
- the possible request for occasional or ad hoc administrative measures necessary to carry out activities instrumental to the company's typical activities;
- tax obligations, such as the preparation of tax or substitute tax returns or other declarations instrumental to the settlement of taxes in general;
- checks, inspections and any sanction proceedings relating to the above points;
- relations with law enforcement agencies;
- legal (civil, criminal or administrative) proceedings directly or indirectly involving the Company or its representatives who have acted on its behalf.

The following are therefore identified as functions at risk:

- President and CEO;
- Bid & Tenders;
- Customer Care;
- Customer Service;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Operations;
- Business Development;
- Marketing;
- Country Manager;
- Market Access;
- Technical;
- Technical & Maintenance;
- R&D;
- Scientific Director;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- QA/RA/QC;

- Financial & administration;
- Security;
- IT;
- Human Resources;
- Credit collection;
- Finance.

Support activities. In addition to the areas highlighted, we must identify others in which "preparatory" activities, indispensable for the commission of the offence of bribery, could take place.

Judicial experience has shown that the most common practice for obtaining the necessary funds for the offence of bribery consists in using invoices for non-existent transactions, or over-invoicing.

It follows that - without prejudice to the possibility that the aforesaid transactions could constitute other crimes - particular attention must be paid to invoicing activities and, more generally, to all those activities and/or transactions potentially capable of creating off-balance sheet funds, even if for values lower than the punishability thresholds required by the current wording of Articles 2621 and 2622 of the (It.) Civil Code.

The same transactions could then be carried out directly vis-à-vis the public official or public service appointee, with the effect, in the event of overestimation of the value of the service (supply of goods or services, or professional services, etc.) rendered, or of the non-existence of the same, of making him or her appear to be entitled to receive the agreed remuneration.

Since the offence of bribery may also be committed in cases where, instead of a sum of money, the public official obtains other benefits "in kind" (e.g. goods are made available to him or her which, although owned by or at the disposal of the company, may be intended for the personal use of the official himself/herself), the overall management of company assets must also be included among the sensitive activities.

Support activities are therefore identified as follows:

- management of consultancy and professional service contracts with external parties;
- management of scientific training activities with particular reference to the relationships established with Providers and Organisational Secretariats;
- managing relations with Agents and Distributors;
- management of purchases of goods or services;
- management of agency contracts and relations with agents and sub-agents;
- finance and treasury management;
- invoicing;
- management of accounting and budgeting processes;
- management of company assets.

3.3.2.2 Measures to prevent the commission of the offence

Since there is no reason to rule out, in principle, the commission of the offence in question, it is certainly relevant to the EUROSETS Model, as there are areas of the Company's activities in which the

addressees of this Model have the opportunity to intervene in the Public Administration's computer data.

The following safeguards are in place to prevent the offences in question:

- compliance with the ethical and behavioural principles adopted by the Entity;
- principles of conduct set out in the General Section;
- adherence to the principles imposed by Assobiomedica[1] on the subject of relations with HCPs;
- organisational structure (proxies, powers and functions) referred to in the General Section;
- Compliance with the principles set out in the Assobiomedica Code of Ethics;
- proper management of travel and customer entertainment expenses;
- proper handling of HCP gifts and entertainment;
- procedure for managing undertakings and donations;
- proper management of promotional activities;
- proper management of expense claims;
- consistency in the management of agent commissions;
- careful selection of personnel;
- proper management of commercial policies;
- proper management of the allocation of loaned devices;
- corporate procedures governing participation in tender or direct negotiation procedures;
- proper management of the formulation of offers;
- procedure for the management of conferences, congresses and invitations;
- procedure for the management of donations;
- proper handling of device-related reports;
- Agency contract formats;
- contract format for managing relations with HCP (consulting, proctorship, teaching and speaking, etc.);
- adherence to FMV (Fair Market Value);
- compliance with the burdens set out in the Consolidated Civil Service Act (It. Legislative Decree no. 165/2001);
- proper management and selection of third parties;
- ban on the use of cash

The aforementioned procedures are aimed at preventing the commission of the offences in question by expressly prohibiting certain conduct by the Addressees, as well as, by means of specific contractual clauses, External Collaborators and Partners of the Company. In particular, they prohibit the following

[1] The Code of Ethics of Assobiomedica provides useful instructions for the prevention of offences, also included in the catalogue of offences 231. Although the Company is not a member of this association, it is considered that compliance with the instructions provided may be useful for the purposes of this Model.

conduct which, although not such as to constitute an offence per se falling within those listed above, may facilitate its commission.

By way of example, it is forbidden to:

- make monetary donations of any amount to Italian or foreign public officials, even indirectly;
- distribute gifts or hospitality of important or otherwise inappropriate value, even indirectly;
- grant or promise other benefits of any kind whatsoever in favour of representatives of the Public Administration, their family members or persons related to them in terms of friendship or interest, even indirectly;
- employ former employees of the Public Administration who have actively and personally participated in business negotiations or have handled Eurosets requests to the P.A., as well as their family members. This prohibition operates for a period of no less than three years from the conclusion of the negotiation or the obtaining of the request;
- perform services in favour of corporate Partners or pay fees to external Partners that are not adequately justified in relation to the existing business relationship;
- promise or offer to P.A. members (or their relatives, relatives-in-law, friends or related parties) money, gifts or other benefits; recruitment opportunities and/or business, work and/or training opportunities or any other type of opportunity that may benefit them personally; jobs or services that would benefit them personally, including through third-party companies;
- accept gifts or other benefits from members of the public administration;
- favour, in purchasing processes, suppliers and sub-suppliers or business partners or consultants indicated by members of the public administration;
- make unjustified entertainment expenses and/or for purposes other than the mere promotion of the corporate image;
- engage in any conduct that may be construed as conduct aimed at obtaining an unfair benefit, favour and/or benefit from the P.A.;
- exploit or boast existing or alleged relations with a public official or a public service appointee or, more generally, with a representative of foreign institutions or public administrations;
- engage in any unlawful mediation activities vis-à-vis public entities;
- engage in any conduct constituting complicity in the abuse of office by the public employee/public service appointee;
- produce or distribute false, untrue or altered documents or data, withhold or omit true documents, or omit due information in order to obtain grants, subsidies, financing or other facilities of various kinds, disbursed by the State or other public bodies or the European Community;
- engage in conduct that could mislead the P.A. on the technical and economic assessment of the products and services offered/supplied, or unduly influence the P.A.'s decisions;
- allocate disbursements received from the State, other public bodies or the European Community for purposes other than those for which they were obtained;
- gain unauthorised access to the information systems used by the P.A. or other public institutions, alter their operation in any way or intervene in any undue way on data, information or programs in order to unduly obtain and/or modify information for the benefit of the Company or third parties;

- undertake (directly or indirectly) any unlawful action that may favour or damage one of the parties in the course of civil, criminal or administrative proceedings.

Reference is also made to the rules set out in the General Section concerning the management of Third Parties.

3.3.2.3 Third Parties

EUROSETS also makes use of services provided by parties outside the Company (agents, distributors, consultants, suppliers) to pursue its objectives.

The Company pays great attention to relations with third parties, being aware of the risk they represent, as they are in any case not directly managed by the Company. The Company has therefore adopted specific and appropriate prevention measures.

The Company defines "third party" as any natural person, entity, partnership or organisation that is not part of Villa Maria Group or EUROSETS, but who/which provides a product or service to the Company or its subsidiaries. The Company strongly desired that the Code of Conduct and Business Principles also be specifically addressed to those who perform services for or on behalf of the Company ("third parties"). When selecting the third parties with whom/which to interact, EUROSETS takes into account its own Code, whose acceptance and adherence to by the third parties is required.

If a third party violates the Code, applicable laws or industry codes of conduct, EUROSETS is entitled to terminate the relationship.

Contracts stipulated with Third Parties must always meet an actual need of the Company, and external parties must be properly selected according to objective evaluation criteria regarding quality, skill and professionalism in accordance with the principles of fairness and transparency.

In any case, no supply, agency, distribution or consultancy contracts will be concluded or renewed with parties:

- convicted with a non-final judgment for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities;
- convicted with a final judgment for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities.

EUROSETS reserves the right not to enter into or renew supply, agency, distribution and consultancy agreements with parties:

- being investigated for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities;
- being subject to criminal proceedings for one of the offences envisaged by (It.) Legislative Decree no. 231/01 or Special Laws generating administrative liability of legal entities;

3.3.2.4 Relations with Third Parties

Third Parties are parties external to the Company and, except as indicated above, are not subject to the checks, procedures and reporting obligations envisaged by the Model for employees and directors.

The types of contractual relationships generally entered into by the Company were carefully evaluated during the risk mapping exercise to assess:

- the categories of Third Parties that can be considered as "supervised" by the Company;
- whether they may be induced to commit one of the offences envisaged by the decree also in the interest of the Company;
- which offences, in view of the activity concretely carried out by the third parties, could be committed by such persons.

3.3.2.5 Agents and distributors

AGENT RECRUITMENT PROCESS

Agents and distributors, as well as any other entity (natural or legal person) not belonging to Villa Maria Group or EUROSETS, hired to sell or otherwise supply to the end customer the products marketed by the Company, must be chosen according to transparent methods and only on the basis of their proven and specific expertise.

In particular, to ensure these standards, the above-mentioned individuals undergo a careful investigation process involving their professional and personal history before being selected.

Contracts with them contain a special declaration by which they declare that they are not, or have not been, implicated in legal proceedings relating to the offences set out in (It.) Legislative Decree no. 231/01.

RELATIONS WITH SUB-AGENTS or collaborators

Agents and Distributors are entitled to appoint sub-agents or collaborators, whose names are to be communicated in advance to the Company, which reserves the right to provide authorisation after assessing their compliance with the EUROSETS compliance standards.

The responsibility for the performance of the assignment of sub-agents or collaborators and the obligation of paying their remuneration lie exclusively with the agent.

The agent undertakes to provide sub-agents and collaborators with a copy of the Code of Ethics, requiring them to comply with these documents by signing an appropriate declaration.

With regard to the information obligations on (It.) Legislative Decree no. 231/01 as well as on this Model (i.e. clarifications on the interpretation of these documents or reports on possible violations of the law or Model cited), sub-agents or collaborators are obliged to deal exclusively with the agent, as they may not deal directly with the principal.

EUROSETS may train sub-agents and collaborators without it affecting the relationship between them and the agent with regard to the above information obligations.
The violation by sub-agents of (It.) Legislative Decree no. 231/01 or this Model may constitute grounds for termination, pursuant to Art. 1456 of the (It.) Civil Code, of the agency agreement; the same breaches entail the right of unilateral termination pursuant to Article 1373 of the (It.) Civil Code in favour of EUROSETS.
The document certifying that the sub-agent or collaborator has received and countersigned the Company's Code of Ethics and Conduct for acceptance must be produced and filed by the competent department.

AGENCY/DISTRIBUTION CONTRACT

The agency agreement must contain the following clauses:

- the obligation to comply with applicable laws in the performance of the agency mandate;
- the obligation to comply with specific prescriptions of the EUROSETS Code of Ethics and Conduct, which must be delivered and countersigned for acceptance by all agents;
- the express prohibition of giving or promising money or other benefits to current or potential customers of the Company (so-called anti-corruption clause);
- the express reservation by the Company of the right to terminate the contract for breach of the aforementioned obligations pursuant to and in accordance with Art. 1456 of the (It.) Civil Code, subject to damages.

3.3.2.6 Consultants

RECRUITMENT

Consultants must be chosen according to transparent methods and only on the basis of proven and specific expertise. Contracts with them must contain a specific declaration that they are not, or have not been, involved in legal proceedings relating to the offences covered by (It.) Legislative Decree no. 231/01.

CONSULTANCY CONTRACT

The contract must contain the following clauses:

- the obligation to comply with applicable laws in the performance of the consultancy contract;
- the obligation to comply with specific requirements of the EUROSETS Code of Ethics and Conduct, which must be delivered and countersigned for acceptance by the consultant;
- the express prohibition of giving or promising money or other benefits to current or potential customers of the Company (so-called anti-corruption clause);
- the express reservation by the Company of the right to terminate the contract for breach of the aforementioned obligations pursuant to and in accordance with Art. 1456 of the (It.) Civil Code, subject to damages.

With particular reference to consulting services provided by health care professionals (HCPs):

- payment for services rendered must be preceded by the submission of appropriate documentation proving the performance of the services, the manner in which they were performed, and the timeframe;
- every regulatory requirement must be complied with, in particular every authorisation requirement and every obligation under the Consolidated Act on the Civil Service (It. Legislative Decree no. 165 of 2001);
- payment for consulting services provided by HCP must be made at fair market value

3.3.2.7 Suppliers

Suppliers are provided with special information on the adaptation of the Company to the requirements of (It.) Legislative Decree no. 231/2001 and the adoption of the Code of Ethics. Drafting, updating and inserting the aforementioned clauses in the relevant contracts from time to time stipulated or renewed with Third Parties is the responsibility of the Administration, with the assistance of the SB.

3.3.3 **CORPORATE OFFENCES** (Art. 25-ter of It. Legislative Decree no. 231/01)

Below is the text of the regulatory provisions relating to offences belonging to the category of "corporate offences". Where the offence has been deemed not relevant to this Model, the relevant reason is indicated. The rules to be applied to prevent the risk of commission of the category of offences in question are set out at the end of this section.

Art. 2621. (False corporate communications)

Outside the cases provided for in Art. 2622, directors, general managers, executives in charge of drafting corporate accounting documents, statutory auditors and liquidators, who, in order to obtain an unjust profit for themselves or others, in financial statements, reports or other corporate communications addressed to the shareholders or the public, provided for by law, knowingly present material facts that do not correspond to the truth, or omit material facts whose disclosure is required by law on the economic, equity or financial situation of the company or of the group to which it belongs, in a manner concretely likely to mislead others, shall be punished with imprisonment for a term ranging from one to five years. The same penalty also applies if the falsehoods or omissions relate to assets owned or administered by the company on behalf of third parties.

Art. 2621 bis (Minor offences)

Unless they constitute a more serious offence, a sentence of six months to three years' imprisonment shall be imposed if the acts referred to in Art. 2621 are minor, taking into account the nature and size of the company and the manner or effects of the conduct.
Unless they constitute a more serious offence, the same penalty as in the preceding paragraph shall apply when the acts referred to in Art. 2621 relate to companies that do not exceed the limits indicated in the second paragraph of Article 1 of (It.) Royal Decree of 16 March 1942, no. 267. In that case, the offence is prosecutable on complaint by the company, the shareholders, creditors or other recipients of the corporate communication.

Art. 2622 of the (It.) Civil Code (False corporate communications of listed companies)

The directors, general managers, executives in charge of drafting corporate accounting documents, statutory auditors and liquidators of companies issuing financial instruments admitted to trading on a regulated market in Italy or in another European Union country, who, in order to obtain an unjust profit for themselves or for others, knowingly state untrue material facts in financial statements, reports or other corporate communications addressed to shareholders or the public, or omit material facts

whose disclosure is required by law, on the economic, equity or financial situation of the company or of the group to which it belongs, in a manner that is concretely likely to mislead others, shall be punished by imprisonment for a term ranging from three to eight years.
The companies referred to in the preceding paragraph are treated as equals with:
1) companies issuing financial instruments for which a request for admission to trading on an Italian or other EU regulated market has been submitted;
2) companies issuing financial instruments admitted to trading on an Italian multilateral trading facility;
3) companies controlling companies issuing financial instruments admitted to trading on an Italian or other EU regulated market;
4) companies that appeal to or otherwise manage public savings.
The provisions of the preceding paragraphs shall also apply if the falsehoods or omissions concern assets owned or administered by the company on behalf of third parties.

The rules safeguard the truthfulness, clarity and completeness of the information relating to the conduct of business, in line with the function attributed to the financial statements by the principles governing them.

The offence of false corporate communications is committed when a person holding a corporate office - including directors, general managers, executives in charge of drafting corporate accounting documents, or other functions subject to the supervision of the aforementioned, statutory auditors and liquidators - knowingly sets out in the financial statements, reports or other corporate communications required by law, addressed to the shareholders or the public, material facts that are untrue, or omits material facts whose disclosure is required by law on the economic, equity or financial situation of the company or the group to which it belongs, in a manner concretely likely to mislead others.

In brief:

- the statement of facts, to which the above articles refer, must relate to material facts that do not correspond to the truth;
- the unlawful conduct concerns both active conduct (exposure of relevant material facts that do not correspond to a concrete or truthful reality) and omissive conduct (omission of data or information whose disclosure is required by regulatory provisions: any conduct entailing the concealment of communications required by law is criminally relevant);
- the material object of the offences are the financial statements, reports, and other corporate communications, envisaged by law, addressed to shareholders or the public; the offence also arises in the case of consolidated financial statements;
- the agent's conduct is punishable if the false or omitted information is material and actually capable of misleading others;
- with reference to Article 2621 of the (It.) Civil Code, a person is punishable if he or she intentionally engages in conduct which, although not producing damage to anyone, is even only potentially dangerous; it is a "crime of danger", protecting the regularity of financial statements and other corporate communications, as an interest of the general public.

Art. 2625, paragraph 2, of the (It.) Civil Code (Impediments to control)

Directors who, by concealing documents or with other suitable artifices, prevent or in any case obstruct the performance of control activities legally attributed to shareholders or other corporate bodies, shall be punished with an administrative fine of up to EUR 10,329.
If the conduct has caused damage to the shareholders, imprisonment of up to one year shall apply on charges pressed by the injured party.

The penalty is doubled in the case of companies with securities listed on regulated markets in Italy or other States of the European Union or widely distributed among the public within the meaning of Article 116 of the Consolidation Act referred to in Decree of 24 February 1998, no. 58.

Although the two hypotheses set out in the first and second paragraphs describe the same conduct, only the commission of the offence set out in the second paragraph, characterised by causing damage to shareholders, may entail liability under (It.) Legislative Decree no. 231 (for the other hypothesis, only the administrative penalty is imposed on the agent).

In order to entail the liability of EUROSETS, damage to the Shareholders should occur, which at the same time includes the interest or benefit of the Company and thus, mediately, of the Shareholders themselves. Since there is no reason to rule out, in principle, the commission of the offence in question, it must be considered relevant for the purposes of this Model.

It is an offence specific to the directors and consists in preventing or hindering, by concealing documents or other suitable artifices, the performance of control or auditing activities legally attributed to the shareholders or other corporate bodies.

In brief:

- the conduct must be likely to mislead the persons who are to carry out the control activities;
- in addition to obstruction, the mere hindering of the performance of control activities is also relevant;
- the person prevented from exercising control may be the shareholder, the statutory auditor, and the auditing firm or other control bodies provided for in the corporate governance models;
- causing damage to the shareholders entails an increase in the penalty (aggravating circumstance).

Art. 2626 of the (It.) Civil Code (Undue repayment of contributions)

Directors who, other than in cases of lawful reduction of share capital, repay, even under false pretences, contributions to shareholders or release them from the obligation to make them, shall be punished by imprisonment of up to one year.

The purpose of the rule is to protect the integrity and effectiveness of the share capital in order to safeguard the rights of creditors and third parties.

The offence under consideration punishes the conduct of directors who, outside the cases of legitimate reduction of share capital, also under false pretences repay contributions to shareholders or release them from their obligation to make them. The offence is specific to the directors; those shareholders who instigated or played a central role in the conduct of the directors are also punishable - as accomplices in the offence.

In brief:

- Only contributions in cash, receivables and assets that are capable of constituting the share capital are relevant for the punishability of the offence in question; punishability begins when the capital alone is affected and not the reserves;

- release or repayment may take place in a different form, including indirectly, such as set-off against a fictitious claim against the company;

in the case of the release from the contribution obligation, it is not necessary that all shareholders be released from it, but it is sufficient that a single shareholder or several shareholders be released.

Art. 2627 of the (It.) Civil Code (Illegal distribution of profits and reserves)

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

The offence in question punishes the conduct of directors who distribute profits or advances on profits not actually earned or allocated by law to reserves, or distribute reserves, even if not established with profits, which may not be distributed by law.

In brief:

- both the profit for the year and the total profit from the balance sheet, which is equal to the profit for the year minus the losses not yet covered plus the profit carried forward and the reserves set aside in previous years, are relevant for the purposes of punishability;
- only distribution of profits intended to constitute legal reserves, and not distribution from optional reserves, is relevant for the purposes of punishability;
- the repayment of the profits or the reconstitution of the reserves before the deadline for approval of the financial statements extinguishes the offence.

Art. 2628 of the (It.) Civil Code (Illegal transactions involving shares or quotas of the company or the parent company)

Directors who, outside the cases permitted by law, purchase or underwrite shares or quotas, harming the integrity of the share capital or reserves that cannot be distributed by law, shall be punished by imprisonment of up to one year.
The same penalty shall apply to directors who, outside the cases permitted by law, purchase or underwrite shares or quotas issued by the parent company, harming the share capital or reserves that cannot be distributed by law.
If the share capital or reserves are reconstituted before the deadline for approval of the financial statements for the financial year in respect of which the conduct took place, the offence is extinguished.

The active parties to the offence are the directors, with the specification that the conduct referred to in the second paragraph may only be committed by the directors of the subsidiary.

In relation to the conduct outlined in the first paragraph, it consists of:

- the acquisition, other than in cases permitted by law, of shares or quotas in the company, as a result of a purchase or sale or any other transaction (including a transaction without consideration) capable of transferring the ownership of such shares to the company; and/or
- underwriting, other than in cases permitted by law, shares in the company.

As regards the second paragraph, the conduct punishable, which is perpetrated only by the directors of the subsidiary, is similar to that of the first paragraph: what differs, however, is the object of such conduct which, in the latter case, consists of shares or quotas issued by the parent company. There must therefore be a controlling relationship between the parent company and the acquiring (subsidiary) company; however, given that the prerequisite for the offence to be committed is the actual impairment of the share capital or unavailable reserves, the purchase and/or underwriting of shares of the parent company is relevant for the purposes of this offence if there is, between the two companies, *de jure* control or *de facto* internal control (sufficient votes to exercise a dominant influence in the ordinary shareholders' meeting).
The conduct just described is punishable only if it harms the integrity of the share capital or of reserves that may not be distributed by law.
If the capital or reserves are reconstituted before the deadline for approval of the financial statements for the financial year during which the conduct took place, the offence is extinguished.

Art. 2629 of the (It.) Civil Code (Transactions to the detriment of creditors)

Directors who, in breach of legal provisions protecting creditors, carry out reductions in share capital or mergers with other companies or demergers, to the detriment of the creditors, shall be punished, on official complaint by the injured party, with imprisonment from six months to three years.
Payment of damages to creditors before trial extinguishes the offence.

The active parties to the offence are the directors. The offence is committed by carrying out, in breach of the legal provisions protecting creditors, reductions in share capital or mergers with other companies or demergers, such as to cause damage to creditors.
Payment of damages to creditors before trial extinguishes the offence.

Art. 2629-bis of the (It.) Civil Code (Failure to disclose conflicts of interest)

The director or member of the management board of a company with securities listed on regulated markets in Italy or in another European Union Member State or widely distributed among the public within the meaning of Article 116 of the Consolidated Act on Finance (It. Legislative Decree of 24 February 1998, no. 58, as subsequently amended, or of an entity subject to supervision pursuant to the Consolidated Act as per (It.) Legislative Decree of 1 September 1993, no. 385, of the aforementioned Consolidated Act of (It.) Legislative Decree no. 58 of 1998, (It.) Legis;ative Decree of 7 September 2005, no. 209, or of (It.) Legislative Decree of 21 April 1993, no. 124, who violates the obligations laid down in Article 2391, first paragraph, shall be punished by imprisonment for a term ranging from one to three years, if the violation results in damage to the company or third parties.

The offence under consideration presupposes that the company has solicited investment or been admitted to listing on regulated markets.
Since these operations do not fall within the normal operations of the Company, this offence is not relevant for the purposes of this Model.

Art. 2632 of the (It.) Civil Code (Fictitious capital formation)

Directors and contributing shareholders who, even in part, fictitiously form or increase the share capital by allocating shares or quotas in excess of the total amount of the share capital, reciprocally underwrite shares or quotas, or significantly overvalue contributions in kind or receivables or the assets of the company in the case of transformation, shall be punished by imprisonment of up to one year.

The offences under consideration (Articles 2629 and 2632 of the It. Civil Code) may only be committed in connection with extraordinary transactions (capital reduction or increase, transformation, merger or demerger) that the Company does not intend to carry out at the time.

In any case, the relevance of this case cannot be excluded a priori for this Model.
The offence punishes the conduct of directors and contributing shareholders who, even in part, fictitiously form or increase the company's capital by allocating shares or quotas in excess of the amount of the share capital. Reciprocal underwriting of shares or quotas; significant overvaluation of assets in kind or receivables or of the assets of the company, in the case of transformation, are also considered.
The rule tends to penalise unreasonable valuations both in correlation to the nature of the assets valued and in correlation to the valuation criteria adopted.
In brief:

- with reference to the conduct of reciprocal underwriting of shares or quotas, the requirement of reciprocity does not presuppose that the two transactions are simultaneous and connected;
- with respect to the conduct of overvaluing the assets of the company in the event of transformation, the assets of the company as a whole are taken into account, i.e. all assets after deduction of liabilities.

Art. 2633 of the (It.) Civil Code (Undue distribution of company assets by liquidators)

Liquidators who, by distributing corporate assets among the shareholders before the payment of the company's creditors or the provision of the sums necessary to satisfy them, cause damage to the creditors, shall be punished, on official complaint of the injured party, by imprisonment for a term ranging from six months to three years.
Payment of damages to creditors before trial extinguishes the offence.

This is an offence specific to the liquidator, which can only be committed during the liquidation of the company, and is therefore considered irrelevant for the purposes hereof.

Art. 2635 of the (It.) Civil Code (Bribery between private individuals)

Unless the fact constitutes a more serious offence, directors, general managers, executives in charge of drafting corporate accounting documents, statutory auditors and liquidators, who, following the giving or promising of money or other benefits, for themselves or others, perform or omit acts, in breach of the obligations inherent in their office or of loyalty obligations, causing damage to the company, shall be punished with imprisonment from one to three years.
The penalty is imprisonment of up to one year and six months if the offence is committed by a person subject to the direction or supervision of one of the persons referred to in the first paragraph.
Whoever gives or promises money or other benefits to the persons mentioned in the first and second paragraphs shall be punished in accordance with the penalties laid down therein.
The penalties laid down in the preceding paragraphs shall be doubled in the case of companies with securities listed on regulated markets in Italy or other States of the European Union or widely distributed among the public within the meaning of Article 116 of the Consolidated Act on Financial Intermediation, referred to in (It.) Legislative Decree of 24 February 1998, no. 58, as subsequently amended.
Proceedings shall be brought on complaint by the injured party, unless the act results in a distortion of competition in the acquisition of goods or services.

Art. 2635-bis (Incitement to bribery among private individuals)

Anyone who offers or promises undue money or other benefits to directors, general managers, executives in charge of drawing up the corporate accounting documents, statutory auditors and liquidators, of private companies or entities, as well as to those who work in them with management functions, in order that they perform or omit

an act in breach of the obligations inherent in their office or the obligations of loyalty, shall be subject, if the offer or promise is not accepted, to the penalty laid down in the first paragraph of Article 2635, reduced by one-third. The punishment referred to in the first paragraph shall apply to directors, general managers, executives in charge of drawing up the corporate accounting documents, statutory auditors and liquidators, of companies or private entities, as well as to those who perform management functions in them, who solicit for themselves or for others, including through intermediaries, a promise or giving of money or other benefits, in order to perform or omit an act in breach of the obligations inherent in their office or the obligations of loyalty, if the solicitation is not accepted.

Bribery can also take place between private parties. The presence of civil servants is no longer necessary. The "bribing party" can be anyone. The "bribed party" is a qualified person (= directors, managers, statutory auditors, certain corporate functions operating in private sectors, etc.) who acts in breach of the obligations inherent in his or her office or the obligations of loyalty. Corrupt behaviour is all behaviour that offers or promises a benefit (money or other utilities) with the aim of obtaining any unlawful or undue benefit (information, contract, contractual terms and conditions, etc.) in violation of the reference legislation or company procedures or obligations of loyalty or inherent to one's office. Corrupt acts may be carried out "indirectly" and thus by using an intermediary or a third party. As with all bribery acts, the mere instigation of bribery, i.e. offering or promising money or other benefits not due, constitutes an offence, even if such offer or promise is not subsequently accepted.

In brief:

- "Anyone", by bribing a private individual, can bring about the liability of the company under (It.) Legislative Decree no. 231;
- Active subjects of the offence: directors, general managers, executives responsible for preparing the company's accounting documents, statutory auditors and liquidators, as well as those who perform management functions;
- the active subjects are therefore acting in breach of their loyalty obligations, the obligations inherent in their office and, therefore, of company procedures or applicable regulations;
- the offence may also be committed through an intermediary;
- even if the offer or promise is not accepted, an offence is committed, i.e. incitement to bribery.

Art. 2636 of the (It.) Civil Code (Unlawful influence on the shareholders' meeting)

Anyone who, by simulated or fraudulent acts, determines the majority in a shareholders' meeting, in order to procure for him/herself or others an unjust profit, shall be punished by imprisonment for a term ranging from six months to three years.

The case is to be considered abstractly relevant for the purposes of this Model.

Art. 2637 of the (It.) Civil Code (Stock manipulation)

Anyone who spreads false news, or carries out simulated transactions or other artifices concretely capable of causing a significant alteration in the price of unlisted financial instruments or for which no application for admission to trading on a regulated market has been made, or of significantly affecting the public's confidence in the financial stability of banks or banking groups, shall be punished by imprisonment for a term ranging from one to five years.

Art. 2638 of the (It.) Civil Code (Obstructing the exercise of the functions of public supervisory authorities)

Directors, general managers, statutory auditors and liquidators of companies or entities and other persons subject by law to public supervisory authorities, or bound by obligations towards them, who, in communications to the aforementioned authorities required by law, in order to hinder the exercise of their supervisory functions, present untrue material facts, even if subject to assessment, concerning the economic, equity or financial situation of the persons subject to supervision or, for the same purpose, conceal by other fraudulent means, in whole or in part, facts they should have communicated concerning the same situation, shall be punished with imprisonment for a term ranging from one to four years. Punishability is also extended to cases where the information relates to assets owned or administered by the company on behalf of third parties.
The same punishment shall be imposed on directors, general managers, statutory auditors and liquidators of companies or entities and other persons subject by law to public supervisory authorities or bound by obligations towards them, who, in any form whatsoever, including by omitting due communications to the aforementioned authorities, knowingly obstruct their functions.

EUROSETS is not subject to any public supervisory authority. The risk of the offence being committed can therefore be excluded.

Art. 54 of (It.) Legislative Decree of 2 March 2023, no. 19 (False or omitted declarations for the issue of the pre-merger certificate)

Anyone who, in order to make it appear that the conditions for the issue of the pre-merger certificate referred to in Article 29 have been fulfilled, draws up wholly or partly false documents, alters true documents, makes false statements or omits relevant information, shall be punished by imprisonment for a term ranging from six months to three years.
In the event of conviction to a term of imprisonment of not less than eight months, the accessory penalty referred to in Article 32-bis of the Penal Code shall apply.

3.3.3.1 Identification of areas at risk of commission of corporate offences

The following areas are identified for the purposes of the commission of the corporate offences considered, at the outcome of the examination referred to in the previous Section,
with reference to the operational reality of EUROSETS:

Sensitive organisational areas:

- Board of Directors
- President and CEO;
- Financial & administration;
- Financial Plan;
- Credit collection;
- Finance.

Sensitive Processes/Activities:

- drafting the financial statements and preparing interim reports;
- management of relations with the Shareholders, the Board of Statutory Auditors and the auditor;
- bookkeeping and accounting;
- distribution of profits;
- extraordinary operations (capital reduction or increase, transformation, merger or demerger), liquidation;
- management of financial and monetary flows;
- budget preparation;
- documentation, archiving and preservation of information relating to business activities;
- intra-group transactions;
- asset and liability management activities.

3.3.3.2 Measures to prevent the commission of corporate offences

The following safeguards are in place to prevent corporate offences:

- compliance with the ethical and behavioural principles adopted by the Entity;
- principles of conduct set out in the General Section;
- organisational structure (proxies, powers and functions) referred to in the General Section;
- adoption of a system for the traceability of financial flows;
- adoption of precautions governing activities that may affect the company's accounts, with particular regard to:
    - management of accounting and budgeting processes;
    - management of provisions;
    - import and export management;
    - debt collection management;
    - surety management;
    - purchasing procedure;
    - rules for the management of discounts;
    - order management procedure.

It is forbidden to engage in, collaborate in or give rise to conduct which, taken individually or collectively, directly or indirectly constitutes one of the offences referred to above (Articles 24 and 25 of It. Legislative Decree no. 231/2001). Violations of the corporate principles and procedures envisaged by this Special Section are also prohibited.

