ORGANISATION, MANAGEMENT AND CONTROL MODEL

PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

OF

VALAGRO S.P.A.

GENERAL SECTION OF THE FINAL DOCUMENT

(OMISSIS VERSION)

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II UPDATE	**30/11/2015 (AMENDMENTS TO CORPORATE CRIMES AND NEW ENVIRONMENTAL CRIMES)**
III UPDATE	**14/03/2017 ("INTRODUCTION OF THE CRIME "ILLEGAL LABOR EXPLOITATION")**
IV UPDATE	**04/05/2017 (AMENDMENTS TO THE CRIME OF CORRUPTION AMONG PRIVATE INDIVIDUALS AND REFORM OF THE ANTI-MAFIA CODE)**
V UPDATE	**15/12/2020 (INTRODUCTION OF THE CRIME "INFLUENCE PEDDLING" AND "TAX CRIME")**
VI UPDATE	**16/12/2021 (ADOPTION OF SYNGENTA GROUP'S CODE OF CONDUCT)**
VII UPDATE	**15/12/2022 (REVISION OF THE MODEL STRUCTURE, INTRODUCTION OF LEGISLATIVE UPDATES ON FORGERY OF PAYMENT INSTRUMENTS AND CRIMES AGAINST CULTURAL HERITAGE)**

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GENERAL SECTION

PREAMBLE

Valagro S.p.A. (hereinafter "**Valagro"** for short) with registered office in Atessa (Chieti), belonging to the Syngenta Group, which operates internationally in the sector of production and marketing of raw materials, products and equipment for agriculture, gardening, manufacturing industry, green turf, human and animal food, cosmetics, personal well-being and treatments.

Below, therefore, is a brief description of the aforementioned regulatory provisions and associated best practices, followed by a description of the activities carried out by VALAGRO in drawing up its own Model.

1. THE ITALIAN REGULATORY FRAMEWORK: LEGISLATIVE DECREE NO. 231/2001 AND THE ADMINISTRATIVE LIABILITY OF COMPANIES FOR THE COMMISSION OF OFFENCES

1.1. Moving beyond the principle *societas delinquere non potest* and the scope of the new administrative liability of companies for the commission of offences

The Italian legislator, in implementing the delegated powers conferred pursuant to Law no. 300 of 29 September 2000, by means of Legislative Decree no. 231/2001 - enacted on 8 June 2001 (hereinafter also "**Decree**") and governing the "*Regulation of administrative liability of legal persons, companies and associations including those without legal personality*" - adapted Italian regulatory provisions on the liability of legal persons to a number of International Conventions previously signed on behalf of the Italian State.[1]

The legislator, therefore, putting an end to a lively scholarly debate, moved beyond the principle *societas delinquere non potest*[2] by introducing a regime of administrative liability for companies or entities (organizations with legal personality, companies and associations including those without legal personality - hereinafter collectively referred to also as "Entities" and individually as "Entity", but excluding the State, local public authorities, non-profit-seeking public bodies and bodies implementing constitutional functions), such administrative liability being tantamount in practice to criminal liability and applicable where the unlawful activities in question fall within specific offence categories (the so-

1 In particular: Brussels Convention of 26 July 1995 on the protection of financial interests; Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union; OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions. The Italian Legislator, by Law no. 146/2006, ratified the United Nations Convention and Protocols against transnational organised crime adopted by the General Assembly on 15 November 2000 and May 31, 2001.

2 Prior to the enactment of the Decree, it was not possible for a company to assume the role of *defendant* in criminal proceedings. It was considered, in fact, that Article 27 of the Constitution, which affirms the principle of the personal nature of criminal responsibility, prevented the extension of criminal responsibility to a company, as being a subject "without personality". Therefore, the company could only be held liable under the civil law for loss caused by the employee, or, based on Articles 196 and 197 of the Criminal Code, for the payment of a fine imposed on an employee in the event of the latter's insolvency.

called “predicate offences”) which are committed **in the interest or to the advantage of the Entities themselves -** by (as specified in Section 5 of the Decree):

i) persons who carry out functions of representation, administration or management of the Entity or one of its financially and operationally independent organisational units, and also by persons who exercise, (also *de facto)* management and control powers over the Entity (so-called ***Senior Managers***);

ii) persons subject to the management or supervision of one of the subjects specified at subsection i) (so-called ***persons in subordinate positions***).

In relation to the meaning of the terms "interest" and "advantage", the governmental Report accompanying the Decree gives the former term a subjective connotation related to the intent of the perpetrator (natural person) of the offence (who must have undertaken the action in order to realise a specific interest of the Entity), but it assigns the latter term a more objective connotation referring to the actual results of the agent's conduct (the reference is to cases in which the perpetrator, while not intending to act directly in the interest of the Entity, nevertheless realises an advantage to it).

Nevertheless, with specific reference to unpremeditated offences in the area of health and safety, it is unlikely that the death or injury of a worker could be in the interest of the Entity or translate into an advantage for it.

In such cases, the interest or advantage in question should be deemed to refer instead to the benefit ensuing from non-compliance with health and safety protection regulations. Thus, the interest or advantage to the Entity could be represented by cost savings in the area of health and safety protection, or by speedier performance of services or by increased productivity, sacrificing the required accident prevention safeguards.

Based on specific legislative provisions (Section 5, paragraph 2 of the Decree), the Company will escape liability if the aforementioned persons have acted **in their own exclusive interest or in the interest of third parties.**

One should note that not all offences committed by the aforementioned subjects involve administrative liability attributable to the Entity, given that only specific categories of offence are identified as being of relevance.[3]

[3]One should also bear in mind that the “catalogue" of predicate offences relevant for the purposes of the Decree is in continuous expansion. On the one hand there is a strong impetus to this end from EU bodies, and on the under other hand - also at domestic level - numerous draft laws have been submitted with a view to including new offence categories. The possibility has also been examined for some time now (see the proceedings of the Pisapia Commission) of including the liability of Entities within the Criminal Code directly, thus altering the nature of the responsibility in question (which would for all purposes become criminal and no longer be exclusively administrative in character) as well as extending the range of offence categories. More recently, draft proposals to amend the Decree have been brought forward, aimed to make use of the experience gained in its application to date and, ultimately, aimed at "correcting" certain aspects which appeared excessively onerous.

Below is a summary of the relevant offence categories pursuant to the Decree.

The first category of offences under the Decree which involves the administrative liability of Entities is **offences against the Public Administration**, as specified in Sections 24 and 25 of the Decree, namely:

- fraud against the State or other public body (Article 640, paragraph II, no. 1, Criminal Code);
- aggravated fraud to obtain public funds (Article 640-bis, Criminal Code);
- computer fraud against the State or other public body (Article 640-ter, Criminal Code);
- corruption in the exercise of official functions (Articles 318 and 321, Criminal Code);
- corruption for an act contrary to official duties (Arts. 319 and 321, Criminal Code);
- corruption in judicial proceedings (Articles 319-ter and 321, Criminal Code);
- incitement to bribery (Article 319-quater, Criminal Code);
- inducement to corruption (Article 322, Criminal Code);
- corruption of persons performing a public service (Articles. 320 and 321, Criminal Code);
- embezzlement, extortion, undue induction to give or promise benefits, corruption, incitement to corruption, abuse of office of members of International Courts, European Union Bodies, International Parliamentary Assemblies, International Organizations and of Officials of the European Union and of Foreign States (Article 322-bis, Criminal Code);
- extortion (Article 317, Criminal Code);
- embezzlement of public funds (Article 316-bis, Criminal Code);
- misappropriation of public funds (Article 316-ter, Criminal Code);
- influence peddling (Article 346-bis, Criminal Code introduced by Law no. 3 of 9 January 2019);
- fraud in public supplies (Article 356, Criminal Code);
- fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2, Law 898/1986);
- embezzlement (Article 314, paragraph 1, Criminal Code);

- embezzlement through profit from errors of others (Article 316, Criminal Code);
- abuse of office (Article 323, Criminal Code).

Section 25-bis of the Decree - introduced by Section 6 of Law no. 409 of 23 September, 2001 - refers, then, to the **offences of counterfeiting of currency, cards and bearer's coupons issued by Governments or authorised Institutes and revenue stamps**, amended by Legislative Decree no. 125 of 27 July 2016:

- ❖ counterfeiting currency, spending and introducing counterfeit currency into the State, by agreement (Article 453, Criminal Code);
- ❖ altering currency (Article 454, Criminal Code);
- ❖ spending and introducing into the State counterfeit currency, other than by agreement (Article 455, Criminal Code);
- ❖ spending counterfeit currency received in good faith (Article 457, Criminal Code);
- ❖ counterfeiting of revenue stamps, introducing into the State, purchasing, possessing or putting into circulation counterfeit revenue stamps (Article 459, Criminal Code);
- ❖ forgery of watermarked paper in use in order to manufacture public currency/credit notes or revenue stamps (Article 460, Criminal Code);
- ❖ producing or possessing watermarks or instruments designed for the counterfeiting of currency, revenue stamps or watermarked paper (Article 461, Criminal Code);
- ❖ using forged or altered revenue stamps (Article 464, paragraphs 1 and 2, Criminal Code).

