GEOX

ORGANIZATION, MANAGEMENT AND CONTROL MODEL AS PROVIDED FOR BY LEGISLATIVE DECREE NO. 231/2001

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GENERAL SECTION

DEFINITIONS

The following definitions refer to all parts in the Organization, Management and Control Model, without prejudice to any additional definitions contained in the individual Special Sections.

- "**Agents**": Natural or legal persons that have entered into an agency agreement with GEOX for the sale of Company's products.
- "**Sensitive Activities**": those activities performed by GEOX where there is a risk of committing Offences.
- "**Instrumental Activities**": those activities that are not directly at risk of Offences, but that are instrumental and functional to their commission.
- "**CCNL**": the National Collective Bargaining Agreement applied by GEOX (Textile Industry Collective Agreement and Footwear Industry Collective Agreement).
- "**BoD**" or "**Board of Directors**": GEOX Board of Directors.
- "**External Collaborators**": the Agents, Consultants, and Suppliers, as collectively considered.
- "**Consultants**": those persons acting in the name and/or on behalf of GEOX according to an assignment or collaborating with the Company by virtue of any consultancy agreement whatsoever.
- "**Recipients**": all persons to whom this Model is addressed, as listed in paragraph 2.6.
- "**Employees**": those persons having a relationship of employment with the Company or working for the Company by virtue of an agreement with the Company, including those currently working as interns.
- "**Legislative Decree 231/2001**" or "**Decree 231**" or "**Decree**": the Italian Legislative Decree no. 231 dated 8th June 2001 as subsequently amended and supplemented.
- "**Entity/Entities**": entities having legal status as well as companies and associations, including those without legal status.

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- “**Corporate Officers**”: the directors and members of the Company’s Board of Statutory Auditors.
- “**GEOX**” or the “**Company**”: GEOX S.p.A. with registered office in Via Feltrina Centro, 16 Biadene di Montebelluna – Treviso.
- “**Suppliers**”: Company's suppliers of goods and services.
- “**GEOX Group**” or the “**Group**”: group of companies referred to GEOX S.p.A. pursuant to art. 2359 of the Civil Code.
- “**Guidelines**”: The Guidelines for the drafting of the Organization, Management and Control Models pursuant to Legislative Decree 231/2001, as approved by Confindustria on 7th March 2002, as subsequently supplemented.
- “**Model**” or “**Model 231**”: the organization, management and control model as provided for by Legislative Decree no. 231/2001.
- **“Corporate Bodies”:** GEOX’s Board of Directors and the Board of Statutory Auditors.
- “**Supervisory Body**” or “**SB**”: internal body in charge of supervising the proper operation and compliance of the Model, as well as its updating.
- “**P.A.**”: the Public Administration, including its officials and public service employees.
- “**Products**” or “**GEOX Products**”: sports footwear and apparel and any other product marketed by GEOX.
- “**Offences**” or “**Predicate offences**”: the types of offence and administrative offences governed by the provisions of Legislative Decree no. 231/2001 on the entities’ administrative liability, as subsequently amended and supplemented.

CHAPTER 1

THE ADMINISTRATIVE LIABILITY PROVIDED FOR LEGAL ENTITIES, COMPANIES, AND ASSOCIATIONS

1.1. Legislative Decree no. 231/2001 and relevant regulations

On 4th July 2001 the Legislative Decree no. 231 dated 8th June 2001 on the *"Rules and regulations on administrative liability of legal entities, companies and associations, including those without legal status"* entered into force.

Art. 5 of Legislative Decree 231/2001 provides for the company's liability in the event determined offences (the so-called Predicate Offences) have been committed in its interest or for its benefit:

a) by people holding representative, managerial or administrative positions within the company or of one of its organizational units endowed with financial and operating autonomy, as well as by people that, *de facto* or otherwise, are engaged in its management and control (e.g. directors and general managers);

b) by people subject to the management or supervision of one of the persons mentioned in letter a) above (e.g. employees not holding an executive position).

Therefore, in the event a Predicate Offence is committed, in addition to the criminal liability of the natural person that actually committed the offence, the company's "administrative" liability should also be taken into account, as far as the other legal conditions are applicable.

In terms of sanctions, all committed offences entail the application of a monetary sanction against the legal person; for more serious cases, the application of disqualifying sanctions is envisaged, such as disqualification from carrying on business, suspension or revocation of authorizations, licenses or grants, prohibition to enter into contracts with the Public Administration, exclusion from or revocation of financing, contributions or aids, prohibition to advertise goods and services.

The liability provided for by Decree 231 also applies to offences committed abroad, provided that the State where the offence was committed does not start an action in this respect.

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As of today, **the types of Predicate Offences** are the following:

(i) offences committed in dealing with the Public Administration (articles 24 and 25 as subsequently amended by Law no. 190 dated 6th November 2012, by Law no. 69 dated 27th May 2015 and, finally, by Law no. 167 dated 20th November 2017);

(ii) offences regarding counterfeiting of money, legal tender and stamps as well as of tools or distinguishing marks (article 25-bis introduced by Law-Decree no. 350 dated 25th September 2001, subsequently amended by Law no. 99 dated 23rd July 2009);

(iii) corporate offences (art. 25-*ter* introduced by Legislative Decree no. 61 dated 11th April 2002, subsequently supplemented, in particular, with the offence known as "private bribery" by Law no. 190 dated 6th November 2012, subsequently amended by Law no. 69 dated 27th May 2015, and with the offence known as "incitement to private bribery" by Legislative Decree no. 38 dated 15th March 2017);

(iv) terroristic offences or offences aiming to subvert democracy (article 25-quater introduced by Law no. 7 dated 14th January 2003);

(v) female genital mutilation practices (art. 25 *quater*-1 introduced by Law no. 7 dated 9th January 2006);

(vi) offences against the individual (art. 25-*quinquies* introduced by Law no. 228 dated 11th August 2003, and subsequently finally amended by Legislative Decree no. 39 dated 4th March 2014 and, finally, by Law no. 199 dated 29th October 2016);

(vii) offences of market abuse (art. 25-*sexies* introduced by Law no. 62 dated 18th April 2005);

(viii) transnational offences (introduced by Law no. 146 dated 16th March 2006);

(ix) manslaughter and severe or very severe injuries committed in breach of the regulations on occupational safety and health protection (art. 25-*septies* introduced by Law no. 123 dated 3rd August 2007, and subsequently replaced by Legislative Decree no. 81 dated 9th April 2008);

(x) offences of handling stolen goods, laundering and use of money, assets or benefits deriving from illegal sources as well as self-laundering (art. 25-*octies* introduced by Legislative Decree no. 231 dated 21st November 2007,

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subsequently supplemented with the offence of "self-laundering" by Law no. 186 dated 15th December 2014);

(xi) computer crimes and unlawful data processing (art. 24-*bis* introduced by Law no. 48 dated 18th March 2008 and amended, finally, by Legislative Decree no. 7 and 8 dated 15th January 2016);

(xii) offences against industry and trade (art. 25 *bis*-1 introduced by Law no. 99 dated 23rd July 2009);

(xiii) organized crime (art. 24-*ter* introduced by Law no. 94 dated 15th July 2009 and finally modified by Law no. 69 dated 27th May 2015);

(xiv) offences related to copyright infringement (art. 25-*novies* introduced by Law no. 99 dated 23rd July 2009);

(xv) inducement not to make declarations or to make mendacious declarations to the judicial authorities (art. 25-*decies* introduced by Law no. 116 dated 3rd August 2009 and subsequently amended by Legislative Decree no. 121 dated 7th July 2011);

(xvi) environmental crimes (art. 25-*undecies* introduced by Legislative Decree no. 121 dated 7th July 2011, and subsequently supplemented with the introduction of new offences by Law no. 68 dated 22nd May 2015);

(xvii) employment of illegally staying third-country nationals, aiding and abetting illegal entry into the State and the facilitation of illegal immigration (art. 25-*duodecies* introduced by Legislative Decree no. 109 dated 16th July 2012 and amended, finally, by Law no. 161 dated 17th October 2017);

(xviii) offences of racism and xenophobia (art. 25-*terdecies* introduced by Law no. 167 dated 20th November 2017).

Further types of offence may be introduced in the future in the regulations governed by Legislative Decree 231/2001.

Please refer to the Special Sections of this Model for an analytical description of the individual types of Offence.

1.2. The adoption of the Model as a possible exemption from administrative liability

Article 6 of Decree 231 introduces a particular form of exemption from administrative liability if the company demonstrates:

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a) that, before the commission of the offence, its managing body has adopted and effectively implemented a suitable model for preventing offences of the type that has occurred;

b) that it has charged an internal body with autonomous powers of initiative and control with the task of supervising the operation and observance of the Model as well as seeing to its updating;

c) that the persons that have committed the offence acted by fraudulently evading the abovementioned model;

d) that there has been no failure to supervise or insufficient supervision by the body referred to in letter b) above.

Furthermore, Decree 231 states that the Model shall meet the following:

1. identifying activities (also named "sensitive activities") for which there is a risk of commission of Predicate Offences;
2. providing for or referring to specific protocols governing the formation and implementation of corporate decisions concerning the offences to prevent;
3. identifying financial resources suitable to implement an organization system that can prevent the commission of Predicate Offences;
4. laying down obligations to inform the body in charge of supervising the operation and observance of the Model;
5. creating an internal disciplinary system suitable to punish the non-compliance with the measures set forth in the Model.

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CHAPTER 2

ADOPTION OF THE MODEL BY GEOX S.P.A.

2.1 Adoption of the Model

Geox S.p.A. is a company established in 1995 by entrepreneur Mario Moretti Polegato that is engaged in the production of highly technological and innovative sports footwear and apparel. The Company's registered office is located in Montebelluna (Treviso). Geox has a network made up of 1,157 flagship stores, 11,000 multi-brand points of sales and is present in over 110 countries worldwide.

Since December 2004 the Company has been listed in the Italian Stock Exchange.

In order to guarantee fairness and transparency within the performance of its business as well as to protect its liability, reputation, and shareholders, the Company has deemed it suitable to adopt this Model, updated according to the applicable laws and regulations, case law, and business best practices concerning Decree 231.

The Model was first adopted through a Board of Directors resolution on 17th October 2005 (General Section) and on 28th February 2006 (Special Section). Afterwards, changes in the internal organization and newly-introduced laws and regulations, as well as evolution of the case law and the *best practices* required updating and adaptation of the previously adopted Model. In this perspective, the Company has completely updated both the risk analysis previously performed and the Model text, which was adopted by resolution of the Board of Directors on 12 November 2015.

Subsequently, on April 17, 2018, the Board of Directors resolved to adopt the present text in place of the one adopted previously. In compliance with the provisions of the Decree, the Company has entrusted a board, composed of three members, with the duty of working as a Supervisory Body. The Supervisory Body is in charge of supervising the operation, effectiveness, and observance of the Model, as well as of updating it.

All Sensitive Activities shall therefore be carried out pursuant to the applicable laws, procedures and corporate *policies*, as well as to the regulations contained in this Model or to which reference is made in the Model.

Being the Model issued by the managing body (pursuant to the provisions of art. 6, par. 1, letter a) of Legislative Decree no. 231/2001), any amendments and integrations fall within the competence of the Board of Directors, after consulting the Supervisory Body.

2.2. The Guidelines

While drawing up this Model, GEOX followed the Confindustria Guidelines in their updated version of March 2014. The key points set forth in the Guidelines can be summarized as follows:

- identification of risk areas, aimed at verifying in which corporate area/sector the committing of the Offences is possible;
- setting up of a control system that can prevent risks through the adoption of appropriate procedures. The control system is essentially made up of the following:
  - code of ethics (or of conducts);
  - organisational system;
  - corporate procedures;
  - authorising and signatory powers;
  - control and management systems;
  - communication and training.

The components of the control system shall be inspired by the following principles:

- verifiability, documentability, consistency, and congruence of every operation;
- documentation of the controls;
- establishment of an adequate sanction system;
- identification of the Supervisory Body requirements that can be summed up as follows:
  i. autonomy and independence;
  ii. professionalism;
  iii. continuity of action.
- information obligations of the Supervisory Body.

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2.3. The Model 231: purpose

The purpose of this Model is the establishment of a structured organic system consisting of procedures and information flows, as well as of supervision activities to be performed also as precautionary measures, aimed at preventing the commission of the different types of Offence set forth by Decree 231.

Generally, the Company's organizational system observes the essential requirements of clarity, formalization, communication and role separation, specifically as concerns the assignation of responsibilities and of representation powers, the definition of hierarchies and operational activities.

While drawing up this Model, the existing and already implemented Company procedures and control systems were taken into account. An as-is analysis of them was carried out, since they were also suitable to be used as a prevention tool against Offences as well as control measures of the processes concerned by Sensitive Activities.

After the Company's Sensitive Activities have been identified through a preliminary analysis of corporate risks, the purposes of this specific Model are the following:

- raising awareness in all Model Recipients (as described in paragraph 2.6 of this document) and spreading the conduct rules and established procedures at all Company levels;
- making all people working in the name and on behalf of the Company in the field of Sensitive Activities aware that, in case of breach of the provisions contained therein, they commit an indictable crime, both in terms of criminal and administrative liability, not only personally but also with respect to the Company itself;
- underlining that these types of unlawful behaviour are strongly condemned by the Company, since they are always contrary (even when the company could seemingly take advantage from them) both to the provisions of the law and to the socio-ethical principles which the Company intends to follow during the performance of its business.

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- by monitoring Sensitive Activities, allow the Company to promptly undertake measures to prevent or hinder the commission of Offences.

2.4. The preparation of the Model and its structure

The drawing up of this Model was preceded by a number of preliminary activities, divided into different stages as described below, all of them aimed at establishing a suitable risk prevention and management system complying with the regulations contained in Legislative Decree 231/2001 as well as with the content and indications of the Guidelines and the corporate *best practices*.

a. *Identification of Sensitive Activities through document examination and interviews*

- Preliminary examination of corporate documents including, by way of example: search issued by the Chamber of Commerce, operational procedures, corporate *policies*, etc.

- Interviews to the Company's key figures aimed at investigating and monitoring Sensitive Activities (e.g. Head of Administration, Finance and Control Department, Head of Legal and Corporate Affairs Department, Head of Services and General Purchasing Department, Head of Human Resources Department, Head of Organization and Systems, etc.)

b. *Definition of As-is document and Gap Analysis*

Based on the analysis described above, the Company, together with its specially appointed consultants, has identified its own Sensitive Activities as concerns the present company situation (*as-is analysis*) as well as the actions for improvement (*gap analysis*) to be implemented within said Activities in order to prepare the Model. A detailed analysis in this respect is provided in the document named "Document of risk analysis and suggestions" based on which this Model has been drawn up.

1. *Preparation of the Model.*

This Model is made up as follows:

i. a "**General Section**" containing the set of rules and general principles set forth by the Model;

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ii. Twelve "**Special Sections**" outlining rules and conduct principles aimed at preventing the individual types of offence dealt with:

- Special Section 1, named "Offences committed in dealing with the Public Administration (and inducement not to make declarations or to make mendacious declarations)" concerning offences pursuant to art. 24, 25, and 25-decies of Decree 231;
- Special Section 2, named "Corporate Offences" related to the offences provided for by art. 25-ter of Decree 231 (with the exclusion of the offence "private bribery" as per Special Section 11);
- Special Section 3, named "offences of handling stolen goods, laundering and use of money, assets or benefits deriving from illegal sources as well as terrorist offences or offences aiming to subvert the democratic order" concerning offences pursuant to articles 25-octies (with the exclusion of the offence of "self laundering" as per Special Section 12) and 25-quater of -Decree 231;
- Special Section 4, named "Offences against the individual and employment of illegally staying third-country nationals" concerning the offences provided for by articles 25-quinquies and 25-duodecies of Decree 231;
- Special Section 5, named "Offences on occupational safety and health" concerning offences provided for by art. 25-septies of Decree 231;
- Special Section 6, named "Offences of Market abuse" concerning the offences provided for by art. 25-sexies of Decree 231;
- Special Section 7, named "Organized crime and transnational offences" concerning the offences provided for by art. 24-ter of Decree 231;
- Special Section 8, named "Computer crimes and Offences related to copyright infringement" concerning the offences provided for by articles 24-bis and 25-novies of Decree 231;
- Special Section 9, named "Offences against industry and trade and counterfeiting of distinguishing marks" concerning the offences provided for by art. 25-bis and 25-bis1 of Decree 231;
- Special Section 10, named "Environmental offences" concerning the offences provided for by art 25-undecies of Decree 231;

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- Special Section 11, named "Private bribery" concerning the offence provided for by art. 25-ter, par. 1, let. s-bis of Decree 231;
- Special Section 12, named "Self-laundering offence" concerning the offence of "*self-laundering*" provided for by art- 25-octies of Decree 231.

The individual Special Sections aim at ensuring that all Recipients adopt the conduct rules set forth therein, within their area of competence, in order to prevent the commission of the described offences.

In particular, the Special Sections have the purpose of:

a) describing the procedure principles that the Recipients, within their area of competence, must observe for the purposes of a correct Model application;
b) providing the Supervisory Body and the managers of the different company functions cooperating with the Committee, with the operational instruments necessary to perform control, monitoring and verification activities provided for by the Model.

Please refer to the Special Sections of this Model for an analytical description of the individual Sensitive Activities related to each type of Offence.

2.5. Model amendments and integrations

Model amendments and integrations fall within the competence of the Company's Board of Directors, also upon proposal of the Supervisory Body.
Any amendment and integration proposals can be submitted by the Supervisory Body including on the basis of the instructions provided by the managers of the individual company areas.

2.6. Recipients of the Model

The provisions contained herein are addressed to the following recipients:

a. all Corporate Officers and any other person holding representative, managerial, administrative and control positions within the Company;
b. all people that, *de facto* or otherwise, are engaged in the Company's management and control;

c. all Company's Employees, including interns, subject to the management or supervision of one of the persons mentioned above;

d. to the extent specifically set forth in the relevant agreements, the External Collaborators and, generally, all people working in the name or on behalf or in the interest of the Company.

The above mentioned persons are collectively referred to as "Recipients".

The content of the Model is made known to the Recipients through suitable methods to ensure acknowledgment thereof, as set forth in Chapter 6 below of this General Section. Recipients of the Model shall duly fulfil all its provisions, also in compliance with fairness and diligence requirements ensuing from the legal relationship established with the Company.

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CHAPTER 3

GENERAL RULES OF CONDUCT

3.1. The general system

In performing Sensitive Activities the Recipients shall comply with the rules of conduct established by this Model and those indicated in each Special Section.

In addition to this Model, the Recipients - each to the extent applicable and commensurate with the activity performed – are required to know and respect first of all:

1. the Articles of Association;
2. any other internal legislation relating to the Corporate Governance system, the internal auditing and reporting system adopted by the Company (e.g. policies and corporate procedures, information flows, etc.);
3. the Code of Ethics of the Company.

The rules, policies, procedures and principles laid down in the instruments listed above are part of the broader organization and control system that the Model intends to integrate and that all Recipients, depending on the type of relationship with the Company, are required to know and comply with.

These rules, policies, procedures and principles, when they have a direct or even indirect connection with the rules governing Sensitive Activities (or are in any way linked to the risk areas) are intended as forming part of the Model of the Company.

Corporate Officers and Employees shall be periodically updated on the operational procedures for the prevention of Offences. External Collaborators of the Company shall be made aware of the adoption of the Model in its updated version, the principles of which, through specific contractual clauses, shall be observed as contractual obligations.

3.2 Corporate Procedures

The Company shall be equipped with organizational tools (organization charts, organizational communications, procedures, etc.) based upon general principles of awareness

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within the Company and of clear and formal definition of roles, with a complete description of the tasks of each function and its powers. In the Company's areas of activity for which it was decided to proceed to the implementation of formalized internal procedures, these shall comply with the following general rules:

a) adequate level of formalization, keeping a written record of each important step of the process;

b) the separation, within each process, between the person who initiates (decision-making phase), the person who performs and achieves it, and the person who controls it;

c) ensure that the incentive systems of the persons with significant external spending authority or decision-making faculties are not based upon substantially unachievable performance targets.

In particular, in compliance with art. 6 of the Decree, the organization, management and control system of the Company shall provide for, in relation to the prevention of offences: i) specific procedural principles (possibly formally established through appropriate procedures) aimed at planning the formation and implementation of Company decisions; ii) methods of identification and management of the company's financial resources suitable for impeding the committing of such offences.

Such specific procedural principles are constantly updated, even upon proposal or suggestion by the Supervisory Body.

The Supervisory Body shall verify that adopted procedures are appropriate to the principles set forth in the Model, reporting - if necessary - possible changes or additions that may be recommended to ensure the effective implementation of the Model.

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CHAPTER 4

THE SUPERVISORY BODY

4.1. Identification of the Supervisory Body

Pursuant to art. 6, paragraph 1, lett. b of Decree 231, a fundamental condition for granting exemption from administrative liability is entrusting to a body of the company with independent powers of initiative and control the task of supervising the operation and compliance with the Model, as well as its updating.

In compliance with the provisions of Decree 231, the Company has decided to assign the task to a collective body, which is composed of three members. The components of the Supervisory Body are appointed by the Board of Directors among candidates who fulfil the requirements of integrity, autonomy, independence and continuity of action required by law and by the prevailing case law.

The rules on the operations, the appointment and duration of the SB are contained in the Regulations adopted by the SB in exercising their powers of organization.

Members of the SB shall keep the requirements of autonomy, independence, professionalism and continuity of action, as well as integrity and absence of conflicts of interest, which are required for this function.

Each member of the Supervisory Body shall not have a professional and personal profile that might prejudice impartiality of judgement, as well as the authority and the ethics of his/her conduct.

Therefore in choosing the members of the Supervisory Body, the Company shall take into account the following elements:

a. Autonomy and independence

The requirement of autonomy and independence assumes that the Supervisory Body, in carrying out this function, exclusively reports to the highest organism in the hierarchy of the company (i.e. the Board of Directors).

When appointing the SB, its independence is assured also by the obligation of GEOX Board of Directors to approve an appropriate annual allocation of financial resources, upon a

proposal by the Supervisory Body itself, of which the SB will dispose in total autonomy for all that is required for the proper performance of its functions (e.g. expert advice, etc.).

Independence finally assumes that the members of the Supervisory Body do not have, even potentially, a conflict of interest with the Company, nor hold within the company operative functions that would undermine objectivity of judgement at the time of verifying compliance with the Model.

b. Integrity and ineligibility cases

It is prohibited to appoint to the office of members of the Supervisory Body and, if appointed, shall necessarily and automatically lose their office:

i. those who are in the conditions set forth in art. 2382 of the Civil Code, that is, those incapacitated, disqualified, bankrupt or sentenced to a punishment involving disqualification, even temporary, from public offices or inability to perform executive offices;

ii. those who have been subjected to precautionary measures ordered by the court pursuant to Legislative Decree no. 159 of 6 September, 2011, "*Code for anti-mafia laws and preventive measures, as well as new rules on the subject of anti-mafia documentation*";

iii. those who have been sentenced as a result of a decision even if not in the final degree of judgement, or issued pursuant to articles 444 and following of the Code of Criminal Procedure or, even if with a conditionally suspended sentence, without prejudice to the effects of rehabilitation:

1. for one of the crimes provided for in Title XI of Book V of the Civil Code (Criminal provisions concerning companies and consortia) and the Royal Decree of 16 March 1942, n. 267, as subsequently amended and integrated (legislation on bankruptcy, arrangements with creditors and compulsory administration liquidation);

2. imprisonment of not less than one year, for one of the offences provided for by the laws governing banking and financial activities, securities and insurance and the rules governing markets, securities, payment instruments (among which, we note, by way of example only, the banking and financial abuse offences under articles 130 and following of the Consolidation Law on Banking, the offence of

counterfeiting money, the spending and introduction into the State, through the collaboration of intermediaries, of counterfeited money pursuant to art. 453 of the Criminal Code, the offences of fraudulent damage of insured property and fraudulent mutilation of one's own person pursuant to art. 642 of the Criminal Code);

3. for an offence against the public administration, or imprisonment for a period not less than one year for an offence against public trust, against property, against public order, against the public economy, or for a tax-related crime;

4. imprisonment for a term not less than two years for any offence that is not negligently committed;

5. in any case and irrespective of the sanction for one or more offences among those specifically provided for by the Legislative Decree 231/01;

iv. those against whom administrative sanctions were applied, as set forth in art. 187-*quater* of TUF (Legislative Decree 58/1998).

c. Proven professionalism, specific skills in the field of inspection and consulting activities

The Supervisory Body shall have at its core, technical and professional skills appropriate to the functions they are to perform. These characteristics, combined with independence, guarantee objective judgements. It is essential, therefore, that members of the Supervisory Body cumulatively possess the appropriate expertise in legal and economic matters, as well as corporate risk control and management.