In order to prevent the commission of the corporate offences laid down in (It.) Legislative Decree no. 231/2001, all Addressees must comply with the following conduct:

- act, each according to his or her function, in a correct, transparent manner and in compliance with the law, regulations, existing company procedures, and generally recognised principles of bookkeeping;
- maintain a conduct informed by the principles of fairness, transparency and cooperation in carrying out the procedures aimed at drawing up the financial statements, periodic accounting reports and corporate communications in general;
- maintain a conduct informed by the principles of fairness, transparency and cooperation when acquiring, processing and disclosing information intended to enable the Shareholders, institutions and the public to have true and correct information on the Company's economic, equity and financial situation;
- provide true and appropriate information on the economic, equity and financial situation of the Company,
- ensure the regular functioning of the Company and its corporate bodies, facilitating and guaranteeing all forms of internal control and promoting the free formation and adoption of collective decisions;
- strictly comply with all rules laid down by law to protect the integrity of the share capital;
- comply, in the event of a reduction in share capital, merger and/or demerger, with the legal provisions protecting creditors;
- promptly, fairly and in good faith make all communications required by law and regulations to the supervisory authorities, not obstructing in any way the exercise of the control functions exercised by them.

In accordance with these principles, it is therefore prohibited to:

- prepare or communicate data that are false, incomplete or otherwise likely to provide an incorrect description of the Company's economic, equity and financial situation;
- omit to disclose data and information required by the legislation and procedures in force concerning the economic, equity and financial situation of the Company;
- repay contributions to Shareholders or exempt Shareholders from making them, except in cases specifically provided for by law;
- distribute profits not actually earned or allocated by law to reserves, as well as distribute reserves that cannot be distributed by law;
- carry out share capital reductions, mergers or demergers in breach of the legal provisions protecting creditors;
- proceed in any way with the fictitious formation or increase of share capital;
- behave in such a way as to materially impede, or in any case hinder, by concealing documents or using other fraudulent means, the performance of control or auditing activities of the company's management by the board of statutory auditors or the auditor;
- omit to make, with due clarity, completeness and timeliness, the notifications to the competent authorities required by law;
- engage in any conduct that obstructs the exercise of functions by public authorities, including during inspections.

Specific procedures are laid down for activities within the categories of operations at risk identified above; in particular:

- Each operation at risk must be duly recorded in writing so that the adoption of the decisions and the relevant authorisation levels can be reconstructed, in order to guarantee the transparency of the choices made;
- those who take or implement decisions, those who must give accounting evidence of the operations decided upon, and those who are required to carry out the controls on the same operations as provided for by law and by the procedures laid down by the internal control system must not be the same;
- documents concerning the business activity must be filed and stored by the competent department in such a way that they cannot be subsequently altered, except with appropriate evidence;
- no payment may be made in cash or in kind, unless specifically authorised in advance by the competent departments;
- the choice of external consultants must be justified and be based on requirements of professionalism, independence and expertise;
- no fees or commissions must be paid to agents, commercial partners, collaborators and/or suppliers to an extent that is not congruous with respect to the services rendered to the Company and/or in any case not in accordance with the assignment conferred, to be assessed on the basis of criteria of reasonableness and with reference to the conditions or practices existing on the market or determined by tariffs;
- bonus systems for employees and collaborators must respond to realistic objectives that are consistent with the tasks and activities performed and the responsibilities entrusted;
- the persons who perform a control and supervisory function over the performance of the above-mentioned activities must pay particular attention to the implementation of such obligations and immediately report any irregularities to the Supervisory Board.

The Supervisory Board proposes amendments and possible additions to the above-mentioned provisions and to the relevant implementation procedures.

3.3.4 INSIDER TRADING AND MARKET MANIPULATION (Art. 25-sexies of It. Legislative Decree no. 231/01)

It was decided to deal with the cases referred to in the Consolidated Act on Finance (Art. 25 sexies of the Decree) together with the offence of stock manipulation, since the methods of commission are similar.

Art. 184 T.U.F. [Consolidated Act on Finance] (Insider trading)

A term of imprisonment for a term ranging from one to six years and a fine ranging from twenty thousand euros to three million euros shall be imposed on any person who, being in possession of inside information (by reason of his/her membership of the administrative, management or supervisory bodies of the issuer, his/her participation in the capital of the issuer), or by reason of his/her occupation, profession or function, including public function, or office:

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

The same punishment as set out in paragraph 1 shall apply to any person who, being in possession of inside information by reason of the preparation or execution of criminal activities, engages in any of the actions set out in paragraph 1. The judge may increase the fine up to three times or up to the greater amount of ten times the proceeds or profit made from the offence when, because of the seriousness of the offence, the personal qualities of the offender or the size of the proceeds or profit made from the offence, it appears inadequate even if applied at the maximum.
For the purposes of this Article, financial instruments shall also mean those financial instruments referred to in Article 1, paragraph 2 whose value depends on a financial instrument referred to in Article 180, paragraph 1, letter a).

Art. 185 T.U.F. [Consolidated Act on Finance] (Market manipulation)

Anyone who spreads false news or carries out simulated transactions or other devices concretely capable of causing a significant alteration in the price of financial instruments shall be punished by imprisonment for a term ranging from one to six years and a fine of between twenty thousand euros and five million euros.
The judge may increase the fine up to three times or up to the greater amount of ten times the proceeds or profit made from the offence when, because of the seriousness of the offence, the personal qualities of the offender or the size of the proceeds or profit made from the offence, it appears inadequate even if applied at the maximum.

Art. 14 of Reg. (EU) no. 596/2014 (Prohibition of insider trading and unlawful disclosure of inside information)

It is forbidden to: (a) abuse or attempt to abuse inside information; (b) recommend that others abuse inside information or induce others to abuse inside information; or (c) unlawfully disclose inside information

Art. 15 of Reg. (EU) no. 596/2014 (Prohibition of market manipulation)

No market manipulation or attempt to engage in market manipulation is permitted.

3.3.4.1 Identification of areas at risk of insider trading and market manipulation offences

These offences essentially consist in the use or dissemination of inside or untrue information, or the performance of simulated transactions capable of significantly altering the price of listed or unlisted financial instruments. The aforementioned cases are deemed not to be relevant for the purposes of this Model.

3.3.5 OFFENCES FOR THE PURPOSE OF TERRORISM (Art. 25-quater of It. Legislative Decree no. 231/01)

Art. 25-quater of the Decree, providing for the liability of entities in the event of the commission of offences for the purposes of terrorism or subversion of the democratic order, sets forth the following:
"*the following financial penalties shall apply to the entity in relation to the commission of offences having the purpose of terrorism or subversion of the democratic order, provided for by the Penal Code and by special laws: (i) if the offence is punished with imprisonment of less than ten years, a financial penalty ranging from two hundred to seven hundred quotas, (ii) if the offence is punished with imprisonment of no less than ten years or with life imprisonment, a financial penalty ranging from four hundred to one thousand quotas. In the event of conviction for one of the offences indicated in paragraph 1, the disqualification sanctions provided for in Article 9 paragraph 2 of the Decree shall apply, for a duration of no less than one year. If the entity or one of its organisational units is permanently used for the sole or predominant purpose of permitting or facilitating the commission of the offences indicated in paragraph 1, the sanction of definitive disqualification from exercising the activity pursuant to Article 16, paragraph 3 of the Decree shall apply. The provisions of paragraphs 1, 2 and 3 shall also apply in relation to the commission of offences, other than those referred to in paragraph 1, which are in any event committed in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism, signed in New York on 9 December 1999*".

Article 25-quater does not list the offences for which the entity is liable. The provision under comment merely refers, in its first paragraph, to the offences provided for in the (It.) Penal Code (Art. 270-bis of the It. Penal Code) and special laws and, in the third paragraph, offences other than those regulated in paragraph 1, but committed in violation of Article 2 of the 1999 New York Convention, providing for a general "open" reference to all current and future hypotheses of terrorist offences.

Article 270-bis of the (It.) Penal Code (Associations for the purpose of terrorism, including international terrorism or subversion of the democratic order) covers two distinct criminal offences (i) the promotion, setting up, organisation, management or financing of associations for the purpose of terrorism or subversion of the democratic order (paragraph 1), (ii) participation in such associations (paragraph 2).
Art. 2 of the Convention (financing of terrorism) for the suppression of the financing of terrorism, referred to in the new Article 25-quater, obliges the contracting States to punish all acts by which a person wilfully procures or uses, directly or indirectly, funds that may be used for the purpose of committing a terrorist act, i.e. an act intended to cause death or injury to a civilian, or other person not involved as an active participant in an armed conflict, where the purpose of the act is to intimidate a people or to compel a government or international organisation to do or not to do something (examples of terrorist acts are: hijacking of aircraft or ships, explosion of ordnance, hostage-taking, etc.).

3.3.5.1 Identification of areas at risk of commission of offences for the purpose of terrorism

The offences of material action and aiding and abetting for the purposes of terrorism are not conceivable for the Company, while the offences of direct or indirect financing, through the provision of funds by means of unlawful appropriation of money (Article 270-bis of the It. Penal Code: associations for the purposes of terrorism, including international terrorism or subversion of the democratic order), could be conceivable for the Company, but only in an abstract and residual way.

Since there are consequently no reasons to exclude absolutely and in principle the commission of the financing offence in question, it is to be considered hypothetically relevant to the EUROSETS Model. The offence may be committed through the creation of unjustified funds to finance, directly or indirectly, associations that aim to commit acts of violence with the purpose or subversion of the democratic order (examples of unjustified funds are economic provisions obtained through consultancy, donations or fictitious invoicing).

Sensitive organisational areas:

- President and CEO;
- Board of Directors;
- Country Manager;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Export;
- Credit collection;
- Financial & administration;
- Finance.

Sensitive Processes/Activities:

- bookkeeping and accounting;
- distribution of profits;
- the creation of unjustified funds to finance, directly or indirectly, associations aiming to commit acts of violence with the purpose or subversion of the democratic order (examples of unjustified funds are economic supplies obtained through consultancy, donations or fictitious invoicing);
- handouts;
- intra-group transactions or transactions with a foreign counterparty;
- contracts concluded with foreign counterparties, especially in countries so-called "at risk from terrorism".

3.3.5.2 Measures to prevent the commission of the offence

The company undertakes: (i) not to promote, constitute, organise or direct associations for the purposes of terrorism or subversion of the democratic order, (ii) not to finance any behaviour of one or more natural or legal persons, whether associated or not, aimed at carrying out a terrorist act.
More specifically, the following safeguards are also in place to prevent the offence in question:

- compliance with the ethical and behavioural principles adopted by the Entity;
- organisational structure (proxies, powers and functions) outlined in the General Section;
- proper management of accounting and budgeting processes;
- adoption of a system for the traceability of financial flows;
- consistency in the management of agent commissions;
- documentation of expenses;
- proper management of travel and customer entertainment expenses;
- proper management of expense claims;
- ban on the use of cash;
- proper management of commercial policies;
- procedure for managing undertakings and donations;

- proper management of discounts;
- authorisation limits on discounts;
- internal procedure on the subject of donations;
- careful evaluation and choice of suppliers;
- contractual format on the subject of consultancy relationships;
- proper management of attendance, travel and company assets.

3.3.6 OFFENCES AGAINST THE INDIVIDUAL (Art. 25-quinquies of It. Legislative Decree no. 231/01)

Art. 600 of the (It.) Penal Code (Reducing and maintaining individuals to a state of slavery or servitude)

Anyone who exercises over a person powers corresponding to those of the right of ownership or anyone who reduces or keeps a person in a state of continuous subjection, forcing him/her to labour or sexual services or to begging or in any case to services involving his/her exploitation, shall be punished by imprisonment for a term ranging from eight to twenty years.

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

Art. 600-bis of the (It.) Penal Code (Child prostitution).

Anyone who induces a person under the age of eighteen years to engage in prostitution or promotes or exploits prostitution is punished with imprisonment for a term ranging from six to twelve years and a fine ranging from EUR 15,493 to EUR 154,937. Unless the act constitutes a more serious offence, anyone who engages in sexual acts with a child between the ages of fourteen and sixteen, in exchange for money or other economic benefit, shall be punished by imprisonment for a term ranging from six months to three years or by a fine of no less than EUR 5,164. The penalty is reduced by one-third if the perpetrator is a person under the age of eighteen.

Art. 600-ter of the (It.) Penal Code (Child pornography)

Anyone who exploits minors under the age of eighteen for the purpose of pornographic performances or the production of pornographic material shall be punished by imprisonment for a term ranging from six to twelve years and a fine ranging from EUR 25,822 to EUR 258,228. The same punishment shall apply to anyone who trades in the pornographic material referred to in the first paragraph.
Anyone who, outside the cases referred to in the first and second paragraphs, by any means whatsoever, including by telecommunication means, distributes, discloses or publicises the pornographic material referred to in the first paragraph, or distributes or discloses news or information aimed at the solicitation or sexual exploitation of minors under eighteen years of age, shall be punished by imprisonment from one to five years and a fine ranging from EUR 2,582 to EUR 51,645. Anyone who, outside the cases referred to in the first, second and third paragraphs, knowingly transfers to others, even free of charge, pornographic material produced through the sexual exploitation of minors under the age of eighteen years, shall be punished with imprisonment of up to three years or with a fine ranging from EUR 1,549 to EUR 5,164.

Art. 600-quater of the (It.) Penal Code (Possession of pornographic material)

Anyone who, outside the cases provided for in Article 600-ter, knowingly procures or possesses pornographic material produced through the sexual exploitation of minors under the age of eighteen years shall be punished with imprisonment of up to three years or with a fine of no less than EUR 1,549.

Art. 600-quater 1 of the (It.) Penal Code (virtual pornography)

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

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

Art. 600-quinquies of the (It.) Penal Code (Tourism initiatives aimed at the exploitation of child prostitution)

Anyone who organises or advertises trips aimed at the enjoyment of prostitution activities to the detriment of minors or in any case including such activities shall be punished by imprisonment for a term ranging from six to twelve years and a fine ranging from EUR 15,493 to EUR 154,937.

Art. 601 of the (It.) Penal Code (Human trafficking)

Anyone who carries out trafficking of a person who is in the conditions referred to in Article 600 or, in order to commit the offences referred to in that Article, induces that person by means of deception or compels him/her by means of violence, menace, abuse of authority or of a situation of physical or mental inferiority or of necessity or by promising or giving sums of money or other benefits to the person having authority over him/her, to enter or stay in or leave the territory of the State or to move within it, shall be punished by imprisonment for a term ranging from eight to twenty years.

Art. 602 of the (It.) Penal Code (Purchase and sale of slaves)

Anyone who, outside the cases referred to in Article 601, purchases or sells a person who is in one of the conditions referred to in Article 600 is liable to imprisonment for a term ranging from eight to twenty years.

Art. 603-bis of the (It.) Penal Code (Illegal intermediation and exploitation of labour)

Unless the act constitutes a more serious offence, a term of imprisonment for a term ranging from one to six years and a fine of between EUR 500 and EUR 1,000 for each worker recruited shall be imposed on anyone who:
1) recruits labour for the purpose of assigning them to work for third parties under exploitative conditions, taking advantage of the workers' state of need;
2) uses, hires or employs labour, including through the intermediary activity referred to in paragraph 1), subjecting workers to exploitative conditions and taking advantage of their state of need.
If the acts are committed by means of violence or threats, the penalty is imprisonment for a term ranging from five to eight years and a fine of between EUR 1,000 and 2,000 for each recruited worker. For the purposes of this article, the existence of one or more of the following conditions constitutes an indication of exploitation:
1) the repeated payment of remuneration in a manner manifestly at variance with the national or territorial bargaining agreements concluded by the most representative trade unions at national level, or in any event disproportionate to the quantity and quality of the work performed;
2) repeated violation of the regulations on working time, rest periods, weekly rest, compulsory leave, holidays;
3) the existence of violations of occupational health and safety regulations;
4) the subjection of the worker to degrading working conditions, surveillance methods or housing situations.
The following constitute a specific aggravating circumstance and entail an increase in the penalty from one-third to one half:

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

Art. 609 undecies of the (It.) Penal Code (Grooming of minors)

Anyone who, with the aim of committing the offences referred to in Articles 600, 600-bis, 600-ter and 600-quater, even if they relate to pornographic material referred to in Article 600-quater.1, 600-quinquies, 609-bis, 609-quater, 609-quinquies and 609-octies, grooms a child under the age of sixteen, shall be punished, if the act does not constitute a more serious offence, by imprisonment for a term ranging from one to three years. Grooming shall mean any act aimed at gaining the trust of a child through artifice, flattery or threats, including through the use of the Internet or other networks or means of communication.

3.3.6.1 Relevance of the offence for the EUROSETS Model

In order for EUROSETS to be administratively liable under Decree 231/01, it is necessary that the offences referred to above be committed in the interest or to the benefit of the Company.

For the offences provided for in Articles 600a, 600b, 600c(1) and 600c(1), the commission of this category of offences in the interest or to the benefit of EUROSETS does not appear possible. The Assobiomedica Guidelines consider the offence of child pornography abstractly conceivable with reference only to companies operating in the publishing or audiovisual sector that publish pornographic material or to companies that operate Internet sites on which such material is present.

The activities or fields of activity described in the Guidelines do not apply to EUROSETS. If such offences are committed by top management or subordinates, they may only have acted in their own interest or in the interest of third parties. Consequently, the Company considers these offences as not relevant for the purposes of this Model.

On the other hand, as regards offences related to slavery under Articles 600, 601, 602, 603-bis of the criminal code as suggested by Confindustria, the relevant conduct in these cases is the illegal procuring of labour through the smuggling of immigrants and the slave trade. Moreover, these offences extend not only to the person who directly carries out such conduct, but also to those who knowingly facilitate, even only financially, the same conduct (e.g. a supplier).

In this respect, the Company could, by committing such offences, obtain a benefit or see an interest of its own protected.

Moreover, a similar argument can be put forward the offence of tourism initiatives aimed at exploiting child prostitution: although the Confindustria Guidelines consider the offence to be relevant only for companies operating in the travel organisation sector, given the possibility for the company to organise/finance training activities also abroad, the offence is considered to be abstractly feasible.

EUROSETS, consequently, considers the offences under Articles 600, 600-quinquies, 601, 602 and 603-bis of the criminal code to be pertinent for the purposes of this Model.

3.3.6.2 Identification of areas at risk of committing offences against the individual

For the purposes of the commission of the offences in question, as a result of the examination set out in the preceding paragraph and with reference to the operational reality of EUROSETS, we identify the following

Sensitive organisational areas:

- Employer;
- Customer Care;
- Operations;
- Customer Services;
- Marketing;
- Country Manager;
- Administration;
- Human Resources.

Sensitive Processes/Activities:

- recruitment and management of personnel;
- relations with suppliers;
- event organisation;
- choice of suppliers.

3.3.6.3 Measures to prevent the commission of the offence

The company commits itself to:

- implement labour legislation, with particular attention to child labour, occupational health and safety and, lastly, concerning trade union rights or, in any case, the workers' rights to association and representation;
- refrain from performing acts that may in any way constitute or relate to conduct aimed at exploiting the labour of socially weak persons;
- provide in company policies principles aimed at protecting the physical and moral integrity of its employees, as well as working conditions that respect individual dignity;
- envisage additions to the general terms and conditions of contracts with Partners with clauses requiring them to respect the rights of the individual, in particular with regard to child labour, health and safety, and trade union representation;
- include provisions for the prevention of offences in company policies.

The following safeguards are also in place for the prevention of the offence in question:

- compliance with the ethical and behavioural principles adopted by the Entity;
- principles of conduct in relations with customers, as set out in the General Section;
- proper management of customer's travel expenses;
- proper handling of HCP gifts and entertainment;
- correct management of undertakings and donations;
- proper management of promotional activities;
- correct management of expense claims;
- consistency in the management of agent commissions;
- careful selection of personnel;
- proper management of conferences, congresses and invitations;
- proper management of donations;
- careful evaluation and choice of suppliers;
- careful management of third parties;
- documentation of expenses;
- ban on the use of cash.

3.3.7 TRANSNATIONAL CRIMES, (IT.) LAW 146 OF 2006

(It.) Law of 16 March 2006, no. 146: "Ratification and Execution of the United Nations Convention and Protocols against transnational organised crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001" introduced the administrative liability of entities for the commission of transnational crimes.

Art. 3 of (It.) Law of 16 March 2006, no. 146: definition of transnational crime

For the purposes of this law, a transnational offence is considered to be an offence punishable by a maximum term of imprisonment of no less than four years where an organised criminal group is involved, and the offence:

1. *is committed in more than one State;*
2. *is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State;*
3. *is committed in one State, but an organised criminal group engaged in criminal activities in more than one State is involved;*
4. *is committed in one State but has substantial effects in another State.*

Art. 10 of (It.) Law of 16 March, no. 146: administrative liability of entities

The provisions of the following paragraphs shall apply in relation to the administrative liability of entities for the offences provided for in Article 3.
In the case of the commission of the offences provided for in Articles 416 and 416-bis of the Penal Code, Article 291-quater of the Consolidated Act referred to in Presidential Decree of 23 January 1973, no. 43, and Article 74 of the Consolidated Act of the Presidential Decree of 9 October 1990, no. 309, the pecuniary administrative sanction of four hundred to one thousand quotas shall apply to the entity.
In the event of conviction for one of the offences indicated in paragraph 2, the disqualification penalties provided for in Article 9, paragraph 2, of Legislative Decree of 8 June 2001 no. 231 shall apply, for a duration of not less than one year. If the entity or one of its organisational units is permanently used for the sole or predominant purpose of enabling or facilitating the commission of the offences indicated in paragraph 2, the administrative penalty of definitive disqualification from carrying out the activity pursuant to Article 16(3) of Legislative Decree of 8 June 2001, no. 231 shall apply to the entity.
In the case of offences relating to money laundering, for the offences referred to in Articles 648-bis and 648-ter of the Penal Code, a pecuniary administrative sanction of between two hundred and eight hundred quotas shall apply to the entity.
In the event of conviction for the offences referred to in paragraph 5 of this Article, the disqualification sanctions provided for in Article 9, paragraph 2, of Legislative Decree of 8 June 2001, no. 231 shall apply, for a period not exceeding two years.
In the case of migrant smuggling offences, for the offences referred to in Article 12(3), (3-bis), (3-ter) and (5) of the Consolidated Act referred to in Legislative Decree of 25 July 1998, no. 286, as amended, the pecuniary administrative sanction of two hundred to one thousand shares shall apply to the entity.
In the event of conviction for the offences referred to in paragraph 7 of this Article, the disqualification sanctions provided for in Article 9, paragraph 2, of Legislative Decree of 8 June 2001, no. 231 shall apply, for a period not exceeding two years.
In the case of offences relating to obstruction of justice, for the offences referred to in Articles 377-bis and 378 of the Penal Code, a pecuniary administrative sanction of up to five hundred shares shall apply to the entity.
The provisions of Legislative Decree of 8 June 2001, no. 231 shall apply to the administrative offences provided for in this Article.

3.3.7.1 The typology of transnational crimes

1. Criminal association (Art. 416 of the It. Penal Code);
2. Mafia-type association (Art. 416-bis of the It. Penal Code);
3. Criminal association for the purpose of smuggling foreign tobacco products (Art. 291-quater of the Consolidated Act as per It. Presidential Decree of 23 January 1973, no. 43);
4. Association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (Art. 74 of the Consolidated Act as per It. Presidential Decree of 9 October 1990, no. 309);
5. Provisions against illegal immigration (Art. 12, paragraphs 3, 3-bis, 3-ter and 5, of the Consolidated Act as per It. Legislative Decree of 25 July 1998, no. 286);
6. Inducement not to make statements or to make false statements to the judicial authorities (Art. 377-bis of the It. Penal Code);
7. Aiding and abetting (Art. 378 of the It. Penal Code).

Art. 416 of the (It.) Penal Code (criminal association)

When three or more persons associate for the purpose of committing crimes, those who promote or set up or organise the association shall be punished by imprisonment for a term ranging from three to seven years.

For the mere fact of participating in the association, the penalty is imprisonment for a term ranging from one to five years. The leaders are subject to the same penalty as the promoters.

If the associates take up arms in the countryside or public streets, imprisonment for a term ranging from five to fifteen years shall be applied.

The penalty is increased if the number of associates is ten or more.

If the association is intended to commit any of the offences referred to in Articles 600, 601 and 602 of the Penal Code, as well as to Article 12, paragraph 3-bis, of the Consolidated Act of the provisions concerning the regulation of immigration and rules on the condition of foreigners, referred to in Legislative Decree of 25 July 1998, no. 286, a term of imprisonment for a term ranging from five to fifteen years shall apply in the cases referred to in the first paragraph and from four to nine years in the cases referred to in the second paragraph.

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

The offence occurs when three or more persons form an association - through a stable and permanent union endowed with a minimum degree of organisation appropriate to the planned criminal programme - for the purpose of committing offences.
The offence is consummated when the association of at least three persons is formed, the commencement of the criminal activity not being necessary.
The persons liable to criminal penalties are those who have promoted, set up, organised or participated in the association.

Art. 416 bis of the (It.) Penal Code (mafia-type association)

Anyone who is part of a mafia-type association consisting of three or more persons shall be punished by imprisonment for a term ranging from seven to twelve years.

Those who promote, direct or organise the association are punished with imprisonment for a term ranging from nine to fourteen years.

An association is of the mafia type when its members make use of the intimidating force of the association bond and of the condition of subjugation and the code of silence deriving therefrom to commit offences, to directly or indirectly acquire the management or control of economic activities, concessions, authorisations, contracts and public services or to obtain unjust profits or benefits for themselves or others, or in order to prevent or hinder the free exercise of the right to vote or to procure votes for themselves or others during elections.

If the association is armed, the penalty is imprisonment for a term ranging from nine to fifteen years in the cases provided for in the first paragraph and of twelve to twenty-four years in the cases provided for in the second paragraph.

The association is considered armed when the participants have, for the achievement of the association's purpose, weapons or explosive materials available to them, even if concealed or kept in a storage place.

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

The confiscation from the convicted person of the things that served or were intended to commit the offence and of the things that are the price, product, profit or use thereof is always mandatory.

The provisions of this Article shall also apply to the Camorra, the 'ndrangheta and other associations, however locally named, including foreign ones, which, making use of the intimidating force of the association bond, pursue aims corresponding to those of mafia-type associations.

Art. 291-quater of the Consolidated Act of (It.) Presidential Decree of 23 January 1973, no. 43 (conspiracy to smuggle foreign tobacco products)

When three or more persons associate for the purpose of committing several offences among those set forth in Article 291-bis, those who promote, set up, direct, organise or finance the association shall be punished, for this alone, by imprisonment for a term ranging from three to eight years.

Unlike the criminal association under Art. 416 of the (It.) Penal Code, the offence in question is aimed solely at smuggling foreign tobacco products.

Art. 74 of the Consolidated Act of (It.) Presidential Decree of 9 October 1990, no. 309 (association for the purpose of illegal trafficking of narcotic or psychotropic substances)

Unlike the criminal association under Art. 416 of the (It.) Penal Code, the offence under consideration is aimed solely at the illegal trafficking of narcotic or psychotropic substances.

With regard to the offences of conspiracy to smuggle foreign tobacco products or to smuggle narcotic drugs or psychotropic substances, the commission of these categories of offences in the interest or to the benefit of EUROSETS does not appear to be possible.

If such offences are committed by top management or subordinates, they may only have acted in their own interest or in the interest of third parties.

The Company considers these offences to be irrelevant for the purposes of this Model.

Art. 12, paragraphs 3, 3-bis, 3-ter and 5, of the Consolidated Act of (It.) Legislative Decree of 25 July 1998, no. 286 (provisions against illegal immigration)

This offence consists in carrying out acts aimed at procuring illegal entry or facilitating the illegal stay of immigrants on Italian territory. This offence is considered irrelevant for the purposes of this Model; instead, reference is made here to the potential relevance of the offence of employment of third-country nationals whose residence is irregular, referred to below.

Art. 377 bis of the (It.) Penal Code (inducement not to make statements or to make false statements to the judicial authorities)

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

The offence consists in the use of threats or violence or the promise or offer of money or other benefits in order to induce someone to make false statements or to refrain from making statements in criminal proceedings.

The offence is committed at the time and in the place where the conduct of coercion or the offer or promise of money or other benefits is carried out.

The aforementioned offence is considered relevant for the purposes of this Model.

Art. 378 of the (It.) Penal Code (aiding and abetting)

Anyone who, after the commission of an offence for which the law prescribes the death penalty or life imprisonment or a jail sentence, and outside cases of complicity therein, aids any person in evading the investigations of the authorities, or in evading the searches thereof, shall be punished with imprisonment of up to four years.
When the offence committed is that provided for in Art. 416-bis, a term of imprisonment of no less than two years shall apply in each case.
In the case of offences for which the law prescribes a different penalty, or of misdemeanours, the penalty is a fine of up to one million lire.
The provisions of this Article shall also apply when the person aided is not chargeable or is found not to have committed the offence.

The offence is committed if an action is carried out to help someone evade investigation or evade the search of the authorities.

3.3.7.2 Identification of areas at risk of commission of transnational offences

In relation to the transnational offences set out in the previous paragraph and considered relevant for the purposes of this document, the following are identified as
Sensitive organisational areas:

- President and CEO;
- Marketing;
- Country Manager;
- Finance;
- Financial & administration;
- Credit collection;
- Export;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Human Resources.

Sensitive Processes/Activities:

- Personnel recruitment;
- Relations with Third Parties;
- Intra-group transactions;
- Creation of unjustified provisions;
- Purchase contracts with foreign counterparties;
- Financial transactions with foreign counterparties;
- Investments with foreign counterparties.

3.3.7.3 Measures to prevent the commission of transnational crimes

With regard to preventive and repressive measures, we would like to highlight the following specific preventive checks:

- verification of the presence of foreign counterparties in the lists of the Bank of Italy (Financial Intelligence Unit);
- verification of the good repute and professionalism requirements of business partners;
- laying down the minimum requirements to be met by bidders and setting the criteria for evaluating the bids in standard contracts;
- application of selection and personnel management procedures;
- verification of all counterparties through the most appropriate company documentation.

3.3.8 NEGLIGENT MANSLAUGHTER AND GRIEVOUS OR VERY GRIEVOUS BODILY HARM COMMITTED IN BREACH OF THE RULES RELATING TO ACCIDENT PREVENTION AND THE PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY (Art. 25-septies of It. Legislative Decree no. 231/01)

Following the entry into force of Art. 25-septies, the predicate offences for the application of (It.) Legislative Decree no. 231/01 also include negligent manslaughter and grievous or very grievous bodily harm, committed in violation of the rules on accident prevention and the protection of occupational health and safety.

Art. 589 of the (It.) Penal Code (negligent manslaughter)

Anyone who culpably causes the death of a person shall be punished by imprisonment for a term ranging from six months to five years. If the offence is committed in violation of the rules for the prevention of accidents at work, the penalty is imprisonment for a term ranging from two to seven years.
If the offence is committed in the unauthorised exercise of a profession for which a special State or medical licence is required, the penalty is imprisonment for a term ranging from three to ten years.
In the event of the death of more than one person, or of the death of one or more persons and injuries to one or more persons, the sentence that should be imposed for the most serious of the violations committed shall apply, increased by up to three times, but the sentence may not exceed fifteen years.

Art. 590 of the (It.) Penal Code (unintentional injuries)

Anyone who, through negligence, causes personal injury to another person shall be punished by imprisonment of up to three months or a fine of up to EUR 309.
If the injury is serious, the punishment shall be imprisonment for a term ranging from one to six months or a fine from EUR 123 to EUR 619; if it is very serious, imprisonment for a term ranging from three months to two years or a fine from EUR 309 to EUR 1,239.
If the acts referred to in the second paragraph are committed in breach of the rules for the prevention of accidents at work, the punishment for serious injuries shall be imprisonment for a term ranging from three months to one year or a fine ranging from EUR 500 to EUR 2,000, and the punishment for very serious injuries shall be imprisonment for a term ranging from one to three years.
If the acts referred to in the second paragraph are committed in the unauthorised exercise of a profession for which a special State or medical licence is required, the penalty for grievous bodily harm shall be imprisonment for a term ranging from six months to two years and the penalty for grievous bodily harm shall be imprisonment for a term ranging from one year and six months to four years. In the case of injuries to more than one person, the punishment that should be imposed for the most serious of the violations committed shall apply, increased by up to threefold; but the punishment of imprisonment may not exceed five years.
The offence is punishable on official complaint by the injured person, except in the cases provided for in the first and second paragraphs, limited to acts committed in breach of the rules for the prevention of accidents at work or relating to occupational hygiene or which have resulted in an occupational disease.

3.3.8.1 Explanatory remarks

Serious injuries are those that result in:

- an illness endangering the life of the injured party, or an illness or inability to attend to ordinary occupations for a period exceeding 40 days;
- permanent impairment of a sense or organ;

- Very serious injuries are those that result in:
- an illness that is certainly or probably incurable;
- the loss of a sense;
- the loss of a limb, or a mutilation rendering the limb useless, or the loss of the use of an organ or the capacity to procreate, or a permanent and serious speech impediment, deformation, or permanent disfigurement of the face.