A further important category of offences involving the administrative liability of the Entity are **corporate crimes**, a category governed by Section 25-ter of the Decree, introduced by Legislative Decree no. 61 of 11 April 2002, which identifies the following categories, as amended by Law no. 262 of 28 December 2005, Law no. 190/2012, Law no. 69 of May 27, 2015 and Law. No. 38/2017:

- false corporate communications (Article 2621, Civil Code);
- minor events ("fatti di lievi entità" Article 2621 bis, Civil Code);
- false corporate communications of listed companies (Article 2622, Civil Code, in the new formulation provided for by Law no. 69/2015);

- false statement in a prospectus (Article 2623, Civil Code, repealed by Article 34 of Law no. 262/2005 which, however, introduced Section 173-bis of Legislative Decree no. 58 of 24 February, 1998)[4];
- falsification in reports or communications of audit firms (Article 2624, Civil Code)[5];
- obstructing auditors in the course of their duties[6] (Article 2625, Civil Code);
- improper refund of contributions (Article 2626, Civil Code);
- illegal distribution of profits and reserves (Article 2627, Civil Code);
- unlawful operations on the shares or quotas of the company or parent company (Article 2628, Civil Code);
- transactions to the detriment of creditors (Article 2629, Civil Code);
- failure to disclose conflicts of interest (Article 2629-bis, Civil Code);
- fictitious formation of capital (Article 2632, Civil Code);
- improper distribution of corporate assets by liquidators (Article 2633, Civil Code);ù
- **corruption in private sector** (Article 2635, paragraph 3, Civil Code as amended by Law No. 190/2012);

[4] Article 2623 of the Civil Code (False statement in a prospectus) has been repealed by Law 262/2005, which reproduced the same offence category by the introduction of Section 173-bis of Legislative Decree no. 58 of 24 February 1998, (hereinafter also the Consolidated Law on Finance (*Testo Unico della Finanza*, TUF). This new criminal law provision is not currently among the offences referred to by Legislative Decree no. 231/2001. One branch of legal scholarship, however, considers that Article 173-bis TUF, though not referred to by Legislative Decree 231/2001, is of relevance to the administrative liability of Entities since it must be deemed to be continuous, from a regulatory point of view, with the previous Article 2623 of the Civil Code. The case law, however, has taken a contrary view - although in relation to the different offence referred to in Article 2624 of the Civil Code (Falsification in reports or communications of audit firms) [see following note] - considering this offence no longer to be a source of liability pursuant to Legislative Decree 231/2001 and relying on the legality of the provisions contained in the Decree. Given the absence of any special ruling on Article 2623, analogous to that which occurred in respect of Article 2624, it has been decided as a precaution to give theoretical consideration to the offence in the Model.

[5] Note that Legislative Decree no. 39 of 27 January 2010, (Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, which amends EEC Directives 78/660 and 83/349 and repeals EEC Directive 84/253), which entered into force on 7 April 2010, repealed Article 2624 of the Civil Code - Falsification in reports or communications of audit firms - and reinserted this offence category within the aforementioned Legislative Decree no. 39/2010 (Article 27) which, however, is not referred to by Legislative Decree no. 231/2001. The United Chambers of the Supreme Court of Cassation, in its judgment no. 34776/2011, decided that the offence category of falsification in audits already provided for by Article 2624 of the Civil Code can no longer be considered a source of liability for offences committed by Entities, since the aforementioned article was repealed by Legislative Decree no. 39/2010. The Court has highlighted that the legislative intervention which reformed the field of accounting audits was intended to remove offences committed by independent auditors from the sphere of application of Legislative Decree no. 231/2001 and that, therefore, based on the principle of legality that governs it, it had no choice but to conclude that the offence of falsification in audits had, in essence, been abolished.

- inducement to corruption among private individuals (Article 2635-bis, Civil Code introduced by the Legislative Decree no. 38/2017);
- exerting unlawful influence on Shareholder Meetings (Article 2636, Civil Code);
- manipulation of stock market transactions (Article 2637, Civil Code, as amended by Law no. 62 of 18 April 2005);
- hindering public supervisory authorities in the exercise of their functions (Article 2638, Civil Code, as amended by Law no. 62/2005 and by Law no. 262/2005).

The reform did not end there, and Law no. 7 of 14 January 2003 introduced Section 25-quater, which further extends the field of application of the administrative liability of Entities to **crimes aimed at terrorism and subversion of the democratic order** provided for by the Criminal Code and by special laws.

Subsequently, Law no. 228 of 11 August 2003, then amended by the Law no. 199/2016, introduced Section 25-quinquies, by which Entities are liable for the commission of **crimes against persons**:

- ❖ reduction to or maintenance in slavery or servitude (Article 600, Criminal Code);
- ❖ trade and commerce in slaves (Article 601, Criminal Code);
- ❖ purchase and sale of slaves (Article 602, Criminal Code);
- ❖ juvenile prostitution (Article 600-bis subsections 1 and 2, Criminal Code);
- ❖ juvenile pornography (Article 600-ter, Criminal Code);
- ❖ virtual pornography (Article 600-quarter.1 Criminal Code);
- ❖ sex tourism involving juvenile prostitution (Article 600-quinquies, Criminal Code);
- ❖ possession of pornographic material (Article 600-quater, Criminal Code);
- ❖ illegal labour exploitation (Article 603-bis Criminal Code)
- ❖ soliciting of underage persons (Article 609-undecies Criminal Code).

Law no. 62/2005, (the "*Legge Comunitaria*") and Law no. 262/2005, better known as the "Law on Savings", again expanded the number of offence categories relevant for the purposes of the Decree. Section 25-sexies was in fact introduced, relating to the **offences of market abuse:**

- ❖ misuse of privileged information (Section 184 of Legislative Decree no. 58/1998);
- ❖ market manipulation (Section 185, Legislative Decree no. 58/1998).

Law no. 7 of 9 January 2006, furthermore, introduced Section 25-quater of the Decree, which provides for the administrative liability of the Entity in cases of **infibulation (female genital mutilation** - Article 583-bis, Criminal Code).

Subsequently, Law no. 146 of 16 March 2006, which ratified the UN Convention and Protocols against transnational organised crime, adopted by the General Assembly on 15 November 2000, and 31 May 2001, provided that Entities would be liable for certain **offences of a cross-border nature**.

Offences are regarded as being cross-border in nature when an organised criminal group is involved and when a term of imprisonment is provided for as punishment amounting to no less than 4 years, and when - in terms of the location of the offence- the offence is committed in more than one State; it is committed in one State, but has substantial effects in another State; it is committed in one State, but a substantial part of its preparation or planning or management or control occurs in another State; it is committed in one State, but an organised criminal group is involved in that State which is engaged in criminal activities in more than one State.

The following are the offences in question:

- criminal association (Article 416, Criminal Code);
- mafia-type criminal association (Article 416-bis, Criminal Code);
- criminal association aimed at smuggling tobacco processed abroad (Section 291-quarter, Presidential Decree no. 43 of 23 January 1973);
- association for the purpose of illicit trafficking in narcotics or psychotropic substances (Section 74, Presidential Decree no. 309 of 9 October 1990);
- smuggling of migrants (Section 12, paragraphs 3, 3-bis, 3-ter and 5, Legislative Decree no. 286 of 25 July 1998);
- obstruction of justice, taking the form of inducement not to make statements, or to make false statements to the judicial authorities, and aiding and abetting (Article 377-bis and 378, Criminal Code).

The Italian Legislator updated the Decree by means of Law no. 123 of 3 August 2007 and, subsequently, through Legislative Decree no. 231 of 21 November 2007.

Section 25-septies of the Decree was introduced by Law no. 123/2007, subsequently replaced by Legislative Decree no. 81 of 9 April 2008, which provides for the liability of Entities for the offences of **manslaughter and serious or grievous injury committed in violation of workplace health and safety rules**:

- manslaughter (Article 589, Criminal Code), with breach of accident prevention and workplace health and safety rules;
- unpremeditated bodily harm (Article 590, paragraph 3, Criminal Code), with breach of accident prevention and workplace health and safety rules.

Legislative Decree no. 321/2007 introduced Section 25-octies of the Decree, by which the Entity is responsible for the commission of the offences of **handling stolen goods** (Article 648, Criminal Code), **money laundering** (Article 648-bis, Criminal Code) and **use of money, goods or benefits of illicit origin** (Article 648-ter, Criminal Code).

Recently, the bill No. 1642 "Provisions related to the emergence and return of funds held abroad as well as of the strengthening of fight against tax evasion. Provisions on self-money laundering", which became law with the approval by the Senate on 4th December 2014, introduced in Criminal Code Art. 648 ter1 (self-money laundering), including it among the list of the crimes provided for by the Legislative Decree no. 231/2001, amending Section 25 octies of the same Decree.

Finally, Law no. 48 of 18 March 2008, introduced Section 24-bis of the Decree, which extends the liability of Entities to a number of so-called **computer crimes**:

- unauthorised access to a computer or electronic communications system (Article 615-ter, Criminal Code);
- unlawful tapping, obstruction or interruption of computer or electronic communications (Article 617-quater, Criminal Code);
- installation of equipment designed to tap, obstruct or interrupt computer or electronic communications (Article 617-quinquies, Criminal Code);
- damaging computer information, data or programs (Article 635-bis, Criminal Code);
- damaging computer information, data or programs used by the State or other public bodies or which are provided as a public service (Article 635-ter, Criminal Code);
- damaging computer or electronic communications systems (Article 635-quater, Criminal Code);
- damaging computer or electronic communications systems provided as a public service (Article 635-quinquies, Criminal Code);
- unauthorised holding and distribution of access codes to computer or electronic communications systems (Article 615, Criminal Code);
- distribution of equipment, devices or computer programs designed to damage or interrupt a computer or electronic communications system (Article 615-quinquies, Criminal Code);

- electronic documents (Article 491-bis, Criminal Code);
- violation of rules concerning the National Perimeter of cybersecurity ("*Perimetro di sicurezza nazionale cibernetica*") (Article 1, paragraph 11, Decree no. 105 of 21 September 2019).