The Supervisory Body may also, making use of external professionals, equip themselves with competent resources in specific legal matters (such as, for example, criminal law), finance and corporate organization.

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In particular, the SB shall have the appropriate professional skills such as:

- knowledge of the organization and key business processes typical of the sector in which the Company operates;
- sufficient legal knowledge that would enable the identification of practices which may potentially constitute an offence;
- ability to identify and assess the impact, as conditioned by the regulatory framework of reference, on company operations;
- knowledge of the specialized techniques of those who carry out "inspection" activities .

d. Continuity of action

On an ongoing basis the Supervisory Body performs the activities necessary for the supervision of the correct application of the Model with appropriate commitment and with the necessary powers of investigation. It also oversees implementation ensuring it is constantly updated.

The SB does not perform operational tasks that may influence and subvert the overview of company activities that are required of it.

In this regard:

- the activities carried out by the SB may not be criticized by any other corporate body or structure, being it understood that the Supervisory Body monitors the adequacy of its intervention, as it is ultimately responsible for the operation and effectiveness of the Model;

- the SB has free access to all GEOX functions - without the need for any prior consent - in order to obtain any information or data deemed necessary for carrying out the tasks provided for by Decree 231;

- the SB may - under its direct supervision and responsibility - avail itself of the support of any Company structure or, as mentioned above, external consultants;

- the SB has the right to appoint a Technical Secretary to support the SB.

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The Board of Directors evaluates, before the establishment of the SB, and after, by way of periodical assessments, whether the aforementioned professional and personal qualifications of its members are met. In this regard, at the moment of appointment – during the relevant meeting of the Board of Directors – appropriate information regarding the above requirements shall be provided, and the curriculum vitae of each component shall also be attached to the minutes of the meeting.

4.2. Functions, powers and duties of the Supervisory Body

The SB of the Company is entrusted with the task of:

1. monitoring compliance with the provisions of the Model by the Recipients;
2. assessing the suitability and effectiveness of the Model in relation to the Company's structure and any possible changes;
3. supervising the updating of the Model, in relation to the changed structural conditions and to new legislation and case law.

On a more operational level the SB of the Company is responsible for:

- checking the efficiency and effectiveness of the organizational Model adopted pursuant to Legislative Decree 231/2001;
- developing control and monitoring systems aimed at the reasonable prevention of irregularities pursuant to Legislative Decree 231/2001;
- verifying compliance with the standards of conduct and procedures outlined in the Model and detecting any unsatisfactory conduct, by the analysis of information flows and the reports that the heads of the various corporate functions are required to submit; carrying out monitoring and control activities, for which as referred to in this and previous paragraphs, the SB - as mentioned above – may employ the verification activities of company control functions;
- reporting regularly to the Board of Directors (at intervals not exceeding six months), about the status of implementation and operation of the Model;
- promoting and/or developing, in collaboration with the appointed company functions, internal information and communication programmes, with reference to

the Model, the standards of conduct and the procedures adopted pursuant to Legislative Decree 231/2001;

- promoting and/or developing the organization, in cooperation with the appointed company functions, of training course and preparing information materials for the communication and dissemination of the ethical principles and standards underpinning the Company's activities;
- providing clarification on the meaning and application of the provisions contained in the Model;
- ensuring the update of the identification, mapping and classification system of Sensitive Activities;
- collecting, processing and storing information, including reports, relevant to compliance with the Model;
- conducting periodic checks and inspections (also unannounced) focused on specific operations and actions, carried out within Sensitive Activities as identified in this Model; in this regard, the Supervisory Body shall prepare a plan of its activities on an annual basis which shall be communicated in advance to the Board of Directors;
- reporting to the administrative body, for the appropriate measures, those violations of the Model that could result in a liability for the Company;
- making proposals to the administrative body and/or functions concerned, regarding any updates and adjustments to the adopted organization Model and its constituent elements, as a result of:
    - significant violations of the Model;
    - important changes to the Company and/or the procedures for carrying out business activities;
    - changes in the performance of company activities;
    - regulatory changes;
- overseeing, in the case of checks, inspections, requests for information by the competent authorities aimed at verifying compliance of the Model with Legislative Decree 231/2001, the relationship with the persons in charge of the inspection by providing them with adequate supporting information;

- introducing, if necessary, and without prejudice to what is outlined in this document, other operating rules, for example, regarding the frequency of its meetings, any special tasks assigned to the individual members, or the management of information acquired while carrying out said task.

All activities carried out by the Supervisory Body, in the execution of its duties, shall not be subject to the influence of any other body or structure of the Company, notwithstanding the monitoring of the adequacy of its work entrusted to the Board of Directors, which ultimately bears the responsibility of fulfilling the obligations under Legislative Decree 231/2001.

For all matters relating to the functioning of the Supervisory Body reference is made to the Regulations approved by the same body.

4.3. Reporting by the Supervisory Body to the Corporate Bodies

The Supervisory Body shall inform the Board of Directors and the Board of Statutory Auditors as regards the activities carried out via:

- biannual reports;
- whenever the occasion arises and it is deemed necessary and/or appropriate.

The above mentioned reports shall contain, in addition to the activity report, also an indication of any problems found and corrective actions and improvements planned, as well as their state of implementation.

The SB may be called at any time by the Board of Directors and the Board of Statutory Auditors, and may in turn request its convocation to report on the functioning of the Model.

Written evidence of every meeting of the SB with the Board of Directors or individual directors shall be retained in the Company records.

4.4. Information flows to the Supervisory Body. The whistle-blowing system

Article 6, par. 2, letter d) of Decree 231 requires the provision in the Model of disclosure obligations with regard to the Supervisory Body entrusted with monitoring the operation and compliance of said Model. The requirement of a structured information flow is designed as an instrument to ensure monitoring activity on the efficiency and effectiveness of the Model and for any subsequent investigation of the causes that have made possible the commission of offences provided for by Decree 231.

The effectiveness of the monitoring activities is grounded in a structured system of reports and information from all Recipients of the Model, with reference to all the deeds, conducts or events, of which they become aware and that could lead to a violation of the Model, or more generally, are potentially relevant under Decree 231.

As provided for by the Confindustria Guidelines and best practices, information flows towards the Supervisory Body, refer to the following categories of information:

- *ad hoc* information flows;
- constant information;
- periodic information.

Furthermore, it is to be noted that the Legislator, through Law no. 179 dated 20th November 2017, introduced whistle-blowing to Decree 231, i.e. the institution aimed at making it easier to report any irregularities (meaning violations, or alleged violations, of the Model) and at protecting the person making the report.

4.4.1. *Ad hoc* information flows

Ad hoc information flows to the SB from Employees, Corporate Officers or third parties concern existing or potential critical concerns and may consist in:

a. occasional news requiring the immediate disclosure to the Supervisory Body.

b. information from whatever source, concerning the possible commission of offences or other violations of the Model.

Reports shall be made in writing, as follows:

a) Employees shall inform their immediate superior or the head of the function or the head of the Internal Audit who shall immediately inform the SB. In case of failure to channel

information to the SB, or in situations whereby reporting to the above persons would put the employee in a situation of psychological distress, the report may be made directly to the SB. The SB may also consider anonymous reports, but only on condition that they are sufficiently detailed to be considered credible, and at its sole discretion;

b) Agents, Consultants and Suppliers, with regard to the activities they perform for GEOX, shall report directly to the SB. Appropriate information regarding this circumstance is provided in the specific contractual clauses.

The SB shall assess the reports received and decide on any further action, if needed, by speaking with the person who made the report and/or the person responsible for the alleged violation and/or any person it deems useful, providing reasons in writing for each conclusion reached.

Depending on the outcome of the investigation referred to above, if it considers it necessary or appropriate, the SB will inform top management (and hence the Managing Director or the entire Board of Directors), and if not coincident with the SB itself, also the Board of Statutory Auditors.

In order to facilitate the flow of reports and information to the SB, an email address has been set up for the Supervisory Body: organismodivigilanza@geox.com.

The SB may also ask the auditing company for information on the activities it carried out, which may be useful for the implementation of the Model.

For the protection of the person who made the report in good faith, the SB is committed to maintaining the anonymity of the informant, except for legal obligations and protecting the rights of the Company and the persons (if any) accused in bad faith.

As provided for by applicable legislation, the Company adopts all the necessary measures to ensure that the individuals making reports are guaranteed the following:

a) one or more channels allowing them to present, to protect the integrity of the organisation, detailed reports of illicit conduct, considered relevant pursuant to Decree 231 and based on precise and consistent facts, or of violations of the Model, of which they have become aware while carrying out their duties; said channels shall guarantee the confidentiality of the identity of the person making the report as part of the report management process;
b) at least one alternative reporting channel able to guarantee, using electronic means, that the identity of the person making the report remains confidential.

In particular, the Company shall provide all recipients of the Model with the following alternative channels to make a report, including those aimed at guaranteeing the confidentiality of the person's identity who is making the report:

- the email address of the Chairman of the Supervisory Body; if the report were sent from an email address not belonging to the company, then said communication would not be traceable in any way;
- the ordinary postal address (not email) of the Chairman of the Supervisory Body; also in this case, the communication would not be traceable in any way;
- an online platform accessible through the Company's website which can be used to make reports in a confidential way – relating to the various whistle-blowing regulations applicable to the Company – whose recipient shall be Head of Internal Audit (who shall guarantee that any reports regarding an issue relating to the present Model or, in any case, to Legislative Decree no. 231/2001, are promptly forwarded to the Supervisory Body.

Furthermore, individuals making reports shall also be provided with other channels which, although abstractly traceable to some extent, shall still be guaranteed the best level of confidentiality possible:

- the email address of the Company's Supervisory Body (indicated above);
- the email address of the Company's Head of Internal Audit (for reports regarding the activities carried out by the Supervisory Body).

Some of the reporting channels listed above are structured to allow individuals to make anonymous reports, provide feedback and ensure the protection of those making a report and the individual being reported on.

In any case, should a Recipient fail to comply with the information obligations referred to by the present paragraph 4.4, then said individual shall receive a disciplinary sanction which shall vary depending on seriousness of their failure to comply with the aforementioned obligations. Said sanction shall be imposed in accordance with the rules indicated in chapter 6 of the present Model. Should a report be made with intentional fault or gross negligence or should the measures in place to protect the person making the report be violated, then this shall be punished with an appropriate sanction.

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4.4.2. Constant information

In addition to the information referred to in the previous paragraph - concerning exceptional matters or events - all relevant information concerning the individual recurring activities covered within each Special Section of this Model shall be immediately reported to the Supervisory Body.

4.4.3. Periodic information

The heads of each company function shall periodically inform the Supervisory Body in accordance with the flow of information and the frequency guidelines specified within each Special Section of this Model.

4.5. Confidentiality obligations and protection of the person making a report

The members of the Supervisory Body shall ensure the confidentiality of any information they acquire, especially if it relates to the strategic operations of the Company or the Group or to alleged violations of the Model.

Members of the SB shall also refrain from using confidential information for purposes other than those referred to in the previous paragraphs and in any case for purposes not in line with their supervisory functions, except in the case of explicit and informed consent.

Failure to comply with these obligations shall constitute just cause for dismissal from office.

In any case, Geox takes all the necessary measures to ensure that any direct or indirect acts of retaliation or discrimination against the person making the report, for reasons directly or indirectly linked to the report, are prohibited.

In particular, discriminatory measures taken against individuals who make a report may be reported to the National Labour Inspectorate, by the individuals themselves or by the trade union organisation indicated by the individuals in question, for appropriate action to be taken.

Furthermore, retaliatory or discriminatory dismissal of the person who makes the report shall be void.

Any changes to the duties assigned to the person who makes the report shall also be void pursuant to art. 2103 of the Italian Civil Code, as shall any other retaliatory or discriminatory measure taken against said person. Should any disputes arise regarding disciplinary sanctions or regarding demotions, dismissals, transfers or other organisational measures with negative consequences, directly or indirectly, on the working conditions of the person who made the report, then the employer shall be under the obligation, after receiving the complaint, to prove that said measures are based on reasons that are not related to the complaint received.
Lastly, it is hereby specified that, should a report or complaint be made as provided for and within the limits stated by law, then acting in the interest of the organisation's integrity and of preventing and eliminating misappropriation shall constitute just cause to disclose information covered by the obligation of professional secrecy referred to by articles 326, 622 and 623 of the Italian Criminal Code and by article 2105 of the Italian Civil Code (without prejudice to the case in which the obligation of professional secrecy is borne by those who have become aware of information as part of a professional consulting or service agreement with the organisation, company or the person involved). If information and documents disclosed to the body appointed to receive them are covered by business or professional secrecy, then the relative secrecy obligation shall be considered violated if they are disclosed in an excessive manner with respect to the purpose of eliminating the offence and, in particular, if they are disclosed without using the communication channel that has been specifically provided for said purpose.

4.6. Collection and storage of information.

Any information collected and every report received or prepared by the Supervisory Body is kept for 10 years in a specific paper and/or electronic archive retained by the SB.

CHAPTER 5

TRAINING AND CIRCULATION OF THE MODEL

5.1. Information and training of Corporate Officers and Employees

In the interests of the effectiveness of this model, it is the goal of GEOX to ensure a proper understanding and the dissemination of the rules of conduct contained therein regarding Corporate Officers and all Employees. This objective relates to all company resources that fall into the above two categories, whether they be resources already present in the company, or those yet to be included. The level of training and information is implemented with a different degree of detail in correspondence with the different level of involvement of said resources in the Sensitive Activities.

The information and training system is supervised and integrated into the activities carried out in this field by the SB in collaboration with the Head of Human Resources Organization and Systems Department and with the heads of other functions from time to time involved in the application of the Model.

a) Initial notice

The adoption of this Model is communicated to all Corporate Officers and Employees at the time of its adoption.

New employees, on the other hand, will be given an “information pack” to ensure that they are informed of matters considered of primary importance. This information pack shall contain, in addition to the standard documents handed to new employees, the Model and Legislative Decree 231/2001. GEOX requires that these persons sign a declaration certifying receipt of the “information pack”, as well as full knowledge of the attached documents and a commitment to comply with requirements.

b) Training

The training activities for raising awareness about the regulations included in Legislative Decree 231/2001 shall be differentiated, in terms of content and the way the training is

carried out, depending on the qualifications of the Employees and Corporate Officers, the level of risk in the activities performed, and whether or not their functions involve representation of the Company.

1. All training programmes shall have a common minimum content, i.e. the illustration of the principles of Legislative Decree 231/2001, of the constituent elements of the Model, the individual offences and the type of conduct that may potentially lead to the commission of the above mentioned offences.

2. In addition to this common features, each training programme will be modulated, if necessary, in order to provide its users with the proper tools for full compliance with Decree 231 in relation to the operations and duties of the recipients of the programme.

3. Participation in the training programmes described above is mandatory and checking on active attendance is assigned to the Human Resources Organization and Systems Department, which reports to the SB.

4. Unjustified non-participation in training programmes shall result in a disciplinary sanction that will be applied according to the rules set out in Chapter 6 of this Model.

5.2. Informing the Consultants, Suppliers and Agents

Consultants, Suppliers and Agents shall be informed of the contents of the Model and the requirement by GEOX that their conduct complies with the provisions of Legislative Decree 231/2001. To this end, the adoption of this Model is communicated to them at the time of its adoption.

At the onset of a new relationship with Consultants, Agents and Suppliers, the Company shall:

a. inform the other party of its commitment to conduct its business activities in a lawful manner and in full respect of the principles provided for by Legislative Decree 231/2001;

b. ask the other party, in turn, to maintain a code of conduct in compliance with the principles set forth in Legislative Decree 231/2001 and the Model;

c. provide for the obligation to inform the Company of any deed or fact, occurring within the business activities carried out in the interests of or for the benefit of GEOX, that may constitute an offence under Legislative Decree 231/2001, as well as the obligation to communicate any involvement in proceedings pursuant to Legislative Decree 231/2001 or any sentenced for offences referred to in Decree 231;

d. reserve the right to terminate the relationship if the other party is under investigation or sentenced under Legislative Decree 231/2001 for the commission of the offences set forth therein, or in any case if there is a confirmed violation of contractual provisions to that effect.

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CHAPTER 6

SANCTION SYSTEM

6.1. Function of the sanction system

The adoption of a sanction system (commensurate with the violation and intended as a deterrent), to be applied in the event of violation of the rules set out in this Model, contributes to the efficiency of the monitoring activity of the Supervisory Body and serves to ensure the effectiveness of said Model. Pursuant to the provisions of art. 6, first paragraph, letter e) of Legislative Decree 231/2001, the definition of a sanction system constitutes an essential requirement of the Model in order to establish the exemption as concerns the body's liability.

A further requirement for the effectiveness of the Model is that each case of violation is brought to the attention of the Supervisory Body and is appropriately followed-up.

The application of the sanction system presupposes the simple violation of the Model provisions; its application is therefore independent of the course and outcome of any criminal proceedings initiated by the judicial authorities when such censurable conduct constitutes one of the offences set forth in Legislative Decree 231/2001.

Disciplinary measures are applied regardless of the outcome of any legal proceedings, inasmuch as the rules of conduct imposed by the Model are followed by the Company in full autonomy, apart from the offence which the conduct may determine. The disciplinary system is not only independent of any possible legal action, but rather must remain on a clearly different level and separated from the legislative system of criminal and administrative law. In the event that the Company should instead prefer to await the outcome of the legal proceeding, it may temporarily suspend the Employee from service and postpone the initiation of any disciplinary measures until after the outcome - even non-definitive - of legal proceedings.

The application of sanctions does not affect or change any further, statutory or other (criminal, administrative, tax) consequences, which may arise from said event. Every violation or circumvention of the Model or the procedures for implementation of the same,

by whomever committed, shall be immediately communicated in writing, to the Supervisory Body, without prejudice to the procedures and disciplinary measures which remain the exclusive competence of the body holding disciplinary powers.

All Recipients of the Model shall make reports such as those referred to in the previous paragraph.

The Supervisory Body shall be immediately informed of the application of a sanction for violation of the Model or the procedures established for its implementation, imposed on any person required to comply with the Model and the aforementioned procedures.

6.2. Disciplinary measures against Employees

The violation by Employees (subject to the National Collective Bargaining Agreement implemented by GEOX) of any rule of conduct provided for in this Model constitutes a disciplinary offence.

A. Employees who do not hold executive positions

The disciplinary measures to be imposed with regard to these Employees - in compliance with the procedures provided for in art. 7 of Law no. 300 of 30th May 1970 (Statute of Workers' Rights) and any applicable special regulations - are the disciplinary measures set forth in the National Collective Bargaining Agreement as implemented by GEOX, namely:

1) verbal or written warning;
2) a fine (within the limits set by National Collective Bargaining Agreement and any trade-union agreements in force at the time);
3) suspension from work and loss of earnings (within the limits set forth by the National Collective Bargaining Agreement and any trade-union agreements in force at the time);
4) dismissal (in the cases provided for by the law as well as those provided for by the National Collective Bargaining Agreement and any trade-union agreements in force at the time).

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No changes occur to all the provisions – referred to herein – provided for by law and the applied National Collective Bargaining Agreement, concerning the procedures and obligations to be observed in the application of sanctions.

As for the assessment of offences, disciplinary measures and the imposition of sanctions, the powers previously granted to corporate bodies and relevant company functions remain unchanged, within the limits of their respective competence.

Without prejudice to the obligations of the Company, arising from the Workers' statute of rights, by the National Collective Bargaining Agreement, and by applicable internal regulations, the types of conduct which constitute the violation of this Model are outlined as follows:

1. violation by the Employee of internal procedures provided for by this Model (for example, non-compliance with prescribed procedures, failure to communicate with the Supervisory Body about prescribed information, omission of controls, etc.) or conducts, during activities in the field of Sensitive Activities, not in compliance with the provisions of the Model;

2. violation of internal procedures provided for by this Model, or conducts, during activities in the field of Sensitive Activities, not in compliance with the requirements of the Model, and which expose the company to an objective risk of commission of one of the Offences;

3. conducts, during the performance of the activities in the field of Sensitive Activities, that are not compliant with the requirements of the Model and are intended in an unequivocal way to facilitate the commission of one or more Offences even if not actually committed;

4. conducts, during the performance of the activities in the field of Sensitive Activities, deemed blatantly contrary to the requirements of this Model, so as to determine the concrete application towards the company of the sanctions as provided for by Legislative Decree 231/2001; violation, in any way, of the

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measures undertaken to protect the person making a report in relation to the process of reporting any irregularities provided for by the Model, or making reports, intentionally or with gross negligence, that prove unfounded.

B. Employees holding executive positions

In case of violation of this Model by executives, or in case of non-compliant conducts while performing Sensitive Activities, the Company shall take the most appropriate measures against those responsible pursuant to the law and the provisions outlined in the applicable National Collective Bargaining Agreement.

More specifically, depending on the seriousness of the conduct, the following sanctions may be imposed:

- a verbal warning by the Managing Director, in cases where the executive has not closely followed the instructions contained in this Model;
- a written warning, in cases of greater severity than those referred to in the subparagraph above (such as, but not limited to, the non-participation - without justification - in training activities, failure to comply with the information flows set forth in this Model, violation, in any way, of the measures undertaken to protect the person making a report or making reports, intentionally or with gross negligence, that prove unfounded, etc.) issued by the Managing Director;
- dismissal, in cases of misconduct so serious as to preclude the continuation of the relationship, with the decision made by the Board of Directors or by a person delegated by the same.

6.3. Measures against Directors

In case of violation of the Model by one or more members of the Board of Directors (including violation, in any way, of the measures undertaken to protect the person making a report or making reports, intentionally or with gross negligence, that prove unfounded), the Supervisory Body shall inform the Appointment Committee which will proceed as follows:

- assess the subject of the alert at a meeting of the said Appointment Committee, which depending on the severity of the violation of the Model of which it has been informed, may be convened *ad hoc*;
- at the outcome of the evaluation, the Appointment Committee shall decide whether or not to inform the Board of Directors so that appropriate measures are taken;
- the decisions of the Appointment Committee and the Board of Directors shall be taken with the abstention of the interested party/parties.

In any event, once the seriousness of the violation has been assessed, the Auditors shall communicate the irregularities to the competent Authorities.

Notwithstanding, in any case, the possibility for the Company to seek compensation for any damage, including to its reputation, and/or liability that may result from conduct in violation of this Model.