3.3.8.2 Identification of areas at risk of the offences being committed

The unintentional offences in question acquire relevance from the point of view of the administrative liability of the legal person where they are the consequence of violations of the applicable legislation on the protection of occupational health and safety and, in particular, purely by way of a non-limiting example, in the following cases:

- failure to carry out or inadequate risk assessment;
- lack of or inadequate drafting of the relevant document and its regular updating ("RAD");
- failure to appoint a Health and Safety Officer (RSPP) or appointment of a person without adequate experience, training and professional preparation;
- failure to designate First Aid Officers and Fire Fighters;
- failure to set up or removal of or damage to signalling systems, apparatus and/or instruments intended to prevent disasters and/or accidents at work (omission or removal of accident prevention measures);
- omission to place or removal of or damage to, in such a way as to render them unusable, of apparatus or other instruments intended for extinguishing a fire or for rescue or relief in the event of disaster or accident at work (omission or removal of safety devices);
- failure to provide training/information to employees as required by current legislation;
- failure to distribute PPE;
- failure to designate the company doctor for the health surveillance of working conditions and employees or appointment of a person not possessing adequate experience, training and professional preparation.

The aforementioned cases are considered relevant for the purposes of this Model. For the purposes of the commission of the offences in question and with reference to the operational reality of EUROSETS, we have identified the following

Sensitive organisational areas:

- President and CEO;
- Employer;
- Health and Safety Officer (RSPP);
- Customer Care;
- Customer Service;
- Product specialist;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Country Manager;
- Technical Assistance;
- Technical&Maintenance;

- R&D;
- Scientific Director;
- Production Area;
- Laboratory Area;
- Warehouse;
- Moulding room and Clean room.

Sensitive Processes/Activities:

- recruitment and management of personnel;
- appointment of the Health and Safety Officer and of the company Doctor and all the other figures envisaged by (It.) Legislative Decree no. 81/2008;
- carrying out a risk assessment;
- drawing up the risk assessment document and updating it regularly;
- provision of signalling systems, apparatus and/or instruments for the prevention of disasters and/or accidents at work;
- location of equipment or other instruments intended for extinguishing a fire or for rescue or relief in the event of a disaster or accident at work;
- activities in the operating room;
- management of the production/laboratory area;
- distribution of PPE;
- provision and delivery of training/information services to employees as required by current legislation.

Any additions to the aforementioned areas at risk may be ordered, also at the instigation of the SB, or of the Workers' Safety Representative, by the top management of EUROSETS, which is mandated to analyse the current system of checks and to identify and adopt the appropriate operational measures.

3.3.8.3 Measures to prevent the commission of offences related to accident prevention and occupational safety management.

EUROSETS promotes the dissemination of a culture of safety and awareness of the risks associated with the work activities carried out in its headquarters, offices and related workplaces - including external ones - requiring, at every level of the company, responsible behaviour and respect for the procedures adopted in the field of occupational safety.
As a general rule, all Addressees, in various capacities involved in the management of corporate safety, are obliged to implement, each for the part under his or her purview, the proxies received and the procedures adopted in this context, and the prevention and protection measures put in place to guard against the safety-related risks identified in the Risk Assessment Document.
In particular, for effective risk prevention and in compliance with the requirements of (It.) Legislative Decree no. 81/2008 as subsequently amended and supplemented, as well as consistently with the allocation of roles, tasks and responsibilities in the field of safety, an express request has been made to:

- the corporate subjects (Employer and Executives) and the corporate management units and departments involved in various ways in safety management to perform the tasks assigned to them by the Company in this matter in compliance with the proxies received, the prevention measures adopted and the existing corporate procedures, taking care to inform and train the personnel who, in the performance of their activities, are exposed to safety-related risks;

- the persons appointed by the Company or elected by the personnel pursuant to (It.) Legislative Decree no. 81/2008 (i.e. the Health and Safety Officer - RSPP, the Prevention and Protection Service Officers, the persons in charge of implementing fire prevention measures, fire-fighting, evacuation of workers in the event of danger; the First Aid Officers, the company Doctor, the Workers' Safety Representative) to perform, each within the scope of their competences and attributions, the safety tasks specifically entrusted to them by the laws in force and envisaged by the safety system adopted by the Company;
- the persons in charge of supervising the proper observance by all workers of the safety measures and procedures adopted by the Company, reporting any shortcomings or misalignments of the safety system, as well as any conduct contrary to it;
- all employees to take care of their own safety and health and that of other persons who have access to the Company's facilities, and to comply with the Company's measures, safety procedures and instructions;

For operations relating to the fulfilment and management of occupational health and safety obligations pursuant to (It.) Legislative Decree no. 81/2008, the specific control protocols envisage that:

- procedures, roles and responsibilities are defined with regard to the stages of the activity relating to preparing and implementing the system of prevention and protection of workers' health and safety;
- mechanisms are defined, consistent with the relevant legal provisions, to guarantee:

i. the evaluation and periodic monitoring of the suitability and professionalism requirements of the person in charge of the prevention and protection service and of the health and safety officers ("SPP");

ii. an indication of the minimum competences, number, tasks and responsibilities of the workers responsible for implementing emergency, fire prevention and first aid measures;

iii. the appointment process and the acceptance of such appointment by the Company Doctor, with evidence of the procedures and timeframes in the event of a change in the role;

iv. the preparation and update of the Risk Assessment Document ("RAD") for Occupational Health and Safety;

v. the structured and organised management of contracts, sub-contracts and supply contracts to be carried out in the workplace, with specific reference to the exchange of information with contractors, the verification of their technical-professional suitability, the consequent drafting of the Single Document for the Evaluation of Interference Risks (so-called "DUVRI"), as well as the costs related to occupational safety;

- the identification of the specific requirements and competences for conducting audits on the workers' health and safety model, as well as of the means and timing of performing checks on the status of implementation of the measures taken;
- that regular meetings are scheduled with management, workers and their representatives;
- that provision is made for prior consultation of workers' representatives on the identification and assessment of risks and the definition of preventive measures;
- that specific information and training is planned for newly recruited employees related to the tasks to be performed and the risks associated with them;
- the annual preparation of the general training programme, taking into account the specific risks to which all workers are exposed, any legislative changes that have taken place during the period, as well as relevant changes in processes or technologies, such as to require the acquisition of new knowledge/skills by personnel;
- that information flows are provided to the Supervisory Board concerning any inspections carried out at the Company's premises by competent control authorities in the field of occupational health and safety, reports containing prescriptions and accidents with a prognosis of more than forty days.

3.3.9 RECEIVING STOLEN GOODS, MONEY LAUNDERING, USE OF MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGIN AND SELF-LAUNDERING (Art. 25-octies of It. Legislative Decree no. 231/01)

Art. 25 octies of (It.) Legislative Decree no. 231/01 (introduced by Art. 63 of It. Legislative Decree of 21 November 2007, no. 231) provides that, in relation to the offences referred to in Art. 648 (receiving stolen goods), 648 bis (money laundering) and 648 ter (use of money, goods or benefits of unlawful origin) of the (It.) Penal Code, a fine of 200 to 800 quotas shall be imposed on the Entity. If, on the other hand, the money, goods or other benefits originate from an offence for which a maximum term of imprisonment of more than five years is prescribed, a fine of 400 to 1,000 quotas shall be imposed. This article was amended by (It.) Law no. 292 of 2014 (which entered into force on 1 January 2015) which introduced the reference to the offence of self-laundering (Art. 648b.1) and subsequently amended by (It.) Legislative Decree no. 195 of 2021.
Thus, Art. 25 octies just cited extends the scope of (It.) Legislative Decree no. 231/01 also to the offences of receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin and self money laundering when these are committed in a purely "domestic" context.

Art. 648 of the (It.) Penal Code (receiving stolen goods)

Apart from cases of complicity in the offence, anyone who, in order to procure a profit for himself/herself or others, acquires, receives or conceals money or things deriving from any offence, or in any case intermediates acquiring, receiving or concealing them, shall be punished by imprisonment for a term ranging from two to eight years and a fine of between EUR 516 and EUR 10,329. The punishment is increased when the offence concerns money or goods resulting from the offences of aggravated robbery pursuant to Article 628, third paragraph, aggravated extortion pursuant to Article 629, second paragraph, or aggravated theft pursuant to Article 625, first paragraph, no. 7-bis). The penalty shall be imprisonment for a term ranging from one to four years and a fine of between EUR 300 and EUR 6,000 when the offence concerns money or things deriving from a misdemeanour punishable with imprisonment for a maximum of more than one year or a minimum of more than six months. The penalty is increased if the offence is committed in the exercise of a professional activity. If the offence is very minor, the penalty shall be imprisonment for a term of up to six years and a fine of up to EUR 1,000 in the case of money or things deriving from a crime, and imprisonment for a term of up to three years and a fine of up to EUR 800 in the case of money or things deriving from a misdemeanour. The provisions of this Article shall also apply when the perpetrator of the offence from which the money or property originates cannot be charged or is not punishable, or when a condition of prosecution relating to that offence is lacking.

Art. 648 bis of the (It.) Penal Code (money laundering)

Apart from cases of complicity in the offence, anyone who replaces or transfers money, goods or other benefits resulting from an offence, or carries out other transactions in connection therewith, in such a way as to obstruct the identification of their criminal origin, shall be punished by imprisonment for a term ranging from four to twelve years and a fine of between EUR 5,000 and EUR 25,000. The penalty shall be imprisonment for a term ranging from two and six years and a fine of between EUR 2,500 and EUR 12,500 when the offence concerns money or goods deriving from a misdemeanour punishable by a term of imprisonment of more than one year or a minimum of six months. The penalty is increased when the act is committed in the exercise of a professional activity. The punishment is reduced if the money, goods or other benefits originate from a crime for which the maximum term of imprisonment is less than five years. The last paragraph of Article 648 applies.

This offence consists in the performance of acts or facts aimed at obstructing the identification of the criminal origin of money, goods or other utilities (i.e. any benefit, not only economic, but also personal) of unlawful origin, by allowing them to be reused.
An example of acts aimed at hindering the identification of the resources mentioned is the transfer of ownership of assets of criminal origin from one person to another, or replacing money of illicit origin with "clean" money.

This offence is committed by anyone who replaces or transfers money, goods or other utilities originating from a non-unintentional offence, or carries out other transactions in connection therewith, in such a way as to obstruct the identification of their criminal origin.
If the act is committed by a professional, the penalty is increased; it is, however, reduced if the money, goods or other benefits originate from an offence for which a penalty of less than five years is prescribed.

Art. 648 ter of the (It.) Penal Code (use of money, goods or benefits of unlawful origin)

Anyone who, apart from cases of complicity in the offence and the cases provided for in Articles 648 and 648-bis, uses, in economic or financial activities, money, goods or other utilities deriving from an offence, shall be punished by imprisonment for a term ranging from four to twelve years and a fine ranging from EUR 5,000 to EUR 25,000. Updated as of 10 August 2024 (last measure inserted: It. Law of 9 August 2024, no. 114) 36/71 The penalty shall be imprisonment for a term ranging from two and six years and a fine of between EUR 2,500 and EUR 12,500 when the offence concerns money or property deriving from a misdemeanour punishable by a term of imprisonment of a maximum of more than one year or a minimum of six months. The penalty is increased when the act is committed in the exercise of a professional activity. The penalty shall be reduced in the case referred to in the fourth paragraph of Article 648. The last paragraph of Article 648 applies.

The specificity of the offence of money laundering - which foresees the replacement, transfer or transactions obstructing the identification of criminal provenance - lies in the purpose of obstructing the traces of the unlawful origin of money, goods or other utilities, pursued through the use of such resources in economic or financial activities.
It follows that, in order for this offence to be committed, there must be, as a qualifying element in relation to the other criminal offences mentioned, the use of capital of unlawful origin in economic and financial activities.
It seems relevant to point out that Art. 25 octies provides that, in the event of the commission of such offences in the interest of the Entity, a monetary sanction ranging from 200 to 800 quotas shall apply. In cases where the money, goods or other benefits originate from an offence for which a maximum term of imprisonment of more than five years is prescribed, a fine of 400 to 1,000 quotas shall be imposed.
In the event of a conviction for one of the offences in question, the disqualification sanctions provided for in Art. 9(2) of the Decree shall apply, for a duration not exceeding two years.

Art. 648b.1 of the (It.) Penal Code (Self-laundering)

A sentence of two to eight years' imprisonment and a fine ranging from EUR 5,000 to EUR 25,000 shall be imposed on anyone who, having committed or having conspired to commit a crime, uses, substitutes, transfers, in economic, financial, entrepreneurial or speculative activities, the money, goods or other utilities deriving from the commission of such crime, in such a way as to concretely hinder the identification of their criminal origin. The penalty shall be imprisonment for a term ranging from one to four years and a fine ranging from EUR 2,500 to EUR 12,500 when the offence concerns money or things deriving from a misdemeanour punishable by imprisonment for a maximum of more than one year or a minimum of more than six months. The penalty is reduced if the money, goods or other benefits originate from an offence for which the maximum term of imprisonment is less than five years. In any case, the penalties provided for in the first paragraph shall apply if the money, goods or other benefits originate from an offence committed under the conditions or for the purposes set forth in Article 416.bis.1. Outside the cases referred to in the preceding paragraphs, conduct whereby the money, goods or other benefits are intended for mere personal use or enjoyment shall not be punishable. The punishment is increased when the acts are committed in the exercise of a banking or financial activity or other professional activity. The punishment is reduced by up to one half for those who have taken effective steps to prevent the conduct from having further consequences or to safeguard the evidence of the offence and ensure identification of assets, money and other utilities deriving from the offence. The last paragraph of Article 648 applies.

3.3.9.1 Identification of areas at risk of commission of the offences of receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin and self-laundering

In relation to the cases covered by Art. 25 *octies* of (It.) Legislative Decree no. 231/01, in the concrete business context of EUROSETS, the risks must be identified as those already dealt with in relation to the offences examined in the preceding Sections, in the particular perspective of the susceptibility of such offences to procure money, goods or other benefits to the entity.

Indeed, the reutilisation of the proceeds of these offences in the economic or financial activities of the entity itself may constitute the offence referred to in Art. *648b* of the (It.) Penal Code.

It should also be noted that by Resolution no. 616 of 24.08.2010, the Bank of Italy adopted a "*Provision on anomaly indicators for intermediaries".* Although conceived with a view to the preventive protection of financial operators and intermediaries, the indicators provided by the Bank of Italy are, for the most part, also adaptable to entities of any other economic sector: as the doctrine has pointed out, they are, in fact, based on "behavioural patterns" typical of a generic commercial interlocutor (e.g. a supplier of goods and services).

By way of example, such anomaly indicators may concern:

- the customers' behaviour: for instance, if they are particularly reluctant to provide detailed information about their identity or activity;
- financial transactions: especially if they are disproportionately priced compared to what is foreseeable;
- the means and methods of payment: in particular, if the customer repeatedly wishes to make payments in cash.

Otherwise, as regards the offence of self laundering, pursuant to Art. 648 ter.1 of the (It.) Penal Code, potentially the commission of any non-unintentional offence could lead thereto, if the profit from the first offence is reused, in the manner outlined in the provision.

For the purposes of the definition of the offence of self laundering, it is essential that the proceeds of a previous non-unintentional offence committed by the same offender be reused for purposes that are not personal to the perpetrator, in ways that are likely to obstruct the identification of the illegal origin. In particular, it should be noted that the new offence is committed only where three circumstances exist: i) the agent creates - or helps to create - a fund consisting of money or other utilities through the commission of a first offence - the predicate offence; ii) with further and autonomous action, the fund is used in economic, entrepreneurial and financial activities; iii) the aforementioned actions create a concrete obstacle to the identification of the criminal origin of the aforementioned money or other utilities.

Following the introduction of the offence of self money laundering in the list of predicate offences under (It.) Legislative Decree no. 231/2001, the Company has in fact carried out a series of assessments aimed at verifying whether or not the safeguards already implemented should also be considered sufficient in relation to the risk of offence under Article 648 ter. 1 of the (It.) Penal Code.

EUROSETS intends to consider as possible predicate offences for self money laundering all the offences provided for by the law, and not only those already included in the list of offences under (It.) Legislative Decree no. 231/2001. In other words, the Company, in order to provide the most effective protection against the commission of the offence of self-laundering, has taken into consideration all the offences likely to produce a pecuniary benefit.

EUROSETS, as part of a more general analysis of corporate risks, not strictly of a "231" nature, has always paid particular attention to the risk associated with relations with the Public Administration, and in particular to the overall risk of conduct that may constitute activities that disrupt the regular conduct of a tender - in the broadest sense - as well as

commission of the offences of interference with public auctions and of disrupting the freedom of proceedings (offences not included in the catalogue provided for in (It.) Legislative Decree no. 231/2001).
From a legal point of view, it was considered that the offences referred to in Art. 353 of the (It.) Penal Code and Art. 353-bis of the (It.) Penal Code are applicable to: (i) public tenders, i.e. "open" and "restricted" procedures, (ii) private tenders, i.e. negotiated procedures with or without a call for offers, purchases on a time and material basis, via procedure for minor piecework contracts and, in general, (iii) any procedure in which the P.A. carries out an "exploratory tender", even an informal one, among several possible competitors, i.e. a technical dialogue and/or market survey.
The Company has always been strongly committed to spreading awareness of these risks, and of the consequent need to comply with behavioural rules aimed at preventing them.
In the light of the introduction of the offence of self-laundering into the list of offences under the Decree, the Company deemed it necessary to map the offences under Art. 353 and 353 bis of the (It.) Penal Code (interference with public auctions and disruption of the process of choosing a contractor) as offences functional to the commission of the offence of self-laundering, with the consequent emergence of liability under (It.) Legislative Decree no. 231/2001.

In view of the activities carried out by EUROSETS, it is considered that the categories of offences that could potentially give rise to profits that could be re-invested to the benefit of the company are essentially corporate offences, unlawful conduct attributable to participation in tenders and tax offences; while the first two categories of conduct have already been examined in the specific section of this Special Section devoted to corporate offences and offences against the P.A., and therefore the safeguards put in place by the Company are already illustrated, the potential for tax offences to be committed remains to be examined.

The following are therefore identified as:
Sensitive organisational areas:

- Board of Directors;
- President and CEO;
- Bid & Tenders;
- Customer Care;
- Customer Service;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Marketing;
- Country Manager;
- Market Access;
- Technical;
- Technical & Maintenance;
- R&D;
- Scientific Director;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- QA/RA/QC;
- Financial & administration;
- Security;
- Human Resources;
- Credit collection;
- Administration;

- Finance.

Sensitive Processes/Activities:

- purchase and/or sale contracts with counterparties and intercompany;
- financial transactions with counterparties;
- intra-group transactions;
- finance and treasury management;
- tax and fiscal compliance;
- investments with counterparties;
- participation in public tenders and technical dialogues with the P.A.;
- dissemination of technical data sheets/product specifications;
- choice of suppliers;
- third-party management;
- promotional activities;
- sponsorships.

3.3.9.2 Measures to prevent the commission of the offence

Reference is once more made to the following safeguards:

- compliance with the ethical and behavioural principles adopted by the Entity;
- Compliance with the Assobiomedica Code of Ethics;
- organisational structure (proxies, powers and functions) referred to in the General Section;
- principles of conduct in relations with customers, as set out in the General Section;
- careful management of tax obligations;
- proper and careful management of participation in tender procedures or direct negotiations;
- management of product regulatory requirements;
- procedure for the management of HCP gifts and entertainment;
- procedure for managing undertakings and donations;
- careful management of promotional activities;
- careful management of expense claims;
- consistency in the management of agent commissions;
- careful selection of personnel;
- proper management of marketing activities;
- proper management of commercial policies;
- management of discounts;
- authorisation limits on discounts;
- management of the possible sale of the instruments at the end of the supply;
- management of bid formulation;
- monitoring the execution of public contracts;
- management and identification of instruments in use by the customer;
- procedure for the management of conferences, congresses and invitations;
- procedure for the management of donations;
- contractual format on the subject of consultancy relationships;
- Agency contract formats;
- proper management of third parties;
- careful management of activities that may affect the company's accounts;
- consistency in the management of commissions;

- adoption of a system for the traceability of financial flows;
- documentation of expenses;
- ban on the use of cash;
- management of attendance, travel and company assets;
- careful selection of personnel;
- verification of the good repute and professionalism requirements of business partners;
- verification of all counterparties through the most appropriate company documentation;
- careful evaluation and choice of suppliers;
- provision of contractual guarantees with counterparties, including foreign counterparties;
- checks of technical data sheet contents;
- checks of the wording of product information notes;
- careful management of the warehouse;
- provision of contractual guarantees with counterparties;
- implementation of the Quality System.

Furthermore, the relevant persons in charge of the various competent areas of EUROSETS promptly check the commercial and professional reliability of suppliers and business/financial partners on the basis of relevant indicators, such as (i) knowledge or awareness of prejudicial information in public databases (e.g. protests, bankruptcy proceedings), (ii) acquisition of commercial information on the company, shareholders and directors through specialised companies, (iii) price evaluation.

As far as payments are concerned, their regularity must be ascertained, by checking that the recipients of/persons ordering the payments and the counterparties actually involved in the transactions match.

Financial flows must be subject to formal and substantive checks, both with regard to payments to third parties and to intra-group payments/transactions.

The treasury must be controlled with regard to payments, precise thresholds must be set with respect to cash payments, possible bearer or anonymous savings passbooks for cash management.

Intra-group transactions take place in accordance with the arm's length principle.

The sensitive activities already highlighted with regard to the predicate offences are therefore of significance here; in particular:

- Fraud to the detriment of the State or other public body (Art. 640, paragraph 2, no. 1 of the It. Penal Code);
- Aggravated fraud to obtain public funds (Art. 640-bis of the It. Penal Code);
- Computer fraud to the detriment of the State or other public body (Art. 640-ter of the It. Penal Code);
- Misappropriation to the detriment of the State or other public body (Art. 316-bis of the It. Penal Code);
- False corporate communications (Art. 2621 of the It. Civil Code);
- Undue repayment of contributions (Art. 2626 of the It. Civil Code);
- Illegal distribution of profits and reserves (Art. 2627 of the It. Civil Code).

The following tax offences, envisaged by (It.) Legislative Decree no. 74/2000, are also taken into consideration in the same perspective and due to the possibility that they procure unlawful income to the entity:

- Fraudulent declaration by use of invoices or other documents for non-existent transactions (Art. 2) - anyone who, in order to evade income or value added tax, using invoices or other documents for non-existent transactions, indicates fictitious taxable items in one of the annual returns relating to those taxes, shall be punished. The offence is deemed to have been committed by availing oneself of invoices or other documents for non-existent transactions when such invoices or documents are recorded in compulsory accounting records, or are held for evidence against the tax authorities;

- Fraudulent declaration by means of other artifices (Art. (3) - Outside the cases provided for in Article 2, any person who, in order to evade income or value added tax, on the basis of a false representation in compulsory accounting records and by using fraudulent means likely to hinder the assessment thereof, indicates in one of the annual returns relating to such taxes assets of an amount lower than the actual amount or fictitious liability elements, shall be punished, when, jointly (a) the tax evaded is higher, with reference to any one of the individual taxes, than EUR 30,000; b) the total amount of the assets evaded from taxation, including by means of the indication of fictitious passive elements, is higher than 5% of the total amount of the assets indicated in the declaration, or, in any case, is higher than EUR 1,000,000;
- False declaration (Art. (4) - apart from the cases provided for in Articles 2 and 3, any person who, in order to evade income or value added tax, indicates in one of the annual returns relating to such taxes assets for an amount lower than the actual amount or fictitious passive elements, shall be punished when, taken together: a) the tax evaded is higher, with reference to any one of the individual taxes, than EUR 50,000; b) the total amount of the assets evaded from taxation, including by means of the indication of fictitious passive elements, is more than 10% of the total amount of the assets indicated in the declaration, or, in any case, is more than EUR 2,000,000;
- Failure to declare (Art. 5) - anyone who, in order to evade income or value added tax, does not submit, being obliged to do so, one of the annual returns relating to those taxes, when the tax evaded exceeds, with reference to any one of the individual taxes, EUR 30,000, shall be punished. A return submitted within ninety days after the expiry of the time limit or not signed or not made on a form conforming to the prescribed template shall not be deemed to have been omitted for the purposes of the provision in paragraph 1;
- Issuance of invoices or other documents for non-existent transactions (Art. 8) - anyone who, in order to enable third parties to evade income or value added tax, issues invoices or other documents for non-existent transactions shall be punished. Issuing several invoices or documents for non-existent transactions during the same tax period shall be regarded as a single offence;
- Concealment or destruction of accounting documents (Art. 10) - unless the act constitutes a more serious offence, anyone who, in order to evade income or value added tax, or to allow third parties to evade them, conceals or destroys all or part of the accounting records or documents whose retention is mandatory, so that income or turnover cannot be reconstructed, shall be punished;
- Non-payment of certified withholding taxes (Art. 10 bis) - anyone who fails to pay, within the deadline for submitting the annual withholding tax return, withholding taxes resulting from the certificate issued to the withholding agents, in an amount exceeding EUR 50,000 for each tax period, shall be punished;
- Non-payment of VAT (Art. 10b) - the provision referred to in Article 10 bis above shall also apply, within the limits provided for therein, to any person who fails to pay the value added tax, due on the basis of the annual return, by the deadline for payment of the advance payment for the following tax period;
- Undue offsetting (Art. (10c) - the provision referred to in Article 10a above shall also apply, within the limits provided for therein, to any person who fails to pay the sums due by offsetting, pursuant to Article 17 of (It.) Legislative Decree of 9 July 1997, no. 241, undue or non-existent receivables;

- Fraudulent evasion of taxes (Art. (11) - anyone who, in order to evade the payment of income or value added tax or of interest or administrative penalties relating to such taxes totalling more than EUR 50,000, falsely alienates or performs other fraudulent acts on his/her own or on certain assets capable of rendering ineffective, in whole or in part, the enforced recovery proceedings shall be punished. Anyone who, in order to obtain for him- or herself or others a partial payment of taxes and related ancillary sums, indicates in the documentation submitted for the purposes of the tax settlement procedure fictitious liabilities totalling more than EUR 200,000 shall also be punished.

3.3.10 OFFENCES AGAINST INDUSTRY AND TRADE (Art. 25-bis.1 of It. Legislative Decree no. 231/01)

(It.) Law of 23 July 2009, no. 99 on "Provisions for the development and internationalisation of enterprises, as well as on energy", introduced to the predicate offences of (It.) Legislative Decree no. 231/2001 Article 25 bis 1: "offences against industry and trade". By reason of the business activity carried out by EUROSETS , only the following offences are to be considered relevant for the purposes of this Model:

Art. 513 of the (It.) Penal Code (Disturbing the freedom of industry or trade)

Anyone who uses violence against property or fraudulent means to prevent or disrupt the operation of an industry or trade shall be punished, on official complaint by the injured party, if the act does not constitute a more serious offence, with imprisonment of up to two years and a fine of between EUR 103 and EUR 1,032.

Art. 513 bis of the (It.) Penal Code (Unlawful competition by threat or violence)

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

Art. 514 of the (It.) Penal Code (Fraud against national industries)

Anyone who, by offering for sale or otherwise putting into circulation, on domestic or foreign markets, industrial products with counterfeit or altered names, trade marks or distinctive signs, causes harm to the national industry shall be punished by imprisonment for a term ranging from one to five years and a fine of no less than EUR 516.
If the rules of internal laws or international conventions on the protection of industrial property have been complied with for the trade marks or distinctive signs, the penalty shall be increased and the provisions of Article 473 shall not apply.

Art. 515 of the (It.) Penal Code (Fraud in the exercise of trade)

Anyone who, in the exercise of a commercial activity, or in a shop open to the public, delivers to the buyer a movable item instead of another, i.e. a movable item, whose origin, provenance, quality or quantity is different from that declared or agreed, shall be punished, if the act does not constitute a more serious offence, with imprisonment of up to two years or with a fine of up to EUR 2,065.
If precious objects are involved, the penalty is imprisonment for up to three years or a fine of no less than EUR 103.

Art. 517 of the (It.) Penal Code (Sale of industrial products with false signs)

Anyone who offers for sale or otherwise puts into circulation intellectual works or industrial products, with national or foreign names, trade marks or distinctive signs, that are likely to mislead the buyer as to the origin, source or quality of the work or product, shall be punished, if the act is not envisaged as a criminal offence by another provision of the law, with imprisonment of up to two years or with a fine of up to twenty thousand euro.

Art. 517b of the (It.) Penal Code (Manufacture of and trade in goods made by usurping industrial property rights)

Without prejudice to the application of Articles 473 and 474, anyone who, being aware of the existence of an industrial property right, manufactures or industrially uses objects or other goods made by usurping an industrial property right or in breach thereof shall be punished, on official complaint by the injured party, by imprisonment of up to two years and a fine of up to EUR 20,000.00. The same punishment shall be imposed on anyone who, in order to make a profit, introduces into the territory of the State, holds for sale, offers for sale directly to consumers or otherwise puts into circulation the goods referred to in the first paragraph.
The provisions of Articles 474a, 474b, second paragraph, and 517a, second paragraph, shall apply.
The offences provided for in the first and second paragraphs are punishable provided that the provisions of internal laws, Community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

3.3.10.1 Explanatory considerations and relevance to the model

The first offence punishes actions that impede or disrupt industry and trade through the use of violence against property or fraudulent means, unless the act committed constitutes fraud or counterfeiting. In essence, the offence consists of all conduct aimed at damaging free competition, i.e. referring to Art. 2598 of the (It.) Civil Code: 1) the use of names or distinctive signs likely to cause confusion with the names or distinctive signs legitimately used by others, or the slavish imitation of a competitor's products, or the performance by any other means of acts likely to cause confusion with the products and activity of a competitor; 2) the dissemination of news and claims about the products and activity of a competitor that are likely to bring discredit, or the appropriation of the merits of the products or business of a competitor; 3) the direct or indirect use of any other means that do not comply with the principles of professional fairness and are likely to damage the business of others.

Art. 513 bis, on the other hand, relates to the previous one, punishing the perpetration of acts of unlawful competition, in the exercise of a commercial activity, through the use of violence or threats (on persons). There is also an aggravating circumstance where the conduct involves an activity financed, in whole or in part, with public money. In practice, the manifestation of this crime is linked to mafia enterprises or to enterprises contiguous to organised criminal groups. However, as also expressed by case law, the reference to conduct typical of organised crime is only useful to characterise punishable conduct and is not valid to define the scope of applicability of the rule.

Therefore, the relevance of the facts examined above cannot be excluded a priori in view of the activity carried out by EUROSETS, which is primarily engaged in the marketing of goods and products.

Unlike the first two offences, Art. 515 of the (It.) Penal Code punishes fraud in trade, carried out by handing over to the purchaser, in the exercise of a commercial activity, or in a shop open to the public, one movable item instead of another, different in origin, provenance, quality or quantity from that declared or agreed.

The case in point is of particular relevance in view of the many contractual relationships established with the public administration, as it can also arise where, following the award of a tender, goods or products are delivered that do not conform to those agreed upon.

Any improvements in terms of changes in supply are risk-free. However, any changes in the supply of both goods and services must always be made known to the other contractual parties in order to receive approval.

3.3.10.2 Identification of areas at risk of commission of offences against industry and trade

The following are identified as

Sensitive organisational areas:

- President and CEO;
- Market Access;
- Technical;
- Technical & Maintenance;
- R&D;
- Scientific Director;
- QA/RA/QC;
- Marketing;
- Country Manager;
- Bid & Tenders;
- Customer Care;
- Customer Service;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Production.

Sensitive Processes/Activities:

- verification of product conformity;
- marketing of products;
- production;
- design;
- drafting and dissemination of product data sheets/technical specifications;
- promotional activities;
- order management;
- participation in technical dialogues;
- relations with competitors;
- intra-group relations;
- choice and verification of suppliers;
- product replacement and repair activities.

Following the risk analysis, offences against industry and trade were not considered relevant for the Company; their text is reproduced below for the sake of completeness:

Art. 516 of the (It.) Penal Code (Sale of non-genuine foodstuffs as genuine)

Anyone who offers for sale or otherwise markets as genuine non-genuine foodstuffs shall be punished by imprisonment of up to six months or a fine of up to EUR 1,032.

Art. 517 quater of the (IT.) Penal Code (Counterfeiting of geographical indications or designations of origin for agri-food products)

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

The same punishment shall apply to any person who, in order to make a profit, introduces into the territory of the State, holds for sale, offers for sale directly to consumers or otherwise puts into circulation the same products with the counterfeit indications or names.
The provisions of Articles 474a, 474b, second paragraph, and 517a, second paragraph, shall apply.
The offences provided for in the first and second paragraphs shall be punishable provided that the provisions of domestic laws, Community regulations and international conventions on the protection of geographical indications and designations of origin for agri-food products have been complied with.