The aforementioned provision (Article 491-bis, Criminal Code: *"if any of the acts of falsification provided for by this section relates to a public electronic document of probative value, the provisions of this section relating to public documents, respectively, will be applicable")* extends the provisions relating to falsification in an official document to acts of falsification in an electronic document; the following are the offences referred to:

- material falsification (*falsità materiale*) by a public official in official documents (Article 476, Criminal Code);
- material falsification (*falsità materiale*) by a public official in certificates or administrative authorisations (Article 477, Criminal Code);
- material falsification (*falsità materiale*) by a public official in certified copies of official or private documents and in certificates attesting to the content of documents (Article 478, Criminal Code);
- false statement by a public official in official documents (Article 479, Criminal Code);
- false statement by a public official in certificates or in administrative authorisations (Article 480, Criminal Code);
- false statement in certificates by persons performing an essential public service (Article 481, Criminal Code);
- material falsification (*falsità materiale*) committed by a private individual (Article 482, Criminal Code);
- false statement by a private individual in an official document (Article 483, Criminal Code);
- falsification in register entries and notifications (Article 484, Criminal Code);
- falsification in a signed blank sheet. Public instrument (Article 487, Criminal Code);
- other acts of falsification in a signed blank sheet. Applicability of the provisions on material falsification (Article 488, Criminal Code);
- use of false documents (Article 489, Criminal Code);
- suppression, destruction and concealment of authentic instruments (Article 490, Criminal Code);
- authenticated copies that lawfully take the place of missing originals (Article 492, Criminal Code);

- falsification by public officials providing a public service (Article 493, Criminal Code);
- computer fraud by persons providing electronic signature certification services (Article 640-quinquies, Criminal Code).

Law no. 94 of 15 July 2009, containing provisions on public safety, introduced Section 24-ter and, hence, the liability of Entities for the commission of **organised crimes**[7]*:*

- criminal association for the purpose of reduction to slavery, trafficking in human beings or purchase or sale of slaves (Article 416, paragraph 6, Criminal Code);
- mafia-style criminal association (Article 416-bis Criminal Code);
- political-mafia electoral exchange (Article 416-ter, Criminal Code);
- kidnapping for ransom (Article 630, Criminal Code);
- crimes committed by exploiting conditions of subjugation and the code of silence arising from the existence of mafia-style conditioning; association aimed at illegal trafficking of narcotic or psychotropic substances (Section 74, Presidential Decree no. 309 of 9.10.1990);
- criminal offences of illegal manufacture, introduction into the State, offer for sale, sale, possession and transport to a public place or place open to the public of weapons of war or similar or parts thereof, of explosives, of illegal weapons as well as common firearms (Article 407, paragraph 2, letter a) no. 5 of the Code of Criminal Procedure).

Law no. 99 of 23 July 2009, containing rules in the area of the development and internationalisation of companies, as well in the energy field, has expanded the offence categories of forgery provided for by Section 25-bis of the Decree, adding a number of offences which safeguard **industrial property**, namely:

- forgery, alteration or use of trademarks or distinguishing marks or patents, models and designs (Article 473, Criminal Code);
- introduction into the State and trade in products with false signs (Article 474, Criminal Code).

The same legislative intervention introduced Section 25-bis 1, whose aim was to establish the liability of Entities for **crimes against industry and commerce** as well as Section 25-novies, having the same purpose in relation to **copyright offences.**

Regarding the former, the following offences are of relevance:

- Disrupting the freedom of industry or trade (Article 513, Criminal Code);

[7] Previous to this, organised criminal offences were relevant for the purposes of the Decree only if they had a cross-border dimension.

- Unfair competition with threats or violence (Article 513-bis, Criminal Code);
- Fraud against national industries (Article 514, Criminal Code);
- Fraudulent trading (Article 515, Criminal Code);
- Sale of non-genuine food as genuine (Article 516, Criminal Code);
- Sale of industrial products with misleading signs (Article 517, Criminal Code);
- Manufacture and sale of goods produced by usurping industrial property rights (Article 517-ter, Criminal Code);
- Infringement of geographical indications or designations of origin for food products (Article 517-quater Criminal Code);

With reference to copyright protection, the following provisions are of relevance: Section 171, first paragraph, letter a-bis), and third paragraph, 171-bis, 171-ter, 171-septies and 171-octies of Law no. 633 of 22 April 1941).

Moreover, Section 4 of Law no. 116 of 3 August 2009 introduced Section 25-decies, whereby the Entity is liable for the offence provided for by Article 377-bis of the Criminal Code, namely **inducement not to make statements, or to make false statements to the judicial authorities.**

Subsequently, Legislative Decree 121/2011 introduced into the Decree a new provision, Section 25-undecies, which extended the administrative liability of Entities to so-called **environmental offences,** namely to two offences recently introduced in the Criminal Code (Articles 727-bis and 733-bis of the Criminal Code) and also to a series of offence categories already provided for by the so-called Environmental Code (Legislative Decree 152/2006) and by other special provisions safeguarding the environment (Law no. 150/1992, Law no. 549/1993, Legislative Decree no. 202/2007)[8]. Subsequently, the Law No. 68, dated May 22nd, 2015 entered into force since May 29th, 2015 introduced the Chapter VI-bis in Book II of the Criminal Code, named "**Crimes against environment**". Signally the new crimes against environment, relevant also according to the Decree, are:

- Article 452 bis of the Criminal Code: environmental pollution;

[8] In particular, the offence categories referred to in Article 727-bis of the Criminal Code were introduced (killing, destruction, capture, removal, possession of specimens of protected wild animal or plant species) as well as Article 733-bis of the Criminal Code (damage to habitat). With reference to Legislative Decree no. 152 of 3 April 2006, (Environmental Code), the following should be noted: the infringements related to discharges of industrial waste water referred to in Article 137, those relating to waste as referred to in Articles 256 (unauthorised management), 257 (remediation of sites), 258 (breach of obligations of notification and keeping of mandatory registers and forms), 259 (cross-border shipments), 260 (illegal traffic of waste), 260-bis (Waste Traceability Control System - SISTRI) and infringements relating to the exercise of the hazardous activities referred to in Article 279. In addition to these provisions are the penalties provided for by Law no. 150/1992 (Regulation on offences relating to the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora); certain infringements of Law no. 549/1993 Measures for the protection of the ozone layer and the environment; and certain offences provided for by Legislative Decree 202/2007 Implementation of Directive 2005/35/EC on ship-source pollution and on the introduction of penalties.

- Article 452 quarter of the Criminal Code: environmental disaster;
- Article 452 quinquies of the Criminal Code: crimes against environment committed with negligence;
- Article 452 sexies of the Criminal Code: traffic and leave of highly radioactive materials;
- Article 452 octies of the Criminal Code: aggravating circumstances.

Finally, Legislative Decree 109/2012 was enacted in implementation of EC Directive 2009/52 which, *inter alia*, sanctioned the inclusion of Section 25-duodecies, providing as follows: "**Use of third-country nationals with irregular stay permit** - in relation to the commission of the criminal offence referred to in Section 22, paragraph 12-bis of Legislative Decree no. 286 of 25 July 1998, committed by an employer who employs foreign workers without a stay permit: in this case, the Entity is punishable by a fine between 100 and 200 quotas, up to the limit of € 150,000".

Recently the Law no. 161/2017, entered into force on 19 November 2017, which has reformed the Anti-Mafia Code (Legislative Decree no. 159/2011), has amended art. 25-duodecies of the Decree through the introduction of three new paragraphs, which provides two new offences relating to illegal immigration respectively provided by art. 12 paragraphs 3, 3 bis, 3-ter, and in art. 12, paragraph 5, of the *Testo unico sull'immigrazione* (Legislative Decree 286/1998). In particular:

- paragraph 1-bis establish that the Entity is punishable by a fine between 400 and 1000 quotas for the crime of transportation of irregular foreigners in the territory of the State, provided by the art. 12 – paragraphs 3, 3 bis and 3-ter of Legislative Decree 286/1998;
- paragraph 1-ter establish that the Entity is punishable by a fine between 100 and 200 quotas in relation to the crime of facilitation of illegal residence of foreign nationals in the territory of the State, provided by Art. 12, paragraph 5, Legislative Decree no. 286/1998;
- in case of conviction for the new offences introduced in paragraphs 1 bis and 1 ter of the same article, paragraph 1-quater establish the application of a disqualification penalties provided by art. 9, paragraph 2 of the Decree for not less than one year.

With this regulatory amendments, the Legislator has therefore extended the catalogue of predicate offences relevant for the purposes of the Decree, establishing the Entity's liability for crimes related to the conduct of those who **manage, organize, finance, carry out the transport of the foreigners in Italy or promote their permanence in order to obtain an unfair profit from such foreigner's illegal status.**

Article 5, paragraph 2, of Law no. 167 of 20 November 2017 (2017 European Law) introduced **Article 25 terdecies** into the Decree extending corporate liability to the crimes of **racism and xenophobia** provided for under Article 3, paragraph 3-bis, of Law no. 654 of 13 October 1975. This provision punishes instigation and incitement – carried out in such a way that there is an actual danger of spread – based in whole or in part on denial, serious minimization or apologia of the Shoah or crimes of

genocide, crimes against humanity and war crimes, as defined by Articles 6, 7 and 8 of the Statute of the International Criminal Court, ratified under Law No. 232 of July 12, 1999.

Article 5, paragraph 1, of Law no. 39 of 3 May 2019 introduced **Article 25 quaterdecies** into the Decree extending corporate liability to the crimes of fraud in sports competitions, abusive gaming or betting and gambling exercised by means of prohibited equipment as per Articles 1 and 4 of Law no. 401 of 13 December 1989.
The following monetary sanctions are envisaged for the abovementioned offences:
(a) for offences, monetary sanctions up to five hundred odds;
(b) for fines, monetary sanctions up to two hundred and sixty quotas.
In addition, the second paragraph provides that in cases of conviction for one of the offences referred to in letter a), disqualification sanctions provided for under Article 9, paragraph 2, are applied for a duration of no less than one year.