6.4. Measures against Auditors/members of the Supervisory Body

In cases of violation of the Model by one or more Auditors/members of the SB (including violation, in any way, of the measures undertaken to protect the person making a report or making reports, intentionally or with gross negligence, that prove unfounded), the Chairman of the SB, or any one of the Auditors/members of the SB or one of the directors shall inform the Board of Directors which shall take the appropriate measures, including for example, summoning a shareholders' meeting in order to adopt the most appropriate measures provided for by law.

6.5 Measures against External Collaborators

Any conduct by External Collaborators found to be in contrast with the codes of conduct indicated in this Model (including violation, in any way, of the measures undertaken to protect the person making a report or making reports, intentionally or with gross negligence, that prove unfounded) and such as to entail the risk of committing an Offence punishable pursuant to Decree 231 may determine, in accordance with the specific contractual clauses in their agreements, the termination of the agreement, without prejudice

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to any claim for compensation if such conduct causes material damage to the Company, as in the case of application by a court of law of the measures provided for in Decree 231.

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CHAPTER 7

CHECKS BY THE SUPERVISORY BODY

In compliance with the provisions of paragraph 4.3., the Supervisory Body shall prepare a report every six months, which among other things referred to in paragraph 4.3., will outline in general lines, its supervision and monitoring activities. This planning - which can take place annually - will be shown in the second half-yearly report of each calendar year and will include the activities that will be carried out the following year.

The Supervisory Body reserves the right to carry out unscheduled and unannounced checks and controls.

In carrying out its activities, the Supervisory Body may avail itself of the support of any individual corporate function (or external consultants), depending on the field of operations being checked at the time, calling on their respective expertise and professionalism.

During those checks and inspections, the Supervisory Body is given far-reaching powers in order to effectively perform the assigned tasks.

The aim of the checks shall be distinguished as follows:

i. checking of documents: periodic checks of the most important deeds and agreements entered into by the Company;

ii. checking of procedures: the effectiveness of this Model and procedures contained therein shall be periodically checked in the manner established by the Supervisory Body, while awareness by employees of the offences provided for by Decree 231 shall be tested through random staff interviews.

A report of the outcome of the check shall be submitted to the Board of Directors (in conjunction with one of the half-yearly reports prepared by the Supervisory Body) highlighting possible weaknesses and recommending actions to be taken.

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SPECIAL SECTION – 1 –

OFFENCES COMMITTED WITHIN THE CONTEXT OF THE RELATIONSHIP WITH THE PUBLIC ADMINISTRATION

CHAPTER 1

Types of offences that may be committed within the context of the relationships with the Public Administration (Articles 24 and 25 of the Legislative Decree no. 231/2001)

- **Corruption-related offences**

Corruption in the performance of official duties (Articles 318 of the Italian Criminal Code, 320 of the Italian Criminal Code and 321 of the Italian Criminal Code)

The offence referred to in article 318 of the Criminal Code occurs when a Public Official, to exercise his/her functions or duties, unlawfully receives, for him/herself or for a third person, or accepts the promise for, money or other proceeds.

With the new Law no. 190 of 2012, the lawmaker removed any reference to official duties already performed or yet to be performed.

This code sanctions both selling and purchasing official duties, previously related to the offences of improper bribery, and the so called "corruption by submission", i.e. by entering the public official in one's payroll, unrelated to any specific duty. In this latter case, the public administrator is not only trafficking one official duty, but grants to a private person his/her general availability in order to achieve an unspecified series of benefits.

The penalty applicable against the person committing the aforementioned type of offence provides for the imprisonment from one to six years[1].

Pursuant to article 320 of the Criminal Code, the provisions referred to in article 318 of the Criminal Code apply also to the person in charge of a public service, if he/she acts as public employee: in such cases, however, the penalties envisaged by the legislator are reduced by no more than one third compared to the types of offences that involve a public official.

Corruption in the performance of acts contrary to official duties, aggravating circumstances and scope of application (Articles 319, 319 -bis and 320 of the Criminal Code)

The type of offence referred to in article 319 of the Criminal Code occurs when a public official, in order to perform an act contrary to his/her official duties or to omit or delay any

[1] The aforementioned penalties were amended by article 1, paragraph 1, letter e) of Law no. 69 of 27 May 2015, effective as from 14 June 2015.

act of his/her office, receives for him/herself or for any third person, money or other illicit benefits, or accepts the promise for such money or benefits.

To determine whether such offence occurs with reference to the performance of an act contrary to the official duties, any unlawful or illicit act (that is to say acts forbidden by any mandatory provisions or in contrast with the provisions required for their validity and effectiveness) must be taken into consideration, as well as any acts that, even though formally legitimate, are performed by the public official in breach of the duty of impartiality or by submitting his/her function to private interest or, in any case, to interest other than those of the Public Administration.

The penalty applicable against the person committing the aforementioned type of offence provides for the imprisonment from six to ten years[2].

The penalty for this type of offence may be increased pursuant to article 319-bis of the Criminal Code if the act contrary to the official duties is related to the assignment of public employments, salaries or pensions or to the execution of agreements in which the Public Administration of such public official is involved, as well as the payment of refund of taxes.

Pursuant to article 320 of the Criminal Code, the provisions referred to in article 319 of the Criminal Code apply also to the public service employee: in such cases, however, the penalties envisaged by the lawmaker are reduced by no more than one third compared to the types of offences that involve a public official.

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Pursuant to article 321 of the Italian Civil Code, the penalties provided for in articles 318 and 319 of the Italian Criminal Code apply also to anyone who gives or promises money or other benefits to public official or public service employee.

Finally, it should be noted that the types of offences referred to in articles 318 and 319 of the Criminal Code differ from the extortion by a public official, since in this case an agreement exists between the corrupted and the corrupting person, aimed at achieving a mutual benefit, whereas with the extortion by a public official a private person is the victim of the public official or public service employee.

[2] The aforementioned penalties were amended by article 1, paragraph 1, letter f) of Law no. 69 of 27 May 2015, effective as from 14 June 2015.

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Corruption in judicial proceedings (art. 319-ter of the Criminal Code)

This type of offence occurs when, in order to facilitate or damage a party in a legal proceeding (whether criminal, civil or administrative), a public official is bribed, that is to say a judge, a clerk of the Court or any other officer of the judicial authority (take for example the case where a corporate official of the Company unduly "pressures" a Prosecutor to obtain a request to dismiss a criminal case).

It should be noted that the a company may be charged of this offence regardless of whether it is part of the proceedings or not.

The penalty applicable against the person committing the type of offence in question provides for the imprisonment from six to twelve years. The penalty is increased from six to fourteen years of imprisonment if the fact leads to the undeserved conviction of someone to imprisonment for no more than five years.

If, on the contrary, committing this type of offence results in the undeserved conviction to imprisonment for more than five years or to a life sentence, the penalty of imprisonment is from eight to twenty years.[3]

Induced bribery (Art. 319-quater of the Criminal Code)

This type of offence was introduced by Law no. 190/2012, separating induced bribery from extortion.

This offence occurs when, by taking advantage of his/her position or powers, a public official or public service employee induces someone to unlawfully give or promise, to him/herself or to a third party, money or other benefits.

Different penalties apply to the public official or public service employee who induces a private person to give or promise benefits - for which a penalty of imprisonment from six to ten years and six months apply[4] - and those for the private citizen who accept such request, i.e. imprisonment for up to three years.

[3] The aforementioned penalties were amended by article 1, paragraph 1, letter g), numbers 1) and 2) of Law no. 69 of 27 May 2015, effective as from 14 June 2015.
[4] The aforementioned penalties were amended by article 1, paragraph 1, letter h) of Law no. 69 of 27 May 2015, effective as from 14 June 2015.

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In 2012, the lawmaker extended the criminal liability also to the private person who is subject to the inducement, to whom a milder sanctions regime is applied compared to that provided for the public officer.

Incitement to corruption (art. 322 of the Italian Criminal Code)

This type of offence occurs when money or any other illicit benefit is offered or promised to a public official or public service employee (for the purpose of inducing him/her to perform his/her functions or to exercise his/her powers, or to omit or delay any act under his/her responsibility or to perform an act contrary to his/her official duties) and this offer or promise is not accepted.

The penalty applicable against the person who commits the aforementioned crime is that provided for the offence referred to in art. 318 of the Criminal Code, reduced by one third if the offer or promise is made to induce a public official or a public service employee to exercise his/her functions; if, instead, the offer or promise is made in order to induce a public official of public service employee to omit or delay one of his/her official duties or to perform an act contrary to his/her own official duties, the penalty is that applicable to the type of offence referred to in article n. 319 of the Criminal Code, reduced by one third.

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With reference to the types of offence referred to in this paragraph, risk profiles related to the Company could be identified in the cases where Corporate Officers, Employees and/or Consultants of the Company act for the purpose of corrupting public officials or public service employees.

As regards the so called "passive corruption", the Company cannot commit the offence on its own, since it has no public representation; it could, however, contribute to a corruption offence committed by a public official or public service employee, if it provides any kind of support, either material or moral, under art. 110 of the Criminal Code, to the public officer in committing the offence. To this regard, it should be noted that there is the offence of participation in corruption, even when someone acts as intermediary between the private person and the public officer.

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- **Extortion by a public official** ***"Concussione" (Art. 317 of the Criminal Code*****)**

Article no. 317 of the Criminal Code., as finally amended by Law no. 69 of 27 May 2015, sanctions with the imprisonment from six to twelve years the public official or public service employee who, by taking advantage of his/her position or powers, forces someone to unlawfully give or promise, to him/herself or to a third party, money or other benefits.

The offence of extortion by a public official, similarly to corruption, is also a bilateral offence, since it requires the action of two separate persons, the extortioner and the victim of extortion.

Unlike in the case of corruption, however, only the extortioner is subject to a penalty (imprisonment from six to twelve years), since the other party involved is the victim of the offence: thus, due to the private nature of the activities performed by the Company, its officers could not commit this offence on their own given that they do not have any public representation required; they could, at most, contribute to an extortion offence committed by a public official or public service employee under art. 110 of the Criminal Code, or be charged with another type of offence (if the conduct of the Public Official consists in induced bribery) provided for and sanctioned by article 319-*quater* of the Criminal Code.

Moreover, it is theoretically possible for an employee of the Company to hold, outside of the scope of his/her employment, a public function or perform a public service: for example, an employee of the Company who is a member of a city council. In such case, the employee, in performing his/her duties or service, shall refrain from adopting any conduct that, in breach of his/her official duties and/or by abusing of his/her authority, could cause a benefit for the Company.

- **Offence of fraud**

Fraud to the detriment of the State or of another public agency (art. 640, paragraph 2, no. 1 of the Criminal Code)

This offence occurs when, in order to obtain an illegal profit, any devices and deceptions are implemented (such definition includes any omission of information that, if known, would have certainly negatively influenced the decision of the State, of another public agency or of the European Union) capable of misleading and causing a damages (of a monetary nature) to such agencies.

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Specifically, an example would be the transmission to the financial administration of documents containing false information, for the purpose of obtaining an undue tax refund; or, in general, the delivery to social security institutions or local administrations, of communications containing false data, with a view to securing advantages or facilitations for the Company.

Moreover, take the example of the false fraudulent statement that certain benefits would be obtained by executing a given financial instrument that *ex ante* did not possess such advantageous features.

The penalty applicable against the person committing the aforementioned type of offence provides for the imprisonment from one to five years and a fine from Euro 309 to Euro 1,549.

Aggravated fraud aimed at receiving public funds (Art. 640-bis of the Criminal Code)

This offence occurs when the facts referred to in the aforementioned article 640 of the Criminal Code aim at obtaining contributions, loans or other disbursements granted by the State, or by other public agencies or by the European Union.

Take the example of the offence of unlawful receipt of public funding aimed at supporting entrepreneurial activities in certain sectors, through the production of false documentation certifying that the necessary requirements for obtaining the funds are met.

The penalty applicable against the person committing the aforementioned type of offence provides for the imprisonment from two to seven years.

Computer fraud (art. 640-ter of the Criminal Code)

The offence of computer fraud occurs when, obtaining an illegal profit for oneself or others with a damage to third parties, the functioning of an IT system is altered in any way whatsoever, or when any data, information of programmes contained in an IT system are in any way tampered with by unauthorised persons. This offence is incurred, for instance, through the modification of the information concerning the accounting situation of a contractual relationship existing with a public agency, or the alteration of tax and/or social security data contained in a data bank of the Public Administration.

The penalty applicable against the person committing the aforementioned type of offence provides for the imprisonment from six months to a maximum of five years. The penalty

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may be increased if the offence is committed by abusing of the position of system operator (imprisonment from one to five years and a fine from Euro 309 to Euro 1,549 offence is committed by stealing or unlawfully using a digital identity thus damaging one or more persons (imprisonment from two to six years and a fine from Euro 600 to Euro 3,000).

- **The offences of misappropriation and undue receipt of public grants**

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

This offence arises when anyone who, having obtained from the State, any other public agency or the European Union, contributions, grants or loans intended to support the initiatives aimed at realising works or performing activities of public interest, does not use such funds for the purpose for which they were intended.

This offence arises even when only part of the funds received is used for purposes other than those for which they were intended, and it is of no relevance whether the scheduled activities have been actually performed. The purposes of the offender are also irrelevant, given that the subjective element of such offence is represented by the intention to steal resources intended for a predetermined purpose.

A typical example of this offence is when public funds are obtained in view of the hiring by the company of people with legally protected status and then this condition is not satisfied.

The penalty applicable against the person committing the aforementioned type of offence provides for the imprisonment from six months to four years.

Unlawful receipt of public grants to the detriment of the State (art. 316-ter of the Criminal Code)

This offence is incurred when – by using or submitting statements or documents that prove to be false or untrue, or by omitting any information required – grants, aid, subsidised loans or other similar disbursements, whatever their name, are obtained to which the recipient is not entitled, and granted or disbursed by the State, other public entities or by the European Union. Unlike the previous case, here the use made of the grants has no relevance at all, since the offence is committed when the funds are obtained.

Finally, it should be noted that this offence is a residual scenario compared to the type of offence referred to in article 640-*bis* of the Criminal Code (aggravated fraud aimed at

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receiving public funds), in the sense that the crime only arises in the cases where the conduct does not imply the elements of such offence.

The penalty applicable against the person committing the aforementioned type of offence provides for the imprisonment from six months to three years and, in the less serious cases, an administrative fine from Euro 5,164 to Euro 25,822.

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As regards the offences referred to in articles 316-*bis,* 316-*ter* and 640-*bis of the Criminal Code*, it should be noted that grants and subsidies are non-repayable monetary allocations which may be disbursed either periodically or *una tantum,* either for a fixed amount or for amounts determined based on variable parameters, and the nature thereof may be linked to "when" or to "what amount" is due, or on a merely discretionary basis; loans are transactions characterised by the obligation to use the sums or to refund them or by additional and different requirements; subsidised loans consist in disbursements of moneys subject to the obligation to refund the same amount received, but with interest lower than the interest available on the market.

Inducing others not to issue statements or to issue untrue statements to the judicial authorities (Article 377-bis of the Criminal Code)

Law no. 116 of 3 August 2009 introduced article 25-*decies* into Decree 231 for the offence of "*Inducing others not to issue statements or to issue untrue statements to the judicial authorities*" as provided for in article 377-*bis* of the Italian Criminal Code, applying, in this case, the monetary penalty against the institution of up to five hundred units.

Pursuant to this latter article, except where the fact represents a more serious offence, anyone who, by violence or threat or by offering or promising money or other benefits, induces a person called to make statements within the context of criminal proceedings, not to issue statements or to issue untrue statements, when such person has the right not to answer, is punished with the imprisonment from two to six years.

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As regards the sanctions applicable against the Company for Offences within the context of the relationships with the Public Administration, they may consist in monetary sanctions, up to 800 units (and thus up to a maximum of approximately Euro 1,240,000.00) as well as in disqualification sanctions, which, naturally, vary depending on the type of offence committed.

As regards, on the other hand, the sanctions applicable to the Company in case of Offences of inducing others not to issue statements or to issue untrue statements to the judicial authorities, they may consist in monetary sanctions, up to a maximum of 500 units (and thus up to a maximum of approximately Euro 780,000).

CHAPTER 2

Criteria for the definition of Public Administration, Public Officials and Public Service Employees

The offences referred to in this Special Section (see description in the Appendix) are all based on the requirement that relationships with the Public Administration are established (this definition includes also the Public Administrations of foreign countries).

For this purpose, some general criteria for the definition of "Public Administration", "Public Officials" and "Public Service Employees" are outlined below.

2.1 Entities of the Public Administration

For the purposes of the criminal law, it is normally considered as "Agency of the Public Administration" any legal person that attends to public interest and performs legislative, jurisdictional or administrative activities by virtue of rules of public law and acts constituting the exercise of public authority.

The following Entities or categories of Entities may be taken as examples of persons of the Public Administration:

- agencies and administrations of the State with autonomous structure and regulations (such as, for instance, Ministries, Chamber of Deputies and Senate, Inland Revenue Office, Ordinary and Administrative Courts);
- Regions, Provinces and Municipalities;
- Municipally Owned Companies;
- Supervisory Authorities (such as the Bank of Italy, Consob, AGCM);
- Chambers of Commerce, Industry, Handicraft and Agriculture, and associations thereof;
- all national, regional and local non-economic public agencies (such as INPS, CNR, INAIL, ISTAT, ENASARCO);
- ASL, ATS and similar bodies representing the national health service;
- State Agencies and Monopolies;

- Private persons that operate a public service (such as Cassa Depositi e Prestiti, Ferrovie dello Stato, etc.);
- Customs authorities;
- Social Security and Welfare Foundations.

Notwithstanding the non-exhaustive nature of this list, it should be noted that not all natural persons who act within the scope of, and in relation to, such agencies are persons against whom (or by whom) the Offences within the context of the relationships with the Public Administration may occur.

Specifically, the profiles that are relevant for this purpose are only those of the "Public Officials" and "Public Service Employees".

2.2 Public Officials

Article 357 of the Italian Criminal Code defines as **Public Officials** "*whoever performs public functions of a legislative, judicial or administrative nature*", and specifies that *"it is considered as being public the administrative function regulated by the rules of the public law and by acts in the exercise of public powers and is characterised by the formation and expression of the will of the Public Administration and by its performance by means of authorisation and certification powers*".

The Criminal Code thus provides for three types of public functions: legislative, judicial and administrative.

The first two (legislative and judicial) are not explicitly defined in article 357 of the Criminal Code, since they have typical features that allow their immediate identification; in fact:

- the legislative function is the activity performed by the public bodies (Parliament, Regions and Government) that, according to the Italian Constitution, have the power to issue acts having the force of law;
- the judicial function is the activity performed by the judicial bodies (civil, criminal and administrative) and by their auxiliaries (clerk of the Court, secretary, expert, interpreter, etc.), to apply the law to real cases.

The administrative function, so defined by the second paragraph of article 357, is an activity characterised for being governed by rules of public law or by acts of the Public Administration constituting exercise of public authority (and this distinguishes it from the

activities of a private nature, which are governed by private law instruments such as the contract) and by being accompanied by the holding of at least one of the following three powers:

- power to form and express the will of the Public Administration (for instance: mayor or town councillor, members of committees for calls for tenders, managers of public companies, etc.):
- authoritative power, which entails the exercise of powers through which the supremacy of the Public Administration on private citizens is expressed (for instance, members of law enforcement, members of testing committees for works carried out for a public authority, officers of the supervisory bodies - Bank of Italy and Consob - etc,);
- certification power, that is to say the power to draft documents to which the legal system assigns privileged probatory value (such as notaries).

Finally, for the purpose of providing a practical contribution to the solution in case of doubts, it might be useful to bear in mind that it is not only the persons at the top of the political - administrative system of the State or of the territorial agencies who qualify as public officials, but also anyone who, based on the stature and on the relevant delegations, lawfully forms the will thereof and/or expresses it by virtue of a power of representation.

It should be noted that the Court of Cassation has explained that, in order to define someone as a "public official", it is always necessary to assess the "specific duties" that they carry out: should these refer to "purely public functions", then their role can be considered included under said definition (Criminal Cassation, Section V, no. 31676 dated 28th June 2017, the case in which the Supreme Court deemed it possible to define the project manager of a company in which a public authority holds a stake as a public official).

2.3 Public Service Employees

The category of "public service employees" is defined in article 358, which reads: "*public service employee means those who, for any title whatsoever, provide a Public Service.*

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Public service means an activity regulated in the same forms of the public function, but characterised by the absence of those powers typical of the public function and with the exclusion of the performance of simple ordinary functions and the provision of material work".

The lawmaker clarifies the notion of "public service" using two criteria, one positive and one negative. In order to be defined "public", the service must be governed, similarly to the "public function", by public law rules, but with the difference related to the absence of certification, authorisation and deliberative powers typical of the public function.
The law also explains that the performance of "simple ordinary functions" or the "provision of material work" may never represent a "public service".
The case law identified a series of "indicators" of the public nature of the agency, in which are significant the cases of a State participation in Public Limited Companies. Specifically, reference is made to the following indicators:

- submitting to control and orientation activities for social purposes, as well as to powers of appointment and revocation of directors by the State or other public institutions;
- the presence of an agreement and/or concession with the public administration;
- financial assistance by the State;
- the presence of public interest within the business activity.

Based on the foregoing, the discriminating factor to identify whether a person is a "public service employee" or not is not the legal status of the agency, but the functions entrusted to such person, which must consist in attending to public interests or in the fulfilment of general interest: it is clear, then, that a person employed by a private entity, who performs an activity considered as public according to the "indicators" referred to above may never qualify as a "public service employee", whenever he/she performs entrepreneurial activities rather than public service activities.
Examples of public service employees are: the employees of any agency who perform public services, even in case of private entities, the employees of public offices, etc.

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CHAPTER 3

The control system

3.1 Delegations and proxies

In principle, the delegation and proxy system must be characterised by "security" elements aimed at preventing Offences (traceability of Sensitive Activities) and, at the same time, it allows the efficient management of the business activities.

"**Delegation**" means the internal activity of assigning functions and duties, reflected in the organisational communication system.

"Proxy" means the unilateral legal transaction with which the Company assigns the powers to represent the Company itself vis-a-vis third parties.

Those who, in order to perform their duties, require representation powers, are granted an adequate "proxy", consistent with the functions and management powers assigned to the holder by means of the "delegation".

a) Essential requirements of the delegation system

The essential requirements of the **delegation** system for the purposes of an effective prevention of the Offences, are the following:

a) anyone who maintains, on behalf of the Company, relationships with the P.A. must be provided with a specific formal delegated authority;

b) the delegations must combine each management power with the relevant responsibility and must be updated to reflect any organisational changes;

c) each delegation must specifically and unequivocally define:

- the powers of the delegate;
- the person (legal or natural person) to whom the delegate reports, hierarchically, *ex lege* or statutorily;

d) the management powers assigned with the delegations must be consistent with the corporate objectives;

e) the delegate must be provided with spending powers adequate to the functions assigned.

b) Essential requirements of the proxy system

The essential requirements of the proxy assignment system for the purposes of an effective prevention of the Offences, are the following:

a) the functional proxies are granted only for the purpose of performing specific activities, to persons provided with an internal delegation that describes the relevant management powers;

b) the proxies that grant a single power of signature set the expenditure limits; moreover, they are accompanied by a specific internal provision that sets, in addition to the expenditure limits, the scope in which such representation power may be exercised.

The SB has the power to verify whether the delegation and proxy system is complied with by the Company, and the consistency of such delegations and proxies with the general principles and rules mentioned above. At the same time, once the results of the checks performed are available, the SB may recommend possible changes or supplements if the managing power and/or the qualification do not correspond to the representation powers granted to the attorney or when any anomalies are detected.