3.3.10.3 Measures to prevent the commission of the offence

The following safeguards must therefore be put in place:

- compliance with the ethical and behavioural principles adopted by the Entity;
- organisational structure (proxies, powers and functions) referred to in the General Section;
- proper and careful management of participation in tender procedures or direct negotiations;
- proper management of product regulatory requirements;
- proper management of promotional activities;
- consistency in the management of agent commissions;
- careful management of marketing activities;
- careful management of commercial policies;
- careful management of discounts;
- authorisation limits on discounts;
- Agency contract formats;
- careful management of third parties.
- checks of technical data sheet contents;
- verification and careful handling of trademarks and patents;
- checks of the wording of product information notes;
- implementation of the Quality System;
- verification and application for filing status and registration of trademarks and patents for products;
- careful management of product requirements;
- specific training and awareness-raising for employees in these areas.

The company also undertakes to: (i) carry out acts of competition in such a way as not to harm the interests of the national economy and within the limits established by law; (ii) refrain from imposing on its agents, distributors or employees unsustainable contractual conditions or excessive sales targets that would lead them to violate the rules protecting free competition.

3.3.11 INDUCEMENT NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITY (Art. 25-decies of It. Legislative Decree no. 231/01)

(It.) Law of 3 August 2009, no. 116 introduced in (It.) Legislative Decree no. 231 the new Art. 25 decies concerning inducement not to make statements or to make false statements to the judicial authorities.

Art. 377 bis of the (It.) Penal Code (Inducement not to make statements or to make false statements to judicial authorities)

Unless the act constitutes a more serious offence, anyone who, by means of violence or threats, or by offering or promising money or other benefits, induces a person

called upon to make statements before the judicial authority that may be used in criminal proceedings not to make statements or to make false statements when the latter has the right to remain silent, shall be punished by imprisonment for a term ranging from two to six years.

3.3.11.1 Explanatory considerations and relevance to the model

The case in question already appeared in (It.) Legislative Decree no. 231, following Art. 10 of (It.) Law 146/2006 on transactional offences; Art. 25 decies, therefore, introduces the crime under Art. 377 of the (It.) Penal Code among the predicate offences for the liability of the entity, regardless of the transnational character. As noted above, there are no reasons to exclude that this offence may be committed in the interest or to the benefit of EUROSETS.

The offence, in its typical elements, may well occur in any business area. Everyone may have to deal with internal/external parties involved directly or indirectly in legal proceedings.

Generally speaking, such subjects are required to:

- deal promptly, fairly and in good faith with all requests from the judicial police and the investigating and prosecuting judicial authorities, providing all information, data and news that may be useful;
- maintain, towards the judicial police and judicial authorities, a willing and cooperative behaviour in any situation.

In order to be able to know in good time and monitor the possible involvement in judicial proceedings of a person having relations with EUROSETS , it is deemed appropriate that the Supervisory Board should also be the recipient of such news.

3.3.12 COMPUTER CRIMES AND UNLAWFUL PROCESSING OF DATA (Art. 24-bis of It. Legislative Decree no. 231/01)

(It.) Law of 18 March 2008, no. 48 (ratification and execution of the Council of Europe Convention on Cybercrime, signed in Budapest on 23 November 2001, and rules for the adaptation of domestic law) introduced Article 24 bis into Decree 231/2001: computer crimes and unlawful data processing.

Art. 615 ter of the (It.) Penal Code (unauthorised access to a computer or telecommunications system)

Anyone who unlawfully enters or remains in a computer or telecommunications system protected by security measures against the express or tacit will of the person entitled to exclude him/her shall be punished with imprisonment of up to three years.

The penalty is imprisonment for a term ranging from one to five years:

- *if the act is committed by a public official or a public service appointee, with abuse of power or in breach of the duties inherent in the function or service, or by a person who also abusively exercises the profession of private investigator, or with abuse of the capacity of system operator;*
- *if the perpetrator uses violence against property or persons to commit the act, or if he/she is manifestly armed;*
- *if the act results in the destruction of or damage to the system or the total or partial interruption of its operation, or the destruction of or damage to the data, information or programs contained therein.*

If the acts referred to in the first and second paragraphs concern computer or telecommunications systems of military interest or relating to public order or public safety or health or civil protection or in any case of public interest, the penalty shall be imprisonment for a term ranging from three to ten years and four to twelve years respectively. In the case provided for in the first paragraph, the offence is punishable on official complaint by the injured party; in other cases, proceedings are ex officio.

Art. 615 quater of the (It.) Penal Code (Unlawful possession and dissemination of access codes to computer or telecommunications systems)

Anyone who, in order to procure a profit for himself/herself or for others or to cause damage to others, unlawfully obtains, reproduces, disseminates, communicates or delivers codes, passwords or other means of access to a computer or telecommunications system protected by security measures, or in any case provides indications or instructions suitable for the aforesaid purpose, shall be punished with imprisonment of up to two years and a fine of up to EUR 5,164.

The penalty is imprisonment for a term ranging from two years to six years when any of the circumstances referred to in Article 615-ter, second paragraph, number 1) apply. The penalty is imprisonment for a term ranging from three to eight years when the offence relates to computer or telecommunications systems as referred to in Article 615-ter, third paragraph.

The purpose of this rule is to protect the confidentiality of communications and information that are increasingly transmitted via computer or telecommunications systems.
Not only computer systems as such should be considered, but also personal computers if, due to the wealth of data they contain, they can be considered a real system.

Art. 615 quinquies of the (It.) Penal Code (dissemination of computer equipment, devices or programs intended to damage or interrupt a computer or telecommunications system)

Anyone who, in order to unlawfully damage a computer or telecommunications system, the information, data or programs contained therein or pertaining thereto, or to favour the total or partial interruption or alteration of its operation, procures, produces, reproduces, imports, disseminates, communicates, delivers or, in any case, makes available to others computer equipment, devices or programs, shall be punished with imprisonment of up to two years and with a fine of up to EUR 10,329.

This rule aims to repress the spread of so-called computer viruses, which cause serious damage to computer systems. A virus is defined as a programme that contains instructions that allow it to be executed independently of the creator's will and that has the function of damaging the data and the system.
The Decree envisages that, in the event of the commission of such offences in the interest/benefit of the entity, a pecuniary sanction of up to three hundred quotas shall be applied.

Art. 617 quater of the (It.) Penal Code (Illegal interception, obstruction or interruption of computer communications or telecommunications)

Anyone who fraudulently intercepts communications relating to a computer or telecommunications system or between several systems, or prevents or interrupts them, shall be punished by imprisonment for a term ranging from six months to four years. Unless the act constitutes a more serious offence, the same penalty shall apply to any person who discloses, by any means of information to the public, in whole or in part, the content of the communications referred to in the first paragraph. The offences referred to in the first and second paragraphs are punishable on official complaint by the injured party. However, prosecution is ex officio and the penalty is imprisonment for a term ranging from one to five years if the offence is committed: to the detriment of a computer or telecommunications system used by the State or by another public body or by a company providing public services or services of public necessity; by a public official or a public service appointee, with abuse of power or in breach of the duties inherent in the function or service, or with abuse of the role of system operator; by a person who also abusively exercises the profession of private investigator.

Art. 617 quinquies of the (It.) Penal Code (installation of equipment designed to intercept, prevent or interrupt computer communications or telecommunications)

Anyone who, except in cases permitted by law, installs equipment designed to intercept, prevent or interrupt communications relating to a computer or telecommunications system or between several systems, shall be punished by imprisonment for a term ranging from one to four years.

The penalty is imprisonment for a term ranging from one to five years in the cases provided for in Article 617 quater.

Art. 635 bis of the (It.) Penal Code (damaging sensitive information, data and programs)

Unless the act constitutes a more serious offence, anyone who destroys, deteriorates, alters or suppresses information, data or computer programs of others shall be punished, on official complaint by the injured party, by imprisonment for a term ranging from six months to three years. If the circumstance referred to in number 1) of the second paragraph of Article 635 applies, or if the offence is committed with abuse of the capacity of system operator, the penalty is imprisonment for a term ranging from one to four years and is prosecuted ex officio.

Art. 635 ter of the (It.) Penal Code (damaging computer information, data and programs used by the State or other public body or in any case of public utility)
Unless the act constitutes a more serious offence, anyone who commits an act aimed at destroying, deteriorating, deleting, altering or suppressing computer information, data or programs used by the State or another public body or pertaining to them, or in any case of public utility, shall be punished by imprisonment for a term ranging from one to four years.
If the act results in the deterioration, deletion, alteration or suppression of information, data or computer programs, the penalty shall be imprisonment for a term ranging from three to eight years.
If the circumstance referred to in number 1) of the second paragraph of Article 635 applies, or if the act is committed with abuse of the capacity of system operator, the penalty is increased.

Art. 635 quater of the (It.) Penal Code (damaging computer or telecommunications systems)
Unless the act constitutes a more serious offence, anyone who, by means of the conduct referred to in Art. 635 bis, or by introducing or transmitting data, information or programs, destroys, damages, renders wholly or partly unusable computer or telecommunication systems of others or seriously impedes their operation, shall be punished by imprisonment of from one to five years.

Art. 635 quinquies of the (It.) Penal Code (damaging computer or telecommunications systems of public utility)

If the act referred to in Article 635 quater is aimed at destroying, damaging, rendering totally or partially unusable computer or telecommunication systems of public utility or at seriously obstructing their operation, the penalty shall be imprisonment for a term ranging from one and four years.
If the act results in the destruction or damage of the computer or telecommunications system of public utility or if it is rendered, in whole or in part, useless, the penalty shall be imprisonment for a term ranging from three to eight years.
If the circumstance referred to in number 1) of the second paragraph of Article 635 applies, or if the act is committed with abuse of the capacity of system operator, the penalty is increased.

Art. 491 bis of the (It.) Penal Code (computer documents)
If any of the false declarations provided for in this Chapter concern a public or private electronic document having evidentiary effect, the provisions of this Chapter concerning public deeds and private contracts respectively shall apply.

Art. 640 quinquies of the (It.) Penal Code (computer fraud by the person providing electronic signature certification services) *The person providing electronic signature certification services who, in order to procure an unjust profit for himself/herself or others or to cause damage to others, violates the obligations laid down by law for the issuance of a qualified certificate, shall be punished with imprisonment of up to three years and with a fine of between EUR 51 and EUR 1,032.*

Article 24 bis in question provides that in cases of computer fraud to the detriment of the State or another public body, the entity shall be subject to a fine of up to four hundred quotas.

3.3.12.1 Relevance to the EUROSETS Model

The offences referred to in Article 24 bis of the Decree, since they do not appear to be directly related to the business activity carried out by EUROSETS, are outlined here for the purpose of knowledge of the same, given that the likelihood of their commission cannot be fully excluded. Indeed, in view of the increasingly widespread use of computer systems, it is considered that the same areas at risk and prevention measures outlined for the offence of computer fraud (Art. 640 ter of the It. Penal Code) in paragraph 3.3.2. can be identified for EUROSETS. In addition, we would like to remind you that

a person who commits one of the offences set out above personally, and not in the interest of the company, shall answer personally before the criminal authorities.

3.3.13 OFFENCES OF COUNTERFEITING (Art. 25-bis of It. Legislative Decree no. 231/01)

Art. 473 of the (It.) Penal Code (Counterfeiting, alteration or use of distinctive signs of original works or industrial products)

Anyone who, being aware of the existence of the industrial property title, counterfeits or alters trademarks or distinctive signs, national or foreign, of industrial products, or anyone who, without being an accomplice to the counterfeiting or alteration, makes use of such counterfeited or altered trademarks or signs, shall be punished by imprisonment for a term ranging from six months to three years and a fine ranging from EUR 2,500 to EUR 25,000.
A sentence of one to four years' imprisonment and a fine ranging from EUR 3,500 to EUR 35,000 shall be imposed on any person who counterfeits or alters national or foreign industrial patents, designs or models, or who, without having taken part in the counterfeiting or alteration, makes use of such counterfeited or altered patents, designs or models.

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

Art. 474 of the (It.) Penal Code (Introduction into the State and trade of products with false signs)

Apart from cases of complicity in the offences provided for in Art. 473, anyone who introduces into the territory of the State, for the purpose of gaining profit, industrial products with counterfeit or altered trademarks or other distinctive signs, whether national or foreign, shall be punished by imprisonment for a term ranging from one to four years and a fine ranging from EUR 3,500 to EUR 35,000.
Apart from cases of complicity in the counterfeiting, alteration, introduction into the territory of the State, anyone who holds for sale, offers for sale or otherwise puts into circulation, in order to make a profit, the products referred to in the first paragraph shall be punished by imprisonment of up to two years and a fine of up to EUR 20,000.
The offences provided for in the first and second paragraphs are punishable provided that the provisions of domestic laws, Community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

3.3.13.1 Explanatory considerations and relevance to the EUROSETS Model

(It.) Law 99/2009 and (It.) Legislative Decree no. 125/2016 amended Art. 25-bis, extending the entity's liability also to the offences referred to in Articles 473 and 474 of the (It.) Penal Code.

The first offence punishes the counterfeiting and alteration of trademarks or distinctive signs, whether national or foreign, of industrial products, or in any case, irrespective of complicity in counterfeiting or alteration, the use of such trademarks or signs, whether altered or counterfeited. It is therefore conduct that anticipates the putting into circulation of the falsely marked object. Art. 474, being a logical consequence of the previous article, penalises instead the introduction into the territory of the State, other than in cases of complicity in the offences referred to in Article 473 and in order to make a profit, of industrial products with counterfeit or altered trademarks or other distinctive signs, whether national or foreign. In the same sense, holding for sale, offering for sale, or otherwise putting into circulation, the products referred to in the preceding sentence shall be punishable, apart from cases of aiding and abetting the counterfeiting, alteration and introduction into the territory of the State. The cases of counterfeiting/alteration and use of the counterfeited or altered object are extended (Art. 473, paragraph 2) also to patents, designs or models, with the provision of a stricter legal framework which, however, is not found in Art. 25-bis of (It.) Legislative Decree no. 231, which envisages a fine of up to five hundred quotas and disqualification sanctions for a period not exceeding one year for all the offences just mentioned. It should be pointed out that counterfeiting/alteration offences are all offences of concrete danger, since they do not require damage to the protected legal asset - public faith - but the actual risk of confusion for all consumers. Counterfeiting is defined as conduct intended to make the falsified trade mark or sign assume

qualities such as to cause confusion as to the authentic origin of the product. Alteration, on the other hand, consists in the partial modification of a genuine trade mark or its imitation or counterfeit.

3.3.13.2 Identification of areas at risk of commission of counterfeiting offences

The offences of counterfeiting distinctive signs of intellectual or industrial products and introducing counterfeit products into the State are in principle a relevant hypothesis in relation to the EUROSETS business reality, therefore we have identified the following

Sensitive organisational areas:

- Board of Directors;
- President and CEO;
- Bid & Tenders;
- Customer Care;
- Customer Service;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Marketing;
- Country Manager;
- Market Access;
- Technical;
- Technical & Maintenance;
- R&D;
- Scientific Director;
- QA/RA/QC;
- Production;
- Operations.

3.3.13.3 Measures to prevent the commission of the offence

The necessary countermeasures aimed at preventing offences are therefore:

- compliance with the ethical and behavioural principles adopted by the Company;
- appropriate control measures with regard to the selection of its suppliers;
- provision of contractual guarantees with counterparties;
- procedures governing the production and design of products;
- implementation of the Quality System.

3.3.14 ORGANISED CRIME OFFENCES (Art. 24-ter of It. Legislative Decree no. 231/01)

(It.) Law of 15 July 2009, no. 94, bearing the heading “security provisions”, Article 2, paragraph 29, introduced into (It.) Legislative Decree no. 231/2001 Article 24 ter: “organised crime offences”.

Art. 416 of the (It.) Penal Code (criminal association)

When three or more persons associate for the purpose of committing several offences, those who promote or set up or organise the association shall be punished, for this alone, by imprisonment for a term ranging from three to seven years. For the mere fact of participating in the association, the penalty is imprisonment for a term ranging from one to five years.
The leaders are subject to the same penalty as the promoters.
Imprisonment for a term ranging from five to fifteen years shall be applied if the associates take up arms in the countryside or public streets.

The penalty is increased if the number of associates is ten or more.
If the association is aimed at committing any of the offences referred to in Articles 600, 601 and 602, as well as Article 12, paragraph 3bis of the Consolidated Act of the provisions governing immigration and rules on the status of foreigners, referred to in Legislative Decree of 25 July 1998, no. 286, a term of imprisonment ranging from five to fifteen years shall apply in the cases referred to in the first paragraph and from four to nine years in the cases referred to in the second paragraph.
If the association is intended to commit any of the offences provided for in Art. 600 bis, 600 ter, 600 quater, 600 quater 1, 600 quinquies, 609 bis, when the act is committed to the detriment of a person under 18 years of age, and 609 undecies, imprisonment from four to eight years in the cases provided for in the first paragraph and imprisonment from two to six years in the cases provided for in the second paragraph shall apply.

Art. 416 bis of the (It.) Penal Code (mafia-type associations, including foreign ones)

Anyone who is part of a mafia-type association consisting of three or more persons shall be punished by imprisonment for a term ranging from ten to fifteen years.
Those who promote, direct or organise the association are liable to imprisonment for a term of twelve to eighteen years.
The association is of the mafia type when its members make use of the intimidating force of the association bond and of the condition of subjugation and the code of silence deriving therefrom to commit offences, to directly or indirectly acquire the management or control of economic activities, concessions, authorisations, contracts and public services or to obtain unjust profits or benefits for themselves or others, or in order to prevent or hinder the free exercise of the right to vote or to procure votes for themselves or others during elections.
If the association is armed, the penalty is imprisonment for a term ranging from twelve to twenty years in the cases provided for in the first paragraph and of fifteen to twenty-six years in the cases provided for in the second paragraph.
The association is considered armed when the participants have, for the achievement of the association's purpose, weapons or explosive materials available to them, even if concealed or kept in a storage place.
If the economic activities of which the associates intend to take or maintain control are financed in whole or in part with the price, product, or profit of crimes, the penalties laid down in the preceding paragraphs shall be increased by between one-third and one half.
The confiscation from the convicted person of the things that served or were intended to commit the offence and of the things that are the price, product, profit or use thereof is always mandatory. The provisions of this article shall also apply to the Camorra, the 'ndrangheta and other associations, however locally named, including foreign ones, which, making use of the intimidating force of the association bond, pursue aims corresponding to those of mafia-type associations.

Art. 416 ter of the (It.) Penal Code (political and mafia vote rigging)

Anyone who accepts the promise to procure votes by the means referred to in the third paragraph of Art. 416 bis in exchange for the disbursement or promise of disbursement of money or other benefits shall be punished by imprisonment for a term ranging from four to ten years.
The same punishment applies to anyone who promises to procure votes in the manner referred to in the first paragraph.

Art. 630 of the (It.) Penal Code (kidnapping for the purpose of robbery or extortion)

Anyone who kidnaps a person for the purpose of obtaining, for himself/herself or for others, an unjust profit as the price of release shall be punished by imprisonment for a term ranging from twenty-five to thirty years.
If the kidnapping nevertheless results in the death, as an unintended consequence of the offender, of the kidnapped person, the offender shall be punished by imprisonment of thirty years.
If the offender causes the death of the kidnapped person, the penalty is life imprisonment.
The penalties provided for in Article 605 shall apply to the accomplice who, by dissociating himself/herself from the others, acts in such a way that the victim regains his/her liberty, without this result being a consequence of the price of liberation. If, however, the victim dies as a result of the seizure after release, the penalty is imprisonment for six to fifteen years.
With regard to an accomplice who, by dissociating himself/herself from the others, takes steps, outside the case provided for in the preceding paragraph, to prevent the criminal activity from being carried out to further consequences or actually assists

the police or judicial authority in the collection of decisive evidence for the identification or capture of the accomplices, life imprisonment shall be replaced by imprisonment for a term of twelve to twenty years and the other penalties shall be reduced by one-third to two-thirds.
When an attenuating circumstance occurs, the penalty envisaged in the second paragraph shall be replaced by a term of imprisonment from twenty to twenty-four years; the penalty envisaged in the third paragraph shall be replaced by a term of imprisonment from twenty-four to thirty years. If more than one mitigating circumstance concurs, the sentence to be applied as a result of the reductions cannot be less than ten years, in the case provided for in the second paragraph, and fifteen years, in the case provided for in the third paragraph.
The penalty limits provided for in the preceding paragraph may be exceeded where the mitigating circumstances referred to in the fifth paragraph of this Article apply.

Art. 74, (IT.) PRESIDENTIAL DECREE of 9.10.1990 no. 309 (association for the purpose of illegal trafficking of narcotic or psychotropic substances)

When three or more persons associate for the purpose of committing several offences among those set forth in Article 73, anyone who promotes, sets up, directs, organises or finances the association shall be punished for this alone by imprisonment of no less than twenty years.
Anyone who participates in the association shall be punished by imprisonment of no less than ten years.
The penalty is increased if the number of associates is ten or more or if the participants include persons addicted to the use of narcotic or psychotropic substances.
If the association is armed, the penalty, indicated in paragraphs 1 and 3, may not be less than twenty-four years' imprisonment and, in the case provided for in paragraph 2, twelve years' imprisonment. The association is considered armed when the participants have weapons or explosive materials available to them, even if concealed or kept in a storage place.
The penalty is increased if the circumstance referred to in Article 80, paragraph 1, letter e) occurs.
If the association is formed to commit the acts described in paragraph 5 of Article 73, the first and second paragraphs of Art. 416 of the (It.) Penal Code shall apply.
The penalties envisaged in paragraphs 1 to 6 shall be reduced by one half to two-thirds for those who have effectively endeavoured to secure the evidence of the offence or to deprive the association of resources decisive for the commission of the offences. When the offence provided for in Article 75 of Law of 22 December 1975 no. 685, repealed by Article 38, paragraph 1 of Law of 26 June 1990, no. 162, is referred to in laws and decrees, the reference shall be understood as referring to this Article.

3.3.14.1 Relevance to the EUROSETS model

In order for there to be liability for EUROSETS under (It.) Legislative Decree no. 231/2001, it is necessary that the offences just described be committed in the interest or to the benefit of the Company itself.

It is therefore clear that there are some cases that are clearly irrelevant: political-mafia vote rigging, kidnapping for the purpose of robbery or extortion, and association for the purpose of illegal trafficking in narcotic or psychotropic substances.

For the others, although we have found neither a current nor a previous risk in the Company's history, but cannot a priori exclude their relevance, we consider it appropriate here to provide the areas at risk and some lines of conduct aimed at prevention.

3.3.14.2 Identification of activities at risk of committing organised crime offences

In relation to the organised crime offences set out above and considered relevant in the risk analysis carried out, for the purposes of this document, the following activities are deemed sensitive:

- Purchase and/or sale contracts;
- Financial transactions;
- Intra-group transactions;

- Investment relationships with contractual counterparties (including potential).

The preventive measures include those put in place to guard against the commission of transnational offences referred to in paragraph 3.3.8.

3.3.15 CRIMES RELATING TO INFRINGEMENT OF COPYRIGHT (Art. 25-novies of It. Legislative Decree no. 231/01)

(It.) Law of 23 July 2009, no. 99 on the subject of "Provisions for the development and internationalisation of enterprises, as well as on energy", also introduced Article 25-novies: "offences relating to the violation of copyright" among the offences covered by (It.) Legislative Decree no. 231/2001.

Art. 171 of (It.) Law no. 633/1941 [Only the parts of Art. 171 of (It.) Law no. 633/41 referred to here are mentioned; therefore all other conduct described by the provision remains outside the scope of the predicate offences]

Except as provided in Art. 171-bis and Article 171-ter, anyone who, without having the right to do so, for any purpose and in any form:
a-bis) makes available to the public, by entering it into a system of telecommunications networks, by means of connections of any kind, a protected intellectual work, or part of it shall be punished with a fine ranging from EUR 51 to EUR 2,065;
The penalty shall be imprisonment for a term of up to one year or a fine of no less than EUR 516 if the offences referred to above are committed on another person's work that is not intended for publicity, or by usurping the authorship of the work, or by deforming, mutilating or otherwise modifying the work, if the honour or reputation of the author is harmed.

Art. 171 bis of (It.) Law. no. 633/1941
Anyone who unlawfully duplicates, for profit, computer programs or for the same purposes imports, distributes, sells, holds for commercial or entrepreneurial purposes or leases programs contained in media not marked by the Italian Society of Authors and Publishers (SIAE), shall be punished by imprisonment for a term ranging from six months to three years and a fine ranging from EUR 2,582 to EUR 15,493. The same penalty shall apply if the act relates to any means intended solely to enable or facilitate the arbitrary removal or functional circumvention of devices applied to protect a computer program. The punishment is not less than a minimum of two years' imprisonment and a fine of EUR 15,493 if the offence is particularly serious.
Whoever, for the purpose of gain, on media not bearing the SIAE mark, reproduces, transfers to another medium, distributes, communicates, presents or displays in public the contents of a database in breach of the provisions set forth in Articles 64-quinquies and 64-sexies, or performs the extraction or re-utilisation of the database in breach of the provisions of Articles 102-bis and 102-ter, or distributes, sells or rents out a database, shall be subject to a term of imprisonment ranging from six months to three years and a fine ranging from EUR 2582 to EUR 15,493. The punishment is not less than a minimum of two years' imprisonment and a fine of EUR 15,493 if the offence is particularly serious.

Art. 171b of (It.) Law 633/1941
Imprisonment for a term ranging from six months to three years and a fine ranging from EUR 2,582 to EUR 15,493, if the act is committed for non-personal use, shall be imposed on anyone who for profit: a) unlawfully duplicates, reproduces, transmits or broadcasts in public by any process, in whole or in part, an original work intended for the television, cinematographic, sale or rental circuit, discs, tapes or similar supports or any other support containing audio or video recordings of musical, cinematographic or audiovisual works assimilated or sequences of moving images; b) unlawfully reproduces, transmits or disseminates in public, by any process, literary, dramatic, scientific or educational, musical or dramatic-musical or multimedia works or parts thereof, even if they are included in collective or composite works or databases; c) although not having taken part in the duplication or reproduction, introduces into the territory of the State, holds for sale or distribution, or distributes, markets, rents or otherwise disposes of for any reason, projects in public, broadcasts by means of television by any process, broadcasts by means of radio, or plays in public the unauthorised duplications or reproductions referred to in subparagraphs (a) and (b); d) holds for sale or distribution, markets, sells, rents, disposes of for any reason, projects in public,

transmits by means of radio or television by any process whatsoever, video cassettes, music cassettes, any medium containing audio or video recordings of musical, cinematographic or audiovisual works or sequences of moving images, or any other medium for which, pursuant to this law, the affixing of a mark by the Italian Society of Authors and Publishers (SIAE) is prescribed, without the said mark or with a counterfeit or altered mark; e) in the absence of an agreement with the lawful distributor, retransmits or disseminates by any means whatsoever an encrypted service received by means of apparatus or parts of apparatus suitable for decoding conditional access transmissions; f) introduces into the territory of the State, holds for sale or distribution, distributes, sells, leases, transfers for any reason, commercially promotes, installs special decoding devices or elements which allow access to an encrypted service without payment of the due fee; f-bis) manufactures, imports, distributes, sells, rents, assigns for any reason, advertises for sale or rent, or possesses for commercial purposes, equipment, products or components or provides services which have the predominant purpose or commercial use of circumventing effective technological measures referred to in Art. 102c or are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of such measures. Technological measures include those applied, or which remain, following the removal of such measures as a consequence of the voluntary initiative of the owners of the rights or of agreements between the latter and the beneficiaries of exceptions, or following the enforcement of administrative or judicial authority orders; h) unlawfully removes or alters the electronic information referred to in Article 102-quinquies, or distributes, imports for distribution purposes, broadcasts by radio or television, communicates or makes available to the public works or other protected materials from which the same electronic information has been removed or altered; h-bis) unlawfully, also in the manner indicated in paragraph 1 of Article 85-bis of the Consolidated Law on Public Security, referred to in Royal Decree of 18 June 1931, no. 773, records on a digital, audio, video or audiovisual medium, in whole or in part, a cinematographic, audiovisual or editorial work, or reproduces, performs or communicates to the public the recording abusively performed.
A term of imprisonment for a term ranging from one to four years and a fine ranging from EUR 2,582 to EUR 15,493 shall be imposed on anyone who:
a) illegally reproduces, duplicates, transmits or disseminates, sells or otherwise places on the market, disposes of for any reason or illegally imports more than fifty copies or specimens of works protected by copyright and related rights; a-bis) in breach of Art. 16, for the purpose of making profit, communicates to the public by placing it in a system of telecommunications networks, by means of connections of any kind, an original work protected by copyright, or part of it; b) by exercising in an entrepreneurial form activities of reproduction, distribution, sale or marketing, importation of works protected by copyright and related rights, is guilty of the acts referred to in paragraph 1; c) promotes or organises the unlawful activities referred to in paragraph 1. The penalty is reduced if the offence is particularly trivial. Conviction for one of the offences set forth in paragraph 1 entails: a) the application of the accessory penalties set forth in Articles 30 and 32-bis of the Penal Code; b) publication of the sentence in one or more daily newspapers, at least one of which of national circulation, and in one or more specialised periodicals; c) suspension for a period of one year of the broadcasting concession or authorisation to engage in production or commercial activity. The amounts resulting from the application of the fines provided for in the preceding paragraphs shall be paid to the National Welfare and Assistance Organisation for Painters and Sculptors, Musicians, Writers and Dramatic Authors.

Art. 171-*septies* of (It.) Law 633/1941

Failure by producers or importers of media not subject to the marking referred to in Article 181-bis of Law 633/41 to notify SIAE of the identification data of the media not subject to the marking or false declaration

Art. 171-*octies* of (It.) Law 633/1941

Fraudulent production, sale, import, promotion, installation, modification, use for public and private use of apparatus or parts of apparatus for the decoding of audiovisual transmissions with conditional access made over the air, by satellite, by cable, in both analogue and digital form

3.3.15.1 Considerations and relevance for the EUROSETS Model

The reported offences are mostly related to certain business sectors, such as telecommunications, cinematography, etc., which are far removed from the activities of EUROSETS. However, it cannot be ruled out that certain intellectual property infringement offences may be committed, since they were introduced by the legislator to ensure generalised protection of the legal assets in question.
For example, Art. 171 punishes the making available by placing in a telecommunications network system, protected intellectual works or parts thereof, by means of any kind of connection. Protection is also extended to works of others not intended for publicity, the dissemination of which takes place with usurpation of the authorship of the work, deformation, mutilation or other modification of the work.
Also particularly relevant is Art. 171 bis that punishes (also) any conduct of duplication of software for profit. Consequently, any company that, for example, uses non-original programs in order to make savings or that, and this is a rather common case, practises so-called underlicensing, which consists of installing more copies of the program than the number provided for in the user licence, is exposed to the risk of sanctions.
Lastly, Article 171b appears to be relevant insofar as it protects the unlawful reproduction of scientific works.

3.3.15.2 Measures to prevent the commission of the offences.

Since these are general offences, particularly connected to the use of screens and computer systems, in order to prevent the commission of offences, it is considered useful to recall the following safeguards:

- compliance with the ethical and behavioural principles adopted by the Entity;
- correct application of (It.) Legislative Decree no. 196/2003 (concerning personal data);
- identification and archiving of the necessary authorisations required by law for the processing of sensitive and/or personal data, also of suppliers;
- specific training and awareness raising of all persons who come into contact with sensitive and/or personal data;
- Software management.

3.3.16 Public disbursement offences

They may be treated jointly - in view of the obvious similarities as regards what is relevant here - in the category of offences relating to public funds as provided for by Articles 316 bis, 316 ter and 640 bis of the (It.) Penal Code.

Art. 316-bis of the (It.) Penal Code (Misappropriation to the detriment of the State)

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

The moment the offence is committed coincides with the execution phase, so the offence also occurs with reference to financing already obtained in the past and which is now no longer intended for the purposes for which it was granted.
The purpose of this offence is to repress fraud following the obtaining of public benefits consisting in diverting them from the typical purpose identified by the precept authorising the disbursement, a purpose of general interest that would be frustrated if the purpose constraint were circumvented.

Art. 316-ter of the (It.) Penal Code (Undue receipt of payments to the detriment of the State)

Unless the act constitutes the offence envisaged by Article 640-bis, anyone who, by using or submitting false declarations or documents or certifying untrue things, or by omitting due information, unduly obtains, for himself/herself or for others, grants, subsidies, financing, subsidised loans or other disbursements of the same kind, however named, granted or disbursed by the State, by other public bodies or by the European Communities, shall be punished with imprisonment for a term ranging from six months to three years. The penalty is imprisonment of one to four years if the act is committed by a public official or a public service appointee with abuse of his/her position or powers. The penalty is imprisonment for a term ranging from six months to four years if the act harms the financial interests of the European Union and the damage or profit exceeds EUR 100,000. When the sum unduly received is equal to or less than EUR 3,999.96 3 only the administrative penalty of the payment of a sum of money from EUR 5,164 to EUR 25,822 shall apply. This penalty may not, however, exceed three times the benefit obtained.

Under this offence, contrary to the previous point, the use to which the funds are put is irrelevant, since the offence occurs at the time the funds are obtained.
Lastly, it should be noted that this offence is residual in relation to the offence of defrauding the State, in the sense that it only occurs in cases where the conduct does not constitute defrauding the State.