Law no. 157 of 19 December 2019, which converted with amendments Law Decree no. 124 of 26 October 2019, containing "Urgent provisions on tax matters and for unfailing needs", introduced into the Decree **Article 25-quinquiesdecies**, rubric "*Tax Offences*", which provides for the application of the following sanctions to the entity:

- for the crime of **fraudulent declaration through the use of invoices or other documents for non-existent transactions** pursuant to Article 2, paragraph 1 of Legislative Decree 74/2000, a fine of up to 500 shares. A reduced sanction (up to 400 quotas) is instead provided for the hypotheses referred to in the newly introduced paragraph 2-bis of the aforesaid regulation (i.e. where the amount of the fictitious passive elements is less than 100,000 euro);
- for the crime of **fraudulent declaration by means of other devices** pursuant to Article 3 of Legislative Decree 74/2000, the monetary sanction up to 500 quotas;
- for the offence of **issuing invoices or other documents for non-existent transactions** pursuant to Article 8, paragraph 1 of Legislative Decree 74/2000, the monetary sanction up to 500 quotas. A reduced sanction (up to 400 quotas) is instead provided for the cases referred to in the newly introduced paragraph 2-bis of the aforesaid regulation (i.e. where the amount not corresponding to the true amount indicated in the invoices or documents per tax period is less than 100,000 euro);
- for the crime of **concealment or destruction of accounting documents** pursuant to Article 10 of Legislative Decree 74/2000, the monetary sanction up to 400 quotas;
- for the crime of **fraudulent deduction from the payment of taxes** pursuant to Article 11 of Legislative Decree 74/2000, the monetary sanction up to 400 quotas.

Article 25 quinquiesdecies was then amended by Legislative Decree no. 75 of 14 July 2020, which - transposing the EU Directive 2017/1371 on "*the fight against fraud affecting the financial interests of the Union by means of criminal law*" (the so-called "PIF Directive") – has introduced the following paragraph 1-bis: "*In relation to the commission of the crimes provided for by Legislative Decree no. 74 of 10 March 2000, if committed within the framework of cross-border fraudulent systems, connected to*

the territory of at least one other member state of the European Union, from which a total damage of 10 million EUR or more may result, the following fines are applied to the institution:
a) for the crime of unfaithful declaration provided for in Article 4, the monetary sanction up to three hundred shares;
b) for the crime of failure to make the declaration provided for in article 5, monetary sanctions of up to four hundred shares;
c) for the crime of undue compensation provided for in article 10-quater, the monetary sanction up to four hundred shares."

Finally, Legislative Decree no. 75 of 14 July 2020 introduced **Article 25 sexiesdecies** concerning **smuggling** and provided for the application of a fine of up to 200 quotas (or 400 quotas if the border fees due exceed € 100,000) in relation to the commission of the smuggling offences provided for in the Presidential Decree no. 43 of 23 January 1973.

Moreover, Legislative Decree No. 184 of November 8, 2021, on the "Implementation of Directive (EU) 2019/713 of the European Parliament and of the Council of April 17, 2019, on combating fraud and counterfeiting of non-cash means of payment", effective as of December 14, 2021, introduced into the Decree the new **Article 25 octies.1** headed "Crimes relating to non-cash means of payment", which provides for the administrative liability of entities in the case of the commission of one of the following crimes under the Criminal Code: (i) improper use and forgery of non-cash payment instruments, (ii) possession and distribution of computer equipment, devices, or programs aimed at committing crimes involving non-cash payment instruments, (iii) computer fraud, in the hypothesis aggravated by the execution of a transfer of money, monetary value, or virtual currency, (iv) any other crime against public faith, against property, or otherwise offending property provided for in the Criminal Code, when it involves non-cash payment instruments.

Finally, Law No. 22 of March 9, 2022, on "Provisions on crimes against cultural heritage" was published in the Official Gazette (No. 68/2022). The law came into force on March 23, 2022. This legislative innovation expanded the catalog of predicate offenses for the purposes of the criminal liability of entities, introducing **Articles 25-septiesdecies** ("Crimes against cultural heritage") and **25-duodevicies** ("Laundering of cultural property and devastation and looting of cultural and scenic heritage") into Legislative Decree 231/01.

One should note for completeness, furthermore, that Section 23 of the Decree punishes **non-compliance with disqualification sanctions**, which occurs if a penalty or precautionary disqualification pursuant to the Decree has been imposed on the Entity which, nevertheless, infringes or fails to comply with the obligations or prohibitions contained therein.

1.2. The penalties envisaged by the Decree

In cases where the subjects referred to in Section 5 of the Decree commit one of the offences envisaged by Section 24 *et seq.* thereof, or one of the offences provided for by the special legislation referred to, the Entity may be subject to heavy sanctions.

Pursuant to Section 9, the penalties - referred to as administrative sanctions - may be:

I. fines;

II. disqualification sanctions;

III. forfeiture;

IV. publication of the judgement.

In general, one should note that the establishment of the Entity's liability, as well as the determination of the legal criteria for the application of the penalty and of the quantum thereof, are matters for the Court with jurisdiction in the proceedings relating to the offences from which the Entity's administrative liability arises.

The Entity is deemed liable for the offences identified in Sections 24 *et seq.* (except for the offence specified in Section 25-septies), even if in the form of attempted commission. In such cases, however, the fines and disqualification sanctions are reduced by a third to a half.

Pursuant to Section 26 of the Decree, the Entity is not liable when it takes voluntarily steps to prevent the implementation of the action or the occurrence of the event.

I. <u>Fines</u>

Fines are regulated in Sections 10, 11 and 12 of the Decree and they apply in all cases where the Entity is found liable. Fines are applied by "quotas", amounting to no less than 100 and no more than 1000, while the actual amount of each quota ranges from a minimum of € 258.23 to a maximum of € 1,549.37. The Court determines the number of quotas based on the indices identified by paragraph 1 of Section 11, while the actual amount of the quotas is determined based on the economic and financial circumstances of the Entity involved.

II. <u>Disqualification sanctions</u>

The following are the disqualification sanctions, identified by paragraph II of Section 9 of the Decree, which may be imposed only in the cases strictly provided for and only for certain offences:

a) disqualification from carrying out the activity;

b) suspension/withdrawal of authorisations, licenses or concessions that facilitate the commission of the offence;

c) prohibition on contracting with the Public Administration except to obtain the performance of a public service;

d) exclusion from credit facilities, loans, grants or subsidies and the revocation, as appropriate, of those already granted;

e) prohibition from advertising goods or services.

As in the case of fines, the type and duration of the disqualification sanctions are determined by the criminal court which is familiar with the outcome of proceedings for offences committed by natural persons, taking account of the factors described in greater detail in Section 14 of the Decree. In any case, disqualification sanctions have a minimum duration of three months and a maximum duration of two years.

One of the most interesting aspects is that disqualification sanctions may be imposed on the Entity either as a result of the proceedings - and, therefore, after its culpability has been established - or on an interim basis i.e. when:

- sufficiently serious grounds exist justifying the conclusion that the Entity is administratively liable for one of the offences the subject of the Decree;
- sufficiently well-founded and specific factors emerge which justify the conclusion that a concrete danger exists that offences will be committed which are of the same nature as the offence the subject of the proceedings;
- the Entity has significantly benefited from the offence.

III. Forfeiture

Forfeiture of the proceeds or benefit arising from the offence is a mandatory penalty that accompanies a judgement of conviction (Section 19).

IV. Publication of the judgement

The publication of the judgement is a potential penalty and presupposes the application of a disqualification sanction (Section 18).

For completeness, finally, it should be noted that the judicial authorities may also, pursuant to the Decree, order: a) the preventive seizure of items whose confiscation is permitted (Section 53); b) the preventive attachment of the Entity's movable and immovable property if the guarantees provided to secure the payment of the fine or the costs of the proceedings or other sums due to the State are reasonably likely to be non-existent or disappear (Section 54).

Where the seizure or attachment - carried out for the purposes of forfeiture by equivalent value as envisaged by paragraph 2 of Section 19 - relates to companies, businesses or assets, including financial

instruments, shares/quotas or liquid assets also on deposit, the receiver can allow company bodies to use and manage these exclusively for the purposes of ensuring the continuity and development of the business, exercising supervisory powers and reporting to the judicial authorities. If the aforementioned purposes are infringed, the judicial authorities make the necessary orders and may appoint an administrator authorised to exercise the powers of a shareholder.

1.3. The adoption and implementation of an Organisation, Management and Control Model involving the Entity's exemption from administrative liability

In Sections 6 and 7 of the Decree, the Legislator has recognised specific forms of exemption of Entities from administrative liability.

Specifically, Section 6, paragraph I, requires that where the offence is attributable to Senior Managers positions, the Entity shall not be held responsible if it can prove the following:

a) it has adopted and effectively implemented - prior to the commission of the offence - a Management, Organisation and Control Model (hereinafter, "Model" for short) appropriate to preventing offences such as those which occurred;

b) it has appointed an autonomous body with independent powers to monitor the operation of and compliance with the Model, and to ensure that it is continually updated (hereinafter also "**Compliance Office**" or "**CO**");

c) the offence was committed by fraudulently evading the measures provided for in the Model;

d) there was no failure or lack of supervision by the Compliance Office.

The content of the Model is identified by Section 6 which provides - in paragraph II - that the Entity must:

I. identify the activities that are subject to the risk of commission of the offences cited in the Decree;

II. provide for specific protocols to plan the process of formation and implementation of the Entity's decisions relating to the offences required to be prevented;

III. identify methods for managing financial resources suitable to preventing the commission of such offences;

IV. impose obligations to report to the Compliance Office;

V. introduce a disciplinary system with penalties for failure to implement the measures indicated in the Model.

In the case of persons in subordinate positions, the adoption and effective implementation of the Model means that the Entity shall be held liable only where the offence has been facilitated by non-compliance with applicable management and supervisory obligations (combined reference to paragraphs I and II of Section 7).