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CHAPTER 4

Sensitive Activities

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CHAPTER 5

General principles of conduct

This Special Section provides for the explicit prohibition for Employees and Corporate Officers, directly, and for External Collaborators, through specific contractual clauses, to:

1. adopt conducts that may represent an Offence as outlined above (articles 24, 25 and 25-*decies* of the Decree 231);
2. adopt behaviours that, although not consisting, by themselves, in any of the types of Offences outlined above, may potentially become one of such offences;
3. create any situation of conflict of interest vis-à-vis the Public Administration with reference to the above mentioned types of Offence.

It is generally forbidden to adopt, cooperate in, or cause the adoption of, conducts that, individually or collectively considered, would represent, directly or indirectly, the types of offences included in the categories analysed above; any violation of the principles provided for in this Special Section is also prohibited.

Specifically, the following principles of conduct apply:

1. it is prohibited to grant benefits of any kind whatsoever (money, promises to hire, etc.) in favour of representatives of the Italian or foreign Public Administration, or to their relatives, aimed at acquiring any preferential treatment in the performance of any corporate activity, or which may, in any case, affect the independence of judgement or induce the granting of any advantage for the company;
2. any form of gift in excess of normal commercial practices or forms of courtesy, or in any way intended to acquire preferential treatment in the performance of any corporate activity is prohibited. Specifically, any form of gift to representatives of the Public Administration or to their relatives, provided by one of the recipients of this Model, is prohibited insofar as it may affect the independence of judgement or induce the granting of any advantage to the company. Gifts allowed are always characterised by their small value and, thus, cannot exceed Euro 150;

3. it is forbidden to accept or submit to any request for the granting of benefits of any kind (goods, money or any other benefit) in favour of Italian or foreign public officials or public service employees, for the purpose of favouring the activities of the latter in favour of the company. In the event of similar requests being made, the SB and the Board of Directors shall be immediately informed;

4. it is forbidden to provide any service in favour of Consultants and Suppliers unless this is adequately justified by the scope of the existing contractual relationship, and to pay any compensation in favour of such Consultants and Suppliers unless this is adequately justified with reference to the type of assignment that must be performed and the best practices of the industry;

5. it is forbidden to issue any statement or release any data, document or information to the Public Administration that is not true, for the purpose of obtaining contributions, grants, subsidised loans or any other type of grants, whatever their name, from the State or from an Italian or foreign Public Administration;

6. it is forbidden to use any contributions, grants, aid, subsidised loans or any other type of grants of the same kind, whatever their name, received from the State or from an Italian or foreign Public Administration for any purpose other than the purpose for which they were originally intended.

CHAPTER 6

Specific procedure principles

6.1 Procedure principles related to the Sensitive Activities

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6.2 Procedure principles related to Instrumental Activities

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CHAPTER 7

The Supervisory Body

7.1 Controls of the Supervisory Body

The SB performs regular controls aimed at verifying the compliance of the Recipients, within the limits of their respective duties and assignments, with the rules and principles contained in this Special Section and in the corporate procedures to which such Section explicitly or implicitly refers.

Specifically, the Supervisory Body is responsible for:

i. monitoring the effectiveness of the procedural principles provided for therein or of the principles contained in the corporate policy adopted for the prevention of Offences provided for in this special section;
ii. proposing possible amendments to the Sensitive Activities due to changes occurred in the operations of the Company;
iii. examining any specific report from the supervisory bodies, from third parties or any Employee or Corporate Officers, and conducting the assessments deemed necessary or appropriate with reference to the reports received;

GEOX assesses the creation of information flows based on a procedure, between the SB and the competent managers, or any other Corporate Officer or Employee deemed necessary who, in any case, may be contacted by the SB whenever considered appropriate.

The information to the SB shall be promptly provided in case of breaches of the specific procedural principles provided for in chapter 6 of this Special Section, or of the corporate procedures, policy and regulations related to the sensitive areas identified above.

The SB is also entitled to access, or to request its delegates to access, the entire documentation and all corporate sites relevant for the performance of its duties.

7.2 Information flows to the Supervisory Body

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SPECIAL SECTION – 2 –

CORPORATE OFFENCES

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CHAPTER 1

Types of Corporate offences (Art. 25-*ter* of Legislative Decree no. 231/2001)

This Special Section refers to the so-called corporate offences.

A short description of the offences included in this Special Section, as specified in article 25-*ter* of the Decree 231 (hereinafter referred to as "Corporate Offences") is provided below.

1.1 Falsification

False corporate communications (Art. 2621 of the Civil Code)[5]

Minor offences (Art. 2621-bis of the Civil Code)[6]

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

The offence referred to in article 2621 of the Civil Code occurs when, for the purpose of achieving an unfair profit for the offender or for others, untrue material facts are knowingly included (by directors, general managers, managers in charge of the drawing up of corporate accounting books, members of the board of statutory auditors and liquidators) in the financial statements, in the reports or in any other corporate communication required by law, intended for the shareholders or the public, or when any relevant material fact the disclosure of which is required by law and related to the economic, capital, and financial situation of the company or its group, is omitted, to an extent capable of misleading the recipients regarding such situation.
Additionally, pursuant to article 2621-*bis* of the Civil Code, if the facts mentioned in article 2621 of the Civil Code above represent a minor offence, taking into account the nature and size of the company and the manners or effects of such conduct, reduced penalties shall apply compared to those provided for in the aforementioned article 2621 of the Civil Code (specifically, from six months to three years imprisonment). The aforementioned penalties are also applicable when the facts referred to in article 2621 of the Civil Code refer to companies that do not exceed the limits specified in the second paragraph of article 1 of

[5] This offence does not apply to the Company, since the latter is an issuer of financial instruments admitted for trading on the Stock Exchange.
[6] This offence does not apply to the Company, since the latter is an issuer of financial instruments admitted for trading on the Stock Exchange.

the Royal Decree of 16 March 1942, no. 267[7]. In this case, the offence is prosecutable based on a charge filed by the company, the shareholders, the creditors or any other recipient of corporate communication.

The offence referred to in article 2622 of the Civil Code occurs, instead, when, with reference to a listed company and for the purpose of achieving an unfair profit for the offender or for others, untrue material facts are knowingly included (by directors, general managers, managers in charge of the drawing up of corporate accounting books, members of the board of statutory auditors, liquidators of companies issuers of financial instruments admitted for trading on the Stock Exchange, either in Italy or in another country of the European Union) in the financial statements, in the reports or in any other corporate communication required by law, intended for the shareholders or the public, or when any relevant material facts the disclosure of which is required by law and related to the economic, capital, and financial situation of the company or its group, are omitted, to an extent capable of misleading the recipients on such situation.

For this purpose, the issuers of financial instruments for which an application for the admission for trading on the Stock Exchange in Italy or in another country of the European Union has been filed, the issuers of financial instruments admitted for trading on an Italian multilateral trading facility, companies in control of issuers of financial instruments admitted for trading on the Stock Exchange , either in Italy or in another country of the European Union, and the companies that resort to solicitation of public savings or that manage public savings, are all considered equivalent to listed companies. Offenders in these crimes are the directors, general managers, executives in charge of the drawing up of corporate accounting books, members of the board of statutory auditors and liquidators.

[7] Pursuant to article 1 of the Royal Decree no. 267 of 16 March 1942, the provisions on bankruptcy and voluntary arrangement with creditors apply to the entrepreneurs who engage in business activities, with the exclusion of public agencies. However, the aforementioned provisions do not apply to entrepreneurs engaged in business activities who can prove that they satisfy all of the following requirements: a) balance sheet assets, in the three years prior to the filing of a petition for bankruptcy, or from the first year of activity, if later, for an aggregate annual amount of no more than Euro three hundred thousand; b) having realised, however evidenced in the financial statements, in the three financial years prior to the filing of a petition for bankruptcy, or from the first year of activity, if later, gross revenues for an aggregate annual amount of no more than Euro two hundred thousand; c) having an amount of debts, including those not yet due and payable, of no more than Euro five hundred thousand.

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Moreover:

- false or omitted information must be such as to misrepresent, to a considerable extent, the economic, capital and financial position of the company or the group it belongs to;
- the liability also applies to the case where the information concerns assets owned or administered by the company on behalf of third parties.

The penalty for the person who commits the offence referred to in article 2621 of the Italian Criminal Code is the imprisonment from one to five years, and from three to eight years for the offence referred to in article 2622 of the Civil Code.

1.2 Protection of share capital

Unlawful return of contributions (Article 2626 of the Civil Code)

This offence, similarly to that referred to in article 2627 of the Civil Code below, is related to the protection of the share capital, and is committed when the directors return, in the absence of legitimate reductions of share capital, also in a simulated form, the contributions made by the shareholders or release the shareholders from their obligation of effecting such contributions. The offence in question occurs only when, due to the actions of the directors, it is the share capital to be affected, rather than the funds or reserves. For the latter, the offence referred to in article 2627 of the Civil Code shall, in case, apply.

The return of the contributions may be evident (when the directors return assets to the shareholders without any payment, or when they make declarations aimed at releasing the shareholders from their obligation to pay) or, more likely, disguised (when, in order to achieve their purpose, the directors use tricks and devices such as, but not limited to, the distribution of fictitious profits paid with amounts taken from the share capital and not from the reserves, or the offsetting of the amounts payable to the company with non-existent amounts due by the company to one or more shareholders).

This offence may be committed only by the directors. The law, in other words, does not intend to punish the shareholders who benefit from the return or release, excluding the necessary participation. There is still the possibility, however, of a participation in the offence, by virtue of which the shareholders who performed incitement activities or who determined in any way the unlawful conduct of the directors, will also be liable for the

offence, according to the general rules applicable to participation in offences referred to in article 110 of the Criminal Code.

The punishment for the person committing this offence is the arrest and up to one year of imprisonment.

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

The offence consists in the distribution of profits (or payments on account of profits) not actually earned, or which are required by law to be allocated to reserves, or the distribution of reserves – even reserves not made up of profits – that cannot be distributed, as required by law.

Please note that if the profits are returned or if the reserves are set up again before the established term for the approval of the financial statements, the offence shall be deemed extinguished. In this case, the offenders are the directors. In other words, the law does not provide for the punishment of the shareholders benefiting from the distribution of profits or reserves, thus excluding the necessary participation. Nonetheless, there is still the possibility of a participation in the offence, by virtue of which the shareholders who performed incitement activities or who determined in any way the unlawful conduct of the directors, shall also be liable for the offence, according to the general rules applicable to participation in offences. The punishment for the person committing this offence is the arrest and up to one year of imprisonment.

Unlawful distribution of company assets by liquidators (Article 2633 of the Civil Code)

This offence, which is perpetrated by liquidators, occurs when the company assets are distributed among the shareholders prior to payment of company creditors or prior to allocation of the sums necessary to pay them, thereby causing damage to the creditors. If an action is started by the damaged party, liquidators are punished with a period of imprisonment from six months up to three years. Compensation for damage to the company's creditors prior to judgement by the court extinguishes the offence.

The limits referred to in letters a), b) and c) of the second paragraph may be updated every three years with a decree of the Ministry of Justice, based on the average changes in the ISTAT of the consumer prices inflation indexes applicable to the families of workmen and employees, occurred during the reference period.

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Unlawful operations on shares or capital shares or of the parent company (Article 2628 of the Civil Code)

This offence consists in buying or subscribing shares or capital shares issued by the Company (or by the Parent Company) outside the permitted circumstances, to the detriment of the share capital or of the reserves which cannot be distributed by law.

The norm is aimed at protecting the actual integrity of the share capital and is strictly connected to the analysis provided for by art. 2357 of the Civil Code, according to which a corporation cannot buy its own shares, not even through a trust company or a third party, except within the limits of the distributable profits or of the available reserves as resulting from the last-approved financial statements. According to the norm, the shares shall be entirely paid up. Furthermore, shares accounting for more than the tenth part of the share capital (also taking into account subsidiary-owned shares) cannot be bought.

This type of offence is committed not only through mere purchases but also by transferring the ownership of shares, for instance, by means of an exchange or contango contracts, or including by transferring shares without a consideration, as in the case of donations.

The offenders in this case are the directors. Moreover, the parent company's directors may be held liable along with the subsidiary's directors, by virtue of a participation in the offence, should the unlawful operations on the parent company shares be performed by the latter upon incitement of the former.

The punishment for the person committing this offence is the arrest and up to one year of imprisonment.

Transactions to the detriment of the creditors (Article 2629 of the Civil Code)

This offence consists in performing share capital write-downs or mergers with other companies or de-mergers in breach of the legal provisions protecting creditors, to their detriment. Please note that compensation for damage to the company's creditors prior to judgement by the court extinguishes the offence. The offence is punishable upon an action started by the damaged party. In this case too, the offenders are the directors. The punishment for the person committing this offence is from six months up to three years of imprisonment.

Fictitious formation of share capital (Article 2632 of the Civil Code)

This offence consists in the following conducts:

a) fictitious formation or write-up of share capital, in full or in part, by assigning shares or membership interests exceeding the share capital amount;

b) mutual subscription of shares or membership interests;

c) significant overevaluation of contributions of goods in kinds, receivables or company's assets in case of transformation.

The offenders in this case are the directors and the contributing shareholders.

The punishment for the person committing this offence is the arrest and up to one year of imprisonment.

1.3 The protection of the proper operation of the company.

Hindrance of control **(Article 2625 of the Civil Code)**

The offence consists in impeding or hindering, through the concealment of documents or other means of deception, the performance of control or auditing activities legally entrusted to the shareholders, to other corporate bodies or to the auditing company.

An example is given by the concealment of documents that are necessary during the financial year to check that the accounts are duly kept and that the management-related issues are correctly recorded in the accounting books by the auditing company.

The offence can only be committed by the directors.

The punishment for the offender is an administrative monetary sanction up to Euro 10,329 and, should the conduct damage the shareholders, a period of imprisonment of up to one year.

Failure to report a conflict of interests (Article 2629-bis of the Civil Code)

This offence occurs, *inter alia*, when: the director or the member of the management board of an entity subject to supervision pursuant to the TUF (Finance Consolidation Act) or to the TUB (Bank Consolidation Act) violates the obligations provided for by art. 2391,

paragraph 1 of the Civil Code, if such violation causes damages to the company or to third parties.

Pursuant to the first paragraph of article 2391 of the Civil Code, the director shall inform the other directors and the Board of Statutory Auditors of any interest that he/she may have, either personally or on behalf of third parties, in a specific company transaction, also specifying the nature, terms, origin, and extent of such interest; in the event it is the managing director, he/she shall not carry out the transaction, vesting the board with the performance thereof, and, in the event of sole director, he/she shall report this during the next meeting held.

Private bribery (Art. 2635, par. ter of the Civil Code) [8]

The directors, general managers, managers in charge of drawing up the company's accounting books, members of the board of statutory auditors and liquidators, of companies or private entities who, also through an intermediary, demand or receive money or other benefits that are not due, or accept the promise of such, either for themselves or for others, in order to perform or omit to perform acts in violation of the obligations related to their office or loyalty obligations shall be punished with imprisonment from one to three years, unless the offence constitutes a more serious crime.

The same punishment shall be applicable if this offence is committed by someone within the organisation of the company or private entity who performs different management duties from the ones falling under their responsibility highlighted above.

If the offence is committed by a person subject to the direction and supervision of one of the figures mentioned in the first paragraph, imprisonment of up to one year and six months is provided for.

Those who, also through an intermediary, offer, promise or give money or other benefits that are not due to the persons mentioned in the first and second paragraph are punished as provided for therein.

Therefore, this offence is relevant in terms of entities' liability only with reference to "active" bribers (i.e. it is applicable to the companies that, after the bribery, get a benefit or advantage).

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[8] Please refer to Special Section 11 for a detailed description of Private bribery as well as the relevant Sensitive Activities and adopted measures.

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Incitement to private bribery (Article 2635 bis of the Civil Code)

Anyone who offers or promises money or other benefits that are not due to directors, general managers, managers in charge of drawing up the company's accounting books, members of the board of statutory auditors and liquidators, of companies or private entities, or to those performing management duties as part of their role in said companies or private entities, in order to make them perform or omit to perform an act in violation of the obligations related to their office or loyalty obligations, shall be subject to the punishment provided for by the first paragraph of article 2635, reduced by one third, should said offer or promise not be accepted.

The punishment referred to by the first paragraph shall be applicable to directors, general managers, managers in charge of drawing up the company's accounting books, members of the board of statutory auditors and liquidators, of companies or private entities, or to those performing management duties as part of their role in said companies or private entities, who demand, for themselves or for others, also through an intermediary, money or other benefits, or the promise of such, in order to perform or omit to perform an act in violation of the obligations related to their office or loyalty obligations, should said demand not be accepted.

Legal action shall be taken by the injured party.

Unlawful influence on the shareholders' meeting (Article 2636 of the Civil Code)

This offence consists in carrying out simulated or fraudulent actions to reach a majority in a shareholders' meeting with a view to gaining an unfair profit either for oneself or for others. The conducts related to this type of offence include, by way of example, the admission to vote of people that are not legally entitled (because, for instance, there is a conflict of interests with the resolution subject-matter of voting) or threatening the use of or using violence to have shareholders vote for a resolution or abstain. This is a common offence, i.e. it may be committed by anyone. The punishment for the person committing this offence is from six months up to three years of imprisonment.

1.4 Criminal protection against frauds *Agiotage (Art. 2637 of the Civil Code)*

This offence consists in spreading false information or in performing simulated transactions or other means of deception that can result in a significant alteration of price of unlisted financial instruments or of financial instruments for which no application for

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the admission for trading on the Stock Exchange in Italy or in another country of the European Union has been filed, or in significantly affecting the trust the public places in the stability of the financial position of banks or banking groups.

An example is when the Company spreads studies on unlisted companies containing false and/or exaggerated data forecasts and suggestions.

This is also a common offence, i.e. it may be committed by anyone.

The punishment for the person committing this offence is from one to five years of imprisonment.

1.5 Protection of supervision functions

Hindering the work of public supervisory authorities (Article 2638 of the Civil Code)

This offence may be committed through two different conducts:

1. the first conduct consists in (i) transmitting communications as provided for by the law to the public supervisory authorities, such as Consob or Banca d'Italia, containing material facts that do not correspond to the truth - even if they are subject to evaluation - concerning the economic, capital or financial situation of the entity subject to supervision, for the purpose of hindering the functions of such public supervisory authorities; or (ii) in concealing with other fraudulent means, entirely or in part, facts that should have been communicated concerning such economic, asset or financial situation.

   There is a liability also in the event the information concern assets owned or managed by the company on behalf of third parties;

2. the second conduct consists in intentionally hindering the work of public supervisory authorities, in any way whatsoever, including by omitting the communications required by said authorities.

The offenders are the directors, general managers, members of the board of statutory auditors, and liquidators.

The punishment for the offender is from one to four years of imprisonment, which is increased by twice as much in case of a company with listed securities on the Italian or other EU countries Stock Exchange or with securities significantly spread among the public pursuant to art. 116 of TUF.

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As for the sanctions applicable to the Company in case a Corporate Offence is committed, they can be of a pecuniary nature and range from a minimum of one hundred units to a maximum of five hundred units (corresponding to a minimum of approximately Euro 20,000 Euro and to a maximum of approximately Euro 750,000).

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CHAPTER 2

Sensitive Activities

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CHAPTER 3

General principles of conduct

This Special Section explicitly prohibits Corporate Officers, in a direct way, and External Collaborators, by means of specific contractual clauses, from performing, collaborating in or bringing about conducts that, considered individually or collectively, represent the type of Offence as those described above (art. 25-*ter* of Legislative Decree 231/2001).

Furthermore, any breaches of procedure principles provided for in this Special Section are prohibited.

As a consequence, pursuant to this Special Section the abovementioned persons shall:

1. pursue the corporate interest in the management and performance of business activities, up until the company is wound up or terminated;
2. ensure that the processes of expression of the corporate will as well as the business activity itself, including control activities, are carried out properly;
3. avoid to adopt those conducts representing the type of Offence described in this Special Section;
4. avoid to jeopardize and endanger the Company integrity, reputation and image;
5. maintain correct, transparent and collaborative conduct, in compliance with the provisions of the law and with any internal company procedures in all of the activities relative to drawing up of the financial statements and other company communications, in order to provide the shareholders and third parties true and correct information on the economic, capital and financial situation of the Company. In this respect, it is explicitly prohibited to:
    - draw up or communicate false or incomplete data or information that might provide an untrue representation of the economic, capital, and financial situation of the Company;
    - omit to communicate data and information required by the applicable regulations concerning the economic, capital, and financial situation of the Company;

6. strictly comply with all norms and regulations protecting the actual integrity of the Company's assets, in order not to damage any creditors' and third parties' guarantees;

7. ensure the correct operation of the Company and its Corporate Bodies, guaranteeing and facilitating every form of internal control of company management foreseen by the law, as well as the free and correct expression of the will of the shareholders' meeting. In this respect, it is explicitly prohibited to:

   - perpetrating conducts that materially impede or in any way hinder performance of control and auditing activities by the Board of Statutory Auditors or the Auditing Company, through concealment of documents or use of fraudulent means;
   - determine a majority in a shareholders' meeting through simulated or fraudulent actions in order to achieve an unfair profit either for oneself or for others;

8. control the exercise of the right to vote as well as the collection and exercise of proxy voting;

9. establish rules identifying roles and responsibilities as concerns the registration, publication of the minutes of the meeting and retaining of the relevant register of meetings and resolutions;

10. implement a periodical training programme addressed to the staff engaged in the preparation of the financial statements and concerning the adopted rules and/or internal procedures and Corporate Offences;

11. make all communications foreseen by the law and regulations to Supervisory Authorities in a timely and correct manner and in good faith, posing no obstacles for them in carrying out their functions of supervision;

12. each Sensitive Activity shall be performed with the support of proper documentation and specific controls shall be envisaged concerning the features of the individual activities, the decision-making process, the relevant issued authorizations and verifications carried out.

All Recipients of this Model and in particular Consultants and any other party in a contract shall adopt transparent, virtuous, fair and correct conduct, in full compliance with the applicable national norms, regulations and corporate rules, including those protecting the free and fair competition among enterprises.

CHAPTER 4

Specific procedure principles

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CHAPTER 5

The Supervisory Body

5.1 Controls by the Supervisory Body

The SB carries out periodical controls aimed at verifying proper compliance by the Recipients, within the limits of their tasks and assignments, with the rules and principles set forth in this Special Section and in the corporate procedures explicitly or implicitly referred to herein.

In particular, the Supervisory Body shall:

i. monitor the effectiveness of the procedure principles provided for or of the principles set forth in the corporate *policy* adopted to prevent the Offences referred to in this Special Section;
ii. propose any amendments to Sensitive Activities due to possible changes in the Company's operations;
iii. examine any specific reports made by the supervisory bodies, third parties or by any Employee or Corporate Officer as well as make the necessary checks in relation to the reports received;

GEOX assesses the possible establishment of information flow procedures between the SB and the managers of the relevant Departments, or any other Corporate Officer or Employee as deemed necessary that, in any case, can be heard by the SB any time needed.

The Supervisory Body shall gather and keep evidence of, *inter alia*:

a. the actions undertaken by the Company in order to provide proper instructions on the drawing up of the financial statements;
b. the minutes of the meetings during which the involved functions discuss issues related to the financial statements.

Information shall be promptly provided to the SB in case of breach of any specific procedure principles contained in chapter 4 of this Special Section, or of procedures, *policies* and corporate regulations related to the abovementioned sensitive areas.

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The SB shall also be authorized to access or request its representatives to access all documents and company premises as deemed necessary for the performance of their tasks.