Art. 640-bis of the (It.) Penal Code (Aggravated fraud to obtain public funds)

The penalty shall be imprisonment for a term ranging from two and seven years and prosecution and shall be prosecuted ex officio if the act referred to in Article 640 relates to grants, subsidies, financing, subsidised loans or other disbursements of the same kind, however named, granted or disbursed by the State, other public bodies or the European Communities.

This offence occurs when fraud is perpetrated to obtain public funds unduly. This offence may occur in the case of deception or fraud, for instance by communicating untrue data or preparing false documentation, in order to obtain public funding.

3.3.16.1 Explanatory remarks

The cases under consideration are aimed at protecting the disbursement of public funds, however named, both in the initial moment in which the public disbursement is requested and obtained, and in the "executive" moment of its proper use.
One case punishes the conduct by which the decision-making process of the granting body; in the other case, the failure to allocate the financing received to the public interest purposes that had justified its disbursement is relevant.

3.3.16.2 Relevance of the offence for the EUROSETS Model

Also on the basis of what is contained in the Case Study of the Assobiomedica Guidelines (which, by way of example, contemplates public funding provided for research, for the establishment of new production activities, or for personnel training), the category of offences under consideration must be considered relevant for the purposes of this Organisational Model. Please refer to the identification of areas at risk and safeguards identified in paragraph 3.3.1. In any event, the directors are obliged, should they wish to access funding under Articles 316 bis, 316 ter and 640 bis of the (It.) Penal Code, notify the Supervisory Board, which will have to assess the appropriateness of supplementing the Model, taking into account the additional risk profile of commission of relevant offences that would arise.

3.3.17 FRAUD IN COINS, PUBLIC CREDIT CARDS AND REVENUE STAMPS (Art. 25-bis of It. Legislative Decree no. 231/01)

Art. 453 of the (It.) Penal Code (Forgery of money, spending and introduction into the State, in concert, of counterfeit money)

Imprisonment from three to twelve years and a fine from EUR 516 to EUR 3,098 shall be imposed: 1) on anyone who counterfeits national or foreign currency, which is legal tender in the State or outside the State; 2) on anyone who alters genuine currency in any way, by giving it the appearance of a higher value; 3) on anyone who, not being an accomplice to the counterfeiting or alteration, but in concert with the person who has carried it out or with an intermediary, introduces into the territory of the State or holds or spends or otherwise puts into circulation counterfeit or altered currency; 4) on anyone who, in order to put it into circulation, purchases or in any case receives, from the person who has counterfeited it or from an intermediary, counterfeit or altered currency; 5) the same punishment shall apply to anyone who, being legally authorised to produce it, unlawfully manufactures, by misusing the instruments or materials at his/her disposal, quantities of currency in excess of the prescriptions. The penalty shall be reduced by one-third when the conduct referred to in the first and second paragraphs relates to currency that is not yet legal tender and the initial term thereof is determined.

Art. 455 of the (It.) Penal Code (Spending and introduction into the State, not in concert, of counterfeit money)

Anyone who, outside the cases provided for in the two preceding Articles, introduces into the territory of the State, acquires or possesses counterfeit or altered currency for the purpose of putting it into circulation, or spends it or otherwise puts it into circulation, shall be liable to the penalties laid down in those Articles, reduced by one-third to one half.

Art. 459 of the (It.) Penal Code (Forgery of revenue stamps, introduction into the State, purchase, possession or putting into circulation of forged revenue stamps)

The provisions of Articles 453, 455 and 457 shall also apply to the counterfeiting or alteration of revenue stamps and to the introduction into the territory of the State [p.c. 4], or to the purchase, possession and putting into circulation of counterfeit revenue stamps; but the penalties shall be reduced by one-third.

For the purposes of criminal law, revenue stamps are understood to mean paper with tax stamp, revenue stamps, postage stamps and other securities equated to these by special laws.

Art. 460 of the (It.) Penal Code (Counterfeiting of watermarked paper in use for the manufacture of public credit cards or revenue stamps)

Anyone who counterfeits watermarked paper used for the manufacture of public credit cards or revenue stamps, or who purchases, holds or disposes of such counterfeit paper, shall be punished, if the act does not constitute a more serious offence, by imprisonment of two to six years and a fine of between EUR 309 and EUR 1,032.

Art. 461 of the (It.) Penal Code (Manufacture or possession of watermarks or instruments intended for the counterfeiting of money, revenue stamps or watermarked paper)

Anyone who manufactures, acquires, possesses or disposes of watermarks, computer programs and data or instruments intended for the counterfeiting or alteration of currency, revenue stamps or watermarked paper shall be punished, if the act does not constitute a more serious offence, by imprisonment from one to five years and a fine ranging from EUR 103 to EUR 516. The same penalty shall apply if the conduct referred to in the first paragraph relates to holograms or other components of the currency intended to protect against counterfeiting or alteration.

Art. 464 of the (It.) Penal Code (Use of counterfeit or altered revenue stamps)

Anyone who, not being an accomplice to the counterfeiting or alteration, makes use of counterfeit or altered revenue stamps shall be punished by imprisonment of up to three years and a fine of up to EUR 516. If the valuables have been received in good faith, the penalty laid down in Article 457, reduced by one-third, shall apply.

Art. 454 of the (It.) Penal Code (Alteration of currency)

Anyone who alters currency of the quality indicated in the preceding Article, in any way diminishing its value, or, with respect to the currency thus altered, commits any of the acts indicated in nos. 3 and 4 of said Article, shall be punished by imprisonment from one to five years and a fine ranging from EUR 103 to EUR 516.

Art. 457 of the (It.) Penal Code (Distribution of counterfeit currency received in good faith)
Anyone who spends, or otherwise puts into circulation, counterfeit or altered currency received in good faith shall be punished by imprisonment of up to six months or by a fine of up to EUR 1,032.00.

3.3.17.1 Relevance of the offence for the EUROSETS Model

The cases referred to in Art. 25 bis of the Decree do not appear to be in any way related to the business activity carried out by EUROSETS.
Only the offences of spending counterfeit currency received in good faith (Art. 457 of the It. Penal Code), or use of counterfeit revenue stamps (Art. 464 of the It. Penal Code) could, in an abstract and extreme hypothesis, be committed. The modest extent, in concrete terms, of the payments made in cash and of the volume of revenue stamps used, however, leads to the exclusion of their relevance (not to mention the difficulty of meeting the requirement of the entity's interest or benefit).

3.3.18 PRACTICES OF FEMALE GENITAL MUTILATION (Art. 25-quater.1 of It. Legislative Decree no. 231/01)

(It.) Law of 9 January 2006, no. 7, in force since 2 February 2006, containing 'Provisions concerning the prevention and prohibition of female genital mutilation practices' introduced measures necessary to prevent, combat and repress the practices cited as violations of the fundamental rights to the integrity of the person and health of women and children, and inserted Article 25 quater 1 in the Decree.
Article 25 quater. 1, of (It.) Legislative Decree no. 231/2001 states that:

1. *in relation to the commission of the offences set out in Article 583-bis of the Penal Code (practices of female genital mutilation), the financial penalty of between 300 and 700 quotas and the disqualification sanctions set out in Article 9 paragraph 2 for a period of no less than one year shall be applied to the entity in whose structure the offence was committed. In the case of an accredited private body, accreditation is also withdrawn.*
2. *If the entity or one of its organisational units is permanently used for the sole or prevalent purpose of permitting or facilitating the commission of the offences indicated in paragraph 1, the penalty of definitive disqualification from exercising the activity pursuant to Article 16 paragraph 3 shall apply.*

3.3.18.1 Relevance of the offence for the EUROSETS Model

It does not appear in any way conceivable that this offence may be committed in the context of EUROSETS activities, much less possible that it may be committed in the interest or to the benefit of EUROSETS. Moreover, the law under review expressly provides in its first paragraph for the punishability of the entity "in whose structure" the offence is committed.
Consequently, the company considers this offence to be irrelevant for the purposes of this Model.

3.3.19 ENVIRONMENTAL OFFENCES (Art. 25-undecies of It. Legislative Decree no. 231/01)

(It.) Legislative Decree no. 121/2011, implementing (It.) Delegated Law no. 96/2010 (so-called EU law 2009), which transposed two important Directives on the protection of the environment through criminal law (Directive no. 2008/99/EC) and on ship-source pollution (Directive no. 2009/123/EC), while introducing Art. 25-undecies to (It.) Leg. Decree no. 231/2001, entailing the administrative liability of entities for environmental offences, came into force on 16 August 2011. The environmental offences relevant to the application of (It.) Legislative Decree no. 231/2001 are, in most

cases, misdemeanours, punishable therefore regardless of whether they are committed wilfully or negligently, and some of them are “formal” offences, i.e. they are punishable regardless of whether they actually harm the environment: they may concern any company, regardless of its size or legal form, and may be committed by directors, executives, employees, agents and/or, more generally, by third parties acting for the company.
More precisely, Art. 6 of Directive No. 2008/99/EC required States to ensure 'legal persons can be held liable for offences referred to in Articles 3 and 4 where such offences have been committed for their benefit by any person who has a leading position within the legal person, acting either individually or as part of an organ of the legal person, based on: (i) a power of representation of the legal person, (ii) an authority to take decisions on behalf of the legal person, or an authority to exercise control within the legal person”.

In transposing EU law, the Italian legislature merely introduced in Articles 727-bis and 733-bis of the Penal Code two new offences - Killing, destroying, capturing, taking or keeping specimens of protected wild animal or plant species (Art. 727-bis) and Destruction or deterioration of habitats within a protected site (Art. 733-bis) - believing that all the other offences referred to in the above-mentioned Directives already had matching offences in our legal system. In order to meet the requirements of corporate liability for environmental offences, the legislator did no more than select a number of offences already envisaged by the criminal justice system and deemed to correspond to the catalogue referred to by the supranational legislation, to which it then added those specifically introduced by the amendment (Articles 727-bis and 733-bis).

The offences included in the catalogue of predicate offences for the entity’s liability are, for the most part, offences of abstract danger, in respect of which the occurrence of the feared event is not relevant. Moreover, they are mostly misdemeanours, characterised, as regards the subjective element, by the presence of either intent or guilt.

In order to allow such offences to be imputable to the entity, it will therefore be necessary to adopt the same interpretative solutions of the concepts of “interest” and “benefit” already elaborated by doctrine and case law with regard to unintentional offences in breach of accident prevention legislation. The criterion of “interest” must therefore be related to the conduct of the agent and not to the voluntary pursuit of a certain event, while the “benefit” may consist in the saving of costs resulting from a violation of environmental protection rules (e.g. rules on the prevention of pollution).
It should also be borne in mind that, with respect to misdemeanours, an attempt is not possible.
As to the sanctions that may be imposed on the entity, (It.) Legislative Decree no. 121/2011 provides that, as a general rule, only the monetary sanction is applicable, the extent of which varies according to the seriousness of the offence, while disqualification sanctions are limited to the most serious cases of environmental offence, listed below:

- discharge of industrial waste water involving hazardous substances without authorisation (Art. 137, paragraph 2 of the It. Environmental Code);
- discharge of industrial waste water concerning the 18 substances classified by law as most dangerous in violation of the limits set out in the tables (Art. 137, paragraph 5 of the It. Environmental Code);
- discharge of industrial waste water on the soil, into the surface of the subsoil or directly into the groundwater or subsoil (Art. 137, paragraph 11 of the It. Environmental Code);
- creation and operation of unauthorised landfill (Art. 256, paragraph 3 of the It. Environmental Code);
- organised illegal waste trafficking activities (Art. 260 of the It. Environmental Code);
- malicious pollution caused by ships, as well as permanent damage caused by malicious or unintentional pollution caused by ships (Art. 8 paragraph 1 and 2, Art. 9, paragraph 1 of It. Legislative Decree no. 202/2007).

3.3.19.1 Identification of environmental liability

As the following analysis shows, the following functions are most involved in the sensitive activities in question:

- the Board of Directors and the President whose task it is to identify the correct way to dispose of the products and to ensure that the company to which the products are delivered has the necessary transport and disposal authorisations;
- Health and Safety Officer (RSPP);
- Employer;
- Customer Care;
- Customer Service;
- Country Manager;
- QA/RA/QC;
- Environment and safety;
- Operations;
- Production area;
- Moulding;
- Laboratory Area.

For the sake of completeness, all the environmental offences covered by the Decree are indicated and briefly examined below, regardless of their practical relevance to the Company's activities: it is specified where the individual offence may be considered at least abstractly applicable to the Company.

3.3.19.1.1 Environmental disasters

Art. 452 bis of the (It.) Penal Code (Environmental pollution).

A term of imprisonment of two to six years and a fine of between EUR 10,000 and EUR 100,000 shall be imposed on anyone who unlawfully causes significant and measurable impairment or deterioration:
1) of the water or air, or of large or significant portions of the soil or subsoil;

2) of an ecosystem, of biodiversity, including agricultural biodiversity, of the flora or fauna.
When the pollution affects a protected natural area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or to the detriment of protected animal or plant species, the penalty is increased.

The offence in question is structured as a crime of result and damage, where the damage consists of the impairment or deterioration, significant and measurable, of specifically indicated environmental assets.
Pollution may consist of conduct involving elements such as water, air, waste, but it may also take other and different forms, such as the introduction of chemical substances, GMOs, radioactive materials, or in any form that causes a worsening of the environmental balance[2].
It should be noted that Art. 5 of the (It.) Environmental Code (It. Legislative Decree no. 152/2006) had already defined environmental pollution as "the direct or indirect introduction, as a result of human activity, of substances, vibrations, heat or noise, or more generally of physical or chemical agents, into the air, water or soil, that could harm human health or the quality of the environment, cause the deterioration of material goods, or damage or disturbance to the recreational values of the environment or its other legitimate uses"; the notion also retains in this context its function as a hermeneutic canon useful for qualifying any form of deterioration of the environment.
Crime of result and not of danger, in which the event of significant impairment or deterioration of the environment must be the consequence of conduct constituting in itself an administrative or criminal offence: there will therefore be "impairment" and "significant deterioration" if the alteration of the environment is reversible or if the effects of the pollution can be eliminated by means of operations that are not particularly complex from a technical point of view or not particularly onerous or by measures that are not exceptional.

Art. 452 quater of the (It.) Penal Code (Environmental disaster)

Outside the cases provided for in Article 434, anyone who unlawfully causes an environmental disaster shall be punished by imprisonment of five to fifteen years.
The following alternatively constitute an environmental disaster:
1) the irreversible alteration of the equilibrium of an ecosystem;
2) the alteration of the equilibrium of an ecosystem whose elimination is particularly costly and can only be achieved by exceptional measures;
3) the offence to public safety by reason of the significance of the act in terms of the extent of the impairment or its damaging effects or the number of persons affected or exposed to danger.

[2] Report no. III/4/2015 of the Office of the Supreme Court of Cassation

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

Until the introduction of the crime in question, environmental disaster events had been brought under the aegis of the so-called "unnamed disaster" under Art. 434 of the (It.) Penal Code, the wording of which has raised multiple constitutional doubts. Otherwise, the characters of the environmental disaster seem well circumscribed. An environmental disaster is the irreversible alteration of the equilibrium of an ecosystem, especially if its elimination is particularly costly and only achievable by exceptional measures. Such is also the offence against public safety by reason of the importance of the act, the extent of the impairment, its effects and the number of persons affected.
It therefore concerns an irreversible alteration of the equilibrium of an ecosystem; an alteration of the equilibrium of an ecosystem whose elimination is particularly onerous and achievable only with exceptional measures; the offence to public safety determined with reference both to the importance of the fact in terms of the extent of the environmental impairment or of its damaging effects, and to the number of persons affected or exposed to the danger. Environmental disaster is aggravated when committed in a protected or restricted area or to the detriment of protected animal or plant species.

Art. 452 quinquies of the (It.) Penal Code (Unintentional offences against the environment).

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

Art. 452 octies of the (It.) Penal Code (Aggravating circumstances).

When the association referred to in Article 416 is directed, exclusively or concurrently, towards committing one of the offences envisaged in this chapter, the penalties provided for in Article 416 shall be increased. When the association referred to in Article 416-bis is aimed at committing any of the offences envisaged in this chapter or at acquiring the management or in any case the control of economic activities, concessions, authorisations, contracts or public services in the environmental field, the penalties provided for in Article 416-bis are increased. The penalties referred to in the first and second subparagraphs shall be increased by between one-third and one half if the association includes public officials or public service appointees who perform functions or provide services in environmental matters.

Art. 452 sexies of the (It.) Penal Code (Trafficking and abandonment of highly radioactive material).

Unless the act constitutes a more serious offence, a term of imprisonment from two to six years and a fine ranging from EUR 10,000 to EUR 50,000 shall be imposed on anyone who unlawfully sells, purchases, receives, transports, imports, exports, procures for others, possesses, transfers, abandons or disposes of highly radioactive material.

The penalty referred to in the first paragraph shall be increased if the act results in the danger of impairment or deterioration: 1) of the water or air, or of large or significant portions of the soil or subsoil;

2) of an ecosystem, of biodiversity, including agricultural biodiversity, of the flora or fauna.

If the act results in danger to life or limb, the penalty shall be increased by up to one half.

3.3.19.1.2 Explanatory remarks

(It.) Law of 22 May 2015 no. 68 introduces specific offences of assault on the environment into the legal system in the form of a crime. The regulation responds to the need to comply with the provisions of EU Directive 2008/99/EC of 19 November 2008 on the protection of the environment, which expressly states, in Art. 5, that "*activities damaging the environment, which typically cause or are likely to cause substantial damage to the air, including the stratosphere, to soil, water, animals or plants, including to the conservation of species*" require criminal penalties with greater dissuasiveness.

3.3.19.1.3 Relevance to the EUROSETS Model.

In consideration of the Company's typical activity, although it carries out production activities, the possibility of the crimes of "environmental disaster" and "environmental pollution" being committed is reasonably excluded, in consideration of the magnitude of the offence connected to the aforementioned cases; with reference to the crime of "trafficking and abandonment of highly radioactive materials", please note that EUROSETS does not deal in such materials.

3.3.19.2 Cases for the protection of protected wild animal or plant species and for the protection of natural habitats within a protected site.

Art. 727-bis (Killing, destroying, capturing, taking, keeping specimens of protected wild animal or plant species)

1. Unless the act constitutes a more serious offence, anyone who, outside the permitted cases, kills, captures or possesses specimens belonging to a protected wild animal species shall be punished by a term of imprisonment of between one and six months or a fine of up to EUR 4,000, except in cases where the action concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species.

2. Anyone who, outside permitted cases, destroys, takes or holds specimens belonging to a protected wild plant species shall be liable to a fine of up to EUR 4,000, except in cases where the action concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species. Art. 733-bis (Destruction or deterioration of habitats within a protected site)

1. Anyone who, outside the permitted cases, destroys a habitat within a protected site or in any case deteriorates it, thus jeopardising its state of conservation, shall be punished with imprisonment of up to eighteen months and a fine of no less than EUR 3,000.

2. For the purposes of the application of Article 727-bis of the Penal Code, protected wild animal or plant species are those listed in Annex IV of Directive 92/43/EC and Annex I of Directive 2009/147/EC.

3. For the purposes of the application of Article 733-bis of the Penal Code, "habitat within a protected site" means any habitat of species for which an area is classified as a special protection area pursuant to Article 4, paragraphs 1 or 2 of Directive 2009/147/EC, or any natural habitat or habitat of species for which a site is designated as a special area of conservation pursuant to Article 4, paragraph 4 of Directive 92/43/EC.

3.3.19.2.1 Explanatory considerations and Relevance for the EUROSETS Model

In light of the activity actually carried out by the Company, the relevance of the cases referred to in Art. 727-bis of the (It.) Penal Code and Art. 733-bis of the (It.) Penal Code: paragraph 3 of the aforementioned provision, in fact, attributes relevance only to special conservation areas and special protection areas. The designation of an area in these terms is done by the state according to the special procedures established by EU law.

Since the Company does not operate in such areas, nor does it affect the conservation of natural habitats or species in any way through its business activities, the Company considers this offence irrelevant for the purposes of this Model. Furthermore, no contact with protected animal species is in any way possible in the course of the Company's activities. That said, should the company's activity expand into areas subject to special protection, the Supervisory Board will be immediately informed or a precise analysis of the associated risks will be carried out.

3.3.19.3 Discharge of industrial waste water

Art. 137 of (It.) Legislative Decree no. 152/2006 (so-called Environmental Code)

1. Anyone who opens or otherwise makes new discharges of industrial waste water without authorisation, or continues to make or maintain such discharges after the authorisation has been suspended or revoked [...]. 2. When the conduct described in paragraph 1 concerns the discharge of industrial waste water containing the hazardous substances included in the families and groups of substances listed in Tables 5 and 3/A of Annex 5 to Part Three of this Decree, the penalty is imprisonment from three months to three years.

3. Anyone who, other than in the cases referred to in paragraph 5, discharges industrial waste water containing the hazardous substances included in the families and groups of substances indicated in Tables 5 and 3/A of Annex 5 to Part Three of this Decree without complying with the requirements of the authorisation, or other

requirements of the competent authority pursuant to Articles 107, paragraph 1 and 108, paragraph 4 shall be punished by imprisonment of up to two years.

[...]

5. Anyone who, in relation to the substances indicated in Table 5 of Annex 5 to the third part of this Decree, when discharging industrial waste water, exceeds the limit values set out in Table 3 or, in the case of discharge onto the ground, in Table 4 of Annex 5 to the third part of this Decree, or the more restrictive limits set by the regions or autonomous provinces or by the competent authority pursuant to Article 107, paragraph 1*, shall be punished with imprisonment up to two years and a fine ranging from three thousand to thirty thousand Euros. If the limit values fixed for the substances contained in Table 3/A of the same Annex 5 are also exceeded, imprisonment from six months to three years and a fine from six thousand to one hundred and twenty thousand Euros shall apply. [...] 11. Anyone who fails to observe the prohibitions on discharge laid down in Articles 103 and 104 shall be punished by imprisonment of up to three years. [...]*

13. The penalty of imprisonment from two months to two years shall always be applicable if the discharge into the waters of the sea by ships or aircraft contains substances or materials for which an absolute prohibition of spillage is imposed pursuant to the provisions contained in the relevant international conventions in force and ratified by Italy, unless they are in such quantities as to be rendered rapidly harmless by the physical, chemical and biological processes occurring naturally in the sea and provided that prior authorisation is obtained from the competent authority.

3.3.19.3.1 Explanatory remarks

The rule to which reference is made relates to the discharge of industrial waste water, i.e., pursuant to Art. 74, letter h) of the (It.) Environmental Code, as amended by (It.) Legislative Decree no. 4 of 2008, "any type of waste water discharged from buildings or installations in which commercial activities or the production of goods are carried out, other than domestic waste water and rainwater runoff".

The distinction between industrial waste water and domestic waste water is determined by the criterion of the source of the waste water: (i) production, (in which case it will be industrial water), (ii) or from human metabolism or activities related to everyday life (in which case it will be domestic water). (It.) Presidential Decree no. 227/2011 introduced certain criteria to assimilate certain categories of industrial waste water to domestic waste water[3]: these include, in particular, "waste water from settlements where the production of goods and the provision of services takes place, the terminal discharges of which originate exclusively from toilets, kitchens and canteens".

In turn, letter ff) of Art. 74 defines discharge as: "any discharge effected exclusively by means of a stable collection system that seamlessly connects the production cycle of the effluent with the receiving body of surface water, soil, subsoil and sewerage system, regardless of their polluting nature, including those subject to prior purification treatment". The definition leverages in

[3] These criteria are in addition to those already provided for in Art. 101, paragraph 7 of the Consolidated Text on the Environment.

particular on the existence of a stable connection system - without interruption - between the production cycle of the effluent and the receptor, which could be, depending on the case, the sewerage system or directly the soil, or the subsoil.

Pursuant to Art. 124 of the (It.) Environmental Code, all discharges must be authorised in advance in accordance with the same regulation. It is worth recalling that the institution of silent consent is not applicable following the amendment introduced by (It.) Legislative Decree no. 4/2008, which removed any reference to this effect.

That being said, the cases concerning the discharge of industrial waste water referred to in Art. 25-undecies of (It.) Legislative Decree no. 231/2001 represent a series of offences of abstract danger for cases in which the discharge involves a series of substances defined by law as hazardous, and indicated in the lists in Tables 5 and 3/A of Annex 5 to Part Three of the (It.) Environmental Code. The lists in Tables 5 and 3/A are meant to be exhaustive, since the offences under consideration do not apply in the case of substances commonly considered hazardous, but not contained in the above-mentioned Tables. Since these are also, as mentioned, offences of presumed danger, it is not necessary to establish that damage to the environment has actually been caused: the offence takes shape at the moment when the discharge of waste water takes place.

The first hypothesis, identified by paragraph 2, concerns the case where the discharge of the aforementioned hazardous substances takes place in the absence of a permit or in the presence of a suspended or revoked permit.

Paragraphs 3 and 5, on the other hand, concern the case where there is a valid authorisation, but the discharge occurs in violation of certain requirements imposed by the authorisation.

Firstly, paragraph 5 (rewritten several times, most recently by It. Law of 25/02/2010 no. 36 on the "Discipline of sanctions for the discharge of waste water"[4]), sanctions the case in which,the limits values of only the 18 most dangerous substances, specified in Table 5, Annex 5, Part Three of the Environmental Code, respectively, are exceeded:

- in Table 3 for discharge into surface waters;
- or in Table 4 for ground discharge,
- or the more restrictive limits that may be set by the autonomous regions and provinces are exceeded.

(It.) Law 36/2010 leaves no room for doubt: violation of the limits set in the tables is a criminal offence only if it concerns the 18 substances listed in Table 5, whereas exceeding the limits set in Tables 3 and 4, for substances other than those listed in Table 5, only entails the application of the administrative sanctions provided for in Art. 133 of the (It.) Environmental Code. The penalty is aggravated if, for the same hazardous substances in Table 5, the limits indicated in Table 3/A per unit of product and referring to specific

[4] The regulatory intervention was intended to clarify certain interpretative doubts that had arisen with respect to previous formulations. It did, however, end up distorting the initial scope of the rule.

production cycles (paragraph 5, second sentence) are also exceeded. In the latter case (paragraph 5), as well as in the event of the absence of authorisation or of suspended or revoked authorisation (pursuant to paragraph 2), the application to the offending body of the disqualification sanction pursuant to Art. 9, paragraph 2 of (It.) Legislative Decree no. 231/2001.

Paragraph 3 applies, on the other hand, outside the cases referred to in Paragraph 5, i.e. where, for the substances listed in Tables 5 and 3/A of Annex 5, the discharge is carried out in breach of permit requirements other than compliance with the limits set in the tables. Paragraph 11 of Art. 137 punishes, on the other hand, the discharge of waste water on the soil, in the surface layers of the subsoil, as well as direct discharge into the groundwater or subsoil in violation of Articles 103 and 104 of the (It.) Environmental Code. Paragraph 7 of Art. 25-undecies sanctions, also in this case, the application of the disqualification sanction laid down in Art. 9, paragraph 2 of (It.) Legislative Decree no. 231/2001.

Discharge onto the ground or into the surface layers of the subsoil is prohibited by Art. 103 of the (It.) Environmental Code, with some exceptions, such as, for example, flood discharges serving sewer networks or storm water discharges conveyed into separate sewer networks. Of the exceptions indicated in Art. 103, however, the hypothesis of "ascertained technical impossibility or excessive onerousness, in view of the environmental benefits achievable, to discharge into surface water bodies" stands out: in this case, waste water discharges are permitted, provided that they comply with the criteria and emission limit values set for this purpose by the Regions.

Art. 104 of the (It.) Environmental Code, on the other hand, prohibits direct discharges into the groundwater or subsoil, unless otherwise authorised by the competent authorities.

On the other hand, the hypothesis of discharging into the sewerage system in violation of the requirements of Art. 107 of the (It.) Environmental Code does not constitute an offence, as it not referred to in the article under examination[5].

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[5] Discharges into sewerage systems: "1. Without prejudice to the mandatory nature of the emission limit values set out in Table 3/A of Annex 5 to Part Three of this Decree and, limited to the parameters set out in note 2 of Table 5 of the same Annex 5, in Table 3, industrial waste water discharges into sewer networks are subject to the technical standards, regulatory prescriptions and limit values adopted by the competent authority on the basis of the characteristics of the plant, and in such a way as to ensure the protection of the receiving body of water as well as compliance with the regulations on urban waste water discharges defined pursuant to Article 101, paragraphs 1 and 2.2. Discharges of domestic wastewater into sewerage systems are always permitted provided they comply with the regulations issued by the integrated water service provider and approved by the competent Authority. 3. The disposal of waste, even if shredded, into the sewerage system is not permitted, with the exception of organic waste from food waste treated with food waste disposers that reduce its mass to fine particles, subject to verification of the existence of a purification system by the integrated water service provider, which shall ensure adequate information to the public also regarding the layout of the areas served by such systems. The installation of the equipment is communicated by the retailer to the water service provider, who controls its distribution throughout the territory. 4. The regions, having consulted the provinces, may lay down supplementary rules for the control of discharges from civil and production settlements connected to public sewers, for the functionality of pre-treatment plants and for compliance with the limits and prescriptions laid down in the relevant authorisations".

3.3.19.3.2 Relevance to the EUROSETS Model and identification of the areas at risk

In the light of the actual activity of EUROSETS activity and the existence of a large production site, the facts at issue must be regarded as relevant.

Therefore, the following are identified as

Sensitive organisational areas:

- Health and Safety Officer (RSPP);
- President;
- Scientific Director;
- Technical & Maintenance;
- R&D;
- Country Manager;
- Operations;
- Production Area;
- Laboratory Area;
- Moulding Area;
- Clean room Area.

3.3.19.3.3 Measures to prevent the commission of the offence

The company will carry out all due and proper investigations and/or checks on the quality of the effluent produced.

In particular, please note that EUROSETS holds the Single Environmental Authorisation and constantly monitors its discharges, also and especially when using new substances/producing different discharges. On this point again, please note that water intended for discharge is analysed by competent and carefully selected third parties. Certificates attesting to the quality and composition of the effluent are duly kept by the competent department.

3.3.19.4 Waste management offences

Art. 256 of (It.) Legislative Decree no. 152/2006 (so-called Environmental Code) (Unauthorised waste management activities)

1. Anyone who carries out an activity of waste collection, transport, recovery, disposal, trade and intermediation in the absence of the prescribed authorisation, registration or notification referred to in Articles 208, 209, 210[6], 211, 212, 214, 215 and 216 shall be punished:

a) with a term of imprisonment ranging from three months to one year or with a fine from two thousand six hundred euros to twenty-six thousand euros if it concerns non-hazardous waste;

[6] Art. 210 was repealed by (It.) Legislative Decree no. 205/2010.

b) with imprisonment from six months to two years and a fine of two thousand six hundred euros to twenty-six thousand euros if hazardous waste is involved.[...]

3. Anyone who creates or operates an unauthorised landfill is liable to a term of imprisonment of six months to two years and a fine of between two thousand six hundred euros and twenty-six thousand euros. The penalty of imprisonment from one to three years and a fine ranging from five thousand two hundred euros to fifty-two thousand euros shall apply if the landfill is intended, even in part, for the disposal of hazardous waste [...].

5. Anyone who, in violation of the prohibition laid down in Article 187, carries out unauthorised activities of mixing waste, shall be punished in accordance with paragraph 1, letter b).

6. Anyone who temporarily stores hazardous medical waste at the place of production, in breach of the provisions of Article 227, paragraph 1, letter b), shall be punished by detention from three months to one year or by a fine ranging from two thousand six hundred euros to twenty-six thousand euros. A fine of between two thousand six hundred euros and fifteen thousand five hundred euros shall be imposed for quantities not exceeding two hundred litres or equivalent.

3.3.19.4.1 Explanatory remarks

The provision in question configures a series of abstract danger offences, which penalise conduct that obstructs the execution of the checks set up by the Public Administration with respect to the proper management of potentially polluting activities, regardless of whether or not environmental damage occurs.

Firstly, paragraph 1 of Art. 256 characterises as a crime the act of carrying out of a number of waste management activities in the absence of the authorisation, registration or communication specifically required by the (It.) Environmental Code. The definitions of the activities mentioned in this provision can be derived from Art. 183 of the (It.) Environmental Code.

It should be noted that all the activities referred to in the first paragraph of Art. 256 fall within the notion of "waste management" in Art. 183, defined (paragraph 1, letter n) as "the collection, transport, recovery and disposal of waste, including the monitoring of these operations and work following the closure of disposal sites, as well as operations carried out in the capacity of dealer or broker".

The concept of waste encompasses "any substance or object which the holder discards or intends or is required to discard": according to the interpretation provided by the Court of Justice of the European Union, and transposed into Italian law, waste is therefore considered to include not only goods that have exhausted their life cycle, but also those objects that, although they may still have some use, are abandoned by the holder or producer.