Paragraphs III and IV below introduce two principles which, although belonging to the context of the aforementioned provision, appear relevant and indeed decisive in the context of the Entity's exemption from liability for both offences referred to in Section 5, letter a) and b). In particular, it is envisaged that:

- the Model must draw up appropriate measures both to ensure that the relevant activities are pursued in accordance with law, and also to ensure that risk situations may be promptly revealed or discovered, in light of the type of activity carried out by the organisation as well as its nature and size;

- the effective implementation of the Model is conditional on its periodic review and amendment in circumstances where significant infringements of legislative provisions have been discovered or significant regulatory or organisational changes have taken place; the existence of an adequate disciplinary system is also relevant (a precondition already envisaged, indeed, by letter e), *sub* Section 6, paragraph II).

Additionally, with specific reference to the Model's ability to prevent (unpremeditated) workplace health and safety offences, Section 30 of Consolidated Law no. 81/2008 lays down that *"an organisation and management model - whose existence can exempt legal persons, companies and associations (including those without legal personality referred to in Legislative Decree no. 231 of 8 June 2001) from administrative liability - must be adopted and effectively implemented, thus ensuring that a corporate system is in place to guarantee compliance with all legal obligations relating to:*

a) compliance with technical-structural standards of law relating to equipment, facilities, workplaces, chemical and physical and biological agents;

b) activities of risk assessment and preparation of the associated prevention and protection measures;

c) activities of an organisational nature, such as emergencies, first aid, management of contracts, periodic safety meetings, consultations with workers' safety representatives;

d) health surveillance activities;

e) information and training provision activities for workers;

f) supervisory activities relating to compliance with procedures and instructions which ensure that workers work in proper safety;

g) the acquisition of legally-required documentation and certifications;

h) regular checks that the procedures adopted have been applied and are effective.[9]

From a formal point of view, the adoption and effective implementation of a Model is not mandatory but rather optional for Entities, which may in fact decide not to actively comply with the Decree's provisions without - for this reason alone - incurring any sanction.

Ultimately, however, the adoption and effective implementation of a suitable Model is, for Entities, an essential precondition of being able to avail of the new legislative exemption from liability pursuant to the Decree.

Furthermore, crucially, the Model is not to be regarded as a static tool but, rather, a dynamic means to enable the Entity to eliminate - by its accurate and targeted implementation over time - any shortcomings which were not identified or identifiable when it was first drawn up.

1.4. Guidelines of trade associations

Based on the provisions of paragraph III of Section 6 of the Decree, Models may be adopted on the basis of codes of conduct, drawn up by trade associations representing Entities, and submitted to the Ministry of Justice which may, as necessary, formulate observations.

Confindustria (Italian Employers' Federation) was first Association to draw up a document to assist in the creation of organisation and control models. It issued its Guidelines in March 2002, which were partially modified and updated in May 2004 and then subsequently in March 2008, in March 2014 and, most recently, in 2021 (hereinafter also the "**Guidelines**")[10].

Briefly, the Guidelines recommend the following activities:

[9] *Section 30, again: '' The organisation and management model must provide suitable systems for recording the actual performance of activities. The organisational model should in any case establish - insofar as required by the nature and size of the organisation and the type of activity carried out - a division of functions which ensures the technical skills and powers necessary for the verification, assessment, management and monitoring of risk as well as a disciplinary system that can punish non-compliance with the measures indicated in the model. The organisational model must also provide a suitable system for monitoring the model's implementation and ensuring that it continues to satisfy over time the criteria of suitability of the measures adopted. The organisational model must be reviewed and, if necessary, changed where significant breaches of accident prevention and workplace health and safety rules are discovered, or when changes in the organisation and activities occur as a result of scientific and technical developments. When first applied, company organisation models drawn up on the basis of the UNI-INAIL Guidelines for a workplace health and safety management system of 28 September 2001 or on the British Standard OHSAS 18001: 2007 are presumed to be in compliance with the requirements referred to in this article for the corresponding sections. For the same purposes, further company organisation and management models may be indicated by the Commission referred to in Article 6".*

[10] The versions of the Confindustria Guidelines were then deemed suitable by the Ministry of Justice (with reference to the Guidelines of 2002, cf. "Note of the Ministry of Justice" of 4 December 2003 and, in reference to the updated versions of 2004 and 2008, cf. "Note of the Ministry of Justice" of 28 June 2004 and the "Note of the Ministry of Justice" of 2 April 2008), and for the 2014 version cf. "Note of the Ministry of Justice" of 21 July, 2014.

- using specific operating procedures to map those areas of an enterprise which were subject to offence risk and those activities within which predicate offences could potentially be committed;
- identifying and providing specific procedures to regulate and plan the process of formation and implementation of company decisions in relation to the offences to be prevented, distinguishing between protocols of prevention based on whether or not the offences are premeditated or unpremeditated;
- identifying a Compliance Office with independent powers of initiative and control and with an adequate budget;
- identifying specific obligations of disclosure to the Compliance Office on the most important events within the company and, in particular, on the activities considered to be subject to risk;
- identifying specific obligations on the Compliance Office to disclose information to senior managers and to the audit bodies;
- adopting a Code of Conduct identifying the company values and acting as a guide for the conduct of the Model's recipients;
- adopting a disciplinary system that can sanction non-compliance with the principles set forth in the Model.

The Confindustria Guidelines, therefore, are an essential starting point for the proper creation of the Model.

2. THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF VALAGRO

2.1. The activities of VALAGRO

Valagro S.p.A. (hereinafter "Valagro") is a company, headquartered in Atessa (Chieti), parent company of the homonymous Group operating internationally in the production and marketing of raw materials, products and equipment for agriculture, gardening, manufacturing industry, turf, human and animal food, cosmetics, and personal care and wellness.

As of October 2020, Valagro has become part of the Syngenta Group, a global leader in the development of sustainable agriculture through research and innovative technologies, a unique entity that integrates expertise, scientific resources and technical and commercial support to propose concrete and innovative solutions on the market.

The Company attaches importance to the ethical aspects of its business and, in order to further enhance its corporate framework, has decided to comply with the provisions of the Decree and thus implement a system capable of reducing the risk of irregularities or malpractice in the performance of its activities and, consequently, limiting the risk of commission of the offences pursuant to the Degree.

2.2. The activities preliminary to the adoption of the Company's Model: risk assessment and gap analysis

In accordance with the Confindustria Guidelines, the Model's preparatory phase was preceded by an **appropriate and formalised risk assessment** intended to analyse in depth the Company's organisation and activities, in light of the operations conducted by the Company and the sector in which it operates.

A working group was set up, based on a well-established methodology, consisting of certain corporate resources identified by the Company and by outside consultants with a legal and workplace health and safety/environmental specialisation, in order to carry out all of the activities preparatory to the establishment of this Model.

From the methodological point of view, the analysis began by making an inventory of and mapping the Company's activities - as suggested by the trade associations and also by U.S. best practices.

The analysis was conducted both through a preliminary examination of the available corporate documentation and by carrying out a number of interviews of company representatives.

This activity was concluded by fine-tuning a detailed and complete list of the areas "**subject to offence risk**" **and/or of the** "**sensitive activities**" i.e. those areas of the Company in relation to which, based on the results of the analysis, a theoretical risk was deemed to exist of commission of the so-called "predicate offences" provided for by the Decree and of relevance to the Company.
Moreover, for each "area subject to offence risk" and/or "sensitive activity", the **corporate functions involved were identified, as well as the theoretical offence categories and/or a number of potential ways of committing the offences** in question.
In relation to crimes against the Public Administration and bribery among individuals, so-called **"instrumental" areas** were identified, namely areas where the management occurs of financial-type instruments and/or alternative means which may facilitate the commission of the offences in the "areas subject to offence risk".

Also with reference to Law no. 123/2007, which introduced liability for certain types of offences associated with the contravention of workplace health and safety rules, an analysis was carried out which took into account existing best practice in the area.
According to the Confindustria Guidelines, indeed, in relation to the crimes of manslaughter and serious or grievous injury committed in violation of the rules of health and safety on the workplace, one cannot exclude *a priori* any area of activity given that this series of offences may actually impact on all components of the company.
As a preliminary, therefore, the Working Group gathered and analysed documentation related to health and safety on the workplace (such as the risk assessment documents, the interference risk assessment Report - DUVRI, etc.) and necessary in order to understand the Company's organisational structure and the areas related to Workplace Health and Safety.
The Working Group, therefore, determined the legal and other requirements applicable to the activities

and to the workplaces in general. In particular, the provisions contained in Section 30 of Legislative Decree no. 81/2008 represented a benchmark by which VALAGRO measured itself in the preparatory phase of drawing up the Model.

2.3. The updating of the Company's Model with respect to the crimes of self-money laundering

After the issuing of the bill No. 1642 "Measures of emergence and return of funds held abroad as well as of the strengthening of fight against tax evasion. Provisions on self-money laundering", which became law with the approval by the Senate on 4th December 2014, introducing in Criminal Code Art. 648 ter1 (self-money laundering), the Company considered opportune to promptly update the Model. As in previous occasions, it was set up a working group that has:

a) analysed preliminary documentation required to the Company;
b) submitted preliminary questionnaires and check list;
c) identified key people with which do the necessary investigations;
d) interviewed key people;
e) identified risk areas, sensitive activities and existing controls relating to self-money laundering crime.

The result of the overall work is shown in this Summary Document (hereinafter 'Summary Document').

2.4. The updating of the Company's Model with respect to the legislative amendments to the corporate crimes and the new environmental crimes

Considering the last legislative amendments to the Decree made by:

- The Law No. 68, dated May 22nd, 2015 entered into force since May 29th, 2015 that introduced the Chapter VI-bis in Book II of the Criminal Code, named "**Crimes against environment**";

- The Law no. 69, May 27th, 2015 entered into force since June 14th, 2015, that aggravated the sanctions against corruption and bribery and modified Article 2621 and 2622 of the Civil Code related to **false corporate communications** (*"Falso in bilancio"*);

The Company promptly decided to update the Model, following the above mentioned methodology.