5.2 Supervisory Body Information flows

(omissis)

SPECIAL SECTION – 3 –

OFFENCES OF HANDLING STOLEN GOODS, LAUNDERING AND USE OF MONEY, ASSETS OR BENEFITS DERIVING FROM ILLEGAL SOURCES

AND

CRIMES INVOLVING TERRORIST ACTIVITIES, AND SUBVERSION OF THE DEMOCRATIC ORDER

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DEFINITIONS

Without prejudice to the definitions referred to in the General Section, the additional definitions below apply to this Special Section.

> **"Single Information File or AUI"**, means a file, electronically created and managed, where the intermediaries store in a centralised manner any and all information acquired in the performance of their identification and registrations requirements.

> "**FATF**": Financial Action Task Force; it is an inter-governmental body the purpose of which is to prepare and develop strategies to combat the laundering of capitals derived from illegal sources and, since 2001, also the prevention of financing activities in favour of terrorism..

> "**Customer**"**:** means the person who establishes on-going relationship or carries out Transactions with the Company, according to the definition referred to in the Anti-Money Laundering Decree.

> **"Anti-Money Laundering Decree":** means the Legislative Decree no. 231 of 21 November 2007, implementing the Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of laundering the proceeds of criminal activities and terrorism financing, as well as the directive 2006/70/EC containing provisions for the application thereof, as subsequently amended. Decree 231/2007 was subsequently amended, finally, by Legislative Decree no. 90 dated 25th May 2017, to implement the so-called Fourth Anti-Money Laundering Directive.

> **"Transaction(s)":** means the transmission or movement of means of payment.

> **"Suspicious Transactions":** means every Transaction for which there is a suspect that money laundering activities are being carried out, or have been committed or attempted (for instance, based on its characteristics, size, nature, economic resources).

> **"Ongoing Relationship":** means a long term relation, falling within the scope of institutional activities, which gives rise to a number of deposits, withdrawals or transfers of payment media, and which is not terminated with one single Transaction;.

- **<u>"Financial Intelligence Unit or FIU":</u>** means the national structure in charge of receiving from the persons subject to such requirement, requesting from such persons, analysing and notifying to the competent authorities, any information concerning the offences of Money Laundering or Terrorism Financing.

CHAPTER 1

Offences of handling stolen goods, laundering and use of money, assets or benefits deriving from illegal sources and the crimes for terrorism purposes (Articles 25-*octies* and 25-*quater*, Legislative Decree no. 231/2001)

This Special Section refers to, respectively, the Offences of Money-laundering, introduced in the text of the Legislative Decree no. 231/2001, under article 25-*octies*, through the Anti-Money laundering Decree, as well as to the crimes involving terrorism activities (particularly as regards the Offence of Terrorism Financing) provided for by article 25-*quater* of the Legislative Decree no. 231/2001, taking into account the similarity of the corporate measures aimed at preventing both types of offence.

The Anti-Money Laundering Decree

The Italian laws and regulations governing the Offences of Money-laundering provide for some rules aimed at preventing money-laundering activities, by prohibiting, *inter alia*, the execution of transfers of amounts with non-traceable instruments in excess of the thresholds set by law, and by ensuring the traceability of the transactions through the identification of the customers and the recording of the data into a specific file.

Specifically, the regulatory framework on the issue of money-laundering is comprised, first of all, by the Anti-Money Laundering Decree, which repealed and replaced, in part, Law no. 197/1991.

Essentially, the Anti-Money Laundering Decree provides for the following instruments to fight against the activity of laundering proceeds of illegal activities and/or terrorism financing:

1. the provision for the prohibition to transfer cash or savings bank or postal bearer passbooks or bearer instruments (cheques, money orders, certificates of deposit, etc.) in Euro or in foreign currency, executed for whatever reason between different persons, if the value of the transaction is equal to or exceeds Euro 3,000. The transfer may, however, be carried out through banks, electronic money institutions and Poste Italiane S.p.A.;
2. the obligation for certain persons (listed under articles 3 of the Anti-Money Laundering Decree) to adequately identify the customers as regards the relationships

and transactions related to the development of the institutional or professional activities. This context includes also the obligation for the customers to provide, under their own responsibility, any up-to-date required information that would allow the intermediaries to fulfil their duties for an adequate identification;

3. the obligation to refrain from opening the On-going Relationship, executing the transaction or closing any existing On-going Relationship, if the intermediary is not able to meet the requirements for an adequate identification of the customers;
4. the obligation for certain persons (listed under article 3 of the Anti-Money Laundering Decree) to store, within the limits provided for by article 31 of the Anti-Money Laundering Decree, the documents, data and information that can be used to prevent, identify, or ascertain any money laundering or terrorism financing activities and to allow for analysis to be carried out by the FIU or by another competent authority, within the scope of their respective powers;
5. the obligation for certain persons (listed under article 3 of the Anti-Money Laundering Decree) to store a copy of the documents acquired as part of their process to adequately identify customers, and the original or copy with probative force pursuant to applicable legislation, of the records and entries related to the transactions;
6. the obligation for certain persons (listed under article 3 of the Anti-Money Laundering Decree) to disclose to the FIU, pursuant to article 35 of the Anti-Money Laundering Decree, all the transactions, concluded by the customers, considered as "suspicious", or when they know, suspect or have reasonable grounds to suspect that money laundering or terrorism financing activities are being carried out, or have been committed or attempted.

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1.1 Offences of handling stolen goods, laundering and use of illicitly derived funds, assets or utilities

Handling of Stolen Goods (art. 648 of the Criminal Code)

This type of offence occurs when someone, for the purpose of obtaining an unfair profit for him/herself or for others, purchases, receives or conceals money or things deriving from any crime whatsoever, or gets involved in any way in obtaining their purchase, receipt or concealment.

"Purchase" means the effect of any negotiation, against or free of payment, through which the agent transfers the title on the asset.

"Receipt" means any form of obtaining the possession of the asset resulting from a crime, even if only temporarily.

"Concealment" means the concealing of the asset resulting from a crime after the receipt thereof.

For the offence to be committed, the money or the assets do not necessarily have to derive directly or immediately from any crime, but a mediated source is sufficient, provided the agent is aware of such source. Therefore, the crime in question occurs not only with reference to the result or profit of the offence, but also with reference to the money or things that comprise the price of the offence, that is to say with reference to the things purchased with the money resulting from criminal activities or to the money obtained from the disposal of assets resulting from criminal activities (take for example the case where the Company, for the purpose of obtaining a convenient price, purchases goods from a person who, besides the supply of such goods, is known to be involved in illegal activities such as drug dealing, or belongs to a mafia-type association and invests the profits resulting from such illegal activities in the legal business).

The penalty applicable against the person committing this type of offence provides for the imprisonment from two to eight years and a fine from Euro 516 to Euro 10,329.

Money laundering (art. 648-bis of the Criminal Code)

This offence occurs when someone replaces or transfers money, assets or other benefits deriving from intentional crimes, or carries out, with reference thereto, other transactions, so as to prevent the identification of their criminal source.

"Replacement" means the conduct consisting in replacing with different items the money, assets or other benefits deriving from illegal activities.

"Transfer" means the conduct consisting in laundering the money, assets or other benefits by means of transactions.

In order to realise such offence, thus, a *quid pluris* is required compared to the offence of handling stolen goods, i.e. the performance of acts or facts aimed at replacing the money.

The penalty applicable against the person committing this type of offence provides for the imprisonment from four to twelve years and a fine from Euro 5,000 to Euro 25,000.

The penalty is increased when the crime is committed within the context of the exercise of a profession; it is, on the contrary, reduced if the money, assets or other benefits derive from a crime for which a penalty of imprisonment for a maximum of less than five years may be applied. In this case the last paragraph of article 648 of the Criminal Code applies.

Use of money, assets or benefits deriving from illegal sources (Art. 648-ter of the Criminal Code)

This offence occurs when money, assets or other benefits deriving from a crime are used in commercial or financial activities.

Only those who are not already charged as participants in the main offence or who are not chargeable for handling of stolen goods or money-laundering may be punished for this offence.

The term "to use" is normally a synonym of "usage for any purpose": however, considering that the ultimate purpose of the lawmaker is preventing the disruption of the economic system and of the competitive balance through the use of unlawful funds available at a cost lower than that for legal funds, it is believed that "to use" should mean, in fact, "to invest". Thus, a use for profit-making purpose should be considered as relevant.

Considering, first of all, that the assumption common to all three types of offence referred to in articles 648, 648 bis and 648 ter of the Criminal Code is the fact that the money or any other benefit made available to the agent derives from a crime, it should be noted that such types of offence differ under the subjective profile, since the first one, besides the knowledge of the source as mentioned above, required also for the other two offences, requires only a generic profit-making purpose, whereas the second or the third offences require the specific purpose of concealing any evidence of the illegal source, with an additional characteristic, as regards the third one, i.e. that such purpose must be pursued through the investment of the resources in economic or financial activities.

The penalty applicable against the person committing this type of offence provides for the imprisonment from four to twelve years and a fine from Euro 5,000 to Euro 25,000.

The penalty is increased when the offence is committed in the exercise of a profession.

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In consideration of the foregoing, for the Offences of Handling of Stolen Goods a monetary sanction from two hundred and eight hundred units is applied to the entity. In the event that the money, assets or other benefits derive from a crime for which the penalty of imprisonment for a maximum of over five years may be sanctioned, a monetary sanction of between 400 and 1000 units shall be applied. Considering that the amount of one unit may vary from approximately Euro 258 to approximately Euro 1,549, the monetary sanction may be equal to approximately as much as Euro 1,5 million. For the commission of such offences the entity is also subject to the restrictive sanctions provided for in article 9, paragraph 2, of the Decree, for a period of no more than two years.

1.2 Crimes involving terrorist activity or subversion of democracy

The Offence of Terrorism Financing

The Offence of Terrorism Financing was introduced with the Legislative Decree no. 109/2007, implementing the directive no. 2005/60/EC issued by the European Parliament and the Council on 26 October 2005.

Terrorism financing means: "any activity aimed, with any mean, at collecting, providing, mediating, depositing, safekeeping or disbursement of funds or economic resources, however realised, intended to be used, entirely or in part, for the purpose of committing one or more terrorism-related crimes or, in any case, crimes aimed at favouring the commission of one or more crimes for terrorism purposes sanctioned by the Criminal Code, regardless of whether such funds and economic resources are actually used for the commission of the aforementioned crimes".

The new regulations governing terrorism financing adopt the same prevention measures already in force against the Offences of Money-laundering introduced with the Anti-Money Laundering Decree, together with other rules capable of obtaining the freezing of the funds and economic resources as provided for by the many resolutions of the United Nations Security Council issued from 1999 to date, by the Regulation EC no. 2580/2001 issued by the Council on 27 December 2001 and the related restrictive measures aimed at fighting terrorism, as well as by the Community Regulations issued pursuant to articles no. 60 and

301 of the Founding Treaty of the European Community for contrasting the activities of countries that represent a threat to international peace and safety.

The freezing of the funds and economic resources is ordered, by decree, upon proposal of the Financial Security Committee, the Ministry of Economy and Finance, in consultation with the Ministry of Foreign Affairs.

Pursuant to the Legislative Decree no. 109/2007, "freezing of the funds" means the prohibition to move, transfer, change, use or manage, or have access to, the funds, so not to be able to change their volume, amount, location, ownership, possession or nature, intended use or any other change that would allow the use of the funds, including portfolio management. "Freezing of economic resources", instead, means the prohibition to transfer, dispose of or, for the purpose of obtaining, in any way, funds, assets or services, use of the economic resources, including, but not limited to, the sale, lease, rental or creation of security rights.

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A short description of the offences included in this Special Section, as specified in article 25-*quater* of the Decree 231 is provided below.

Subversive Associations (art. 270 of the Criminal Code)

This type of offence, punished with imprisonment from five to ten years, occurs when anyone in the territory of the State promotes, creates, organises or manages associations aimed at imposing with violence the tyranny of one social class over the others, or at suppressing with violence one social class or, in any case, at subverting with violence the economic or social order in the State or, finally, at repressing with violence any public or legal order of the society.

Whoever participates to such associations is punished with imprisonment from one to three years.

Association for the purpose of international terrorism, or for the purpose of subverting democracy (art. 270-bis of the Criminal Code)

This type of offence occurs when someone promotes, creates, organises or finances associations the purpose of which is to commit acts of violence for terrorism purposes or with the intention of subverting democracy.

For the purposes of the criminal law, terrorism purposes are envisaged also when the acts of violence are committed against a foreign State or an international institution or body.

The offence in question is punished with the imprisonment from seven to fifteen years.

Assistance to associates (art. 270-ter of the Criminal Code)

The rule in question punishes whoever shelters or provides food, hospitality, means of transport, communications means, to anyone who participates in the associations specified in articles 270 and 270-bis above.

The offence in question is punished with the imprisonment of up to four years. The penalty is increased if the assistance is provided on an ongoing basis.

Whoever commits this offence in favour of a close relative is not punishable.

Recruitment for the purpose of international terrorism (Art. 270-quater of the Criminal Code)

Whoever, except for the cases referred to in article 270-bis above, recruits one or more individuals for the purpose of committing acts of violence or sabotage against key public services, for the purpose of terrorism, even if directed against a foreign State, an international institution or body, is punished with the imprisonment from seven to fifteen years.

Training for the purpose of international terrorism (Art. 270-quinquies of the Criminal Code)

Whoever, except for the cases referred to in article 270-bis described above, trains or, in any case, provides directions concerning the preparation or use of explosives, fire arms or other weapons, noxious or hazardous chemical or bacteriological substances, as well as any other technique or method for committing acts of violence or sabotage of key public services, for the purpose of terrorism, even if directed against a foreign State, an international institution or body, is punished with the imprisonment from five to ten years. The same penalty is applicable against the person trained.

Financing of conduct for the purpose of terrorism (Art. 270-quinquies 1 of the Criminal Code)

Whoever, except for the cases referred to in articles 270-*bis* and 270-*quater*.1, collects, supplies or makes available goods or money, no matter how they have been generated, destined to be used, in full or in part, for conduct for the purpose of terrorism referred to by article 270-*sexies* shall be punished with imprisonment from seven to fifteen years, regardless of whether or not said funds are actually used for the aforementioned conduct.

Whoever stores or looks after the goods or money indicated in the first paragraph shall be punished with imprisonment from five to ten years.

Misappropriation of goods or money subject to seizure (Art. 270-quinquies 2 of the Criminal Code)

Whoever misappropriates, destroys, gets rid of, eliminates or damages goods or money, subject to seizure to prevent the financing of conduct for the purpose of terrorism referred to by article 270-*sexies*, shall be punished with imprisonment from two to six years and with a fine between Euro 3,000 and Euro 15,000.

Conduct for purpose of terrorism (Art. 270-sexies of the Criminal Code)

Conduct for purpose of terrorism means any conduct that, due to its nature or context, may cause serious damage to a Country or to an international organisation, and is committed for the purpose of intimidating the population or to force public authorities or an international organisation to make an action, or of destabilising or destroying the fundamental political, constitutional, economic and social structures of a Country or of an international organisation, as well as the other conducts defined as terrorism or related to terrorism purposes by international regulations or other rules binding for Italy.

Attack for terrorist of subversive purposes (art. 280 of the Criminal Code)

Whoever, for terrorism purposes or for the purpose of subverting democracy, attempts to the life or safety of an individual, is punished for this offence. In the first case, the penalty of imprisonment for no less than twenty years applies whereas, in the second case, the penalty provides for the imprisonment of no less than six years.

The offence is aggravated when the underlying facts result in a very serious injury to, or in the death of, such individual, or in the case when the act is committed against individuals

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who cover judicial roles or roles related to the penitentiary system, or related to the public security, in the exercise or because of their functions.

Terrorist attack with lethal devices or explosives (Art. 280-bis of the Criminal Code)

Except where the fact represents a more serious offence, whoever, for terrorism purposes, commits any act aimed at causing damages to movable or immovable properties of others, through the use of explosive or lethal devices, is punished with imprisonment from two to five years. Explosive or lethal devices means the weapons and similar materials specified in article 585 of the Criminal Code, capable of causing serious material damages.

If the attack is directed against the seat of the Presidency of the Republic, of the Legislatures, of the Constitutional Court, of the Government Bodies or, in any case, of any organisation provided for in the Constitution or by constitutional laws, the penalty in increased by half.

If the fact results in a danger for the public safety or in a serious damage for the domestic economy, the penalty is the imprisonment from five to ten years.

Acts of nuclear terrorism (Art. 280 ter of the Criminal Code)

The punishment of imprisonment of no less than fifteen years shall be applicable to whoever, for the purposes of terrorism referred to by article 270-*sexies*:

1) procures radioactive material for themselves or for others;

2) creates or otherwise comes into possession of a nuclear device.

The punishment of imprisonment of no less than twenty years shall be applicable to whoever, for the purposes of terrorism referred to by article 270-*sexies*:

1) uses radioactive material or a nuclear device;

2) uses or damages a nuclear plant in such a way as to release radioactive material or to create the real danger that radioactive material may be released.

The punishments referred to by the first and second paragraph shall also be applicable when the conduct described therein refers to chemical or bacterial materials or aggressive agents.

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Kidnapping for terrorism or subversive purposes (art. 289-bis of the Criminal Code)

This offence occurs when someone, for terrorism purposes or for the purpose of subverting democracy, kidnaps an individual.

In this case, the penalty is the imprisonment from twenty-five to thirty years. The offence is aggravated in case of death, whether intentional or unintentional, of the kidnapped individual.

Incitement to commit one of the crimes against the sovereignty of the State (Art. 302 of the Criminal Code)

The law provides that whoever incites an individual to commit one of the intentional crimes provided for in the title of the Criminal Code dedicated to the crimes against the sovereignty of the State, for which the law sanctions the life sentence or imprisonment, is punished, if such incitement is not successful, or if the incitement is successful but the crime is not committed, with the imprisonment from one to eight years. The penalty is increased by up to two thirds if the fact is committed through telematic instruments.

Moreover, in any case, the applicable penalty is always less than half the penalty set for the offence to which the incitement refers.

Political conspiracy by agreement and political conspiracy by association (Articles 304 and 305 of the Criminal Code)

This norm punishes the conduct of whoever agrees to commit one of the offences referred to in the previous point (article 302 of the Criminal Code).

Constitution of and participation in armed gangs; assistance to participants of conspiracies or armed gangs (Articles 306 and 307 of the Criminal Code)

This offence occurs when, for the purpose of committing one of the crimes specified in article 302 of the Criminal Code mentioned above, an armed gang is formed.

Terrorism offences provided for under special laws.

These types of offences reflect the part of the Italian Laws issued in the 70s and 80s and aimed at combating terrorism.

Offences committed in breach of article 2 of the New York Convention dated 8 December 1999.

Pursuant to the provisions of the aforementioned article, an offence occurs when someone, with any means whatsoever, either directly or indirectly, unlawfully and intentionally provides or collects funds with the aim of using them, or with the knowledge that they are intended to be used, in whole or in part, for the purpose of carrying out:

a) an action that represents an offence according to the definitions of one of the treaties listed in the annex; or
b) any other act aimed at causing death or grievous bodily harm to a civilian or to any other individual who is not actively engaged in armed conflicts, when the purposes of such act are to intimidate the population, or to force a government or an international organisation to make, or refrain from making, an action.

In order for an act to constitute one of the offences mentioned above, the funds do not necessarily have to be used to commit the acts referred to in letters (a) and (b).

Even only an attempt to commit the aforementioned offences is considered an offence.

An offence is also committed by someone who:

- participates in one of the offences outlined above as an accomplice;
- organises or direct other individuals in order to commit one of the offences outlined above;
- contributes to the commission of one or more of the offences outlined above together with a group of people acting for a common goal. This contribution must be intentional and made for the purpose of facilitating the activities or the criminal purposes of the group, where such activity or purposes imply the commission of the offence; or it must be provided being perfectly aware that the intention of the group is to commit an offence.

Of the criminal conducts that constitute the offence of terrorism, those that could be easily realised are those consisting in "financing" (see article 270-*bis* of the Criminal Code).

In order to assess whether there is a risk that such type of offence could be committed, it is necessary to examine the subjective profile required, under the regulation, for an act to be considered as an offence.

As regards the subjective element, the offences of terrorism are regarded as fraudulent offences. So, in order for the fraudulent offence to be realised, it is necessary, from the point of view of the psychological portrait of the offender, that he/she is aware of the illegal act and intends to realise it through his/her own conduct. Therefore, in order for the offences in question to occur, the offender must be aware of the terrorist nature of the activity and be determined to facilitate it.

Having said that, in order for a criminal conduct leading to the offence of terrorism to occur, the offender must be aware of the fact that the association to which he/she grants the loan has terrorist or subversive purposes, and must be willing to facilitate its activities. Furthermore, this type of crime could also occur when the offender acts with an "oblique intent" (*dolus eventualis*). In this case, the offender should foresee and accept the risks connected to the occurrence of the event, even if these are not his/her direct intentions. The expectation that the event might occur and the voluntary decision of adopting the criminal conduct must be inferred by unambiguous and objective elements.

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For the Offences of terrorism or subversion of democracy, the Entity is subject to a monetary sanction from 200 to 1000 units and, thus, considering that the amount of one unit may vary from approximately Euro 258 to approximately Euro 1,549, the monetary sanction could be as high as Euro 1.5 million. For the commission of such offences the entity could also be subject to the disqualification sanctions provided for in article 9, paragraph 2 of the Decree for a period of no less than one year, in addition to the definitive disqualification from the activity referred to in article 16, paragraph 3 of the Decree.

CHAPTER 2

Sensitive Activities

(omissis)

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CHAPTER 3

General principles of conduct

The objective of this Special Section is the compliance by the Recipients, to the extent they are involved in Sensitive Activities, with rules of conduct in line with the provisions of this Special Section, in order to prevent the occurrence of the Offences described herein, always taking into account the different position of each one of such Recipients towards the Company and, thus, of the diversity of their duties as specified in the Model.

Specifically, the Recipients, also with reference to the type of relationship existing with the Company, shall comply with the following principles of conduct:

1. refrain from adopting conducts that could constitute the types of Offence of money-laundering, Terrorism and subversion of democracy;
2. refrain from adopting behaviours that, although not consisting, by themselves, in any of the types of Offence outlined above, may potentially become one of such offences;
3. adopt a correct, transparent and collaborative conduct, in compliance with the provisions of law, in all the activities aimed at managing Suppliers, Consultants and customers (even if foreigners);
4. not to maintain any commercial and/or financial relationships, whether directly or through intermediaries, with natural or legal persons whose names are included in the Name Lists or who are under the control of persons included in such Name Lists (when such controlling relationship is known) or who are known or suspected to be members of criminal organisations or of organisations that carry out illegal activities, such as, but not limited to, persons linked to the money-laundering, terrorism, drug trafficking, usury environments;
5. not to maintain any commercial and/or financial relationships, whether directly or through intermediaries, with natural or legal persons whose registered office is located in countries included in the lists of non-cooperative countries for the purpose of repressing money-laundering and terrorism (i.e. the lists prepared by the FATF);

6. not to carry out any commercial and/or financial transaction, whether directly or through intermediaries, with natural or legal persons, characterised by anomalous profiles in terms of reliability and reputation of the persons and of the transactions to be carried out;
7. not to use anonymous instruments to carry out transactions involving the transfer of significant amounts;
8. carry out a continuous monitoring of corporate cash flows;
9. manage cash in a way that no cash amount, or savings bank or postal bearer passbooks or bearer instruments may be transferred, whether in Euro or in a foreign currency, for amounts exceeding Euro 3,000;
10. not to pay any fee in favour of Consultants and Suppliers if it is not adequately justified with reference to the type of task to be performed and to the practice in force at a local level, and/or that are not adequately justified in light of the scope of the contractual relationship established with them;
11. not to grant sponsorships or donations without previously verifying the honourability and reliability of the respective beneficiary.