Collection means, according to paragraph 1, letter o), "the collection of waste, including preliminary sorting and storage, including the operation of collection facilities as defined under (mm), with a view to its transport to a treatment facility". In turn, collection centres (paragraph 1, letter mm) are the areas set aside for the collection of municipal waste by separate grouping.

Letter t) of paragraph 1 thus defines recovery as “any operation the principal result of which is to enable waste to fulfil a useful role by replacing other materials that would otherwise have been used to fulfil a particular function, or to prepare it to fulfil that function, either within the facility or within the wider economy”. An illustrative and non-exhaustive list of recovery operations is contained in Annex C of Part IV of the (It.) Environmental Code: these are mostly recycling activities and regeneration of raw materials through certain mechanical or chemical treatments.

Under letter z), on the other hand, disposal constitutes “any operation other than recovery even where the operation’s secondary consequence is the recovery of substances or energy”. Annex B to Part IV in turn provides a non-exhaustive list of disposal operations, including landfill, biodegradation and incineration. In this respect, it should be noted that storage, following collection, and operations prior to actual disposal are also treated as disposal (items D13 and D15).

The concepts of trade and intermediation are not defined by the rule under consideration, for which the civil law notions derivable from the general legal system apply.

As for transport, it is governed by Art. 193 of the (It.) Environmental Code, which specifies the means and procedures therefor, also specifying in paragraph 9 that “the movement of waste exclusively within private areas is not considered transport for the purposes of part four of this decree”.

On the other hand, the temporary storage of waste at the place of production is not relevant to the offence of unauthorised waste management. In fact, it constitutes a preliminary activity to waste management and, if it is carried out in accordance with the requirements of Art. 183, letter bb) of the (It.) Environmental Code, no authorisation is required.

Art. 183, latter bb) in fact defines temporary storage as “*the bringing together of waste, prior to collection, at the place where it is produced, under the following conditions:*

1)waste containing the persistent organic pollutants listed in Regulation (EC) 850/2004, as amended, must be deposited in accordance with the technical rules governing the storage and packaging of waste containing hazardous substances and managed in accordance with that Regulation;

2)the waste must be collected and sent for recovery or disposal in one of the following alternative ways, at the choice of the waste producer: at least quarterly, irrespective of the quantity stored; when the quantity of waste stored reaches a total of 30 cubic metres, of which a maximum of 10 cubic metres is hazardous waste. In any case, where the amount of waste does not exceed the above-mentioned limit per year, temporary storage may not exceed one year;

3)temporary storage must be carried out by homogeneous categories of waste and in compliance with the relevant technical standards and, in the case of hazardous waste, in compliance with the standards governing the storage of the hazardous substances contained therein;

4)the rules governing the packaging and labelling of hazardous substances must be complied with; 5) for certain categories of waste, identified by decree of the Ministry for the Environment and Protection of the Land and Sea, in agreement with the Ministry for Economic Development, the modalities for the management of temporary storage shall be established

This offence occurs when the activities described above take place in the absence of the necessary authorisations, such as:

- the single authorisation for new waste recovery or disposal facilities, issued pursuant to Art. 208 of the (It.) Environmental Code;
- pursuant to Art. 211, authorisation for research and testing facilities;
- the integrated environmental authorisation referred to in Art. 213.

Administrative authorisations are also, on the one hand, equated with registration in the national register of environmental managers (Art. 212) for carrying out the activity of waste collection, transport, trade and intermediation, reclamation; on the other hand, the self-certification hypotheses referred to in Art. 209 for waste management companies in possession of environmental certification, as well as the declarations required by Art. 214 et seq. for simplified procedures.

The absence of the above-mentioned authorising measures constitutes a predicate for the offence.

Furthermore, pursuant to Art. 215 of the Code, it is possible, subject to a declaration of commencement of activity, to self-dispose of non-hazardous waste. Similarly, Art. 216 allows the producer of waste to carry out certain waste recovery operations listed in Annex V to Part Four of the (It.) Environmental Code on its own, subject to certain conditions and subject to prior notice of the commencement of activities. Among the operations mentioned therein, we can, in particular, distinguish energy recovery (operation R1, use as fuel), which can only concern non-hazardous waste, from other operations, which concern material recovery and may also apply to hazardous waste.

In light of these considerations, this offence may be committed, for example, if the entity disposes of hazardous waste itself, or disposes of non-hazardous waste itself or carries out recovery operations without submitting the relevant notification to the competent authority, or without complying with the suspension periods established by the (It.) Environmental Code (90 days).

It is obvious, in the examples given, that criminal protection predates the possible occurrence of damage: it is therefore more appropriate than ever that a company intending to proceed with waste recovery or self-disposal activities should have precise and detailed internal procedures in place, in order to ensure that the activity in question is only undertaken in the presence of all the prerequisites required by law.

The provision in question (letters a, b) then differentiates according to whether the waste subject to the aforementioned management activities is hazardous or not, aggravating the penalty treatment in the case of hazardousness. Art. 184 of the (It.) Environmental Code

, which classifies different types of waste, identifies the hazardous nature of the waste by referring to Annex D to Part IV of the Decree.

The third paragraph of Art. 256 punishes, on the other hand, the construction and/or operation of an unauthorised landfill. The notion of landfill can be found in Art. 2, paragraph 1, letter g) of (It.) Legislative Decree no. 36/2003, implementing Directive no. 1999/31/EC on the landfill of waste. It consists of the "area used for the disposal of waste by means of deposit operations on or in the soil, including the area within the place of production of the waste used for its disposal by the producer of the waste, as well as any area where waste is temporarily stored for more than one year. This definition does not include facilities where waste is unloaded in order to be prepared for further transport to a recovery, treatment or disposal facility, and storage of waste awaiting recovery or treatment for a period of less than three years as a general rule, or storage of waste awaiting disposal for a period of less than one year".

As confirmed by the Court of Cassation[7], an (unauthorised) landfill site can be defined as "the area within the place of production of waste intended for permanent disposal of that waste". Analysis of the case law of the Supreme Court on the subject thus makes it possible to identify the elements, which are different from the mere disposal of waste referred to in the first paragraph, that characterise a landfill. Firstly, there must be "the more or less systematic but nevertheless repeated and not occasional accumulation of waste in a given area".[8]. The deposit of the materials must, however, fulfil the criteria of finality, so as to bring about the transformation of the area that, as a result of the presence of the materials in question, will be characterised (even if only tendentially) by degradation. With respect to this case, the temporary storage activity acquires greater importance, as, if it does not take place in compliance with the above-mentioned regulatory requirements, could risk degenerating into uncontrolled storage and, in abstract terms, could even constitute illegal dumping.

Also in this case, the legislator establishes an aggravated penalty as well as the application of the prohibitory sanction under Art. 9, paragraph 2 of (It.) Legislative Decree no. 231/2001, where the disposal involves hazardous waste.

Lastly, it should be recalled that, pursuant to Art. 2, para. 6 of (It.) Legislative Decree no. 121/2011, which in turn refers to paragraph 4 of Art. 256 of the (It.) Environmental Code, the penalties in relation to the offences referred to in paragraphs 1 and 3 shall be reduced by one half where the offence results from non-compliance with the requirements contained in or referred to in the authorisations.

[7] Cf. Cassation, Criminal Section, Judg. no. 10258 of 09-03-2007.

[8] See, ex multis, Cass. Crim. Judg. no. 27296 of 17.6.2004, Micheletti, RV 229062

Paragraph 5 then penalises the case of violation of the mixing ban in Art. 187, i.e. the mixing of hazardous waste belonging to different categories, as well as the mixing of hazardous waste with non-hazardous waste.
The Court of Cassation, recalling the requirements of Regulation (EC) 1013/2006, has defined mixing as "the operation consisting of the voluntary or involuntary mixing of two or more types of waste having different identification codes so as to give rise to a mixture for which there is no specific identification code".[9].
The rule, as interpreted by the case law of the Supreme Court, is particularly severe, since it also penalises the mere temporary storage of waste belonging to different categories, if it results, even unintentionally, in a mixture not permitted by Art. 187.
Lastly, paragraph six envisages that, in certain cases, for the determination of which reference is made to Art. 227 of the (It.) Environmental Code, the mere temporary storage at the place of production of hazardous medical waste also constitutes an offence.
Art. 227, letter b), in turn, establishes that, with respect to so-called medical waste, the sector legislation introduced by (It.) Presidential Decree no. 254/2003 must apply. Art. 2 of the (It.) Presidential Decree defines medical waste as those wastes, listed by way of example in Annexes I and II of the Presidential Decree, "that derive from public and private facilities, identified pursuant to Legislative Decree of 30 December 1992, no. 502 , as amended, which carry out medical and veterinary prevention, diagnosis, treatment, rehabilitation and research activities and provide the services referred to in Law of 23 December 1978, no. 833". This is therefore waste produced by hospitals and institutions providing services in the national health service.
Articles 8 and 17 of the aforementioned (It.) Presidential Decree regulate the way in which temporary storage of medical waste is managed: it is the violation of these provisions that constitutes the offence in question. The case, however, following the reference to (It.) Presidential Decree 254/2003 and the definition of medical waste contained therein, constitutes an offence in its own right that can only be committed by the medical director or manager of the facility that produces waste.

3.3.19.4.2 Relevance to the EUROSETS Model

In light of the activity actually carried out by the Company and the fact that it does not directly carry out any waste management activity, relying for this purpose on third-party companies, the relevance of most of the above-mentioned cases can be excluded; at the same time, however, we cannot exclude the possible liability as an accomplice to the offence of unauthorised waste management: this offence could potentially be committed, as an accomplice to the environmental manager, if the Company knowingly

[9] Cassation, Criminal, Judg. no. 19333 of 08-05-2009.

entrusts the management of waste produced to a person (i) without a permit or registration, (ii) whose permit or registration has expired, (iii) authorised to manage waste other than that produced by the company.

Abstractly, the case of the creation/management of an illegal landfill site is also considered relevant.

3.3.19.4.3 Measures to prevent the commission of the offences

The Company takes care to carry out a careful prior assessment of the commercial and professional reliability of the companies to be approached (in the same way as for suppliers).

In particular, the Company will be responsible for:

- verifying the authorisations and registrations of the environmental managers to whom the company entrusts the activities of collection, transport, recovery, disposal, trade and intermediation of waste (hazardous, special, office and other);
- verifying that suppliers of waste management-related services, where required by (It.) Legislative Decree no. 152/2006 and other legislative and regulatory sources, provide proof, based on the nature of the service provided, of compliance with waste management and environmental protection regulations;
- ascertaining, prior to the establishment of the relationship, the respectability and reliability of waste management service providers.

In the event of doubts as to the correct interpretation of the indicated rules of conduct, the person concerned may request clarification from his or her supervisor, who may - in turn - consult the Supervisory Board.

With reference to the possibility of creating/managing an unauthorised landfill, we would like to point out that the Company is extremely careful with respect to any environmental issues, i.e. the existence of specific instructions on the subject.

3.3.19.5 Failure to remediate a site contaminated by waste

Art. 257 of (It.) Legislative Decree no. 152/2006 (Environmental Code) (Site remediation)

1. Anyone who causes the pollution of the soil, subsoil, surface waters or underground waters by exceeding the risk threshold concentrations shall be punished with imprisonment from six months to one year or with a fine ranging from two thousand six hundred euros to twenty-six thousand euros, if he/she does not carry out the remediation in compliance with the project approved by the competent authority within the framework of the procedure set forth in Article 242 et seq. In the event of failure to make the notification referred to in Article 242, the offender shall be punished by imprisonment from three months to one year or a fine ranging from one thousand euros to twenty-six thousand euros.

2.A term of imprisonment from one year to two years and a fine ranging from five thousand two hundred euros to fifty-two thousand euros shall be imposed if the pollution is caused by hazardous substances.

3.3.19.5.1 Explanatory remarks

Firstly, the second sentence of the first paragraph envisages the offence of failure to notify under Art. 242 of the (It.) Environmental Code: this concerns the hypothesis in which, upon the occurrence of an event potentially liable to contaminate a given area, the person responsible for the pollution fails to immediately notify the local authorities concerned and the Prefect pursuant to Article 304, paragraph 2. The notification must contain an indication of the preventive measures that the offender intends to take, which must be implemented within the next 24 hours.

Case law has been very strict in interpreting this rule, considering the offence to exist even in the hypothesis that the supervisory operators in charge of environmental protection intervene at the site of the pollution, since "this circumstance does not exempt the operator concerned from the obligation to inform the supervisory bodies of the preventive and safety measures that he/she intends to adopt, within 24 hours and at his/her own expense, to prevent the environmental damage from occurring".

Pursuant to Art. 242, the person responsible for the pollution, once the aforesaid communication has been made and the necessary preventive measures have been implemented, must carry out an investigation to ascertain the level of the so-called "threshold concentrations of contamination" (TCC): if this level exceeds the values indicated by law (and specified in Annex 5 to Part IV of the It. Environmental Code), the site will be qualified as potentially contaminated. In this case, the person in charge must prepare a characterisation plan, as well as apply the site-specific risk analysis procedure provided for in Annex 1 to Part IV of the Code, in order to determine the so-called Threshold Risk Concentrations (TRC). TRCs, in turn, are defined by Art. 240 of the (It.) Environmental Code: they constitute the contamination levels of environmental matrices (environmental matrices are defined as soil, subsoil and groundwater) and must be determined on a case-by-case basis, according to the aforementioned site-specific risk analysis procedure. If the level of residual contamination is not acceptable, due to the TRCs being exceeded, the site will have to be remediated. The first paragraph of Art. 257, first sentence, envisages criminal sanctions in the event that, once those thresholds have been exceeded, the person who caused the pollution does not carry out the remediation, in accordance with the project referred to in Art. 242 of the (It.) Environmental Code.

In particular, the provision identifies a crime of result, where the result, of damage, consists of pollution, defined precisely as exceeding the Threshold Risk Concentrations.

According to part of the doctrine, the conduct would be an offence by omission: the offence would therefore be committed in the event of failure to clean up the polluted area in accordance with the project approved by the competent authority. More recent jurisprudence, on the other hand, holds that this would be a crime of result (causing the pollution), subject to an objective condition of punishable omission (failing to clean up the pollution). Regardless of the distinction, in both cases, the offence will be

committed, once the pollution damage has been caused, both in the event that the agent does not carry out the remediation and in the event that it does so only partially and not in accordance with the requirements of the project approved by the competent authority. Paragraph 2 of the provision envisages an aggravated penalty in cases where the pollution is caused by hazardous substances.

3.3.19.5.2 Relevance to the EUROSETS Model

The offence is not considered relevant for the Company, since - in a nutshell and as explained above - such an offence is technically only possible after a remediation project has been approved by the competent authority: at present, EUROSETS has no such obligations. Should an event occur that is potentially capable of polluting a site by exceeding the TRCs, it will be the duty of the competent departments to inform the Supervisory Board as soon as possible.

3.3.19.6 Offences concerning false waste analysis certificate

Art. 258 of (It.) Legislative Decree no. 152/2006 (Environmental Code) (Breach of reporting obligations, keeping of compulsory registers and forms)

[...] "*The punishment referred to in Article 483 of the Penal Code shall apply to anyone who, in preparing a waste analysis certificate, provides false information on the nature, composition and chemical and physical characteristics of the waste, and to anyone who uses a false certificate during transport"*.

3.3.19.6.1 Explanatory considerations and relevance to EUROSETS

Art. 258, paragraph 4, second sentence of the (It.) Environmental Code, itself amended by (It.) Legislative Decree no. 205/2010, punishes, firstly, the conduct of a person who, in preparing a waste analysis certificate, provides false information on the nature, composition and chemical and physical characteristics of the waste, and, secondly, the use of the false certificate during the transport of the waste.

The reference, as to the determination of the penalty, to Art. 483 of the (It.) Penal Code qualifies this case as a crime. Consequently, both of the aforementioned conducts will be punishable exclusively on the grounds of intent: it will therefore be necessary to establish, in both cases, the perpetrator's awareness of the falsity of the information provided or used and the intention to use it.

According to the prevailing doctrine, both conducts would constitute a personal offence: the active parties would be only, in the first case, the persons authorised to issue waste analysis certificates, in the second case, the waste transporter.

Since, as indicated above, this is a personal offence, and since the Company does not hold any of the relevant subjective positions, the offence is deemed not applicable to the Company.

3.3.19.7 Illegal trafficking of waste

Art. 259, paragraph 1 of (It.) Legislative Decree no. 152/2006 (Environmental Code) (Illegal trafficking of waste)

1. Anyone who carries out a shipment of waste that constitutes illegal trafficking within the meaning of Article 26 of Regulation (EEC) of 1 February 1993, no. 259, or carries out a shipment of waste listed in Annex II of said regulation in violation of Article 1, paragraph 3, letters a), b), c) and d) of the regulation is punishable by a fine ranging from one thousand five hundred and fifty euros to twenty-six thousand euros and a term of imprisonment of up to two years. The penalty is increased in the case of the shipment of hazardous waste.

Art. 260 of (It.) Legislative Decree no. 152/2006 (Environmental Code) (Organised activities for the illegal trafficking of waste)

1. Anyone who, in order to obtain an unjust profit, with several operations and by setting up continuous organised means and activities, illegally disposes of, receives, transports, exports, imports, or in any case illegally manages large quantities of waste shall be punished by imprisonment from one to six years.

2. In the case of highly radioactive waste, the penalty is imprisonment of three to eight years.

3. The conviction carries the accessory penalties provided for in Articles 28, 30, 32-bis and 32-ter of the Penal Code, with the limitation provided for in Article 33 of the same Code.

4. The judge, with the conviction sentence or with the sentence issued pursuant to Article 444 of the Code of Criminal Procedure, orders the restoration of the state of the environment and may make the granting of a suspended sentence conditional upon the elimination of the damage or danger to the environment.

3.3.19.7.1 Explanatory remarks

Art. 259, paragraph 1 of the (It.) Environmental Code punishes transboundary traffic of waste in violation of the requirements imposed by EU legislation and, in particular, by Regulation 1993/259/EC. In particular, this provision covers two distinct cases of illicit transnational trafficking.

The first hypothesis concerns the shipment of waste, i.e. the transport of waste for recovery or disposal, which qualifies as illegal trafficking within the meaning of Art. 26 of Regulation (EU) 1993/259/EC: "*Any shipment of waste*:

a) without notification to all competent authorities concerned pursuant to the provisions of this Regulation; or

b) without the consent of the competent authorities concerned pursuant to the provisions of this Regulation; or with consent obtained from the competent authorities concerned through falsification, misrepresentation or fraud; or

c) which is not specified in a material way in the consignment note; or

d) which results in disposal or recovery in contravention of Community or international rules; or

e) contrary to the provisions [...]" concerning prohibitions on the import and export of waste shall be deemed to be illegal traffic.

Active parties to the offence could be, in complicity with each other, at least in cases (a), (b), (c), the transporter, as well as the producer of the waste who intends to carry out the shipment or arranges for it to be carried out, or who, as an intermediary, arranges for the recovery or disposal of the waste on behalf of others[10].

The second case covered by Art. 259, paragraph 1 concerns the shipment of waste for recovery listed in Annex II to the aforementioned Regulation 1993/259/EC. The aforementioned Annex contains the so-called "green list" of wastes that are allowed - under certain conditions - to be exported. If the shipment of green-listed waste takes place in violation of the conditions laid down in EU legislation, which also establish a favourable regime for these types of waste, the offence under Art. 259 of the (It.) Environmental Code will be committed.

The green list includes, among others: solid plastic waste, paper waste, textiles, wood waste.

With regard to the offence of organised illegal waste trafficking referred to in Art. 260 of the (It.) Environmental Code, this is an offence of mere conduct, aimed at obtaining an unjust profit.

As to Art. 260, the conduct consists of activities involving the unauthorised handling of large quantities of waste: by way of example, the provision mentions the activities of transferring, receiving, transporting, importing or exporting waste. Art. 260 requires, moreover, the commission of a plurality of unlawful operations, in continuity in time with each other: "by means of several operations and by setting up continuous organised means and activities". The need for several acts of the same kind in order to constitute the offence determines the fact that this case falls within the category of habitual offences[11].

What is required is a plurality of conducts of the same kind: the offence implies a plurality of conducts in temporal continuity - relating to one or more of the different stages in which waste management ordinarily takes place - and several illegal operations of the same. These operations, if considered individually, may be framed under other, less serious offences, but when assessed as a whole, they meet the requirements of the offences under consideration: the plurality of actions, which is the constituent element of the case, corresponds to a single violation of the law.

In light of the description of the typical conduct, which presupposes the performance of an entrepreneurial activity (setting up continuous organised means and activities), albeit clandestine, it would appear that the active subject of the offence can only be the one who is in a top position within this criminal organisational structure.

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[10] Producer and broker, however, pursuant to Art. 2 no. 15) of Regulation 2006/1013/EC are among the persons who must fulfil the obligation of prior written notification to the competent authority of dispatch.

[11] Cf. Cassation, Criminal Section, Judg. no. 46705 of 03-12-2009.

As to the subjective element, the conduct must be accompanied by specific intent, aimed at obtaining an unjust profit.

The offence in question is among those for which the entity is most heavily penalised. In fact, in addition to the aforementioned monetary sanctions, pursuant to paragraph 7 of Art. 25-undecies, in the event of liability of the entity for the offence referred to in Art. 260 of the (It.) Environmental Code, the disqualification sanctions set out in Art. 9, paragraph 2 of (It.) Legislative Decree no. 231/2001 shall also apply.

If the entity or one of its organisational units is then used on a permanent basis for the sole or predominant purpose of enabling or facilitating the commission of the offences referred to in Art. 260 of (It.) Legislative Decree no. 152/2006, the definitive disqualification sanction pursuant to Art. 16, paragraph 3 of (It.) Legislative Decree no. 231/2001 shall apply.

3.3.19.7.2 Relevance to the EUROSETS Model

Although it is not possible to exclude the hypothesis of being an accomplice in the offence referred to in Art. 259, paragraph 1 of the (It.) Environmental Code, where the operator to whom the company delivers waste carries out waste shipments abroad, in practice it seems hardly feasible.

Paragraph 2, letter g) of Art. 25-undecies also envisages the liability of the entity for the violation of the SISTRI [sistema di controllo della tracciabilità dei rifiuti - waste tracking system] requirements, which were in turn introduced by (It.) Legislative Decree no. 205/2010. Reference is made to paragraphs 3.3.20 et seq.

3.3.19.8 Air pollution offences

Art. 279, paragraph 5 of (It.) Legislative Decree no. 152/2006 (as amended by It. Legislative Decree no. 128/2010)

In the cases envisaged in paragraph 2, the penalty of imprisonment of up to one year shall always apply if exceeding the emission limit values also results in exceeding the air quality limit values laid down in the legislation in force.

Article 25-undecies, paragraph 2, letter h) establishes the liability of the entity for the conduct of air pollution referred to in the combined provisions of paragraphs 5 and 2 of Art. 279 of the (It.) Environmental Code, foreseeing a fine of up to 250 quotas. Paragraph 5 of Art. 279, referred to in (It.) Legislative Decree no. 231/2001, in turn, refers to the second paragraph of the same provision, as amended by (It.) Legislative Decree no. 128/2010. It punishes "*anyone who, in the operation of an establishment, violates the emission limit values or requirements laid down in the permit, in Annexes I, II, III or V to Part Five of this decree, in the plans and programmes or in the regulations referred to in Article 271 or the requirements otherwise imposed by the competent authority pursuant to this chapter [...]. If the limit values or requirements violated are contained in the integrated environmental authorisation, the penalties provided for in the legislation governing that authorisation shall apply*".

The active party will therefore be anyone who has decision-making powers in the operation of an establishment, not necessarily the owner. With regard to the concept of establishment, the case law of the Supreme Court has confirmed the particularly strict interpretation formed under the previous legislation:

"*on the subject of the control of emissions into the atmosphere, the concept of establishment does not necessarily imply a structure of considerable size, nor even a complex structure of the settlement, even a partial location, which has a concrete capacity to cause pollution of the atmosphere, being sufficient". (sec. 3, 199806153, Danese, RV 210960; cf. sec. 3, 199408702, Colombo, RV 199414) There is no reason to depart from the aforementioned interpretative direction, considering that the source of atmospheric emissions of an industrial establishment may also be a single installation or machine used in the context of a complex production cycle*".

3.3.19.8.1 Relevance to the EUROSETS Model and identification of the sensitive areas

The offence is considered relevant for the purposes of this Model and the following are therefore identified as

Sensitive organisational areas:

- Health and Safety Officer (RSPP);
- President;
- CEO;
- Vice President/scientific director
- Technical director;
- R&D;
- Scientific Director;
- Director of Operations.

3.3.19.8.2 Measures to prevent the commission of the offence

EUROSETS takes care to apply the strictest controls on atmospheric emissions: in this regard, it should be noted that the establishment is of recent design and construction, and is therefore in line with all prevention requirements. The company pays the utmost attention to compliance on this issue by applying ad hoc monitoring procedures or by calling in experts for the compilation of the Integrated Single Authorisation.

3.3.19.9 Import, export, transport, keeping or other unauthorised use of certain animal species.

Art. 25- undecies, paragraph three refers to (It.) Law no. 150 of 7 February 1992, containing the Discipline of Offences Relating to the Application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, signed in Washington on 3 March 1973, referred to in (It.) Law of 19 December 1975, no. 874, and Regulation (EEC) No. 3626/82, as amended, as well as rules for the marketing and keeping of live specimens of mammals and reptiles that may pose a danger to public health and safety.

Art.1, paragraph 1 and 2 of (It.) Law 150/1992

Unless the act constitutes a more serious offence, a term of imprisonment from three months to one year and a fine ranging from EUR 15,000 to EUR 150,000 shall be imposed on anyone who, in breach of the provisions of Regulation (EC) No. 338/97 *of the Council of 9 December 1996, as implemented and amended, with regard to specimens belonging to species listed in Annex A of the same Regulation, as amended:*

a) imports, exports or re-exports specimens, under any customs procedure, without the required certificate or permit, or with an invalid certificate or permit pursuant to Article 11, paragraph 2a of Regulation (EC) No. 338/97 *of the Council of 9 December 1996, as implemented and amended;*

b) fails to observe the requirements for the safety of specimens specified in a permit or certificate issued in accordance with Regulation (EC) No. 338/97 *of the Council of 9 December 1996, as implemented and amended, and* Regulation (EC) No. 939/97 *of the Commission of 26 May 1997, as amended;*

c) uses the aforementioned specimens in a manner contrary to the requirements contained in the authorisations or certificates issued together with the import permit or subsequently certified;

d) transports or causes to be transported, also on behalf of third parties, specimens without the prescribed permit or certificate issued in accordance with Regulation (EC) No. 338/97 *of the Council of 9 December 1996, as implemented and amended, and* Regulation (EC) No. 939/97 *of the Commission of 26 May 1997, as amended, and, in the case of export or re-export from a third country party to the Washington Convention, issued in accordance therewith, or without sufficient proof of their existence;*

e) trades in artificially propagated plants contrary to the requirements laid down on the basis of Article 7(1)(b) of Regulation (EC) No. 338/97 *of the Council of 9 December 1996, as implemented and amended, and* Regulation (EC) No. 939/97 *of the Commission of 26 May 1997 as amended;*

f) holds, uses for profit, buys, sells, exhibits or holds for sale or commercial purposes, offers for sale or otherwise disposes of specimens without the prescribed documentation.

Art. 2, paragraphs 1 and 2 of (It.) Law 150/1992

1. Unless the act constitutes a more serious offence, a fine ranging from EUR 20,000 to EUR 200,000 or imprisonment from three months to one year shall be imposed on anyone who, in breach of the provisions of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, with regard to specimens belonging to the species listed in Annexes B and C of the same Regulation, as amended:

a) imports, exports or re-exports specimens, under any customs procedure, without the required certificate or permit, or with an invalid certificate or permit pursuant to Article 11, paragraph 2a of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended;

b) fails to observe the requirements for the safety of specimens specified in a permit or certificate issued in accordance with Regulation (EC) No. 338/97 of the Council of 9 December 1996, and

subsequent implementations and amendments, and of Regulation (EC) No. 939/97 of the Commission of 26 May 1997, as amended;

c) uses the aforementioned specimens in a manner contrary to the requirements contained in the authorisations or certificates issued together with the import permit or subsequently certified;

d) transports or causes to be transported, also on behalf of third parties, specimens without the prescribed permit or certificate issued in accordance with Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and Regulation (EC) No. 939/97 of the Commission of 26 May 1997, as amended, and, in the case of export or re-export from a third country party to the Washington Convention, issued in accordance therewith, or without sufficient proof of their existence;

e) trades in artificially propagated plants contrary to the requirements laid down on the basis of Article 7, paragraph 1, letter b) of Regulation (EC) No. 338/97 of the Council of 9 December 1996, as implemented and amended, and Regulation (EC) No. 939/97 of the Commission of 26 May 1997, as amended;

f) holds, uses for profit, buys, sells, exhibits or holds for sale or for commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation, limited to the species listed in Annex B of the Regulation.

2. In the event of a repeat offence, the sanction of detention from three months to one year and a fine ranging from EUR 20,000 to EUR 200,000 shall apply. If the aforementioned offence is committed in the course of business activities, the conviction is followed by the suspension of the licence for a minimum of four months and a maximum of twelve months.

Art. 6, paragraph 4 of (It.) Law 150/1992

4. Anyone who contravenes the provisions set out in paragraph 1 shall be punished with imprisonment of up to three months or with

a fine ranging from EUR 15,000 to EUR 200,000.

Art. 3-bis, paragraph 1 of (It.) Law 150/1992

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

Art. 16, paragraph 1, letters a), c), d), e), and l), Regulation (EC) No. 338/97

1. Member States shall take appropriate measures to ensure the imposition of sanctions for at least the following infringements of this Regulation:

(a) introduction into, or export or re-export from, the Community of specimens without the appropriate permit or certificate or with a false, falsified or invalid permit or certificate or one altered without authorization by the issuing authority; [...]

c) making a false declaration or knowingly providing false information in order to obtain a permit or certificate;
d) using a false, falsified or invalid permit or certificate or one altered without authorization as a basis for obtaining a Community permit or certificate or for any other official purpose in connection with this Regulation;
e) making no import notification or a false import notification; [...].
(l) falsification or alteration of any permit or certificate issued in accordance with this Regulation; [...].

The provision in question refers to the penalties foreseen for certain offences against public faith, and in particular, for cases of forgery of seals or instruments or signs of authentication, certification or recognition.
The inclusion of such hypotheses within the scope of (It.). Legislative Decree no. 121/2011 is particularly unfortunate. Firstly, they are not related to any provision of the EU legislation from which the Decree originates. Secondly, these are not environmental offences, but offences against public faith, albeit instrumental to environmental protection.

3.3.19.9.1 Relevance to the EUROSETS Model

In light of the activities carried out by EUROSETS , it seems possible to exclude the occurrence of the aforementioned offences, since the conduct described is in no way related to the company's activities.

3.3.19.10 Offences regarding the use of harmful substances

Paragraph 4 of Art. 25-undecies penalises the entity in relation to the commission of the offences set out in Art. 3, paragraph 6 of (It.) Law 549/1993 that introduced "measures to protect the stratospheric ozone and the environment".
Paragraph 6, referred to in the new Art. 25-undecies, punishes, in fact, anyone who violates the provisions of Art. 6, also stipulating, for more serious cases, "the revocation of the authorisation or licence under which the offending activity is carried out".
Art. 6 in turn provides as follows:
1. The production, consumption, import, export, possession and marketing of the harmful substances listed in Table A annexed to this law are regulated by the provisions of Regulation (EC) no. 3093/94*.*
2. As from the date of entry into force of this law, it is prohibited to authorise installations involving the use of the substances listed in Table A annexed to this law, without prejudice to the provisions of Regulation (EC) No. 3093/94*.*
3. A decree of the Minister for the Environment, in agreement with the Minister for Industry, Trade and Crafts, shall establish, in accordance with the provisions and timeframes of the phasing-out programme referred to in Regulation (EC) No. 3093/94*, the date until which the use of substances*

referred to in Table A, annexed to this Law, for the maintenance and recharging of equipment and systems already sold and installed at the date of entry into force of this law, and the times and procedures for the cessation of the use of the substances referred to in Table B, annexed to this law, and the essential uses of the substances referred to in Table B, annexed to this law, for which derogations from the provisions of this paragraph may be granted. The production, use, marketing, importation and exportation of the substances referred to in Tables A and B annexed to this law shall cease on 31 December 2008, with the exception of substances, processes and productions not included in the scope of Regulation (EC) No. 3093/94*, as defined therein. [From 31 December 2008, in order to reduce emissions of gases with a high greenhouse potential, the restrictions on the use of hydrochlorofluorocarbons (HCFCs) in the fire-fighting sector also apply to the use of perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs)]. 4. The adoption of deadlines other than those referred to in paragraph 3, resulting from the ongoing revision of* Regulation (EC)
no. 3093/94*, entails the replacement of the terms indicated in this law and the simultaneous adjustment to the new terms.*
5. The undertakings that intend to cease the production and use of the substances listed in Table B, annexed to this law, before the prescribed time limits may enter into special programme agreements with the Ministries of Industry, Commerce and Crafts and of the Environment, in order to take advantage of the incentives provided for in Article 10, with priority correlated to early disposal, according to the procedures to be established by decree of the Minister of Industry, Commerce and Crafts, in agreement with the Minister of the Environment.