2.5. The updating of the Company's Model with respect to the legislative amendments to the crime of illegal labor exploitation

Following the introduction in the Decree of the crime provided for by the Art. 603 bis Criminal Code (Illegal labor exploitation) as well as some organizational and procedural changes, the Company

decided to update the Model during the years 2016/2017, following the above mentioned methodology.

2.6. The updating of the Company's Model with respect to the legislative amendments to the crime of corruption among private individuals and the reform of Anti-mafia Code

During the 2018, the Company started the updating of the Model in relation to the amendments to the crime of private corruption and in relation to the amendments introduced by the Law no. 161/2017 to the Anti-Mafia Code (Legislative Decree no. 159/2011).

2.7. The updating of the Company's Model in relation to the introduction of tax offences and the legislative decree implementing the PIF Directive

During 2020 Valagro decided to revise the Model in order to update it to the organizational changes that have affected the Company, as well as the following legislative changes:

- Law 9 January 2019, no. 3, has expanded the number of Relevant Crimes with the introduction, in paragraph 1, of Article 25 Decree of the Crime of Trafficking in Illicit Influences referred to in Article 346 bis of the Criminal Code. which sanctions anyone who, exploiting existing relationships with a public official or a public service appointee, unduly causes money or other financial advantage to be given or promised to himself or others, as the price of his or her illicit mediation towards a public official or a public service appointee or to remunerate him or her in relation to the performance of an act contrary to his or her official duties or the omission or delay of an act of his or her office;
- Law no. 39 of 3 May 2019, implementing the Convention of the Council of Europe on the manipulation of sports competitions introduced the new Article 25 quaterdecies, which provides for the liability of entities in the event of the commission of the crimes of fraud in sports competitions and the abusive exercise of gaming or betting activities - referred to respectively in articles 1 and 4 of Law no. 401 of 13 December 1989;
- Law Decree no. 105 of 21 September 2019, containing "*Urgent provisions regarding the perimeter of national cybernetic security*", introduced the new paragraph 11-bis to Article 24-bis of the Decree which provides for the liability of entities for the case in which, in order to hinder or condition the relevant procedures or inspection and surveillance activities - the company provides information, data or factual elements that are untrue, relevant (i) for the updating of the lists of networks, information systems and IT services, (ii) for communications provided for in cases of entrusting supplies of goods, systems and ICT services intended to be used on the networks, or (iii) for the performance of inspection and surveillance activities, or omitting to communicate such information, data or factual elements within the terms provided by the Decree itself;
- Law no. 157 of 19 December 2019 introduced the new Article 25 quinquiesdecies named "*tax*

crimes" which provides for the liability of entities in the event of the commission of one of the following crimes provided for by the Legislative Decree. 74/2000: (i) the crime of fraudulent declaration through the use of invoices or other documents for non-existent operations, (ii) the crime of fraudulent declaration through other devices, (iii) the crime of issuing invoices or other documents for non-existent operations, (iv) the crime of concealment or destruction of accounting documents and (v) the crime of fraudulent deduction from the payment of taxes;

- Legislative Decree no. 75 of 14 July 2020:
    - amended Article 25 quinquiesdecies, adding - in case of **serious cross-border VAT fraud - the crimes of unfaithful declaration, omitted declaration and undue compensation**;
    - introduced in Article 24, the crimes of **fraud in public supplies** (Article 356 penal code), fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (art. 2 Law no. 898 of 1986), embezzlement (Article 314, paragraph 1, Criminal Code), embezzlement through profit from the error of others (Article 316 Criminal Code) and abuse of office (Article 323 Criminal Code);
    - introduced **Article 25 sexiesdecies** on the subject of smuggling by providing for the application of the pecuniary sanction up to 200 quotas (or 400 quotas in the event that the border rights due exceed 100,000 euro) in relation to the commission of the smuggling crimes provided for by Presidential Decree no. 43 of 23 January 1973.

The audit activity was carried out by a new Working Group, by means of a review of corporate documents as well as interviews with the Company's personnel, according to the methodology already illustrated in the paragraph above.

2.8. The updating of the Company's Model in relation to crimes involving payment instruments and crimes against cultural heritage

During 2022, the Company started the updating activities of the Model, following the usual methodology, to incorporate the following legislative changes:

- **Legislative Decree No. 184/2021**, containing the "*Implementation of Directive (EU) 2019/713 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA*". Specifically, Article 3 of the aforementioned Legislative Decree, effective as of December 14, 2021, introduced into the Decree the new **Article 24-octies.1** on "*Crimes relating to non-cash means of payment*". Therefore, the catalog of predicate offenses for the liability of entities was also extended to Art. 493-ter of the Criminal Code (undue use and falsification of credit and payment cards), Art. 493-quater of the Criminal Code (possession and distribution of computer equipment, devices or programs aimed at committing offenses regarding non-cash payment instruments) and Art. 640-ter of the Criminal Code (computer fraud), the latter not only if committed to the detriment of the State or other public entity or the European Union,

as already provided for in Article 24 of the Decree, but also "*in the hypothesis aggravated by the realization of a transfer of money, monetary value or virtual currency*";

- **Legislative Decree No. 195 of November 8, 2021**, to implement Directive (EU) 2018/1673 on combating money laundering through criminal law. The Decree, which came into force on December 15, 2021, did not introduce new predicate offenses but amended some existing offenses; in particular, it introduced important changes to the cases of receiving stolen goods (Article 648 of the Criminal Code), money laundering (Article 648 bis of the Criminal Code), use of money, goods or utilities of unlawful origin (Article 648 ter of the Criminal Code), self-money laundering (Article 648 ter.1 of the Criminal Code) as well as the provisions of Article 9 of the Criminal Code ("common crime of the citizen abroad");

- **Law No. 215/2021**, which amended some provisions of Legislative Decree No. 81/2008 regarding the responsibility of the employer and the supervisor;

- **Law No. 22/2022**, on "*Provisions on crimes against cultural heritage*", which was finally approved by the Parliament on March 3 and was published in the Official Gazette on March 22 coming into effect the following day.

In the course of updating activities, the Company also carried out:

- a **refresh of risk assessment** with reference to previously mapped offenses (excluding environmental and occupational health and safety offenses) in light of organizational and procedural changes that have arisen as a result of the acquisition by the Syngenta Group;
- a **comprehensive review of the Model**'s representative documents (General Section and Special Section) by structuring the Special Section by processes and not by criminal offenses.

2.9. Model's structure

Once the aforementioned preparatory activities were concluded, the documents constituting the Model were planned and prepared.

Notably, the Company's Model consists of a General Section and a Special Section (collectively referred to as: Final Document) as well as further documents represent a number of control protocols, thus completing the picture.

The **General Section**, as well as describing the content of the Decree and the function of the Model, succinctly lists the following "Protocols" which comprise the Model, in deference to the requirements of the trade associations involved:

- the organisational system;
- the system of powers and delegations;

- the budget and management control system;
- the workplace health and safety control system;
- the integrated environmental and workplace health and safety policy;
- manual and IT procedures;
- the Code of Ethics/of Conduct;
- the Disciplinary System;
- communication and training;
- updating of the Model.

The **Special Section**, on the other hand, has been structured in two parts:

- **Special Section A**, constructed following the so-called "area-based approach" which therefore contains as many sections (each named "Risk Area") for each of the areas deemed to be at risk of crime and the specific indication of the so-called "sensitive" activities that are carried out within these areas and all the categories of offences deemed applicable;
- **Special Section B**, relating to crimes of manslaughter and serious or very serious negligent injury committed in violation of the rules on the protection of health and safety at work.

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This Final Document is also accompanied by the Code of Ethics/of Conduct and related Annex, and the following paragraphs will reference the main aspects of the Code.

3. THE GOVERNANCE MODEL AND ORGANISATIONAL STRUCTURE OF VALAGRO S.P.A.

The Company's governance and internal organisation are structured in such a way as to ensure the implementation of its activities and the achievement of its objectives.

3.1. The governance model

OMISSIS

3.2. The organisational structure

3.2.1. Definition of the Company's organisational chart and responsibilities

OMISSIS

3.2.2. The Corporate Functions

OMISSIS

3.2.3. The intercompany service contracts

OMISSIS

3.2.4. The organisational structure relating to workplace health and safety, operational management and the safety monitoring system

OMISSIS

3.2.5. The organisational structure in the environmental area

OMISSIS

4. SYSTEM OF POWERS AND DELEGATIONS

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5. INFORMATION TECHNOLOGY AND MANUAL PROCEDURES

Within the framework of its organizational system, VALAGRO has developed a manual and IT procedure system, whose scope is to regulate the conduct of business activities, in accordance with the principles set forth by the Confindustria Guidelines.

In particular, the manual and IT procedures drafted by the Company, represent the rules to follow for the business processes involved, and provide controls that guarantee that the business is carried out in a correct, effective and efficient manner.

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6. THE BUDGET AND MANAGEMENT CONTROL

The management control system of the Company provides mechanisms to verify the management of resources that should not only guarantee the verifiability and traceability of costs, but also the efficiency and cost-efficiency of the business, according to the following objectives:

- define in a clear, systematic and recognisable manner all the resources available to the business functions and the areas in which the same may be used, by programming and defining the

budget.

- identify any variations with respect to the *budget* figures, analyse the causes and report the results of such evaluations to appropriate management level in order to plan the most appropriate adjustments, through the relevant final accounting.

6.1. Programming phase and definition of the budget

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6.2. Final balance stage

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6.3. Workplace health and safety and environmental investments

VALAGRO is committed to ensuring the safety and health of its employees, and protecting the environment, so that, in a perspective of continuous improvement, very high amounts are invested each year in the development and the protection of the environment and the health and safety of its employees. The sums allocated, subdivided by each facility and/or factory, are formalized in official documents.