CHAPTER 4

Specific procedure principles

(omissis)

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CHAPTER 5

The Supervisory Body

5.1 Composition of the Supervisory Body

The Supervisory Body performs regular checks aimed at verifying the compliance of the Recipients, within the limits of their respective duties and assignments, with the rules and principles contained in this Special Section and in the corporate procedures to which such Section explicitly or implicitly refers.

Specifically, the Supervisory Body is responsible for:

i. monitoring the effectiveness of the procedural principles provided for therein or of the principles contained in the corporate policy adopted for the prevention of the Offences subject matter of this Special Section;

ii. proposing possible amendments to the Sensitive Activities due to changes occurred in the operations of the Company;

iii. examining any specific report from the supervisory bodies, from third parties or any Corporate Officer or Employee, and conducting the assessments deemed necessary or appropriate with reference to the reports received;

GEOX assesses the creation of information flows based on a procedure, between the SB and the managers of the competent Divisions, or any other Corporate Officer or Employee deemed necessary who, in any case, may be contacted by the SB whenever considered appropriate.

The information to the SB shall be promptly provided in case of breaches of the specific procedural principles provided for in chapter 4 of this Special Section or of the corporate procedures, policy and regulations related to the sensitive areas identified above.

The SB is also entitled to access, or to request its delegates to access, the entire documentation and all corporate sites relevant for the performance of its duties.

5.2 Information flows to the Supervisory Body

(omissis)

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SPECIAL SECTION – 4 –

OFFENCES AGAINST THE INDIVIDUAL

AND

EMPLOYMENT OF ILLEGALY-STAYING

THIRD-COUNTRY NATIONALS

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CHAPTER 1

Types of offences committed against the individual (Article 25-*quinquies* of Legislative decree 231/2001) and employment of illegally staying third-country nationals, aiding and abetting illegal entry into the State and the facilitation of illegal immigration (art. 25-*duodecies* of Legislative decree 231/2001)

1.1 Offences against the individual

Art. 5 of Law no. 228 dated 11th August 2003 introduced art. 25-*quinquies* for the Decree, according to which sanctions are applied to the Entities whose officers commit offences against the individual (if the Entity or one of its organizational units is exclusively or mainly used to allow or facilitate the perpetration of offences described in this Special Section on a permanent basis, the disqualification from carrying on business is applied).

- *Reduction into and keeping in slavery (art. 600 of the Criminal Code)*

This offence occurs when a person applies property law principles to another individual, or when a person reduces or keeps an individual into a condition of continual servitude, forcing them to provide work or to beg or to be sexually or otherwise exploited.

The reduction or keeping into a condition of servitude occurs when this conduct is realized using violence, threatens, deception, abuse of authority or by taking advantage of a condition of physical or mental inferiority or of a situation of need, or by promising or giving money or other benefits to people having authority over such individual.

- *Child prostitution (Article 600-bis of the Criminal Code)*

This offence involves anyone recruiting any individual below eighteen years old for the purpose of prostitution or inducing them to prostitution or favouring, exploiting, managing or controlling prostitution. The second paragraph punishes those who have sex acts with minors aged fourteen to eighteen years old, offering or promising them money or other kind of benefit.

- *Child pornography (Article 600-ter of the Criminal Code)*

This offence involves anyone exploiting minors below eighteen years old to realize pornography shows or performances or to produce pornography material, or anyone recruiting or inducing minors below eighteen years old to participate in pornography shows

or performances or profiting from such shows; those who trade in the abovementioned pornography material are also punished.

This offence also punishes anyone who, even though not relatable to the types of offences provided for by paragraphs 1 and 2, distributes, disseminates, or advertises the pornography material as per paragraphs 1 in any way whatsoever, including using computerized means, or anyone who distributes or discloses news or information aimed at enticing or sexually exploiting minors below eighteen years old; or anyone who, even though not relatable to the types of offences provided for by paragraphs 1, 2, and 3, deliberately assigns to third parties - including free of charge - pornography material produced resorting to sexual exploitation of minors below eighteen years old.

- *Possession of pornography material (Article 600-quater of the Criminal Code)*

This offence involves anyone who, even though not relatable to the types of offences provided for by article 600-ter of the Criminal Code, deliberately gets or has pornography material produced resorting to sexual exploitation of minors below eighteen years old.

- *Tourist activities aimed at exploiting child prostitution (Article 600-quinquies of the Criminal Code)*

This offence involves anyone who organizes or promotes trips aimed at enjoying prostitution activities to the detriment of minors or however including these activities.

- *Human trafficking (art. 601 of the Criminal Code)*

This offence involves anyone who carries out human trafficking involving people that are in the conditions described in art. 600 of the Criminal Code or who, in order to perpetrate the offences pursuant to such article, induces people to enter or stay for a time or leave the Country or to move to such Country, using violence, threatens, abuse of authority or by taking advantage of a condition of physical or mental inferiority or of a situation of need, or by promising or giving money or other benefits to people having authority over such individual.

- *Purchasing and selling of slaves (Article 602 of the Criminal Code)*

This offence involves anyone who, even though not relatable to cases provided for by article 601 of the Criminal Code, purchases or sells an individual that is in the conditions pursuant to art. 600 of the Criminal Code.

- *Illicit intermediation and exploitation of labour (Article 603-bis of the Criminal Code)*

On 4th November 2016, the new wording of article 603-*bis* of the Criminal Code came into force. The law in question also amends art. 25-*quinquies* of Decree 231, regarding offences committed against the individual, adding the reference to the new offence referred to by art. 603-*bis* of the Criminal Code to paragraph 1, letter a.

The new wording of article 603-*bis* of the Criminal Code, entitled "*Illicit intermediation and exploitation of labour*", provides that *"Unless the offence constitutes a more serious crime"* anyone shall be punished who: *"1) recruits workers for the purpose of assigning them to work for third parties under exploitative conditions, taking advantage of the workers' state of need; 2) uses, hires or employs workers, also through the intermediation activities described in point 1), subjecting them to exploitative conditions and taking advantage of their state of need".* A more severe punishment is provided for *"if the offences are committed using violence or threats".* Furthermore, for the purposes of the article in question, *"the existence of one or more of the following conditions represents an indicator of exploitation: 1) repeated payment of wages clearly in breach of the national or regional collective bargaining agreements signed by the leading trade unions at national level, or in any case disproportionate to the amount and quality of work provided; 2) repeated violations of applicable legislation regarding working hours, rest periods, weekly rest, mandatory leave and holidays; 3) violations of workplace health and safety and hygiene regulations; 4) subjecting workers to degrading working conditions, surveillance methods or housing conditions".*

Aggravating factors are instead represented by: *"1) the fact that more than three workers have been recruited; 2) the fact that one or more of the recruited workers are minors not of working age; 3) the fact that the offence has been committed exposing the workers to serious danger, in terms of the characteristics of the work to be carried out and the working conditions".*

The new wording of this offence has removed the ambiguous reference to the requirement for the "organisation" of intermediation work, which was present in the previous wording of the legislation, thereby allowing for the conviction of those who do not carry out such activities on a steady basis. Furthermore, it is no longer necessary for the offence to be

committed using violence or threats (or intimidation) in order to be classed as an offence, as these now merely represent aggravating factors.

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As far as the abovementioned offences are concerned, it should be considered that not only the people personally committing the offence, but also the people facilitating it, including by providing the necessary financial resources, shall be held liable.

As a consequence, any disbursement of funds made by GEOX in favour of third parties - being aware that said funds may be used by the abovementioned people for criminal purposes - may fall within the abovementioned types of offence.

As for the offences against the individual, the Entity may be charged with a monetary sanction from 200 to 1000 units. Therefore, considering that the amount of a unit may vary from approximately Euro 258 to approximately Euro 1549, the monetary sanction may be equal to Euro 1.5 million. Furthermore, in case of perpetration of such Offences, the disqualification sanctions provided for by art. 9, par. 2 of the Decree, having a duration of at least one year, may be applied. Should the Entity or one of its organizational units be exclusively or mainly used to allow or facilitate the perpetration of the abovementioned Offences on a permanent basis, the definitive disqualification from carrying on business may be applied, pursuant to art. 16, par. 3 of the Decree.

1.2 Offence involving the employment of illegally staying third-country nationals, aiding and abetting illegal entry into the State and the facilitation of illegal immigration

Art. 2 of Legislative Decree no. 109 dated 16th July 2012 on the "*Implementation of Directive 2009/52/EC providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals",* by introducing art. 25-*duodecies* in the Decree, provides for increased administrative liability of the Entities in the event the minimum standards concerning the employment of illegally staying third-country nationals are not observed, as provided for in the Legislative Decree no. 286 dated 25th July 1998 (so called Immigration Consolidation Act).

- ***Employment of illegally staying third-country nationals (art. 22, par. 12 and 12-bis of Legislative Decree 286/1998)***

This offence involves any employer who recruits foreign workers without a residence permit or whose permit has expired and no renewal has been requested pursuant to the law, or whose permit has been revoked or cancelled.

Art. 22, par. 12-bis of the Legislative Decree 286/1998 provides for harsher punishments, increased by one-third to half the original ones, should the following events occur:

the employed workers are more than three;

- the employed workers are minors and their age is not admittable to employment;
- the employed workers are subject to particular exploitation as provided for by par. 3[9] of art. 603-bis of the Criminal Code (namely, in addition to the abovementioned cases, if workers are exposed to serious hazards, duly taking into account the characteristics of the work to be done and the working conditions).

The Entity is liable only when the offence at stake is aggravated by the number of employed people, or by the fact that they are minors or, lastly, by the performance of work in hazardous situations.

As for the Offence of employment of illegally-staying third-country nationals, the Entity may be charged with a monetary sanction from 100 to 200 units, within a limit of Euro 150,000.

Art. 25-duodecies was amended by Law no. 161 dated 4th November 2017 which introduced the reference to art. 12 of Legislative Decree no. 286 dated 25th July 1998 ("Provisions against illegal immigration") in relation to the aiding and abetting illegal entry into the State and the facilitation of illegal immigration. The amended art. 25-duodecies only refers to the following provisions from art. 12 of Legislative Decree no. 286 dated 25th July 1998.

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[9] Although art. 22, paragraph 12-*bis* of Legislative Decree no. 286/1998 still refers to the "third paragraph of art. 603-*bis*", it is understood that said reference actually refers to the fourth paragraph of said article. In fact, there was no regulatory coordination that took into account the amendments made to art. 603-*bis* by Law no. 199/2016.

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Art. 12, paragraphs 3, 3-*bis*, 3-*ter* of Legislative Decree no. 286/1998

"3. Unless the offence constitutes a more serious crime, anyone shall be punished who, in violation of the provisions of Legislative Decree no. 286/1998, promotes, manages, organises, finances or carries out the transport of foreigners into the State or carries out acts aimed at enabling foreigners to enter the State illegally, or another State where the person is not a citizen nor has a permanent residence permit, for each person when:

a) the offence involves five or more people illegally entering or staying in the State;

b) the life or safety of the person being transported has been put in danger in order to allow them to enter the State or stay there illegally;

c) the person being transported has been subjected to inhumane or degrading treatment in order to allow them to enter the State or stay there illegally;

d) the offence is committed by three or more individuals co-operating together or using international transport services or counterfeit documents or documents that have been altered or, in any case, obtained illegally;

e) those committing the offence have access to weapons or explosive materials.

3-bis. If the offences referred to by paragraph 3 are committed involving two or more of the hypotheses referred to by the letters a), b), c), d) and e) of said paragraph, then the punishment stated herein shall be increased.

3-ter. The period of imprisonment shall be increased if the offences referred to by paragraphs 1 and 3:

a) are committed for the purpose of recruiting people to be used for prostitution or, in any case, for sexual exploitation or the exploitation of labour or involve the entry of minors to be used in unlawful activities for the purpose of exploiting them;

b) are committed for the purpose of making a profit, even indirectly".

Art. 12, paragraph 5 of Legislative Decree no. 286/1998

"With the exception of the offences provided for by the previous paragraphs, and unless the offence constitutes a more serious crime, the regulation punishes anyone who, for the purpose of taking unfair advantage of the illegal status of a foreigner or in the context of the activities punishable under the present article, helps said foreigners to stay in the territory of the State in violation of the provisions stated by Legislative Decree no. 286/1998.

If the offence is committed by two or more people working together, or involves five or more people illegally staying in the State, then the punishment shall be increased by anything from one third up to one half.

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For the commission of crimes pursuant to art. 12, paragraphs 3, 3-bis and 3-ter, of Legislative Decree 286/1998, the pecuniary sanction from 400 to 1000 units shares may be applied to the entity, which may therefore reach approximately Euro 1.5 million.

For the commission of crimes pursuant to art. 12, paragraph 5, of Legislative Decree 286/1998 the pecuniary sanction from 100 to 200 units may be applied to the entity, and therefore, considering that the amount of a unit may vary from approximately Euro 258 to about Euro 1,549, the monetary sanction could be as high as roughly Euro 310,000.

For the commission of crimes pursuant to art. 12, paragraphs *3, 3-bis*, 3-*ter* and 5 of Legislative Decree 286/1998, could be also subject to the disqualification sanctions provided for in art. 9, paragraph 2 of the Decree for a period of no less than one year.

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CHAPTER 2

Sensitive Activities

(omissis)

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CHAPTER 3

General principles of conduct

The purpose of this Special Section is that the Recipients, to the extent to which they are engaged in the performance of Sensitive Activities, fulfil conduct rules in compliance with the provisions set forth therein, in order to prevent and hinder the perpetration of the Offences described in this Special Section, whilst taking into account the different positions of the individual persons within the Company and, therefore, the different obligations as outlined in the Model.

In particular, also taking into account their relation with the Company, the Recipients shall not:

1. adopt, promote, collaborate in or give rise to conducts which, considered individually or collectively, directly or indirectly represent the violations set forth in this Special Section (Articles 25-*quinquies* and 25-*duodecies* of the Decree);
2. adopt behaviours that, although not consisting, by themselves, in any of the types of Offences outlined above, may potentially become one of such offences;
3. use, even occasionally, the Company or one of its organizational units with the purpose of allowing or facilitating the commission of the Offences provided for in this Special Section.

CHAPTER 4

Specific procedure principles

(omissis)

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CHAPTER 5

The Supervisory Body

5.1 Controls by the Supervisory Body

The SB carries out periodical controls aimed at verifying proper compliance by the Recipients, within the limits of their tasks and assignments, with the rules and principles set forth in this Special Section and in the corporate procedures explicitly or implicitly referred to herein.

In particular, the Supervisory Body shall:

i. monitor the effectiveness of the procedure principles provided for or of the principles set forth in the corporate policy adopted to prevent the Offences referred to in this Special Section;

ii. propose any amendments to Sensitive Activities due to possible changes in the Company's operations;

iii. examine any specific reports made by the supervisory bodies, third parties or by any Employee or Corporate Officer as well as make the necessary checks in relation to the reports received;

GEOX assesses the possible establishment of information flow procedures between the SB and the managers of the relevant Departments, or any other Corporate Officer or Employee as deemed necessary that, in any case, can be heard by the SB any time needed.

Information shall be promptly provided to the SB in case of breach of any specific procedure principles contained in chapter 4 of this Special Section, or of procedures, policies and corporate regulations related to the abovementioned sensitive areas.

The SB shall also be authorized to access or request its representatives to access all documents and company premises as deemed necessary for the performance of their tasks.

5.2 Supervisory Body Information flows

(omissis)

SPECIAL SECTION – 5 –

MANSLAUGHTER AND SEVERE OR VERY SEVERE INJURIES COMMITTED IN BREACH OF THE REGULATIONS ON OCCUPATIONAL SAFETY AND HEALTH PROTECTION

INTRODUCTION

This Model is an integral part and also a summary of the occupational safety and health management system adopted by GEOX and aimed at ensuring that labour protection objectives are achieved.

In its quality as employer, GEOX, pursuant to the general obligation set forth by art. 2087 of the Civil Code and by the Consolidation Act pursuant to Legislative Decree 81/08 and within the performance of its business activities, shall adopt the measures that, depending on the type of works, expertise and technique, are necessary to protect workers' physical and mental integrity, with particular attention to measures aimed at limiting injuries that – based on the general principle of predictability – are deemed to be likely to occur in relation to specific concrete circumstances.

In this respect, the Company is constantly engaged in the occupational safety and health protection, giving priority to preventive actions and aiming at continual improvement through the adoption, *inter alia*, of all accident-prevention measures prescribed by the best technology available, regardless of costs.

DEFINITIONS

Reference should be made to the definition in the General Section, except for the additional definitions contained in this Special Section.

> **"BS – OHSAS 18001"** or **"British Standard":** British Standard OHSAS 18001:2007.

> **"Employer":** the entity having a working relationship with the Employee or, however, the entity that, depending on the type and structure of the organization where the Employee provides his/her service, is responsible of the organization itself or of the individual sector by virtue of its spending authority and decision-making power.

> **"Safety Decree":** the legislative decree no. 81 dated 9th April 2008 on "*Implementation of article 1 of the Law no. 123 dated 3rd August 2007 on occupational health and safety protection*".

> **"DUVRI" or "Document on Assessment of Interference Risks":** the document drawn up by the Employer containing a risk assessment showing the measures to eliminate or, if this is not possible, minimize interference risks.

> **"DVR" or "Risk Assessment Document":** the document drawn up by the Employer containing a report assessing all risks related to occupational safety and health and describing assessment criteria, the indication of protective and preventive measures and personal protective equipment adopted following the assessment, the programme of measures deemed suitable to ensure improvement of safety levels over time, identification of procedures to implement the measures to be adopted as well as of corporate positions in charge of such adoption, identification of RSPP (Head of Protection and Prevention Service), of RLS (Representative of Worker Safety) and of the Occupational Health Physician that took part in risk assessment, as well as identification of tasks that may expose workers to specific risks requiring recognized skills, specific expertise, adequate training.

> **"Workers":** persons who, regardless of the type of contract, carry out working activities, including of an occasional nature, at the workplace.

> **"Uni-Inail guidelines":** the guidelines dated 28th September 2001 drawn up by UNI (Italian National Standards Institute) and INAIL (National Institute for Insurance against Work Accidents) for the voluntary creation of an occupational health and safety management system on the part of companies.

> **<u>“Occupational Health Physician”:</u>** the physician holding one of the formal and professional qualifications and requirements as provided for by the Safety Decree and collaborating with the Employer in order to assess risks, carry out Health Surveillance activities and fulfil all the other tasks set forth in the Safety Decree.

> **<u>“Offences committed in breach of the regulations on occupational safety and health protection”:</u>** the offences provided for by art. 25-*septies* of Legislative Decree 231/2001, namely manslaughter (art. 589 of the Criminal Code) and severe or very severe personal injuries (art. 590 par. 3 of the Criminal Code) committed in breach of the regulations on occupational safety and health protection.

> **<u>“RLS”</u>** or **<u>“Representative of Worker Safety”:</u>** the person appointed or designated to represent Workers in relation to occupational safety and health issues.

> **<u>“RSPP”</u>** or **<u>“Head of Protection and Prevention Service”:</u>** the person having the professional skills and requirements set forth in the Safety Decree, designated by the Employer, to which he/she shall report, to coordinate the Protection and Prevention Service.

> **<u>“Health Surveillance”:</u>** the series of medical actions aimed at protecting the Workers’ health and safety conditions in relation to the workplace, to professional risk factors, and to the performance of work.

> **<u>“SPP”</u>** or **<u>“Protection and Prevention Service”:</u>** the internal or external people, systems and means used for prevention and protection activities related to Workers' professional risks.

> **<u>“SSL”:</u>** Workers’ Health and Safety.

CHAPTER 1

Offences committed in breach of the regulations on occupational safety and health protection (art. 25-*septies* of Legislative Decree 231/2001)

Please find below a brief description of the offences committed in breach of the regulations on occupational safety and health protection as set forth in art. 25-*septies* of the Decree.

This article, initially introduced by the Law no. 123 dated 3rd August 2007 and subsequently replaced in its current wording by art. 300 of the Safety Decree, provides for the application of pecuniary and disqualification sanctions for the entities whose officers commit the offences pursuant to articles 589 (manslaughter) and 590 par. 3 (severe or very severe personal injuries) of the Criminal Code, in breach of the regulations on occupational safety and health protection. The types of offences as per art. 25-*septies* only concern the events that are not determined by a generic fault (therefore, by inexperience, imprudence or negligence), but rather by a "specific fault" in which the event occurs due to failure to comply with the regulations on occupational safety and health.

Manslaughter (art. 589 of the Criminal Code)

The offence occurs any time a person causes death to another person for negligence.

Severe or very severe personal injuries (art. 590 par. 3 of the Criminal Code)

The offence occurs when a person causes severe or very severe injuries to another person in breach of the regulations on work accident prevention.

Pursuant to par. 1 of art. 583 of the Criminal Code, the injury is considered severe in the following cases:

"1) if the conduct results in a disorder that endangers the damaged person's life or a disorder or inability to carry out one's normal task for a period exceeding forty days;

2) if the conduct results in permanent weakening of a sense or organ".

Pursuant to par. 2 of art. 583 of the Criminal Code, "*the injury is considered very severe if the conduct results in: a disorder that is definitely incurable or likely to be incurable; loss of a sense;*

loss of a limb, or a mutilation making the limb useless; or loss of an organ or inability to procreate, or permanent and serious difficulties in speaking; face deformity or permanent gash".

In order to ensure adoption of a valid measure against potential commission of Offences pursuant to art. 25-*septies* of the Decree, the Company has decided to include also this Special Section, in compliance with the provisions of art. 30 of the Safety Decree.

Pursuant to the abovementioned article *"when first applied, the company organization models defined in compliance with the Uni-Inail Guidelines dated 28th September 2001 for an occupational health and safety management system or with the British Standard OHSAS 18001:2007 are assumed to fulfil the requirements of this article for the relevant parts."*

In this respect, it should be noted that both models – aimed at achieving the objectives of the management of issues related to occupational health and safety through use of a safety management system integrated into the company general management system - represent a voluntary participation instrument.

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The sanctions applicable to the Company in the event of commission of Offences of manslaughter and severe or very severe personal injuries can be monetary sanctions between 250 and 1,000 units.

CHAPTER 2

Sensitive Activities

(omissis)

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CHAPTER 3

General principles of conduct

In the performance of their activities/functions, the Recipients, in addition to the regulations set forth in this Model, shall generally be aware of and comply with all rules and principles contained in the following documents:

- company organization chart;
- National Collective Bargaining Agreement;
- Risk Assessment Document with relevant annexed documents;
- organizational and operational procedures on occupational safety and health, for examples relating to:
  - risk assessment for occupational safety and health;
  - risk reporting system;
  - management of contracts;
  - health surveillance;
  - methods to consult the Representative of Worker Safety;
  - Emergency plan.

Pursuant to this Special Section, the Recipients are expressly prohibited from adopting, promoting, collaborating in or giving cause for conducts which represent offences in breach of the regulations on occupational health and safety protection (art. 25-*septies* of Decree 231).

CHAPTER 4

Specific procedure principles and rules

(omissis)

CHAPTER 5

The Supervisory Body

5.1 Controls by the Supervisory Body

The Supervisory Body carries out periodical controls aimed at verifying proper compliance by the Recipients, within the limits of their tasks and assignments, with the rules and principles set forth in this Special Section and in the corporate procedures explicity or implicitly referred to herein.