3.3.19.10.1 Relevance to the EUROSETS Model

In light of the activities carried out by EUROSETS, it seems possible to exclude the occurrence of the aforementioned offence since the Company does not import, possess or use any of the harmful substances listed in Table A of (It.) Law no. 549/93.

3.3.19.11 Offences regarding ship-source pollution

Art. 8, paragraphs 1 and 2 of (It.) Law 202/2007 (Malicious pollution)

1. Unless the act constitutes a more serious offence, the Master of a ship, sailing under any flag, as well as the members of the crew, the owner and the operator of the ship, if the infringement has occurred with their complicity, who wilfully violate the provisions of Art. 4 shall be punished by terms of imprisonment from six months to two years and a fine ranging from EUR 10,000 to EUR 50,000.
2. If the infringement referred to in paragraph 1 causes permanent or, in any case, particularly serious damage to the quality of the water, to animal or plant species or to parts thereof, a term of imprisonment from one to three years and a fine ranging from EUR 10,000 to EUR 80,000 shall apply.

Art. 9, paragraphs 1 and 2 of (It.) Law 202/2007 (Unintentional pollution)

1. Unless the act constitutes a more serious offence, the Master of a ship, irrespective of its flag, as well as the members of the crew, the owner and the operator of the ship, in the event that the violation occurred with their cooperation, who unintentionally violate the provisions of Art. 4, shall be punished by a fine ranging from EUR 10,000 to EUR 30,000.

2. If the infringement referred to in paragraph 1 causes permanent or, in any case, particularly serious damage to the quality of the water, to animal or plant species or to parts thereof, a term of imprisonment of six months to two years and a fine of between EUR 10,000 and EUR 30,000 shall apply.

The Company considers the offences under (It.) Law no. 202/2007 mentioned above as well as, in general, cases involving the use of ships/airplanes, which are not used in EUROSETS' business processes to be irrelevant.

3.3.20 PROVISIONS AGAINST ILLEGAL IMMIGRATION (Art. 25-duodecies)

Article 12 of (It.) Legislative Decree of 25 July 1998, no. 286 (Provisions against illegal immigration)

Unless the act constitutes a more serious offence, anyone who, in breach of the provisions of this Consolidated Act, promotes, directs, organises, finances or transports foreigners into the territory of the State or carries out other acts aimed at illegally procuring their entry into the territory of the State, or of another State of which the person is not a citizen or does not hold permanent residence status, shall be punished by imprisonment of from six to sixteen years and a fine of 15,000 euros for each person in the event that: a) the fact relates to the illegal entry or stay in the territory of the State of five or more persons; b) the person transported has been exposed to danger to his/her life or safety in order to procure his/her illegal entry or stay; c) the person transported has been subjected to inhuman or degrading treatment in order to procure his/her illegal entry or stay; d) the offence is committed by three or more persons acting in complicity with one another or using international transport services or documents that have been forged or altered or in any way unlawfully obtained; e) the perpetrators of the offence have weapons or explosive materials at their disposal. If the acts referred to in paragraph 3 are committed by recurring to two or more of the hypotheses referred to in letters a), b), c), d) and e) of that paragraph, the punishment provided for therein shall be increased. The term of imprisonment shall be increased by between one-third and one half and a fine of EUR 25,000 shall be imposed for each person if the acts referred to in paragraphs 1 and 3: a) are committed for the purpose of recruiting persons to be used for prostitution or in any case for sexual or labour exploitation or concern the entry of minors to be used in unlawful activities in order to favour their exploitation; b) are committed for the purpose of profiting, even indirectly. Apart from the cases provided for in the preceding paragraphs, and unless the fact constitutes a more serious offence, anyone who, in order to obtain an unfair profit from the illegal status of the foreigner or within the scope of the activities punishable under this Article, favours the permanence of the latter in the territory of the State in breach of the provisions of this Consolidated Act, shall be punished by imprisonment of up to four years and a fine of up to thirty million lire. When the offence is committed jointly by two or more persons, or concerns five or more persons, the penalty is increased by between one-third and one half.

Art. 22, paragraph 12-bis of (It.) Legislative Decree no. 286/1998 (Employment of illegally residing third-country nationals)

12. An employer who employs foreign workers without a residence permit as provided for in this Article, or whose permit has expired and whose renewal, revocation or cancellation has not been requested within the legal deadlines, is liable to imprisonment for a term of between six months and three years and a fine of EUR 5,000 for each worker employed.

12-bis. The penalties for the offence envisaged in paragraph 12 are increased by between one-third and one half: a) if the number of workers employed exceeds three; b) if the workers employed are minors of non-working age; c) if the workers employed are subjected to other particularly exploitative working conditions as referred to in Article 603-bis of the Penal Code.

3.3.20.1 Explanatory remarks

(It.) Legislative Decree no. 109/2012 (published in OJ no. 172 of 25 July 2012), which transposed the European Directive introducing minimum rules on sanctions and measures against employers who employ third-country nationals whose stay is irregular, amending, at the same time, the "Consolidated Act of provisions concerning the regulation of immigration and rules on the status of foreigners" (It. Legislative Decree no. 286/1998), introduced Art. 25-duodecies to (It.) Legislative Decree no. 231/2001. The measure is part of the framework of cooperation between Member States in the fight against illegal immigration and mainly provides for increased penalties for employers who employ workers in particularly exploitative conditions and the granting of a residence permit for humanitarian reasons to immigrants who denounce the employer and actively cooperate in criminal proceedings, as well as the possibility for the same employer to rectify the position of non-EU citizens who have been employed by the employer for at least three months and have been present in the territory of the State since 31 December 2011.

3.3.20.2 Relevance to the EUROSETS Model

The offence in question appears to be of little relevance to the Model of the Company, which does not employ any personnel belonging to the categories envisaged by the rule in question. Should the Company employ personnel belonging to this category, the human resources management process will be supplemented with appropriate control tools, including with regard to the validity and renewals of the necessary residence permits.
With reference to the possibility of complicity in the offence in question, it is noted that the Company carefully evaluates its suppliers. The most involved corporate departments are the *Human Resources* Department, the President and the CEO.

3.3.20.3 Measures to prevent the commission of the offence

The HR department is required to:

- Maintain an up-to-date register of the organisation's employees and (non-salaried) collaborators;
- verify the validity of residence permits of non-EU citizens.

More generally, the Company carries out adequate selection and supervision of service providers.

3.3.21 OFFENCES RELATING TO NON-CASH PAYMENT INSTRUMENTS AND FRAUDULENT TRANSFER OF SECURITIES (Art. 25-octies.1 of It. Legislative Decree no. 231/2001)

Art. 493-ter (Misuse and counterfeiting of non-cash payment instruments)

Anyone who, in order to gain profit for himself/herself or others, unduly uses credit or payment cards, or any other similar document enabling the withdrawal of cash or the purchase of goods or the provision of services, or any other non-cash means of payment, without being the holder thereof, shall be punished with imprisonment from one to five years and with a fine ranging from EUR 310 to EUR 1,550. The same shall apply to any person who, in order to gain profit for himself/herself or others, forges or alters the instruments or documents referred to in the first sentence, or possesses, selld or acquires such instruments or documents of unlawful origin or in any case forged or altered, as well as payment orders produced with them.

In the event of conviction or application of the penalty upon request of the parties pursuant to Article 444 of the Code of Criminal Procedure for the offence referred to in the first paragraph, the confiscation of the things which served or were intended to commit the offence, as well as of the profit or product, shall be ordered, unless they belong to a person not involved in the offence, or when this is not possible, the confiscation of goods, sums of money and other utilities which the offender has at his/her disposal for a value corresponding to such profit or product.

Instruments seized for the purpose of confiscation as referred to in the second paragraph, in the course of forensic operations, shall be entrusted by the judicial authority to the law enforcement agencies requesting them.

Art. 493-quater of the (It.) Penal Code (Possession and distribution of computer equipment, devices or programs intended to commit offences involving non-cash means of payment).

Unless the act constitutes a more serious offence, any person who, in order to make use of them or to allow others to use them in the commission of offences concerning non-cash means of payment, manufactures, imports, exports, sells, transports, distributes, makes available or in any way procures for himself/herself or for others equipment, devices or computer programs which, by virtue of their technical-construction or design characteristics, are primarily intended for committing such offences, or are specifically adapted for the same purpose, shall be punished with imprisonment of up to two years and a fine of up to 1,000 euros.

In the event of conviction or sentencing upon request of the parties pursuant to Article 444 of the Code of Criminal Procedure for the offence referred to in the first paragraph, the confiscation of the aforementioned equipment, devices or computer programmes shall always be ordered, as well as the confiscation of the profit or product of the offence or, when this is not possible, the confiscation of goods, sums of money and other utilities the offender has at his disposal for a value corresponding to such profit or product.

Art. 640-ter (Computer fraud aggravated by the carrying out of a transfer of money, monetary value or virtual currency)

Anyone who, by altering in any way the operation of a computer or telecommunications system or by intervening without right in any manner whatsoever in data, information or programs contained in a computer or telecommunications system or pertaining thereto, procures for himself/herself or others an unjust profit to the detriment of others, shall be punished with imprisonment from six months to three years and with a fine ranging from EUR 51 to EUR 1,032.

The penalty shall be imprisonment for a term of between one and five years and a fine of between EUR 309 and EUR 1549 if one of the circumstances envisaged in number 1) of the second paragraph of Article 640 applies, or if the act results in a transfer of money, monetary value or virtual currency or is committed with abuse of the capacity of system operator.

The penalty is imprisonment for two to six years and a fine ranging from EUR 600 to EUR 3,000 if the offence is committed by theft or misuse of a digital identity to the detriment of one or more persons.

The offence shall be punishable on complaint by the injured party, unless any of the circumstances referred to in the second and third paragraphs or the circumstance envisaged in Article 61, first paragraph, number 5, limited to having taken advantage of personal circumstances, also with reference to age, apply.

The typical conduct consists in the alteration of the operation of a computer or telecommunications system as well as the unauthorised intervention in data, information or programs contained therein or pertaining thereto.

Art. 512-bis of the (It.) Penal Code (Fraudulent transfer of securities)

Unless the act constitutes a more serious offence, anyone who fictitiously attributes to others the ownership or availability of money, goods or other utilities for the purpose of evading the provisions of the law on property or smuggling prevention measures, or of facilitating the commission of one of the offences referred to in Articles 648, 648-bis and 648-ter, shall be punished by imprisonment for a term ranging from two to six years.

3.3.21.1 Relevance of the offence for the EUROSETS Model

In the light of the company's actual activity, the relevance of the offences relating to non-cash payment instruments set out above may be excluded.

3.3.22 **RACISM AND XENOPHOBIA** (Art. 25-terdecies of It.) Legislative Decree no. 231/2001)

Art. 604-bis of the (It.) Penal Code (Propaganda and incitement to commit racial, ethnic and religious discrimination)

Unless the act constitutes a more serious offence, the following penalties shall apply:
a) imprisonment of up to one year and six months or a fine of up to EUR 6,000 to anyone who propagates ideas based on racial or ethnic superiority or hatred, or incites to or commits acts of discrimination on racial, ethnic, national or religious grounds;
b) imprisonment from six months to four years to anyone who, in any way, incites to or commits violence or acts of provocation to violence on racial, ethnic, national or religious grounds.
All organisations, associations, movements or groups whose aims include incitement to discrimination or violence on racial, ethnic, national or religious grounds is prohibited. Anyone who participates in such organisations, associations, movements or groups, or assists in their activities, shall be punished, for the mere fact of participation or assistance, by imprisonment of six months to four years. Those who promote or direct such organisations, associations, movements or groups are punished for this alone,
with imprisonment from one to six years.
The punishment shall be imprisonment for a term of between two and six years if the propaganda or instigation or incitement, committed in such a manner that there is a real danger of its dissemination, is based in whole or in part on the denial, gross trivialisation or condoning of the Holocaust or crimes of genocide, crimes against humanity and war crimes, as defined in Articles 6, 7 and 8 of the Statute of the International Criminal Court
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3.3.22.1 Relevance of the offence for the EUROSETS model

In light of the activities actually carried out by the Company, the relevance of the above-mentioned cases of racism and xenophobia can be excluded.

3.3.23 **FRAUD IN SPORTS COMPETITIONS, ABUSIVE GAMBLING OR BETTING, AND GAMBLING CARRIED OUT THROUGH PROHIBITED EQUIPMENT (Art. 25-quaterdecies of It. Legislative Decree no. 231/2001)**

Art. 1 of (It.) Law no. 401/1989 (Fraud in sports competitions)

Anyone who offers or promises money or other benefits or advantages to any of the participants in a sports competition organised by the federations recognised by the Italian National Olympic Committee (CONI), by the National Union for the Betterment of Horse Breeds (UNIRE) or by other sports bodies recognised by the State and by their member associations, in order to achieve a result different from that resulting from the proper and fair conduct of the competition, or commits other fraudulent acts aimed at the same end, shall be punished by imprisonment from one month to one year and a fine ranging from five hundred thousand to two million lire. In minor cases, only the fine shall apply. 2. The same penalties shall apply to the participant in the competition who accepts the money or other benefit or advantage, or accepts the promise thereof. 3. If the result of the competition is influential for the purposes of regularly practised betting and wagering contests, the acts referred to in paragraphs 1 and 2 shall be punishable by imprisonment from three months to two years and a fine ranging from five million lire to fifty million lire.

Art. 4 of (It.) Law no. 401/1989 (abusive exercise of gambling or betting activities)

Anyone who unlawfully organises lotteries or betting or wagering contests which the law reserves to the State or to another concessionary body shall be punished by imprisonment for a term ranging from six months to three years. The same punishment shall apply to anyone who organises bets or betting competitions on sports activities run by the Italian National Olympic Committee (CONI), by organisations dependent on it, or by the National Union for the Betterment of Horse Breeds (UNIRE). Anyone who illegally organises public

betting on other competitions of persons or animals and games of skill shall be punished by a term of imprisonment of three months to one year and a fine of no less than one million lire. The same sanctions shall apply to any person who sells on the national territory, without authorisation from the Autonomous Administration of State Monopolies, tickets for lotteries or similar lottery events of foreign States, as well as to any person who participates in such operations by collecting bets and crediting the relevant winnings and by promoting and advertising them by any means of dissemination 2. In the case of contests, games or bets operated in the manner referred to in paragraph 1, and outside the cases of participation in one of the offences referred to therein, any person who in any way advertises their operation shall be punished by terms of imprisonment of up to three months and a fine of between one hundred thousand and one million lire. Anyone who takes part in contests, games, bets operated in the manner set forth in paragraph 1, other than in cases of participation in one of the offences set forth therein, shall be punished with imprisonment of up to three months or with a fine ranging from one hundred thousand to one million lire. 4. The provisions of paragraphs 1 and 2 shall also apply to games of chance exercised by means of the apparatus prohibited by Article 110 of Royal Decree of 18 June 1931, no. 773, as amended by Law of 20 May 1965, no. 507, and as last amended by Article 1 of Law of 17 December 1986, no. 9043. 4-bis. The penalties referred to in this Article shall be applied to any person who, without a concession, authorisation or licence pursuant to Article 88 of the Consolidated Act on Public Security, approved by Royal Decree of 18 June 1931, no. 773, as subsequently amended, carries out in Italy any activity organised for the purpose of accepting or collecting or in any way favouring the acceptance or collection, including by telephone or telecommunication means, of bets of any kind whatsoever from anyone accepted in Italy or abroad 4-ter. Without prejudice to the powers attributed to the Ministry of Finance by Article 11 of Decree-Law of 30 December 1993, no. 557, converted, with amendments, by Law of 26 February 1994, no. 133, and in application of Article 3, paragraph 228 of Law of 28 December 1995, no. 549, the sanctions referred to in this Article shall apply to any person who collects or books lotto bets, lotteries or betting transactions by telephone or telecommunication means, where he/she is not in possession of an authorisation to use such means for such collection or booking.

3.3.23.1 Relevance of the offence for the EUROSETS model

In light of the activities actually carried out by the Company, the relevance of the offences of fraud in sports competitions, unlawful gaming or betting and gambling by means of prohibited equipment mentioned above can be excluded.

3.3.24 TAX OFFENCES (Art. 25-quinquiesdecies of It. Legislative Decree no. 231/01)

Art. 2 of (It.) Legislative Decree no. 74/2000 (Fraudulent declaration using invoices or other documents for non-existent transactions)

1.A penalty of imprisonment from four to eight years shall be imposed on anyone who, in order to evade income or value-added tax, using invoices or other documents for non-existent transactions, indicates fictitious liabilities in one of the declarations relating to such taxes.
2.The offence is deemed to have been committed by availing oneself of invoices or other documents for non-existent transactions when such invoices or documents are recorded in compulsory accounting records, or are held for evidence against the tax authorities.
2-bis. If the amount of the fictitious liabilities is less than one hundred thousand euros, imprisonment from one year and six months to six years shall apply.

This offence punishes anyone who uses invoices or other documents for non-existent transactions in declarations in order to evade income or value added tax.

The criminal offence does not require any threshold of punishability to be exceeded and therefore applies whatever the amount of tax evaded. Moreover, the rule, in referring to the use of invoices or other documents for non-existent transactions, does not distinguish between those that are such objectively or subjectively.

The specific intent, represented by the pursuit of the purpose of evasion, which must be added to the will to achieve the typical event (the submission of the declaration), is also necessary for the crime to be committed. This subjective element is compatible with the scheme of possible intent, which can be seen in the acceptance of the risk of evasion of direct taxes or VAT.

This type of offence entails the relevance of the phenomenon of false invoicing, since the invoice (or the equivalent document) constitutes the typical instrument by means of which the taxpayer certifies his or her right to deduct items of expenditure from his or her tax base or to make tax deductions.

Art. 3 of (It.) Legislative Decree no. 74/2000 (Fraudulent declaration by means of other artifices)

1. Apart from the cases provided for in Article 2, a term of imprisonment ranging from three to eight years shall be imposed on any person who, in order to evade income or value added tax, by carrying out objectively or subjectively simulated transactions or by using false documents or other fraudulent means capable of hindering the assessment and to mislead the tax authorities, indicates in one of the declarations relating to such taxes assets in an amount lower than the actual amount or fictitious liabilities or fictitious receivables and deductions, when, altogether:

a) the tax evaded exceeds, with reference to any of the individual taxes, thirty thousand euros;

b) the total amount of the assets evaded from taxation, including by means of the indication of fictitious liabilities, is higher than five per cent of the total amount of the assets indicated in the declaration, or in any case, is higher than one million five hundred thousand euros, or if the total amount of the fictitious receivables and deductions from taxation is higher than five per cent of the amount of the tax, or in any case, is higher than thirty thousand euros.

2. The offence is deemed to have been committed with the aid of false documents when such documents are recorded in compulsory accounting records or are held for the purpose of providing evidence to the tax authorities. 3. For the purpose of the application of the provision of para. 1, the mere violation of the obligations to invoice and record assets in the accounting records or the mere indication in the invoices or in the records of assets that are lower than the real ones do not constitute fraudulent means.

This offence punishes anyone who, by objectively or subjectively carrying out simulated transactions or by making use of false documents or other fraudulent means, indicates in due declarations assets of an amount lower than the actual amount or fictitious liabilities or fictitious receivables and deductions when, altogether:

a) the evaded tax exceeds, with reference to any one of the individual taxes, EUR 30,000;
b) the total amount of the assets subtracted from taxation, including by means of the indication of fictitious passive elements, is greater than 5% of the total amount of the assets indicated in the declaration, or in any case, is greater than EUR 1,500,000, or if the total amount of the fictitious credits and deductions from taxation is greater than 5% of the amount of the tax or in any case, is greater than EUR 30,000.

This offence is characterised by a two-step structure, in the sense that the conduct is divided into two segments, presupposing the filling in and submission of a false declaration as well as the carrying out of a preparatory deceptive activity. If the latter is achieved by others, the agent must be aware of it at the time of filing the declaration.

Art. 4 of (It.) Legislative Decree no. 74/2000 (False declaration)

1. Apart from the cases provided for in Articles 2 and 3, a term of imprisonment ranging from two years to four years and six months shall be imposed on anyone who, in order to evade income or value added tax, indicates in one of his/her annual declarations

relating to those taxes assets in an amount lower than the actual amount or non-existent liabilities, when, altogether:
a) the tax evaded exceeds, with reference to any one of the individual taxes, one hundred thousand euros;
b) the total amount of the assets subtracted from taxation, including by means of the indication of non-existent liabilities, is more than ten per cent of the total amount of the assets indicated in the declaration, or, in any case, is more than EUR two million.
1-bis. For the purpose of the application of paragraph 1, no account is taken of incorrect classification, of the valuation of objectively existing assets or liabilities, in respect of which the criteria actually applied have in any event been disclosed in the financial statements or other documentation relevant for tax purposes, of the violation of the criteria for determining the accrual period, of the non-deductibility of real liabilities.
1-ter. Outside the cases referred to in paragraph 1-bis, valuations which, taken as a whole, differ by less than 10 per cent from the correct ones do not give rise to punishable acts. Amounts included in that percentage shall not be taken into account when verifying whether the thresholds of punishability laid down in paragraph 1, letters a) and b) are exceeded (1).

This offence punishes anyone who indicates in one of the annual income tax or value-added tax declarations assets for an amount lower than the actual amount or non-existent liabilities.

In its materiality, the fact is split into two different moments. In the first stage, the conduct requires the creation of a wholly or partially false document that must be recorded in the mandatory accounting records and held for the purposes of evidence against the tax authorities. The second stage is characterised by the indication in one of the annual declarations of non-existent liabilities. Relevant documents for the purposes of this provision are primarily invoices or ancillary documents, which perform a function ancillary to the content of the invoice. It is important to emphasise that conduct constituting mere abuse of rights is not relevant, since the notion of "non-existence" is now to be read in conjunction with Art. 10-bis of (It.) Law no. 212/200 (so-called Taxpayer Statute), which defines tax avoidance and excludes it from the area of criminal law.

Moreover, for the purposes of relevance of the offence under (It.) Legislative Decree no. 231/2001, it must be committed

- in cross-border fraud schemes;
- in order to evade VAT amounting to EUR 10 million or more.

Art. 5 of (It.) Legislative Decree no. 74/2000 (Omitted declaration)

1. Imprisonment from two to five years shall be imposed on anyone who, in order to evade income or value added tax, does not submit, being obliged to do so, one of the declarations relating to such taxes, when the tax evaded exceeds, with reference to any of the individual taxes, fifty thousand euros.
1-bis. A penalty of imprisonment from two to five years shall be imposed on anyone who fails to submit, being obliged to do so, the withholding tax declaration, when the amount of unpaid withholding tax exceeds fifty thousand euros.
2. For the purposes of the provisions of paragraphs 1 and 1-bis, a declaration submitted within 90 days of the expiry of the time limit or not signed or not made on a form conforming to the prescribed template shall not be deemed to have been omitted.

This offence punishes the failure to file income or value-added tax declarations in order to evade the payment of such taxes.

Moreover, for the purposes of relevance of the offence under (It.) Legislative Decree no. 231/2001, it must be committed

- in cross-border fraud schemes;

- in order to evade VAT amounting to EUR 10 million or more.

Art. 8 of (It.) Legislative Decree no. 74/2000 (Issuance of invoices or other documents for non-existent transactions)

1. A penalty of imprisonment from four to eight years shall be imposed on anyone who, in order to enable third parties to evade income or value added tax, issues or issues invoices or other documents for non-existent transactions.
2. For the purposes of the application of the provision laid down in paragraph 1, the issuing or issuing of several invoices or documents for non-existent transactions during the same tax period shall be regarded as a single offence.
2-bis. If the untrue amount indicated in the invoices or documents, per tax period, is less than one hundred thousand euros, imprisonment from one year and six months to six years shall apply.

This offence punishes anyone who, in order to allow third parties to evade income or value added tax, issues or issues invoices or other documents for non-existent transactions.

For this offence to be committed, it is not necessary, from a subjective point of view, that the purpose of favouring the tax evasion of third parties through the use of the invoices issued is exclusive, since it is also perpetrated when the conduct is committed in order to also obtain a concomitant personal profit.

Moreover, this offence takes the form of an instantaneous offence which is consummated at the time of the issue of the invoice or, where there are several episodes in the same tax period, at the time of the issue of the last of them, since there is no requirement that the document be received by the recipient or that the latter use it.

Art. 10 of (It.) Legislative Decree no. 74/2000 (Concealment or destruction of accounting documents)

Unless the act constitutes a more serious offence, a term of imprisonment from three to seven years shall be imposed on anyone who, in order to evade income or value added tax, or to allow third parties to evade such tax, conceals or destroys all or part of the accounting records or documents whose retention is mandatory, so that income or turnover cannot be reconstructed.

This offence punishes anyone who, in order to evade income or value added tax, or to allow third parties to evade such tax, conceals or destroys all or part of the accounting records or documents that must be kept, so that income or turnover cannot be reconstructed.

The subjective element is represented by the specific intent consisting in the consciousness and will to conceal or destroy accounting records or documents whose preservation is mandatory with the awareness that such conduct will result in the impossibility of reconstructing the income or turnover, in order to evade taxes.

The moment of consummation of the offence coincides with the occurrence of the impossibility of reconstructing income or turnover.

Art. 10-quater of (It.) Legislative Decree no. 74/2000 (Undue offsetting)

1. A penalty of imprisonment from six months to two years shall be imposed on any person who fails to pay the sums due, by offsetting, pursuant to Article 17 of Legislative Decree of 9 July 1997, no. 241, undue receivables in excess of fifty thousand euros per year.
2. A term of imprisonment ranging from one year and six months to six years shall be imposed on any person who fails to pay the sums due, by offsetting, pursuant to Article 17 of Legislative Decree of 9 July 1997, no. 241, non-existent receivables for an annual amount exceeding fifty thousand euros.

The offence in question punishes the use of offsetting undue credits in order not to pay taxes due.

Moreover, for the purposes of relevance of the offence under (It.) Legislative Decree no. 231/2001, it must be committed

- in cross-border fraud schemes;
- in order to evade VAT amounting to EUR 10 million or more.

Art. 11 of (It.) Legislative Decree no. 74/2000 (Fraudulent evasion of taxes)

1. Anyone who, in order to evade the payment of income or value added tax or of interest or administrative penalties relating to such taxes totalling more than fifty thousand euros, falsely alienates or performs other fraudulent acts on his/her own or on certain assets capable of rendering ineffective, in whole or in part, the enforced recovery proceedings shall be punished by imprisonment from six months to four years. If the amount of taxes, penalties and interest exceeds two hundred thousand euros, imprisonment from one year to six years shall apply.
2. A term of imprisonment ranging from six months to four years shall be imposed on any person who, in order to obtain for himself/herself or for others a partial payment of taxes and related ancillary sums, indicates in the documentation submitted for the purposes of the tax settlement procedure assets for an amount lower than the actual amount or fictitious liabilities for a total amount exceeding fifty thousand euros. If the amount referred to in the previous sentence exceeds two hundred thousand euros, imprisonment from one year to six years shall apply.

This offence punishes anyone who, in order to evade the payment of income tax or value added tax, or of interest or administrative penalties relating to such taxes totalling more than fifty thousand euros, fraudulently alienates or carries out other fraudulent acts on his own or another person's property with a view to rendering the compulsory collection procedure wholly or partially ineffective.

This offence may be committed by a taxpayer against whom a tax claim of EUR 50,000 may materialise. The subjective element is characterised by the specific intent to evade the payment of these taxes or the related interest or administrative penalties.

Furthermore, pursuant to the second paragraph of the same Article, anyone who, in order to obtain for him- or herself or for others a partial payment of taxes and related ancillary sums, indicates in the documentation submitted for the purposes of the tax settlement procedure assets for an amount lower than the actual amount or fictitious liabilities for a total amount exceeding fifty thousand euros shall be punished.

The institution of the tax settlement is governed by Art. 182-ter of the (It.) Finance Act and represents a particular procedure, through which the taxpayer may, within the framework of an arrangement with creditors, propose to the tax authorities the payment, in part or even in instalments, of the privileged tax credit, in addition to the unsecured tax credit.

The subjective element is characterised by the specific intent to obtain partial payment of the taxes and related ancillary sums.

Lastly, it should be noted that (It.) Legislative Decree no. 156/2022 also amended Art. 6 of (It.) Legislative Decree no. 74/2000 with specific reference to attempt. With (It.) Legislative Decree no. 156/2022, the Legislature amended the rules on attempt in the cases of the offences referred to in Articles 2, 3 and 4 of (It.) Legislative Decree no. 74/2000 (respectively: Fraudulent declaration by use of invoices or other documents for non-existent transactions; Fraudulent declaration by means of other artifices and False declaration).

Unlike the previous provision, the exclusion clause “except in cases of complicity in the offence referred to in Art. 8” is not present for the crime of “False declaration”. It remains, however, for the offences of “Fraudulent declaration by use of invoices or other documents for non-existent transactions” and “Fraudulent declaration by means of other artifices”.

A further novelty consists in the specification of the transnationality requirement: (It.) Legislative Decree no. 156/2022 expressly states that conduct carried out for the purpose of evading VAT within the framework of cross-border fraud schemes is punishable as an attempt if it relates to the territory of at least one other Member State.

Lastly, the reference to "acts directed towards committing the offences" is dropped. Paragraph 1-bis refers exclusively to punishability by way of attempt.

3.3.24.1 Explanatory remarks

In summary, these rules punish:

- anyone who, in order to evade income or value added tax, using invoices or other documents for non-existent transactions, indicates fictitious liabilities in one of the declarations relating to such taxes;
- anyone who, in order to evade income or value added tax, by carrying out objectively or subjectively simulated transactions or by making use of false documents or other fraudulent means capable of hindering the assessment and misleading the tax authorities, indicates in one of the declarations relating to such taxes assets in an amount lower than the actual amount or fictitious liabilities or fictitious receivables and deductions;
- anyone who, in order to allow third parties to evade income or value added tax, issues invoices or other documents for non-existent transactions;
- anyone who, in order to evade income or value added tax, or to allow third parties to evade such tax, conceals or destroys all or part of accounting records or documents whose retention is mandatory, so that income or turnover cannot be reconstructed;
- anyone who, in order to evade the payment of income or value added tax or interest or administrative penalties relating to such tax exceeding a total amount of fifty thousand euros, falsely disposes of or performs other fraudulent acts in respect of his or her own or other persons' property such as to render ineffective, in whole or in part, the compulsory collection procedure;
- anyone who, in order to obtain for him- or herself or for others a partial payment of taxes and related ancillary sums, indicates in the documentation submitted for the purposes of the tax settlement procedure asset items for an amount lower than the actual amount or fictitious liabilities for a total amount exceeding fifty thousand euros;
- anyone who, in order to evade income or value added tax, indicates in one of the declarations relating to such taxes assets in an amount lower than the actual amount or non-existent liabilities;
- anyone who, in order to evade income or value added tax, does not submit, being obliged to do so, one of the declarations relating to such taxes;
- anyone who fails to pay the sums due, using undue receivables to offset them.

3.3.24.2 Relevance to the EUROSETS model

The following are identified as sensitive activities:

- purchase and/or sale contracts with counterparties and intercompany;
- financial transactions with counterparties;
- intra-group transactions;
- finance and treasury management;
- tax and fiscal compliance;
- investments with counterparties;

- participation in public tenders and technical dialogues with the P.A.;
- choice of suppliers;
- third-party management;
- sponsorships.

The following are identified as functions at risk:

- Board of Directors;
- President and CEO;
- Bid & Tenders;
- Customer Care;
- Customer Service;
- Sales;
- DM (Distribution Manager);
- DRM (Distribution Regional Manager);
- Marketing;
- Country Manager;
- Market Access;
- QA/RA/QC;
- Human Resources;
- Credit collection;
- Administration;
- Finance.

3.3.24.3 Measures to prevent the commission of the offences

- compliance with the ethical and behavioural principles adopted by the Entity;
- organisational structure (proxies, powers and functions) referred to in the General Section;
- principles of conduct in relations with customers, as set out in the General Section;
- corporate procedures governing participation in tender or direct negotiation procedures;
- corporate procedures governing the drafting, dissemination and validation of technical specifications and product data sheets;
- implementation of the Quality System.