7. THE WORKPLACE HEALTH AND SAFETY CONTROL SYSTEM

7.1. Operational management of Workplace Health and Safety

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7.2. The Workplace Health and Safety Monitoring System

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8. THE INTEGRATED ENVIRONMENTAL, HEALTH AND SAFETY POLICY

Valagro places respect of the environment, workplace safety and the quality of life of the workers, the process and product at the core of all its activities.

Valagro's environmental policy is also supported by the awareness that the environment may provide a competitive advantage in an increasingly extended and demanding market in the terms of quality and conduct. Valagro believes that the protection of the environment and industrial development can and

should follow the same direction, and is aware that the current important climate changes are one of the most urgent issues the international community as a whole faces.

Valagro places its love and respect of nature at the centre of all its activities, and consequently believes that it is a duty to be consciously and responsibly committed to reducing the environmental impact. The production policy of the Valagro Group indeed consistently encourages the creation of products with a low environmental impact oriented to the specific nutritional needs of plants. The products of the Group are studied and manufactured to optimize absorption by plants and limit dispersion in the environment, preferring the use of natural substances.
Valagro is committed to encouraging a strong awareness of occupational safety and environmental pollution problems in its employees and strives to continuously improve its products, even with universally recognised certification.

Actually, Valagro:

- is a member of the Fertilizer Quality Control Institute (*Istituto Controllo Qualità Fertilizzanti*, ICQF), which is part of Assofertilizzanti. Every year the institute monitors the quality of specific categories of fertilizers, in order to verify compliance of the products with the main legal parameters, and has created a Quality Guarantee brand that may be used only by qualified members;
- is a member of the "Responsible Care" programme, confirming its commitment to develop its activities while constantly focusing on health, safety and environmental protection;
- is a member of the GlobalGAP programme whose aim is to ensure sustainable and safe farming.

The main objective of Valagro is therefore customer satisfaction and compliance with the laws in force, by continuously improving the quality of its products and services, environmental performance and the health and safety of workers.

Valagro Group:

PROMOTES and implements an efficient Environment, Quality and Safety Management System based on clearly defined procedures, known at all the levels of the organization, from a perspective of continuously improving company activities.

GUARANTEES that the companies it controls pursue objectives consistent with the strategic environmental objectives.

DEVELOPS the professional skills of the Employees at all levels through training programs and training on the methodologies of the Quality system and the Environment and Safety laws.

CONTINUOUSLY IMPROVES Environment, Quality and Safety policies, programmes, and behaviour by taking into account technical-logical progress, scientific knowledge, the needs of

customers according to the principle of customer satisfaction, the expectations of society and participation in specific environmental programmes such as the Federchimica "Responsible Care" programme, constantly ensuring compliance with applicable laws.

CARRIES OUT systematic checks on plants adopting the most effective measures to ensure the quality of products and safeguarding the health and safety of operators.

PERIODICALLY ASSESSES the impact of its activities - both present and future - on the environment and occupational health and safety. Constantly keeping in mind the objectives and goals to ensure its implementation.

IDENTIFIES the indicators and guarantees monitoring and control of its actions in terms of environmental impact.

ENSURES that no activity carried out by the Company may create risks to the safety and health of workers and communities, by implementing prevention methods.

UNDERTAKES not to pollute soil, subsoil and groundwater, raising the awareness of all its employees. Valagro constantly searches for practices that reduce emissions, waste and energy consumption in order to minimise the same.

OPENS the facility to the community, providing information and taking into account their communications and those of the competent authorities related to the environment.

IS COMMITTED to minimising the risk of accidents intended as a combination of the probability that the event may occur and the severity of its effects.

The Company has also adopted a certified integrated Quality Environment and Safety Management System certificate:

1. ISO 14001:2015 Environmental Management since 1999;
2. Quality Management ISO 9001:2015 since 2001;
3. OHSAS 18001/ISO 45001:2018 Security Management since 2007;
4. Energy Management ISO 50001:2018 since 2015;
5. Traceability Management ISO 22005:2008 since 2014;
6. Regulation CE No. 1221/2009 (EMAS) since 2016;
7. Greenhouse gases - Carbon footprint ISO/TS 14064:2013 & ISO/TS 14067:2013;
8. Environmental Product Declaration (EDP).

This management system allows the company to:

- improve the awareness of staff, at all levels, and thus prevent emergency situations;
- have a structure that is organised and designed to constantly follow the trends of quality, safety and environmental aspects (waste, emissions into the atmosphere, technological waste water, complaints, accidents, near-miss accidents etc.) and comply with deadliness set forth by law;
- have environmental and safety programmes whose scope is not only to respect the limits set forth by law, but that aim at continuous improvement, and thus in compliance with in-house limits that are much stricter than legal limits;

- periodically publish the Social-Environmental Report that presents:
  - the main environmental results (energy efficiency, development of renewable energy sources, water use, reduction of emissions, waste management, etc.);
  - the environmental report (systematic collection of data on the consumption of resources and emissions, etc.) and indicators (for example, analysis of environmental performance trends);
  - the most significant environmental events (for example: certification of the environmental management systems, plant adaptations, voluntary agreements, initiatives of different kinds for the protection of the environment and territory).

The objectives of Valagro Quality, Environment and Safety system may therefore be summarised as follows:

- to satisfy the needs of customers by constantly improving services;
- to reduce the environmental impact;
- to contain energy consumption;
- to recover materials and energy;
- to develop the professional skills of Employees at every level through training programs;
- to carry out systematic checks on plants, adopting the most effective measures to ensure the quality of products while safeguarding the health and safety of the operators.
- to ensure that no activities carried out by the company may create risks to the health and safety of workers and communities, by implementing prevention methods.

9. THE COMPLIANCE OFFICE

The Decree exonerates the Company from liability if the management body, has not only adopted and implemented a suitable model, but has also entrusted task of *supervising the efficiency of the same and ensuring compliance with the model and updating the same,* as set forth by section 6, paragraph 1 of the Decree, to a Compliance Office.

The VALAGRO Board of Directors has therefore appointed a Compliance Office, consisting of an internal member, expert on internal control systems, and two external members, experts on legal matters and on workplace health and safety/ environment matters.

The appointment of the Compliance Office, its duties and powers, are subject to prompt communication thereof to the Company.

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In compliance with the Confindustria Guidelines, the VALAGRO Compliance Office conforms with the following requirements, which refer to the Office as such and characterise its activities:

- autonomy and independence: the Compliance Office shall have no operational duties which might be detrimental to its objective opinion and is not subject to any hierarchical and disciplinary power of any company body or function;
- professionalism: intended as the set of the tools and techniques required to carry out the duties assigned;
- continuity of action: the Compliance Office shall have an adequate *budget* and resources and shall carry out only supervisory activities so as to ensure the constant and effective implementation of the Model;
- integrity and no conflict of interest: as set forth by Law with as regards the directors and members of the Board of Statutory Auditors.

9.1. Term of office and reasons for termination

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9.2. The cases of ineligibility and withdrawal

The members of the Compliance Office are selected from persons, even outside the Company, who are qualified and experienced in the fields of law, internal control systems and workplace health and safety.

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9.3. The resources of the Compliance Office

The Board of Directors assigns to the Compliance Office the human and financial resources it deems appropriate to execute the appointment. In particular, the Entity may use external resources who are experienced in the fields of *internal auditing, compliance,* criminal law, workplace health and safety, etc.

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9.4. Duties and powers

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9.5. Rules of the Compliance Office

After its appointment, the Compliance Office shall draft its own internal rules governing the actual execution of its action.

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9.6. Information to the Compliance Office

All Company staff, including third parties who are required to comply with the Model, must immediately communicate to the Compliance Office any information concerning breach of the same.

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In the course of the control activity, the Compliance office acts in such a way as to ensure that the subjects involved are not subject to retaliation, discrimination or, in any case, direct or indirect penalties, thus ensuring the confidentiality of the person making the report, except for the occurrence of any legal obligations.

The reports of violations of the Model and / or of illicit conduct, relevant pursuant to the Decree, of which the reporters have knowledge due to the functions performed, must be substantiated and based on precise and concordant facts. The making of reports that are found to be groundless, carried out with intent or gross negligence on the part of the reporting party, is sanctioned according to the provisions of the Disciplinary System (see point 12 below).

In order to facilitate reports to the Compliance office by persons who become aware of cases of breach, including potential breach, of the Model, the Company has introduced specific communication channels, and more specifically a special e-mail address odv@valagro.com. Reports may also be sent in writing, even anonymously, to: Compliance Office, c / o Valagro S.p.A., Via Cagliari 1, 66041 Atessa (Chieti).

Moreover the Company has implemented on the web site (www.valagro.com, Corporate section) a specific functionality through which is possible to send anonymous communication to the Compliance Office (Contact OdV).

Pursuant to section 6 para. 2 ter of the Decree the adoption of discriminatory measures against the whistleblowers can be reported to the National Labor Inspectorate, for the measures within its jurisdiction, as well as by the reporting agent, also by the trade union organization indicated by the same.

Furthermore, according to section 6, para. 2 quater, the retaliation or discriminatory dismissal of the whistleblower is null. The change of duties pursuant to section 2103 of the Italian Civil Code, as well as any other retaliation or discriminatory measure adopted against the reporting party, are also null and

void. In these cases, it is the employer's responsibility, in case of disputes related to the imposition of disciplinary sanctions, or demotions, layoffs, transfers, or subjection of the reporting to another organizational measure having negative effects, direct or indirect, on working conditions, following the presentation of the report, to demonstrate that these measures are based on reasons not related to the report itself.

The Company has also implemented a specific **procedure**, attached to the Model (**annex 1**) which is integral part of it, in **order to regulate the management of reports in compliance with the regulations**.