In particular, the Supervisory Body shall:

i. monitor the effectiveness of the procedure principles provided for or of the principles set forth in the corporate policy adopted to prevent the Offences referred to in this Special Section;
ii. propose any amendments to Sensitive Activities due to possible changes in the Company's operations;
iii. examine any specific reports made by the supervisory bodies, third parties or by any Employee or Corporate Officer as well as make the necessary checks in relation to the reports received;

The SB may carry out, among other things, the following activities:

i. periodical verifications (possibly availing itself of expert technical consultants) of compliance with the general and special principles contained in this Special Section, as well as of operational procedures adopted on occupational safety and health protection, periodically assessing their effectiveness in preventing the commitment of offences as per art. 25-*septies* of Decree 231;

ii. proposing to the relevant GEOX figures any improvements or changes, should significant breaches of the regulations on occupational safety and health protection be detected, or should changes in the company organization and business occur due to scientific and technological progress;

collaboration to prepare and/or modify control procedures involving the conducts to adopt within the Sensitive Activities listed in this Special Section, aimed at ensuring occupational safety and health protection.

In order to carry out its tasks, the Supervisory Body can:

i. attend the meetings organized by GEOX and involving the functions in charge of safety;

ii. periodically meet the Head of Protection and Prevention Service;

iii. access all documents and all premises that are relevant for the performance of its tasks.

5.2 Supervisory Body Information flows

(omissis)

SPECIAL SECTION – 6 –

ADMINISTRATIVE OFFENCES AND CRIMES OF MARKET ABUSE

CHAPTER 1

Administrative offences and crimes related to market abuse (article 25-*sexies* of the Legislative Decree no. 231/2001)

Law no. 62/2005 introduced, under articles 184 and 185 of the Legislative Decree no. 58/1998 (Consolidation Act on Financial Intermediation or T.U.F.), the offences of "abuse of privileged information" and "market manipulation", as well as two corresponding types of administrative crime, regulated by articles 187-*bis* and 187-*ter* of T.U.F..

The Legislative Decree no. 101/2009 amended the T.U.F. by adding, in the definitions of financial instruments, those negotiated on a multilateral trading facility (the so called MTF, such as the alternative capital market - M.A.C. - organised by Borsa Italiana S.p.A.) and extending the scope of the offences and crimes of "abuse of privileged information" and "market manipulation" to include the trading of instruments on a multilateral trading facility.

The administrative liability of the Entity for the types of crimes referred to in articles no. 184 and 185 of the T.U.F. is sanctioned by article 25-*sexies* of the Legislative Decree no. 231/2001. It should be borne in mind that the corporate offences that could give raise to the liability of the Entities include the offence of agiotage (see paragraph 7.3.1 above), which is also related to market abuses in general and referred to, specifically, unlisted financial instruments or instruments for which no application for the admission to a regulated market has been filed.

As regards the administrative crimes referred to in articles 187-*bis* and 187-*ter*, the liability of the Entity results from the provision included in article 187-*quinquies* of the T.U.F., which refers to the same principles, conditions and exemptions of the Legislative Decree no. 231/2001, providing, however, that is the responsibility of the Entity to prove, to its defence, that the offender acted only in his/her own interest or in the interest of a third party. The aforementioned rules aim at ensuring the integrity, transparency, fairness and efficiency of the financial markets, in compliance with the principle according to which all investors must operate in similar conditions in terms of access to information, knowledge of the pricing mechanism and of the origins of public information.

It should be noted that, pursuant to article 182 of the T.U.F. the behaviours sanctioned are punished by the Italian Law even when committed abroad, if they are related to financial

instruments admitted, or for which an application has been filed for the admission to trading on the Stock Exchange or on an Italian multilateral trading facility, where the admission has been applied for or authorised by the issuer. If the facts underlying the offence are committed in Italy, such behaviours are sanctioned when referred to financial instruments for which an application for the admission to trading on the Stock Exchange in Italy or in another country of the European Union has been filed, or to financial instruments admitted for trading on an Italian multilateral trading facility.

The higher risks related to the commission of the crimes may be identified in the following cases: simulated transactions, other devices or abuse of privileged information on behalf of the Company where there is an interest or benefit for the Company itself, as well as the dissemination of false or misleading information, especially if related to transactions made on the market before or after such dissemination.

A description of the aforementioned types of offences is provided below.

Abuse of privileged information (article 184 of the T.U.F.)

This type of offences occurs when someone purchases, sells or carries out some transactions on financial instruments for his/her own account of for the account of third parties, using privileged information that came into his/her possession due to (i) the fact that he/she is a member of the administration, direction and control bodies of the issuer, or (ii) an interest in the share capital of the issuer, or (iii) the exercise of a work, professional activity or of a function or office. Moreover, this offence may be committed by someone who came into possession of privileged information due to the preparation or commission of an offence (such as the intrusion into an information system and extraction of privileged information).

This type of offence also occurs when these persons disclose such privileged information other than in the exercise of their working or professional activities, and also when they recommend or induce other persons, based on the privileged information in their possession, to carry out some of the transaction described above.

Privileged information, pursuant to article 181, paragraph 1 of the T.U.F., means any "*specific information, not publicised, directly or indirectly related to one or more issuers of financial instruments or to one or more financial instruments, which, if publicised, might significantly affect the prices of such financial instruments*".

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Based on the regulations, privileged information means any information with the following characteristics:

1. it has a precise nature, meaning that:

    i. it must be related to a set of circumstances or events either existing or occurred, or that it is reasonable to expect that will exist or occur in future (this refers to cases where the information is in the process of formation and refers to events not yet occurred, such as the news that a listed company is about to launch a Public Offer, or the news concerning a strategic production repositioning plan of the issuer of the securities);
    ii. must be sufficiently specific (i.e. explicit and detailed), so that people using it would consequently be able to consider whether the use thereof may actually lead to certain effects on the financial instruments;
2. has not been publicly disclosed yet;
3. refers, directly or indirectly, to one or more issuers of financial instruments, or one or more financial instruments, and is related to the financial-economic situation ("corporate information") or to organisational affairs of the issuer ("market information");
4. is "price sensitive", i.e. if disclosed it would probably be used by a reasonable investor as one of the elements that guide his/her investment decisions.

Furthermore, the European Union legislature – through (EU) Regulation no. 596/2014 of the European Parliament and of the Council dated 16th April 2014 (the so-called "MAR Regulation"), relating to market abuse – provided further clarification on the concept in question, specifying, under article 7, that: *"in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information"* and that, as a result, *"an intermediate step in a protracted process shall be deemed to be inside information"*.

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Market manipulation (article 185 of the T.U.F.)

This type of offence occurs when someone discloses false information or carries out simulated transactions or other devices capable of causing a significant alteration in the price of the financial instruments specified in article 182 of the T.U.F. outlined in the premises.

Administrative sanctions: abuse of privileged information and market manipulation (article 187-*bis* and article 187-*ter* of the T.U.F.)

As outlined above, specific administrative sanctions were introduced to punish the same material conducts underlying the types of offences (articles 184 and 185 of the T.U.F.): however, whilst for the criminal offence to occur this must be committed with malice, for the administrative offence negligence is sufficient.

Specifically, it should be noted that the conduct underlying the administrative offence of market manipulation has a broader extension compared to the criminal type of offence with the same name, given that the offence sanctions the dissemination of false information or the carrying out of simulated transactions or other stratagems concretely adequate to cause a considerable alteration of the price of financial instruments, whereas the administrative offence sanctions several conducts, such as: the dissemination, through the media, including internet or any other mean, of false or misleading information, rumours or news that provide, or could provide, false or misleading indications; carrying out transactions capable of providing false or misleading indications on the offer, demand or price of financial instruments or of fixing in an anomalous or artificial manner the price of such instruments or that use devices or any other type of deceit or expedient; other devices capable of providing false or misleading indications on the offer, demand or price of financial instruments.

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With reference to the commission of these types of offences, the applicability against the Entity itself of a monetary sanction from a minimum of four hundred to a maximum of one thousand units (i.e. approximately one and a half million Euro). When the Entity is liable with reference to many crimes committed within a single action or omission, or committed in the development of one single activity, the monetary sanction provided for the more

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serious offence applies, increased by up to three times (and, thus, up to approximately 4.5 million Euro).

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CHAPTER 2

Sensitive Activities

(omissis)

CHAPTER 3

General principles of conduct

The objective of this Special Section is the compliance by the Recipients, to the extent they are involved in Sensitive Activities, with rules of conduct in line with the provisions of this Special Section, in order to prevent the occurrence of the Offences described herein, always taking into account the different position of each one of such Recipients towards the Company and, thus, of the diversity of their duties as specified in the Model.

The principles contained in this Special Section are applicable to all Recipients who have access to privileged information, based on the meaning ascribed to such term in the laws and regulations from time to time in force, or who manage the communications of the Company to the market and, in general, towards the outside, thus meaning any distribution of news, data or information within the context of business relationships, marketing or promotional activities, relations with the media, as well as the mandatory communication, the so called *price sensitive information*.

Specifically, the Recipients, also with reference to the type of relationship existing with the Company, shall comply with the following principles of conduct:

1. the circulation of the information in the corporate context shall be without prejudice to the privileged or confidential nature of such information, preventing that such information be shared with unauthorised persons, and ensuring that the disclosure to the market of privileged information is made in a timely and complete manner, so to avoid, in any event, any differences in the information released to the public;
2. privileged information shall not be disclosed - not even involuntarily - to third parties for reasons other than official reasons, and it is required from Corporate Officers, Employees and, where necessary, External Collaborators, the adoption of particular caution in their conduct, as well as the compliance with disclosure requirements to the competent structures of the Company about the situations that may entail the risk of an unauthorised communication of such information;
3. Corporate Officers, Employees and External Collaborators shall not abuse of the privileged information in their possession by virtue of their activity or role and/or of the functions performed within the company, for the purpose of trading on such

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financial instruments in the interest or for the account of the Company and/or for personal benefit;

4. the communications of the Company to the market and - in general - to the outside, shall comply with adequate and formalised regulations and the specific identification of the persons qualified to release such communications, so as to be able to avoid the disclosure of false or misleading information or news.

CHAPTER 4

Specific procedure principles

(omissis)

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CHAPTER 5

The Supervisory Body

5.1 Controls of the Supervisory Body

The SB performs regular controls aimed at verifying the compliance of the Recipients, within the limits of their respective duties and assignments, with the rules and principles contained in this Special Section and in the corporate procedures to which such Section explicitly or implicitly refers.

Specifically, the Supervisory Body is responsible for:

i. monitoring the effectiveness of the procedural principles provided for therein or of the principles contained in the corporate policy adopted for the prevention of the Offences subject matter of this Special Section;

ii. proposing possible amendments to the Sensitive Activities due to changes occurred in the operations of the Company;

iii. examining any specific report from the supervisory bodies, from third parties or any Corporate Officer or Employee, and conducting the assessments deemed necessary or appropriate with reference to the reports received.

GEOX assesses the creation of information flows based on a procedure, between the SB and the relevant managers, or any other Corporate Officer or Employee deemed necessary who, in any case, may be contacted by the SB whenever considered appropriate.

The information to the SB shall be promptly provided in case of breaches of the specific procedural principles provided for in chapter 4 of this Special Section or of the corporate procedures, policy and regulations related to the sensitive areas identified above.

The SB is also entitled to access, or to request its delegates to access, the entire documentation and all corporate sites relevant for the performance of its duties.

5.2 Information flows to the Supervisory Body

(omissis)

SPECIAL SECTION – 7 –

OFFENCES RELATED TO ORGANISED CRIME AND TRANSNATIONALITY PROFILES

CHAPTER 1

Offences related to organised crime (Art. 24-*ter* of the Legislative Decree 231/2001)

Law no. 94 of 15 July 2009, containing provisions on public safety, provides, *inter alia,* for the inclusion of article 24-*ter* in the Decree (hereinafter referred to as the Offences related to Organised Crime").

The aforementioned article also provides for the expansion of the list of the so called "predicate offences", by adding:

- article 416 of the Criminal Code ("criminal conspiracy");
- article 416-*bis* of the Criminal Code ("mafia-type association, also foreign");
- article 416-*ter* of the Criminal Code ("political-mafia electoral exchange");
- article 630 of the Criminal Code ("Kidnapping individuals for the purpose of robbery or extortion");
- article 74 or the Presidential Decree no. 309/1990 ("criminal association aimed at illegally trafficking in drugs or narcotic substances");
- article 407, paragraph 2, letter a) no. 5 of the Criminal Code ("offences of illegal manufacturing, introduction into the territory of the State, sale, transfer, holding and carrying, in a public place or in a place open to the public, military weapons or similar weapons, explosives, and clandestine weapons").

A preliminary analysis shows that the types of offences referred to in articles 416-*ter* and 830 of the Criminal Code, article 74 of the Presidential Decree no. 309/90 and article 407 paragraph 2 letter a) no. 5 of the Criminal Code are not directly applicable to the Company.

Therefore, a short description of the two types of offences referred to in article 24-*ter* of the Decree, regarded *prima facie* as relevant for the Company, and provided for in articles 416 and 416-*bis* of the Criminal Code, is provided below.

- ***Criminal association (art. 416 of the Italian Criminal Code)***

The conduct sanctioned under article 416 of the Criminal Code is represented by the creation and maintenance of an ongoing association for criminal purposes, between three or more people, aimed at committing an undetermined series of crimes, through the

preparation of the means necessary to realise the criminal plan and with each associate being aware that he/she is a member of an association, and being ready to act for the purpose of implementing the criminal plan.

In brief, the association offence is characterised by three key elements, represented by:
1) a generally permanent association, intended to last also after the realisation of the crimes actually planned;

2) the indefiniteness of the criminal plan;

3) the existence of an organisational structure adequate, even though minimal, to realise the planned criminal objectives.

Specifically, the law punishes those who promote, establish and organise the association, only for this, besides those who manage the collective activities from a superior or hierarchically higher position, defined as "bosses" in the text of the law.

A lower penalty is also applied to those who participate in the association.

Finally, this rule is aimed at repressing also the association intended for the commission of the crimes referred to in articles 600 (Reduction to or keeping in a state of slavery or bondage), 601 (Trade of human beings) and 602 (Sale and purchase of slaves) of the Criminal Code, as well as in article 12, paragraph 3-*bis* of the Consolidated Act of Provisions concerning immigration and the condition of third-country nationals, referred to in the legislative decree no. 286 of 25 July 1998 (Provisions against illegal immigration).

- ***Mafia-type association, including foreign associations (art. 416-bis of the Criminal Code)***

This article punishes anyone who is a member of a mafia-type association comprised of three or more people.

The association is considered a mafia-type association when its members use the intimidation exerted by the association and the condition of subjugation and conspiracy of silence that results there from, for the purpose of committing crimes, acquiring, directly or indirectly, the management or, in any case, the control of business activities, concessions, authorisations, contracts or public services, or to realise unlawful profits or benefits for oneself or for others, for the purpose of preventing or hindering the free

exercise of the voting rights or to obtain vote for oneself or for others during the political elections.

Penalties are increased:

- for those who promote, manage, organise the association;
- if the association is of the "armed gang" type. It is considered an "armed gang" type association when its members, in order to achieve the purposes of the association, use arms or explosives, even if concealed or kept in a deposit;
- when the economic activities of which the associates intend to assume or maintain the control are funded entirely or in part with the price for, consideration for or profit on, criminal activities.

The provisions of the aforementioned article also apply to "camorra" and other associations, regardless of their local name, even if foreign, that through the use of intimidation exerted by the association pursue purposes similar to those of the mafia-type associations.

For the purposes of this document, it should be noted that, with reference to the offence referred to in article 416-*bis* of the Criminal Code, the person who, even though not a member of the organisational structure of the association, provides a concrete, specific, informed and voluntary contribution, on an ongoing or occasional basis, is charged with the so called "indirect support" ("*concorso esterno*") to the offence, provided such contribution is substantially relevant for the purpose of maintaining or strengthening the association and the offender realises that it is useful, even if only in part, for the realisation of the criminal programme.

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Both of the offences described above are relevant even if committed at a "transnational" level pursuant to article 10 of Law No. 146 dated 16 March 2006, for the ratification and execution of the United Nations Convention and Protocols against transnational organised crime.

In this regard, it is worth noting that pursuant to article 3 of the abovementioned Law, it is considered to be "transnational" an offence punished with the imprisonment for a

maximum period of no less than four years, provided a criminal organisation is involved, and when:

- it is perpetrated in more than one State;
- or it is committed within one State but an essential part of its preparation, planning, management or control is carried out in a different State;
- or it is committed in one State, but it involves an organised crime group engaged in criminal activities in more than one State;
- or it is committed within one State but has substantial effects in a different State.

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As evidenced by the description of the aforementioned offences, through the instrument of the association offence other offences could be committed that are not expressly envisaged in the Decree or that are not included in the type of crimes that automatically entail an administrative liability. The types of offences expressly provided for in the Decree have been analysed and discussed in depth in the relevant Special Sections (to which reference should be made), regardless of whether they are executed within the context of an association.

Vice-versa, the Company considered it appropriate to emphasise and give independent relevance to a type of corporate offence not directly envisaged in the Decree but that, by virtue of the sanctioned conducts, may still occur with reference to the activities of associations.

- **Tax offences**

The tax offences provided for by the Legislative Decree no. 74/2000 containing the "new discipline governing income and value added taxes, pursuant to article 9 of Law no. 205 of 25 June 1999", are the following:

- Fraudulent tax return through the use of invoices or other documents for non-existent transactions;
- Fraudulent tax return through artifices;
- Inaccurate tax return;
- Omitted tax return;
- Issuing of invoices or other documents for non-existent transactions;

- Concealing or destroying of accounting documents;
- Omitted payment of certified deductions.

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The sanctions applicable against the Entity in case one of Offences related to the Organised Crime could be of a monetary nature, from 400 to 1000 units (and, thus, - since the value of each unit may be determined based on the economic and financial conditions of the Entity, they vary from a minimum of Euro 258 to a maximum of Euro 1,549 - from a minimum of approximately Euro 103,000 to a maximum of approximately Euro 1,550,000) or of a disqualification nature, for a period of not less than one year.

CHAPTER 2

Sensitive Activities

(omissis)

CHAPTER 3

General principles of conduct

The objective of this Special Section is the compliance by the Recipients, to the extent they are involved in Sensitive Activities, with rules of conduct in line with the provisions of this Special Section, in order to prevent the occurrence of the Offences described herein, always taking into account the different position of each one of such Recipients towards the Company and, thus, of the diversity of their duties as specified in the Model.

Specifically, it is forbidden for the Recipients, also with reference to the type of relationship existing with the Company, to:

1. adopt, promote, cooperate in or give rise to the realisation of conducts that - either individually or collectively considered - represent, directly or indirectly, the types of Offence included in this Special Section (art. 24-*ter* of the Decree);
2. adopt conducts that, although not consisting, by themselves, in any of the types of offences outlined above, may potentially become one of such Offences;
3. use, even if only occasionally, the Company or one of its organisational units, for purpose of allowing or facilitating the commission of the Offences referred to in this Special Section.

Specifically, within the context of the aforementioned behaviours, it is prohibited to:

1. hire personnel in the company (Employees, project-based workers, interns, etc.) without having previously verified the existence of the integrity and reliability requirements;
2. establish any relationships with third parties such as Suppliers, Agents, Consultants, key accounts or distributors - natural or legal persons, Italian of foreign - without having complied with the selection criteria and methods provided for in this Model and in the corporate policies adopted, if any.

In addition, the following obligations shall also be met:

1. the process for the recruitment of the personnel of the Company(Employees, project-based workers, interns, etc.) is always governed by the principle of the segregation of roles;

2. the process for the selection of the contractual parties is always governed by the principle of the segregation of roles;
3. the possession, by the contractual parties, of the requirements requested during the selection stage is periodically verified.

CHAPTER 4

Specific principles of conduct

(omissis)

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CHAPTER 5

The Supervisory Body

5.1 Controls of the Supervisory Body

The Supervisory Body performs regular controls aimed at verifying the compliance of the Recipients, within the limits of their respective duties and assignments, with the rules and principles contained in this Special Section and in the corporate procedures to which such Section explicitly or implicitly refers.

Specifically, the Supervisory Body is responsible for:

- monitoring the effectiveness of the procedure principles provided for therein or of the principles contained in the corporate policy adopted for the prevention of Offences provided for in this Special Section;
- proposing possible amendments to the Sensitive Activities due to changes occurred in the operations of the Company;
- examining any specific report from the supervisory bodies, from third parties or any Employee or Corporate Officer, and conducting the assessments deemed necessary or appropriate with reference to the reports received.

GEOX assesses the creation of information flows based on a procedure, between the SB and the managers of the competent Divisions, or any other Corporate Officer or Employee deemed necessary who, in any case, may be contacted by the SB whenever considered appropriate.

The information to the SB shall be promptly provided in case of breaches of the specific procedural principles provided for in chapter 4 of this Special Section or of the corporate procedures, policy and regulations related to the sensitive areas identified above.

The SB is also entitled to access, or to request its delegates to access, the entire documentation and all corporate sites relevant for the performance of its duties.

5.2 Information flows to the Supervisory Body

(omissis)

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SPECIAL SECTION – 8 –

COMPUTER CRIMES

AND

OFFENCES RELATED TO COPYRIGHT INFRINGEMENT

CHAPTER 1

The types of computer crimes and offences related to copyright infringement

This Special Section refers to Computer crimes and Offences related to Copyright Infringement introduced in the Decree 231 under art. 24-*bis* and art. 25-*novies,* respectively. In this respect, it should be pointed out that, even though the two types of offences refer to different legal interests, we deemed it advisable to draw up just a single Special Section, inasmuch as:

- both types of offence are based, *inter alia*, on a correct use of IT resources;
- as a consequence, the Sensitive Activities potentially referring to the abovementioned types of offence partly coincide;
- in both cases, the specific conduct principles aim at guaranteeing, amongst other things, the Recipients' awareness as regards the several consequences ensuing from an incorrect use of IT resources.

1.1 Computer crimes

Forgery of electronic documents (art. 491-bis of the Criminal Code)

Pursuant to art. 491-bis, all offences related to forgery of public deeds with probative force, which include forgery of document content and forgery of the physical document are punishable also in the event this conduct does not refer to a paper document, but to an electronic document.

Therefore electronic documents are to all effects compared to traditional documents.

An electronic document is the IT representation of legally significant acts, facts, or data (art. 1, par. 1, lett. p of Legislative Decree no. 82/2005, as subsequently amended and supplemented).

By way of example, the offence of forgery of electronic documents includes the fraudulent entry of false data into public data banks or any data modification deliberately performed by the person in charge of IT archives with the purposes of forging them. Furthermore, the offence may also occur with the cancellation or modification of evidential information stored on the entity's systems, with the purpose of eliminating evidence of another offence.

Unlawful access to an IT or electronic system (art. 615-ter of the Criminal code)

This offence occurs when a person *"unlawfully accesses an IT or electronic system protected by security measures or keeps his/her access against the express or implied will of the entity having the right to exclude such presence"*. This offence is punished with imprisonment up to three years.

The punishment is imprisonment from one to five years:

1) if the conduct was perpetrated by a public official or by a public service employee, with abuse of power or with violation of duties connected to his/her function or services, or by a person working as a private detective, also without the necessary license, or with abuse of his/her quality as system operator;

2) if the offender, while perpetrating the crime, makes use of violence on the property or the individual, or if the offender clearly bears arms;

3) if the conduct destroys or damages the system or totally or partially interrupts its operation, or destroys or damages data, information or programmes contained in the system.

If the offence concerns IT or electronic systems of military interest or connected to public security and public order or to the health service or civil defence or, in any case, of public interest, the punishment is imprisonment from one to five years and from three to eight years, respectively.