In particular, the Addressees must:

- refrain from indicating, in one of the declarations relating to income or value added tax, fictitious liabilities by using invoices or other documents for non-existent transactions;
- refrain from indicating, in one of the declarations relating to income or value added tax, fictitious liabilities, linked to the execution of objectively or subjectively simulated transactions or to the use of false documentation or other artificial means;
- refrain from issuing invoices or other documents for non-existent transactions in order to allow third parties to evade income or value added tax;
- ensure the proper archiving of compulsory accounting records;

- refrain from concealing or destroying all or part of the accounting records or documents required to be kept in such a way that income or turnover cannot be reconstructed;
- refrain from fictitiously disposing of or performing other fraudulent acts on their own property or that of another capable of rendering ineffective in whole or in part the compulsory collection procedure;
- refrain from engaging in or participating in conduct which, considered individually or collectively, may constitute the types of offences referred to in Article *25-quinquiesdecies* of (It.) Legislative Decree no. 231/2001;
- refrain from engaging in and adopting conduct which, although not in itself constituting any of the offences referred to in Article *25-quinquiesdecies* of (It.) Legislative Decree no. 231/2001, may potentially become suitable for the commission of such offences;
- maintain a conduct based on the principles of fairness, transparency, cooperation and compliance with the law and regulations in force;
- ensure that the activities subcontracted cannot constitute the offences referred to in Article *25-quinquiesdecies* of (It.) Legislative Decree no. 231/2001.

3.3.25 SMUGGLING OFFENCES (Art. 25-sexiesdecies of It. Legislative Decree no. 231/01)

Art. 282 of (It.) Presidential Decree no. 43/1973 (Smuggling in the movement of goods across land borders and customs areas)

A fine of no less than two and no more than ten times the border fee due shall be imposed on anyone who:
a) introduces foreign goods across the land border in violation of the requirements, prohibitions and limitations established pursuant to Art. 16;
b) unloads or deposits foreign goods in the intermediate space between the border and the nearest customs post;
c) is caught with foreign goods concealed on his/her person or in his/her luggage or in his/her packages or effects or among other goods or in any means of transport, in order to evade customs inspection;
d) removes goods from the customs areas without having paid the duties due or without having guaranteed payment thereof, except as provided in Art. 90;
e) brings out of the customs territory, under the conditions provided for in the preceding paragraphs, national or nationalised goods subject to border duties;
f) holds foreign goods, when the conditions envisaged in the second paragraph of Art. 25 for the crime of smuggling are met

Art. 283 of (It.) Presidential Decree no. 43/1973 (Smuggling of goods in border lakes)

A fine of no less than two and no more than ten times the boundary fee due shall be imposed on the captain:
a) who introduces through Lake Maggiore or Lake Lugano into the Porlezza basins, foreign goods without presenting them to one of the national customs authorities nearest the border, subject to the exception provided for in the third paragraph of Art. 102;
b) who, without permission from customs, transporting foreign goods by ship in the stretches of Lake Lugano where there are no customs offices, skirts the national shores opposite the foreign shores or casts anchor or stands at anchor or in any case puts himself in communication with the customs territory of the State, in such a way that it is easy to disembark or embark the goods, except in cases of force majeure.
The same penalty shall be imposed on any person who conceals foreign goods in the ship for the purpose of evading customs inspection.

Art. 284 of (It.) Presidential Decree no. 43/1973 (Smuggling in the maritime movement of goods)

A fine of no less than two and no more than ten times the boundary fee due shall be imposed on the captain:

a) who, without permission from customs, transporting foreign goods in vessels, skirts the seashore or drops anchor or stands at anchor near the seashore, except in cases of force majeure;
b) who, while transporting foreign goods, lands in places where there are no customs offices, or disembarks or unloads from the ship such goods in breach of the requirements, prohibitions and restrictions laid down pursuant to Art. 16, except in cases of force majeure;
c) who transports foreign goods without a manifest with a vessel of a net tonnage not exceeding two hundred tonnes, in cases where the manifest is required;
d) who at the time of the vessel's departure does not have on board the foreign goods or domestic goods for export with refund of duties that should be found there according to the manifest and other customs documents;
e) who transports foreign goods from one customs office to another, in a vessel with a net tonnage of no more than fifty tonnes, without a bail bond;
f) who has taken on board foreign goods leaving the customs territory on a vessel of no more than fifty tonnes, except as provided for in Art. 254 for boarding provisions.
The same penalty shall be imposed on any person who conceals foreign goods in the ship for the purpose of evading customs inspection.

Art. 285 of (It.) Presidential Decree no. 43/1973 (Smuggling in the movement of goods by air)

A fine of no less than two and not more than ten times the border fee due shall be imposed on the aircraft captain:
a) who transports foreign goods into the territory of the State without holding a manifest, when the latter is required;
b) who, at the time of departure of the aircraft, does not have on board the foreign goods, which should be there according to the manifest and other customs documents;
c) who removes goods from the places of landing of the aircraft without carrying out the prescribed customs operations;
d) who, landing outside a customs airport, fails to report the landing to the Authorities indicated in Art. 114;
In such cases, not only the cargo but also the aircraft is considered to have been smuggled into the customs territory.
The same penalty shall be imposed on anyone who, from an aircraft in flight, throws foreign goods into the customs territory or hides them in the aircraft for the purpose of evading customs inspection.
The above penalties shall apply irrespective of those imposed for the same offence by the special laws on air navigation, insofar as they do not relate to customs matters.

Art. 286 of (It.) Presidential Decree no. 43/1973 (Smuggling in non-customs zones)

A fine of no less than two and no more than ten times the border duty due shall be imposed on any person in the non-customs territories specified in Art. 2, constitutes unpermitted warehouses of foreign goods subject to border duties, or constitutes them to a greater extent than permitted.

Art. 287 of (It.) Presidential Decree no. 43/1973 (Smuggling for undue use of goods imported with trade facilitation)

A fine of no less than two and no more than ten times the border duty due shall be imposed on any person who assigns to foreign goods imported free of duty or with a reduction of duty to any destination or use other than that for which relief or discount was granted, subject to the provisions of Art. 140;

Art. 288 of (It.) Presidential Decree no. 43/1973 (Contraband in customs warehouses)

The licensee of a privately owned bond warehouse, who holds therein foreign goods for which the prescribed declaration of introduction has not been made or which are not entered in the warehouse registers, shall be liable to a fine of no less than two and no more than ten times the border duties due.

Art. 289 of (It.) Presidential Decree no. 43/1973 (Smuggling in cabotage and traffic)

A fine of no less than two and no more than ten times the border duty due shall be imposed on any person who brings into the State foreign goods in substitution for national or nationalised goods shipped in cabotage or in circulation.

Art. 290 of (It.) Presidential Decree no. 43/1973 (Smuggling in the export of goods eligible for duty drawback)

Anyone who uses fraudulent means for the purpose of obtaining an undue refund of duties established for the importation of raw materials used in the manufacture of domestic goods that are exported, shall be punished by a fine of no less than twice the amount of the duties unduly levied or attempted to be levied, and no more than ten times the amount of the duties.

Art. 291 of (It.) Presidential Decree no. 43/1973 (Smuggling in temporary import or export)

Anyone who, in import or temporary export operations or in re-export and re-import operations, in order to evade the payment of duties that should be due, subjects the goods to artificial manipulations or uses other fraudulent means, shall be punished with a fine of no less than two and no more than ten times the amount of duties evaded or attempted to be evaded.

Art. 291-bis of (It.) Presidential Decree no. 43/1973 (Smuggling of foreign tobacco products)

Anyone who introduces, sells, transports, acquires or holds in the territory of the State a quantity of smuggled foreign processed tobacco exceeding ten conventional kilograms shall be punished by a fine of EUR 5 for each conventional gram of product, as defined in Article 9 of Law of 7 March 1985, no. 76, and with imprisonment from two to five years.
The acts referred to in paragraph 1, when they relate to a quantity of foreign processed tobacco of up to ten conventional kilograms, shall be punishable by a fine of EUR 5 per conventional gram of product and in any case of no less than EUR 516.

Art. 291-ter of (It.) Presidential Decree no. 43/1973 (Aggravating circumstances of the crime of smuggling foreign tobacco products)

If the acts envisaged in Article 291-bis are committed using means of transport belonging to persons not involved in the offence, the penalty shall be increased.
In the cases envisaged in Article 291-bis, a fine of EUR 25 per conventional gram of product and imprisonment for a term of three to seven years shall apply when:
a) in committing the offence or in conduct aimed at securing the price, product, profit or impunity of the offence, the offender makes use of weapons or is found to have possessed them in the commission of the offence;
b) in the commission of the offence or immediately thereafter, the perpetrator is caught together with two or more persons in a position to obstruct the police;
c) the act is connected with another offence against public faith or against the public administration;
d) in committing the offence, the perpetrator has used means of transport which, in comparison with the approved characteristics, have alterations or modifications likely to hinder the intervention of the police or to endanger public safety;
e) in committing the offence, the perpetrator used partnerships or corporations or made use of financial assets in any way established in States that have not ratified the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, signed at Strasbourg on 8 November 1990, ratified and made enforceable pursuant to Law of 9 August 1993, no. 328, and which in any case have not concluded and ratified judicial assistance conventions with Italy concerning the crime of smuggling.
The mitigating circumstance provided for in Article 62-bis of the Penal Code, if concurrent with the aggravating circumstances referred to in letters a) and d) of paragraph 2 of this Article, cannot be considered equivalent to or prevailing over them and the reduction of the penalty shall be applied to the amount of the penalty resulting from the increase resulting from the aforementioned aggravating circumstances.

Art. 292 of (It.) Presidential Decree no. 43/1973 (Other cases of smuggling)

Anyone who, other than in the cases provided for in the preceding Articles, fails to pay the border duties due for goods, shall be punished by a fine of no less than two and no more than ten times such duties.

Art. 291-quater of (It.) Presidential Decree no. 43/1973 (Criminal association for the smuggling of foreign tobacco products)

When three or more persons associate for the purpose of committing several offences among those set forth in Article 291-bis, those who promote, set up, direct, organise or finance the association shall be punished, for this alone, by imprisonment for a term ranging from three to eight years. Participation in the association is punishable by imprisonment from one year to six years. The penalty is increased if the number of associates is ten or more. If the association is armed, or if the circumstances envisaged in Article 291-ter, paragraph 2, letters d) or e) are applicable, the penalty shall be imprisonment for a term of five to fifteen years in the cases provided for in paragraph 1 of this Article, and of four to ten years in the cases provided for in paragraph 2. The association is considered armed when the participants have, for the achievement of the association's purpose, weapons or explosive materials available to them, even if concealed or kept in a storage place. The penalties envisaged in Articles 291-bis, 291-ter and in this Article shall be reduced by between one-third and one half in respect of the defendant who, by dissociating himself/herself from the others, takes action to prevent the criminal activity from being taken to further consequences also by concretely assisting the police or judicial authority in the collection of decisive elements for the reconstruction of the facts and for the identification or capture of the perpetrators of the offence or for the identification of resources relevant to the commission of the offences.

Art. 295 of (It.) Presidential Decree no. 43/1973 (Aggravating circumstances of smuggling)

For the offences provided for in the preceding Articles, a fine of no less than five and no more than ten times the border duty due shall be imposed on any person who, in order to commit the smuggling, uses means of transport belonging to a person not involved in the offence.
For the same offences, the fine shall be increased by imprisonment of three to five years:
a) when the offender is caught armed in the commission of the offence, or immediately thereafter in the surveillance zone;
b) when in the commission of the offence, or immediately thereafter in the surveillance zone, three or more persons guilty of smuggling are caught together and in such a condition as to obstruct the police;
c) when the act is connected with another offence against public faith or public administration;
d) when the offender is an associate to commit smuggling offences and the offence committed is among those for which the association was formed.

3.3.25.1 Explanatory remarks

Customs duties are all those duties that customs is required to collect by law in connection with customs operations. Customs duties include "border duties" (Art. 34):

- import and export duties;
- levies and other import or export charges provided for by EU regulations and their implementing rules;
- in respect of imported goods, monopoly duties, border surcharges and any other taxes or surcharges in favour of the State.

For goods subject to border duties, the prerequisite for the obligation to pay tax is, in the case of foreign goods, their use for consumption within the customs territory and, in the case of domestic and nationalised goods, their use for consumption outside the customs territory (Article 36).

Smuggling consists in the conduct of anyone who brings into the territory of the State, in violation of customs provisions, goods that are subject to border duties.

The offence in question is no longer an aggravating circumstance of the offences referred to in the preceding articles of (It.) Presidential Decree no. 43/1973: the commission of the acts covered by the customs offences provided for in the articles preceding

Art. 295, if qualified by the aggravating circumstance, rise to the form of an offence and are a prerequisite for 231 liability.

Below please find a list of relevant offences under customs legislation:

- Art. 282- Smuggling in the movement of goods across land borders and customs areas;
- Art. 283- Smuggling of goods in border lakes;
- Art. 284- Smuggling in the maritime movement of goods;
- Art. 285- Smuggling in the movement of goods by air;
- Art. 286- Smuggling in non-customs zones;
- Art. 287- Smuggling for improper use of imported goods with trade facilitation;
- Art. 288- Smuggling of bond warehouses
- Art. 289- Smuggling in cabotage and traffic
- Art. 290- Smuggling in the export of goods eligible for duty drawback;
- Art. 291- Smuggling in temporary import or export;
- Art. 292- Other cases of smuggling;
- Art. 294- Penalty for smuggling where the object of the offence has not been established or has been incompletely established;
- Art. 302 - Differences between the load and the manifest;
- Art. 303 - Differences with respect to the declaration of goods intended for final importation, warehousing or dispatch to other customs;
- Art. 304 - Differences with respect to declaration for export of goods with refund of duties;
- Art. 305 - Failure to discharge bail bills. Differences in quantity;
- Art. 306 - Differences in quality compared to the bail bill;
- Art. 307 - Penalties for tampering with parcels sent with a bail bill exempt from inspection;
- Art. 308 - Differences in goods stored in private bond warehouses;
- Art. 309 - Differences found in temporary storage facilities;
- Art. 310 - Differences with respect to the declaration of goods for temporary import or export;
- Art. 311 - Differences in quality in re-export with discount of temporary import charges;
- Art. 312 - Differences in quality in re-import with discount of temporary export charges;
- Art. 313 - Differences in quality from the re-export and re-import declaration;
- Art. 314 - Errors committed in good faith when making declarations concerning temporarily imported or exported goods;
- Art. 315 - Release for consumption without authorisation of temporarily imported goods;
- Art. 316 - Failure to comply with obligations imposed on captains;
- Art. 317 - Failure of aircraft masters to comply with customs requirements;
- Art. 318 - Omission or delay in lodging the customs declaration;
- Art. 319 - Failure to comply with customs formalities;
- Art. 320 - Penalties for violations of deposit regulations in surveillance zones;
- Art. 321 - Penalties for violations of the disciplines imposed on navigation in surveillance zones;
- Art. 322 - Other cases of violations.

3.3.25.2 Relevance to the EUROSETS model

The offences in question must be considered relevant insofar as they can potentially be committed by any company that handles the import of goods subject to the payment of customs duties.

3.3.25.3 Measures to prevent the commission of the offences

For the purposes of the commission of the offences referred to above and considered, at the outcome of the examination set out in the previous Section, relevant with reference to the operational reality of Eurosets, all those departments that collaborate in the management of shipments/receipts involving the payment of customs duties are identified as sensitive.
Listed below are some of the general principles to be considered applicable to the Addressees as defined above.

The cardinal behavioural principle is the obligation to operate in compliance with the provisions of the Code of Ethics and with the regulations in force, as well as the prohibition to engage in conduct or to contribute to conduct that may fall within the types of offences referred to in Article 25-sexiesdecies of (It.) Legislative Decree no. 231/2001 referred to above.

Addressees who, by reason of their position or mandate, are involved in the management of the stages listed above are obliged to:

- ascertain the commercial and professional reliability and good repute requirements of counterparties;
- ensure the strictest accounting transparency at all times and under all circumstances;
- observe the rules of clear, correct and complete recording in the accounting of facts relating to the import and export of products and goods;
- ensure that relations with the Authorities, including the Customs Authorities, are informed by the utmost transparency, cooperation, willingness to help and in full respect of the institutional role played by them and of the provisions of the existing laws on the subject, of the general principles and rules of conduct referred to in the Code of Ethics as well as in this Special Section;
- carefully select business partners.

3.3.26 OFFENCES AGAINST THE CULTURAL HERITAGE (Art. 25-septiesdecies of It. Legislative Decree no. 231/01)

Art. 518-bis of the (It.) Penal Code (Theft of cultural assets)

Anyone who takes possession of another person's movable cultural asset, by removing it from its owner, in order to gain profit for himself/herself or others, or takes possession of cultural property belonging to the State, as found underground or on the seabed, shall be punished by imprisonment from two to six years and a fine ranging from EUR 927 to EUR 1,500.
The punishment shall be imprisonment for a term of four to ten years and a fine ranging from EUR 927 to EUR 2,000 if the offence is aggravated by one or more of the circumstances envisaged in the first paragraph of Article 625 or if the theft of cultural assets belonging to the State, insofar as they have been found underground or on the seabed, is committed by a person who has obtained a search licence as provided for by law.

The offence under consideration punishes the theft of cultural assets, consisting of the taking possession of another person's cultural property in order to make a profit. The provision recalls the regulation of theft, readjusting it to the specific context of the protection of the cultural heritage.

The offence is common and may relate to cultural assets belonging to others or to cultural assets belonging to the State found underground or on the seabed.

The offence requires specific intent: the action of theft and seizure is aimed at obtaining an unjust profit.

In the presence of aggravating circumstances such as those already identified by the (It.) Penal Code for the offence of theft or by the Code for Cultural Assets (i.e. when the stolen goods belong to the State or the offence is committed by a person who has

obtained a research concession, pursuant to Art. 176), the penalty is imprisonment of four to ten years and a fine of 927 to 2,000 euros.

Art. 518-ter of the (It.) Penal Code (Misappropriation of cultural assets)

Anyone who, in order to procure for himself/herself or others an unjust profit, appropriates another person's cultural assets in his/her possession for any reason whatsoever, shall be punished by imprisonment from one to four years and a fine ranging from EUR 516 to EUR 1,500.
If the offence is committed with respect to things possessed by way of necessary storage, the penalty is increased.

The case reproduces the hypothesis of misappropriation (Art. 646 of the It. Penal Code), increasing the penalty. The provision penalises the behaviour of anyone who appropriates another person's cultural property of which he or she has, for whatever reason, possession. The prerequisite for the commission of the offence consists in the "mere possession" of the property of which the possessor abusively disposes *uti dominus*, i.e. as "if he were the owner".

The offence is commonly committed by "anyone" in possession of the material object of the act.

The rule requires - in addition to general intent - also specific intent. In detail: the "generic moment of intent" is embodied in the consciousness and intention to appropriate the cultural assets of others through an act of exclusive disposition of the owner thereof. It is also required that the person act in order to procure an unjust profit for him- or herself or others.

The provision punishes the misappropriation of cultural assets with imprisonment from one to four years. The offence is aggravated when possession of the assets has been obtained by way of necessary storage.

Art. 518-quater of the (It.) Penal Code (Receiving stolen cultural assets)

Apart from cases of complicity in the offence, anyone who, in order to procure a profit for himself/herself or for others, purchases, receives or conceals cultural assets originating from any offence, or in any case brokers their purchase, receipt or concealment, shall be punished with imprisonment from four to ten years and with a fine ranging from EUR 1,032 to EUR 15,000.
The penalty is increased when the offence concerns cultural assets originating from the offences of aggravated robbery within the meaning of Article 628, third paragraph and aggravated extortion within the meaning of Article 629, second paragraph.
The provisions of this Article shall also apply when the perpetrator of the offence from which the cultural assets originate cannot be charged or is not punishable, or when a condition of prosecution relating to that offence is missing.

The case reproduces the hypothesis of receiving stolen goods (Art. 648 of the It. Penal Code) concerning offences against the cultural heritage. Therefore, the conduct of purchasing, receiving and concealing, as well as mediation activities aimed at concealing/buying/receiving cultural goods of illicit origin are punished.

The offence is "common" and requires specific intent: the conduct must be aimed at obtaining unjust profit for oneself or others.

The offence is punishable by imprisonment of four to ten years. The penalty is increased when the offence relates to cultural assets originating from the crimes of aggravated robbery and extortion.

Lastly, it should be noted that this provision also applies when the perpetrator of the offence from which the cultural assets originate cannot be charged or is not punishable, or when a condition for prosecution is missing.

Art. 518-octies of the (It.) Penal Code (Forgery of a private contract relating to cultural assets)

Anyone who draws up, in whole or in part, a false private contract or, in whole or in part, alters, destroys, suppresses or conceals a true private contract, in relation to movable cultural assets, in order to make their provenance appear lawful, shall be punished by imprisonment of one to four years.

Anyone who makes use of the private contract referred to in the first paragraph, without having contributed to its being drawn up or alteration, shall be punished by imprisonment of from eight months to two years and eight months.

The offence is "common" and punishes:

- drawing up a false private contract, or
- altering, concealing or suppressing of a genuine private contract concerning movable cultural assets, when the action is intended to make the provenance of the assets appear lawful.

the conduct of a person who, for the same purposes, uses a forged private contract or an altered true private contract, although he or she did not take part in the forging or altering thereof.

The existence of specific intent is required, consisting in the deliberate concealment of the illicit origin of the cultural asset by means of one of the described conducts.

From the point of view of sanctions, the provision punishes with a term of imprisonment of between one and four years the forgery of a private contract relating to cultural assets and with a term of imprisonment of between eight months and two years and eight months anyone who uses the forged or altered private contract without having taken part in its being drawn up or alteration.

Art. 518-novies of the (It.) Penal Code (Violations concerning the sale of cultural assets)

Imprisonment from six months to two years and a fine ranging from EUR 2,000 to EUR 80,000 shall be imposed on: 1) anyone who, without the prescribed authorisation, sells cultural assets;
2)anyone who, being obliged to do so, fails to report the transfer of ownership or possession of cultural assets within the period of 30 days;
3)the transferor of a cultural object subject to pre-emption who delivers the object during the period of sixty days from the date of receipt of the transfer notification.

The offence punishes the conduct of anyone who:

- sells or places on the market cultural assets without the required authorisation.
- does not report, being obliged to do so, the transfer of ownership or possession of cultural assets within the 30-day period laid down by law;
- by disposing of a cultural object subject to pre-emption, delivers the object during the period of sixty days from the date of receipt of the transfer notification.

The offence is a common one and requires - as a psychological precondition of the offence - the existence of generic intent, consisting of the representation and intent to commit acts in breach of the law and good practice in the disposal of cultural assets.

The penalty is imprisonment from six months to two years and a fine from EUR 2,000 to EUR 80,000.

Art. 518-decies of the (It.) Penal Code (Illegal importation of cultural assets)

Anyone who, with the exception of cases of complicity in the offence and the cases envisaged by Articles 518-quarter, 518-quinquies, 518-sexies, 518-septies and 518-sexiesdecies, imports cultural assets originating from an offence or found as a result of searches carried out without authorisation, where provided for by the law of the State where the discovery took place, or exported from another State in violation of the law on the protection of the cultural heritage of that State, shall be punished by imprisonment for a term of between two and six years and a fine ranging from EUR 258 to EUR 5,165.

The provision punishes the conduct of a person who, without having participated in the offences of receiving stolen goods, money laundering or self laundering, imports from abroad:

- cultural assets that are the fruit of crime;
- cultural assets found as a result of unauthorised searches;
- cultural assets exported from another State in violation of the laws protecting the cultural heritage of that State.

The offence may be committed by “anyone”, thus qualifying as a “common” offence.

The punishability of the conduct requires generic intent, consisting in the representation and intent to introduce into Italian territory one or more cultural assets falling within the described categories; or in the representation and intent to keep the exported good in another State by failing to return it within the period provided for by law.

The offence is punishable by imprisonment from two to six years and a fine ranging from EUR 258 to EUR 5,165.

Art. 518-undecies of the (It.) Penal Code (Illicit export or export of cultural assets)

Anyone who transfers cultural assets, things of artistic, historical, archaeological, ethno-anthropological, bibliographic, documentary or archival interest or other things subject to specific protection provisions under the law on cultural assets abroad without a certificate of free circulation or export licence shall be punished by imprisonment of two to eight years and a fine of up to EUR 80,000.
The penalty envisaged in the first paragraph shall also apply to any person who does not return to the national territory, at the expiry of the term, cultural assets, things of artistic, historical, archaeological, ethno-anthropological, bibliographic, documentary or archival interest or other things subject to specific protection provisions under the regulations on cultural assets, whose temporary removal or export has been authorised, as well as to any person who makes false declarations in order to prove to the competent export office, in accordance with the law, that things of a cultural interest are not subject to authorisation for exit from the national territory.

The offence punishes acts of:

- transfer abroad of cultural assets in the absence of the necessary export documents (= “certificate of free circulation or export licence”).
- failure to return assets to the national territory after they have been legally and temporarily exported;
- false declarations made to the competent export office in order to prove that the exported goods are not subject to an authorisation to leave the national territory.

Conduct involving the exit/export of goods of artistic, historical, archaeological, ethno-anthropological, bibliographic, documentary or archival interest when carried out in breach of the control rules aimed at issuing export authorisations is of relevance.

The offence, which can be committed by “anyone”, qualifies as “common”. From a psychological point of view, it presupposes the existence of generic intent and therefore the representation and intent to transfer goods of artistic value and interest in the absence of a certificate of free circulation or the necessary export licences.

For the conduct described, the law envisages a prison sentence of two to eight years and a fine of up to EUR 80,000.

Lastly, in the event that the offence is committed by “those who engage in the activity of selling cultural objects to the public or displaying them for the purposes of trade”, the accessory penalty of disqualification from exercising a profession or an art as well as publication of the relevant conviction is envisaged.

Art. 518-duodecies: Destruction, dispersal, deterioration, defacement, soiling and unlawful use of cultural or landscape assets

Anyone who destroys, disperses, damages or renders wholly or partially unusable or, where applicable, renders unsuitable for enjoyment cultural or landscape assets belonging to him/her or to others shall be punished by imprisonment of two to five years and a fine of between EUR 2,500 and EUR 15,000.

Anyone who, other than in the cases referred to in the first paragraph, defaces or soils cultural assets or landscape belonging to him/her or to others, or who uses cultural assets for a purpose that is incompatible with their historical or artistic character or detrimental to their preservation or integrity, shall be punished by imprisonment from six months to three years and a fine ranging from EUR 1,500 to EUR 10,000.
Suspension of the sentence is subject to the restoration of the state of the place or the elimination of the harmful or dangerous consequences of the offence or the performance of unpaid activity in favour of the community for a specified time, in any case not exceeding the duration of the suspended sentence, in accordance with the modalities indicated by the judge in the conviction.

Punishment is envisaged for conduct that consists in damaging (Art. 635 of the It. Penal Code) and defacing and soiling cultural and landscape heritage.

In particular, the legislator punishes two forms of damage, of varying intensity, consisting in acts of:

- destruction, dispersal, deterioration of or rendering unsuitable for enjoyment things of historical or artistic interest wherever located;
- soiling, defacing or using them for purposes incompatible with their historical and artistic value or detrimental to their preservation or integrity. The conduct described herein constitutes "minor damage", which occurs only outside the cases referred to in the preceding sentence.

Depending on the act committed, the penalty may be:

- imprisonment from two to five years and a fine from EUR 2,500 to EUR 15,000
- imprisonment from six months to three years and a fine from EUR 1,500 to EUR 10,000.

The offence is "common" and is punishable by generic intent, consisting of the consciousness and will to carry out acts that damage cultural and landscape assets.

It should be recalled that suspensions of the sentence is conditional upon the restoration of the state of the place or the elimination of the harmful or dangerous consequences of the offence as well as the performance of unpaid activity in favour of the community for a specified time, in any case not exceeding the duration of the suspended sentence, in accordance with the modalities laid down by the judge and indicated in the conviction.

Art. 518-quaterdecies: Counterfeiting works of art

Imprisonment from one to five years and a fine ranging from EUR 3,000 to EUR 10,000 shall be imposed on:
1) anyone who, in order to make a profit, counterfeits, alters or reproduces a work of painting, sculpture or graphics or an antique or object of historical or archaeological interest;
2) anyone who, even without having taken part in the counterfeiting, alteration or reproduction, places counterfeited, altered or reproduced specimens of works of painting, sculpture or graphics, objects of antiquity or objects of historical or archaeological interest on the market, holds them for trade, introduces them into the territory of the State for that purpose or, in any event, places them in circulation as authentic;
3) anyone who, knowing them to be fake, authenticates counterfeited, altered or reproduced works or objects indicated in numbers 1) and 2);
4) anyone who, by means of other declarations, expert opinions, publications, affixing of stamps or labels or by any other means, credits or contributes to crediting as authentic works or objects indicated in numbers 1) and 2) that are counterfeited, altered or reproduced, knowing them to be fake.
The conviction for the offence referred to in the first paragraph, committed in the exercise of a commercial or professional activity, shall be published in three daily newspapers of national circulation indicated by the judge and published in three different places. Article 36, third paragraph, shall apply.
The confiscation of counterfeited, altered or reproduced copies of the works or objects referred to in the first paragraph shall always be ordered, unless they belong to persons not involved in the offence. The sale of the confiscated items at auctions is prohibited without time limit.

(It.) Law of 9 March 2022 no. 22 introduces into the penal code the offence of counterfeiting, already envisaged and punished by Art. 178 of the (It.) Cultural Heritage Code, making the punishment more severe.

The offence punishes a number of behaviours relating to works of art (= works of painting, sculpture or graphics, antiques or objects of historical or archaeological interest), consisting of acts of:

- counterfeiting, alteration and reproduction;
- possession, introduction into the State, putting into circulation and marketing of counterfeited, altered and reproduced works that are presented as authentic;
- authentication of fake works;
- accreditation of fake works by means of declarations, appraisals, publications, stamps, labels or any other means.

The offence is "common" and requires specific intent: the conduct must be aimed at obtaining an unjust profit for oneself or others.

The penalty is imprisonment from one to five years and a fine ranging from EUR 3,000 to EUR 10,000; the confiscation of the counterfeit, altered or reproduced specimens is always ordered, unless they belong to persons unrelated to the offence. The sale of the confiscated items at auctions is prohibited without time limit.

3.3.26.1 Relevance to the EUROSETS model

In light of the activity actually carried out by the Company and the fact that it does not own any cultural or landscape assets, the relevance of the aforementioned offences against cultural heritage can be excluded.

3.3.27 LAUNDERING OF CULTURAL ASSETS AND DEVASTATION AND LOOTING OF CULTURAL AND LANDSCAPE ASSETS (Art. 25-duodevicies of It. Legislative Decree no. 231/01)

Art. 518-sexies of the (It.) Penal Code (Laundering of cultural assets)

Apart from cases of complicity in the offence, any person who replaces or transfers cultural assets resulting from a non-unintentional offence, or carries out other transactions in connection therewith, in such a way as to obstruct the identification of their criminal origin, shall be punished by imprisonment of five to fourteen years and a fine of between EUR 6,000 and EUR 30,000.
The punishment is reduced if the cultural assets originate from a crime for which the maximum term of imprisonment is less than five years.
The provisions of this Article shall also apply when the perpetrator of the offence from which the cultural assets originate cannot be charged or is not punishable, or when a condition of prosecution relating to that offence is missing.

The fact typified by the provision is a reworking of the offence of "money laundering" (Art. 648-bis of the It. Penal Code) as offences against the cultural heritage. Therefore, the substitution, transfer and any other operation aimed at obstructing the recognition of the criminal provenance of the cultural assets in question is punished.

Apart from cases of concurrence in the so-called "predicate offence" (= an act that is instrumental to the materialisation of a different offence, consequential to it), the offence in question can be committed by "anyone". As a subjective element, the provision requires the existence of the generic intent consisting in the consciousness and intent to substitute/transfer/carry out obstructing operations aimed at preventing the ascertainment of the authentic provenance of cultural assets resulting from another crime.

The penalty is imprisonment for a term of five to fourteen years and a fine of between EUR 6,000 and EUR 30,000; the legislator envisages a reduced penalty if the cultural assets originate from a crime punishable by a maximum term of imprisonment of less than five years.

The offence also applies when the perpetrator of the offence from which the cultural assets originate - the perpetrator of the so-called predicate offence - cannot be charged or punished or when a condition for prosecution is lacking.

Art. 518-terdecies of the (It.) Penal Code (Devastation and looting of cultural and landscape assets)

Anyone who, outside the cases provided for in Article 285, commits acts of devastation or looting concerning cultural or landscape assets or cultural institutions and places shall be punished by imprisonment of ten to sixteen years.

The offence, applicable outside the cases of devastation, looting and massacre referred to in Art. 285 of the (It.) Penal Code, punishes a number of acts with the object of devastation, looting or other conduct likely to bring about the ruin, destruction or damage of cultural assets, institutes and places.

In particular, the following constitute "cultural and landscape assets":

- institutes, museums, libraries, areas, archaeological parks, monumental complexes and all property belonging to public bodies and intended for public use and service;
- places of culture belonging to private citizens and open to the public, exercising a private but socially useful service.

The offence takes the form of a "common" offence, having as its subjective element the generic intent, consisting in the representation and will of carrying out acts suitable for looting and devastating assets that are part of the cultural heritage.

The penalty for the devastation and looting of cultural assets is imprisonment from ten to sixteen years.

3.3.27.1 Relevance to the EUROSETS model

In light of the activity actually carried out by the Company, the relevance of the aforementioned offences of laundering and devastation and looting of cultural and landscape assets can be excluded.