9.7. Information from the Compliance Office to the Board of Directors

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10. THE CODE OF ETHICS / OF CONDUCT

The Code of Ethics/of Conduct is one of the fundamental protocols for the creation of a valid Model pursuant to the Decree, in order to prevent the predicate offences set forth by the latter.

As of October 2020, Valagro became part of the **Syngenta Group**, which adopted its own Code of Conduct ("**Code of Conduct**"), to which Valagro complies. This Code establishes the Group's commitment to act in an ethical and responsible manner, dictating a series of ethical principles to which each collaborator must conform and inspire their activities in the following areas:

- Compliance with applicable regulations;
- Competition rules;
- Bribery;
- Securities Trading;
- Health and safety and the environment;
- Advertising sales and marketing;
- Offering and accepting gifts, services and entertainment;
- Political Contributions;
- Support for political initiatives;

- Operating in regions of conflict;

- Animal Testing;

- Contractual obligations and standards in documentation;

- Conflicts of interest;

- Environmental impact;

- Biological Diversity;

- Community;

- Stakeholder communications;

- Research and development;

- Safety, quality, and ethical and responsible product stewardship;

- Resource protection;

- Intellectual Property Rights;

- Workers' rights;

- Discrimination and harassment;

- Diversity.

In addition, Valagro has prepared an Appendix to the Code of Conduct of the Syngenta Group ("**Appendix**") aimed at providing for additional principles of conduct in order to prevent the crimes provided for by the Italian regulations set forth in Legislative Decree 231/2001 ("**Decree**").

i) The Appendix consists of three sections: in the first one, the Recipients of the aforementioned Code are indicated;

ii) the second section sets out the rules of conduct laid down for the Recipients;

iii) the third section regulates the communication, training and implementation of this Appendix and the related monitoring and control.

11. THE VALAGRO DISCIPLINARY SYSTEM

11.1. Development and adoption of the Disciplinary System

Pursuant to sections 6 and 7 of the Decree, the Model is considered to be effectively implemented, for the purposes of excluding the Company's liability, if it includes a disciplinary system to punish non-compliance with the measures set forth therein.

VALAGRO has therefore, adopted a disciplinary system (hereinafter referred to as the 'Disciplinary System') that primarily aims at penalizing all and any breach of the principles, regulations and measures set forth by the Model and the Protocols thereof, in accordance with National Collective Bargaining rules, and the provisions of the law or applicable regulations.

Pursuant to this Disciplinary System, penalties shall be applied, in the case of breach of the Model and its Protocols by persons in "senior" positions - given that they hold representation, administrative or management functions of the Company or a financially and operationally independent organizational unit of the same , or hold power, even if only de facto, for the management or control of the Company - as well as breach by persons under the management or supervision of others or who act in the name and/or on behalf of VALAGRO.

In accordance with the provisions of the Confindustria Guidelines, the establishment of a disciplinary procedure and application of the relevant penalties are irrespective of filing a criminal proceeding and the results thereof relating to the same conduct punishable by the Disciplinary System.

11.2. The structure of the Disciplinary System

The Disciplinary System together with the Model, of which it constitutes one of the main protocols, is delivered, even by e-mail or on electronic media, to persons in senior positions and employees.

11.2.1. The recipients of the Disciplinary System

Senior managers

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Employees

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Other persons who are required to comply with the Model (Third Party Recipients)

This Disciplinary System also applies penalties for breach of the Model by persons other than those indicated above.

More specifically, these are persons (hereinafter jointly referred to as 'Third Party Recipients') who do

not hold a "senior" position as specified above and who are in any case required to comply with the Model because of their function with respect to the corporate and organisational structure of the Company, for example because they are operationally subject to the management or supervision of a Senior Manager or because they work, directly or indirectly, for VALAGRO.

This category may include:

- all those who have a non-employment relationship with VALAGRO (e.g., agents, brokers, distributors, freelancers, consultants, workers on agency staff leasing, employees under service contracts);
- collaborators in any capacity;
- representatives, agents and anyone acting in the name and/or on behalf of the Company;
- the parties to whom they are assigned, or who perform, specific functions and duties in the field of Workplace Health and Safety;
- contractors and partners.

11.2.2. Conduct subject to the application of the Disciplinary System

Pursuant to this Disciplinary System, and in compliance with the provisions set forth by collective bargaining agreements (if applicable), all and any omissive or commissive behaviour (including negligence) that in any way damages the efficiency of the same as tool to prevent the risk of committing significant crimes pursuant to the Decree, shall be intended as breach of the Model.

In accordance with the constitutional principle of legality, and the principle of proportionality of the penalty, taking into account all the elements and/or the circumstances related to the same, all the possible cases of breach have been defined, in increasing order of seriousness.

In particular, the following behaviour is considered to be significant for all the Special Sections:

1) failure to comply with the Model, in the case of breach relating to "sensitive" activities under the "instrumental" areas identified by the Final Document of the Model (Special Section A), and provided that none of the conditions set forth in subsequent paragraphs 3 and 4 apply;
2) failure to comply with the Model, in the case of breach relating to the "sensitive" activities under the "crime risk" areas identified by the Final Document of the Model (Special Section A), and provided that none of the conditions specified by points 3 and 4 hereunder apply;
3) failure to comply with the Model, if the breach constitutes the fact alone (objective element) of one of the crimes set forth by the Decree;
4) failure to comply with the Model, if the purpose of the breach is to commit any of the offences set forth by the Decree, or if there is in any case a risk that the Company's liability may be challenged pursuant to the Decree;
5) failure to comply with the reporting procedure envisaged by the Model, with particular reference to the violation of the reporting measures envisaged by the Model itself, as well as the execution with malice or gross negligence of reports that prove to be unfounded.

Moreover, possible cases of breach concerning the workplace health and safety area (Special Section B) are also defined, in increasing order of seriousness:

6) failure to comply with the Model, if such breach determines a situation of real danger to the physical integrity of one or more persons, including the person responsible for such breach, and provided that none of the conditions set forth by points 7, 8 and 9 hereunder apply;
7) failure to comply with the Model, if such breach causes an injury to the physical integrity of one or more persons, including the person responsible for such breach, and provided none of the conditions set forth by points 8 and 9 hereunder apply;
8) failure to comply with the Model, if such breach causes a physical injury classed as "serious" pursuant to section 583, paragraph 1, of the criminal code, to the physical integrity of one or more persons, including the person who commits such breach, and provided none of the conditions set forth by point 9 hereunder applies;
9) failure to comply with the Model, if such breach causes an injury, classed as "very serious" pursuant to section 583, paragraph 1, of the criminal code, to the physical integrity, or the death, of one or more persons, including the person responsible for such breach.

11.2.3. The penalties

For each of the significant conducts, the Disciplinary System provides the penalties that may theoretically be applied to each category of persons who are required to comply with the Model.

In any case, for the application of sanctions must take into account the principles of proportionality and appropriateness to the offence, as well as the following circumstances:

a) the seriousness of the conduct or event that the latter determines;
b) the nature of the breach;
c) the circumstances in which the conduct developed;
d) the level of wilful misconduct or degree of guilt.

The following elements are taken into account in terms of increasing the penalty:

i) if more than one breach is committed within the same conduct, in which case the penalty applicable to the most serious breach will be increased;

ii) the participation of several persons in committing the breach;

iii) if the person who commits the crime is a repeat offender.

Penalties against Senior Managers

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Penalties against Employees

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Penalties against Third Party Recipients

In the cases of breach set forth by paragraph 11.2.2. by a Third Party Recipient, the following penalties could be applied:

- a formal warning to promptly comply with the Model, under penalty of applying the sanction indicated below or termination of the contractual relationship with the Company;
- application of a penalty, conventionally provided, until 10% of the agreed fee payable to the Third Party Recipient;
- immediate termination of the contractual relationship with the Company.

Contractual clauses and penalties provided by contract could be modify according to the kind of subjects qualified as Third Party Recipients (as the case it acts in name and on behalf of the Company or not).

In particular:

a) in the cases of breach set forth by points 1), 2), 6) and 7) of paragraph 11.2.2., the penalty will be a warning or the conventional penalty or termination, according to the seriousness of the breach;
b) in the cases of breach set forth by points 3) and 8) of paragraph 11.2.2., the penalty will be the conventional penalty or termination;
c) in the cases of breach set forth by points 4) and 9) of paragraph 11.2.2., the penalty will be termination.

With reference to the violation referred to in no. 5) of paragraph 11.2.2. that is, failure to comply with the reporting procedure provided for by the Model with particular reference to the violation of the reporting measures envisaged by the Model itself and the execution of malice or gross negligence of reports that prove to be groundless, the above sanctions will apply, depending on the severity of the conduct.

If the cases of breach set forth by paragraph 12.2.2. are committed by contractors or workers under tender contracts for works or services, the penalties will be applied, once the breach has been ascertained, against the contractor or sub-contractor.

In relations with Third Party Recipients, the Company includes specific clauses in the engagement letters and/or agreements providing the application of the above measures in the case of breach of the Model.

11.2.4. The application of penalties

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12. COMMUNICATION AND TRAINING RELEVANT TO THE MODEL AND PROTOCOLS

12.1. Communication and involvement as regards the Model and relevant Protocols

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In the case of Third Party Recipients who are required to comply with the Model, a summary of the same is posted on the website, while the full copy is available on request.
In the latter case, in order to formalize the commitment to comply with the principles of the Model and relevant Protocols by Third Parties Recipients, a clause will be included in the reference contract, or in the case of existing contracts, the same will be asked to sign a specific supplementary agreement.

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12.2. Training activities related to the Model and relevant Protocols

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13. UPDATING THE MODEL

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14. THIRD PARTY DUE DILIGENCE

In accordance with the provisions set forth by international best practices, the Company pays special attention to the selection of the third parties which may act in the name and on behalf of the Company (such as agents, consultants, distributors, even in the case of joint ventures, etc.) and to this end has decided to implement specific rules that provide appropriate preventive checks.

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