The offence of unlawful access to an IT system falls within the offences against individual liberty. The asset being protected is the IT domicile, even though some claim that the protected asset, instead, is the integrity of data and programmes of the IT system. Access is unlawful because it is made against the will of the system owner. Such will can be inferred given the presence of protection systems aimed at preventing third parties from accessing the system.

A person who has lawfully accessed a system and then has remained in such system against the owner's will or a person who has used the system to achieve purposes other than those for which he/she was authorized, shall be charged with unlawful access to an IT system.

The unlawful access to an IT system occurs, for example, when a person unlawfully accesses an IT system and prints out a document stored in someone else's PC archive, even

though such person did not materially purloin the file, but just made a copy thereof (unlawful copying) or just viewed the information (unlawful read-only access).

The offence may be virtually committed by any Company employee who unlawfully accesses a third party's IT systems (outsider hacking), for instance, to gather confidential information of a competitor, or who manipulates the data stored on their own system as a result of business processes for the purpose of falsifying the accounts or, finally, by any users unlawfully accessing the company systems protected by security measures in order to activate services not requested by clients.

Unlawful possession and dissemination of access codes to IT or electronic systems (art. 615-quater of the Criminal Code)

This offence occurs when a person who *"in order to obtain a profit for themselves or others or to damage others, unlawfully gets, reproduces, disseminates, communicates or hands over codes, passwords or other means to access an IT or electronic system protected by security measures, or however provides indications or instructions suitable to achieve the abovementioned purpose"*. This offence is punished with imprisonment up to one year and with a fine up to Euro 5,164.

The punishment is imprisonment from one to two years and a fine from Euro 5,164 to Euro 10,329 if the offence is perpetrated:

1) causing a damage to an IT or electronic system used by the State or by other public agency or by a company providing public services or services fulfilling public needs;
2) by a public official or by a public service employee, with abuse of power or with violation of duties connected to his/her function or services, or with abuse of his/her quality as system operator;

The lawmaker has introduced this offence with the purpose of preventing unlawful accesses to IT systems. Therefore, art. 615-quater of the Criminal Code punishes any preliminary conducts leading to unlawful access inasmuch as they are likely to get or to provide availability of access means necessary to overcome the security measures of an IT system.

The devices making it possible to unlawfully access an IT system are, for instance, codes, passwords or electronic cards (e.g. badges, credit cards, ATM cards, and smart cards).

This offence occurs both when the person that lawfully owns the abovementioned devices (system operator) disseminates them to third parties without being authorized to do so, and when such person unlawfully gets one of said devices. The conduct is unlawful when the access codes are obtained by violating law or a contractual clause prohibiting such conduct.

Furthermore, art. 615-*quater* punishes those who give instructions or indications that make it possible to trace the access code or to overcome the security measures.

The offence of unlawful dissemination of access codes shall be charged against any Company employee authorized to access a certain level of the IT system who unlawfully obtains access to the higher level, by getting codes or other access means by exploiting his/her own position within the Company, or who obtains the access code in a fraudulent or deceptive manner.

Diffusion of IT equipment, devices or programmes aimed at damaging or interrupting an IT or electronic system (art. 615-quinquies of the Criminal Code)

This offence occurs when a person *"gets, produces, reproduces, imports, disseminates, communicates, hands over or, in any case, makes available to third parties IT equipment, devices or programmes with the purpose of unlawfully damaging an IT or electronic system, the information, data or programmes contained therein or connected to it or with the purpose of favouring the total or partial interruption or alteration of its operation"*. This offence is punished with imprisonment up to two years and with a fine up to Euro 10,329.

This offence occurs, for instance, when a person gets a virus that can damage an IT system or when smart cards that can damage electronic devices or equipment are produced or used.

These conducts are liable to punishment only in the event a person wishes to damage the IT or electronic system, the information, data or programmes contained therein or to favour the partial or total interruption or alteration of its operation. This occurs, for instance, when an employee introduces a virus that can damage or interrupt the operation of a competitor's IT system.

Interception, hindrance or unlawful interruption of IT or electronic communications (art. 617-quater of the Criminal Code)

This offence occurs when a person fraudulently intercepts communications related to an IT or electronic system or communication between more systems, or hinders or interrupts such communications, as well as when a person partially or totally reveals the content of communications to the public through any means whatsoever. This offence is punished with imprisonment from six months to four years.

The punishment is imprisonment from one to five years:

1) if the conduct is perpetrated by a public official or by a public service employee, with abuse of power or with violation of duties connected to his/her function or services, or by a person working as a private detective, also without the necessary license, or with abuse with his/her quality as system operator;

2) if the offender, while perpetrating the crime, makes use of violence on the property or the individual, or if the offender clearly bears arms;

3) if the conduct destroys or damages the system or totally or partially interrupts its operation, or destroys or damages data, information or programmes contained in the system.

The regulation protects the freedom and confidentiality of IT or electronic communications during transmission with the aim of ensuring genuineness and that their contents are kept confidential. The fraud consists in secretly intercepting the communication, without the sender or the recipient being aware of it. The realization of this offence is subject to the existence of a communication that is under way, i.e. made at the present time, and personal, i.e. addressed to a defined or definable number of recipients (be them natural or legal persons). Should the communication be addressed to an indefinite number of subject, it shall be considered as addressed to the public. Interception techniques allow learning the content of communications between IT systems or modifying their recipients during the data transmission phase: they are generally aimed at violating message confidentiality, thus compromising their integrity, or slowing down or hindering their transmission to the recipient. This offence occurs, for instance, when an employee performs acts of industrial sabotage through fraudulent interception of a competitor's communications with the aim of providing a concrete advantage to his/her company.

Installation of equipment aimed at intercepting, hindering or interrupting IT or electronic communications (art. 617-quinquies of the Criminal Code)

This offence occurs when a person *"installs equipment aimed at intercepting, hindering or interrupting the communications of an IT or electronic system or the communications between more systems, other than in the cases provided for by the law".* This offence is punished with imprisonment from one to four years. Therefore, the conduct forbidden by art. 617-*quinquies* is represented by mere installation of equipment, regardless of the fact that it is subsequently used or not. These provisions aim at preventing the previously-described offence of interception, hindrance, or interruption of IT or electronic communications.

The mere installation of equipment suitable to intercept communications is punished given that it makes interception more likely to be committed. Nonetheless, for the purposes of the sentence, the judge shall only ascertain whether the installed equipment is objectively potentially detrimental.

After the installation, should the equipment be used for interception, hindrance, interruption or disclosure of communications, the offender shall be charged with more types of offences, as applicable. The offence occurs, for instance, when an employee, either personally or by entrusting a private detective (if without the necessary licenses) fraudulently accesses the premises of a competitor or of an insolvent customer in order to install equipment suitable for intercepting IT or electronic communication, in order to provide an advantage to his/her company.

As for the offence described above, referred to by art. 617-*quater* of the Criminal Code, the punishment of imprisonment from one to five years shall be applicable:

1) if the offence is committed to the detriment of an IT or telematic system used by the State or by another public institution or by a company providing public services or services in the public interest;

2) if the offence is committed by a public official or by an individual appointed to carry out public services, abusing their powers or violating the duties relating to their role or services, or abusing the status of system operator;

3) if the offence is committed by someone who practises the profession of private investigator, even if they do so unlawfully.

Damaging of information, data and IT programmes (art. 635-bis of the Criminal Code)

This type of offence occurs when a person *"destroys, damages, deletes, alters or cancels third party's information, data or IT programmes"*. This offence is punished with imprisonment from six months to three years. The punishment is imprisonment from one to four years if the offence is committed using violence on the individual or using threatens or if the offender abuses of his/her quality as system operator. The offence occurs for instance when a person deletes data from the computer memory without having received prior authorization by the computer user. Damaging may be committed to the advantage of the entity, for instance, when files or a a newly-purchased IT programme are deleted or altered in order to cancel any proof of debt of the entity towards a supplier or to challenge a supplier's due compliance with its obligations.

Damaging of information, data and IT programs used by the State or by other public agencies or having a public utility (art. 635-ter of the Criminal Code)

This offence occurs when a person *"has a conduct aimed at destroying, damaging, deleting, altering or cancelling information, data or IT programmes used by the State or by other public agencies or by entities connected to them or however having a public utility"*. This offence is punished with imprisonment from one to four years.

The sanction is imprisonment from three to eight years if the conduct results in the destruction, damage, deletion, alteration or cancellation of information, data or IT programmes. Therefore, the punishment is harsher if the person commits the offence by abusing of his/her quality as system operator. The punishment is increased if the offence is committed using violence on the individual or using threatens or if the offender abuses of his/her quality as system operator. This offence is different from the previous one inasmuch as damaging involves assets belonging to the State or other public agency or however having a public utility; hence, in the case of privately-owned data, information or programmes that are destined to meet a public interest, this offence shall apply. This offence is charged against the offender, even if he/she simply has a conduct aimed at damaging or cancelling data.

Damaging of IT or electronic systems (art. 635-quater of the Criminal Code)

This offence occurs when a person "*through the conducts set forth in art. 635-bis (damaging of data, information and IT programmes) or though the introduction or transmission of data, information, or programmes destroys, damages or makes totally or partly useless third party's IT or electronic systems or hinders their operation*". This offence is punished with imprisonment from one to five years.

The punishment is increased if the offence is committed using violence on the individual or using threatens or if the offender abuses of his/her quality as system operator.

It should be noted that when alteration of data, information or programmes makes the system useless or seriously hinders its operation, the offence of damaging of IT systems (and not the offence related to damaging of data provided for by art. 635-*bis*) shall be charged.

The offence occurs in case of damaging or deletion of data or system programs carried out directly or indirectly (for example, by introducing a virus into the system).

Damaging of IT or electronic systems having a public utility (art. 635-quinquies of the Criminal Code)

This offence occurs when *"the conduct as per art. 635-quater (Damaging of IT or electronic systems) is aimed at destroying, damaging IT or electronic systems having a public utility, or making them totally or partly useless, or seriously hindering their operation"*. This offence is punished with imprisonment from one to four years.

The sanction is imprisonment from three to eight years if the conduct results in the destruction or damaging of the IT or electronic system having a public utility or if the system is made totally or partly useless, or in the event the conduct is perpetrated by the offender with abuse of his/her quality as system operator.

The punishment is increased if the offence is committed using violence on the individual or using threatens or if the offender abuses of his/her quality as system operator.

Unlike the offence of damaging of data, information and programmes having a public utility (art. 635-*ter*), in the offence of damaging of IT or electronic systems having a public utility, what is important is that the system is used to achieve public utility, regardless of the fact that it is privately or publicly owned.

The offence occurs when an Employee deletes files or data related to an area falling within his/her competence in order to achieve advantages, such as cancelling the proof of debt towards an entity or supplier, or when the system administrator, abusing of his/her quality, adopts the unlawful conducts mentioned above for the above described purposes.

Computer fraud of the subject providing electronic signature certification services (art. 640-quinquies of the Criminal Procedure)

This offence occurs when *"the subject providing electronic signature certification services violates the obligations provided for by the law concerning the release of a qualified certificate in order to achieve an unfair profit either for oneself or for the others".* This offence is punished with imprisonment up to three years and with a fine from Euro 51 up to Euro 1,032 Euro.

This offence may be committed by qualified certification-service providers or, better, by any subjects providing qualified electronic signature certification services. Nonetheless, the Company does not carry out electronic signature certification activities.

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In any case, it should be noted that perpetration of one of the above described Computer Crimes is relevant, for the purposes of Decree 231, only if the conduct
may result in a interest or advantage for the Company, regardless of whether the data/information/program/IT or electronic system belong to the company or not.

1.2 The types of offences related to copyright infringement pursuant to art. 25-*novies* of Decree 231

Protection of copyright and other rights connected to the exercise thereof (art. 171, par. 1, lett. a bis and par. 3 of the Copyright Law)

As concerns the offence provided for by art. 171, the Decree 231 has only considered two types of offence, i.e.:

a) making available an intellectual work protected by copyright or part of it to the public, by introducing it into a system of electronic networks or through any kind of connection;

b) making available to the public an intellectual work that is not meant to be published by introducing it into a system of electronic networks or through any kind of connection, or infringing the work authorship, or distorting, cutting or however modifying the work itself, if this leads to the author's honour and reputation being damaged.

Consequently, while in the first type of offence the author's economic interest is protected, as his/her profit expectations might be impaired in case the work is freely circulated on the internet, the subject-matter of the second type of offence is not the author's profit expectations but his/her honour or reputation.

Protection of copyright and other rights connected to the exercise thereof (art. 171-bis of the Copyright Law)

This regulation aims at protecting correct use of software and data banks.

As far as software is concerned, unlawful duplication as well as importation, distribution, sale, possession for commercial or business purposes, and rental of pirate programmes shall have criminal implications.

The offence occurs when a person unlawfully duplicates computer programmes or imports, distributes, sells, possesses for commercial or business purposes, or rents programmes stored on supports not bearing the SIAE (the Italian copyright collection agency) mark, in order to get a profit.

The conduct is punished even when it is based on any means exclusively meant to allow or facilitate the arbitrary removal or functional avoidance of protection devices applied on computer programmes.

Additionally, the second paragraph of the same regulation punishes anyone who, with a view to getting a profit and on supports not bearing the SIAE mark, reproduces, transfers to other supports, distributes, communicates, presents or demonstrates to the public the content of a data bank or extracts or re-uses the data bank in breach of the provisions of the Copyright Law.

From a subjective point of view, the offence occurs when there is at least a profit-making purpose, therefore all those conducts that are not specifically focused on achieving an economic advantage (as in the case having a profit-making purpose) have criminal implications.

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Protection of copyright and other rights connected to the excercise thereof (art. 171-ter of the Copyright Law)

This regulation aims at protecting a comprehensive list of intellectual works: works targeted at the cinema and broadcasting circuit, contained in supports of any type featuring phonograms and videograms of music works, but also literary, scientific or educational works. Nonetheless, the scope of this regulation is restricted by two requirements.

The first one is that the conducts are not carried out for one's personal use of the intellectual work, the second one is the specific intent of acting with a profit-making purpose, which is necessary for the offence to be chargeable.

Protection of copyright and other rights connected to the exercise thereof (art. 171-septies of the Copyright Law)

This regulation aims at protecting SIAE's control functions, as a method of early copyright protection. Therefore, it is an impedimental offence that is perpetrated through the mere breach of the obligation.

The provision extends the punishment provided for in the first paragraph of art. 173-*bis* to the manufacturers and importers of the supports not bearing the SIAE mark that do not communicate to SIAE the details necessary to univocally identify the supports within thirty days from when they were imported or marketed.

The second paragraph punishes the communication of false data to SIAE.

Therefore, similarly to what happened in other fields, the purpose was that of granting criminal protection to the control functions carried out by the supervision authorities.

Protection of copyright and other rights connected to the exercise thereof (art. 171-octies of the Copyright Law)

The regulation punishes those who produce, put for sale, promote, install, modify, use for public or private use appliances or parts of appliances suitable to decodify restricted access audiovisual programmes for fraudulent purposes.

Pursuant to the article, restricted access programmes are all those audiovisual signals broadcasted by Italian or foreign channels that are made visible only to restricted groups of users selected by the broadcasting company, regardless of whether a licence fee is established to use this service.

The application scope of the regulation is restricted by the subjective element of achievement of fraudulent purposes.

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The sanctions applicable to the Entity in the event of perpetration of the Offences related to Copyright Infringement can be of a pecuniary nature, up to 500 units (therefore, up to a maximum of approximately 800,000 Euro) and of a disqualifying nature, such as disqualification from carrying on business or suspension or revocation of authorizations, licences or permits that are functional to the commission of the offence for a term not exceeding one year.

CHAPTER 2

Sensitive Activities

(omissis)

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CHAPTER 3

General principles of conduct

The purpose of this Special Section is that the Recipients, to the extent to which they are engaged in the performance of Sensitive Activities, fulfil conduct rules in compliance with the provisions set forth therein, in order to prevent and hinder the perpetration of the Offences described in this Special Section, whilst taking into account the different positions of the individual persons within the Company and, therefore, the different obligations as outlined in the Model.

In particular, also taking into account their relation with the Company, the Recipients shall not:

1. adopt behaviours that (i) represent the abovementioned Offence or, although they do not represent an Offence, (ii) may potentially become one of such Offences;
2. disclose information relating to the company's IT systems;
3. use the company's IT systems for purposes not related to their job;
4. misuse content covered by Copyright;

In order to reduce the risk of Offences as described in this Special Section and, consequently, to ensure due compliance with the obligations pursuant to the relevant regulations, the Company, in relation to its business operations, fulfils the following:

1. controlling use of IT systems and access by Recipients according to the purposes connected to their assigned tasks;
2. carrying out on line periodical controls of the company's LAN in order to find any irregular conducts, in compliance with the privacy law, the existing trade-union agreements and the Workers' statute of rights;
3. setting up and maintaining proper physical and network defences aimed at protecting servers and, in general, the corporate IT resources;
4. ensuring that all contents (images, audio and video contents) used by the Company, also for advertising purposes – including those used in the points of sale – can be freely used.

CHAPTER 4

Specific procedure principles

(omissis)

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CHAPTER 5

The Supervisory Body

5.1 Controls by the Supervisory Body

The Supervisory Body carries out periodical controls aimed at verifying proper compliance by the Recipients, within the limits of their tasks and assignments, with the rules and principles set forth in this Special Section and in the corporate procedures explicitly or implicitly referred to herein.

In particular, the Supervisory Body shall:

i. monitor the effectiveness of the procedure principles provided for or of the principles set forth in the corporate policy adopted to prevent the Offences referred to in this Special Section;
ii. propose any amendments to Sensitive Activities due to possible changes in the Company's operations;
iii. examine any specific reports made by the supervisory bodies, third parties or by any Employee or Corporate Officer as well as make the necessary checks in relation to the reports received;

GEOX assesses the possible establishment of information flow procedures between the SB and the managers of the relevant Departments, or any other Corporate Officer or Employee as deemed necessary that, in any case, can be heard by the SB any time needed.

Information shall be promptly provided to the SB in case of breach of any specific procedure principles contained in chapter 4 of this Special Section, or of procedures, policies and corporate regulations related to the abovementioned sensitive areas.

The SB shall also be authorized to access or request its representatives to access all documents and company premises as deemed necessary for the performance of their tasks.

5.2 Supervisory Body Information flows

(omissis)

SPECIAL SECTION – 9 –

OFFENCES AGAINST INDUSTRY AND TRADE AND OFFENCES OF COUNTERFEITING

CHAPTER 1

Offences against industry and trade (art. 25-bis-1 of Legislative Decree 231/2001)

This Special Section refers to the offences against industry and trade. The individual types of offences contained in the Legislative Decree 231/2001 under article 25-*bis* 1 are outlined below:

- *"Disruption of the freedom of industry or trade"* referred to in article 513 of the Criminal Code;
- *"Unlawful competition with threats or violence"* referred to in article 513-*bis* of the Criminal Code;
- *"Frauds against national industries"* referred to in article. 514 of the Criminal Code;
- *"Fraud in the exercise of trade"* referred to in article 515 of the Criminal Code;;
- *"Sale of non-genuine foodstuff as genuine"* referred to in article 516 of the Criminal Code;
- *"Sale of industrial products with false signs"* referred to in article 517 of the Criminal Code;
- *"Manufacturing and trade of goods realised by misappropriating industrial property rights"* referred to in article 517-*ter* of the Criminal Code;
- *"Infringement of geographical indications or designations of origin for agri-food products*" referred to in article 517-*quater* of the Criminal Code.

A brief description of the offences that could, in theory, occur with reference to the business activities performed by the Company is provided below.

Disruption of the freedom of industry and trade (article 513 of the Criminal Code)

The offence of disruption of the freedom of industry and trade pursuant to article 513 of the Criminal Code occurs when someone uses violence on things, or fraudulent means for the purpose of preventing or disrupting the exercise of the activities of an industry or trade. This rule is aimed at protecting the free exercise of industry, i.e. of any form of organisation that intends to concentrate production and trade activities, meaning the usual purchase and resale of goods for profit: therefore, the scope of the protection under this rule includes all types of economic activities that meet the requirements of organisation, economic performance and

professionalism established under article 2082 of the Civil Code to exercise the entrepreneurial activity. Specifically, the conduct of the offender must actually be capable of:

- *preventing*, that is to say to contrast, even if temporarily or in part, the exercise of industrial or trade activities;
- *disrupting*, that is to say to alter the regular and free performance of industrial or trade activities.

The type of offence in question provides, alternatively, for the use of violence on things or fraudulent means. As regards the first, reference should be made to article 392 paragraph 2 of the Criminal Code, according to which, in general, "for the purposes of the criminal law, "violence on things" occurs when the thing is damaged or transformed or when its intended use is changed".

With reference to the definition of fraudulent means, on the other hand, since nothing is provided for in the Criminal Code to this regard, they should be interpreted as all means actually capable of deceiving the victim (such as, deceptions, fraud or lies).

In practice, the typical conduct includes acts of unfair competition, meaning those committed by a person who, pursuant to article 2598 of the Civil Code:

- uses names or distinguishing marks that could easily be confused with the names or distinguishing
- marks lawfully used by others or counterfeits the products of a competitor, or performs, with any means, acts that could generate confusion with the product or other activities of a competitor;
- disseminates news and judgements on the products and on the activity of a competitor, capable of discrediting the latter, or presents as his/her own the qualities of the products or activities of a competitor;
- uses, directly or indirectly, any other means contrary to the principles of professional fairness and capable of damaging the business of another person.

As regards the criminal implications and, thus, for an act to be considered as an offence, the aforementioned conducts must be capable of concretely prevent or disrupt the exercise of industrial or trade activities, and they must be performed by using violence or, at least, with

fraudulent means. Otherwise, they are sanctioned only pursuant to articles 2599 and 2600 of the Civil Code, through an order of the Court aimed at preventing the unfair conduct, eliminating the effects of such conduct and settle the compensation of the damages caused (with possible publication of the judgement).

Unlawful competition with threats or violence (article 513-bis of the Criminal Code)

Article 513-bis of the Criminal Code punishes anyone who, in the exercise of an industrial- or production-related business, carries out competition activities using violence or threats.

The acts of unfair competition provided for under the regulation are not unlawful as such, and consist in a set of activities carried out for the purpose of producing or selling more than other competitors active in the same or a similar line of business. All acts become unlawful and, thus, amount to the aforementioned offence only if they are carried out with violence, i.e. through the use of force against individuals or things, or through threats, i.e. by threatening an unfair and future harm to a person the occurrence of which depends on the will of the threatening party. The offender aims, by means of the aforementioned conducts, to eliminate the competitors, repressing their self-determination.

Fraud in the exercise of trade (art. 515 of the Criminal Code)

The offence in question occurs when, in the exercise of a business activity, or in an outlet open to the public, one mobile property for another is delivered to the purchaser, or one mobile property is delivered which is different, for origins, source, quality or quantity, from that declared or agreed.

Manufacturing and trade of goods realised by misappropriating industrial property rights (art. 517-ter of the Criminal Code)

The offence in question occurs when, being aware of the existence of an industrial property right, someone manufactures or uses items or other goods through the misappropriation of an industrial property right or infringing such industrial property right.

The same offence occurs when, in order to make a profit, any goods realised through the misappropriation of an industrial property right or by infringing such industrial property right are introduced within the territory of the State, are held for sale, sold through a direct offer to the consumers or put into circulation.

This offence is punished only if all internal laws, Community regulations and international agreements on the protection of the intellectual or industrial property are satisfied.

Counterfeiting Offences (art. 25-*bis* of Legislative Decree 231/2001)

The offences of "*Counterfeiting, alteration or use of trademarks or distinguishing marks or of patents, models and designs*" (hereinafter referred to as "counterfeiting offences") and of "*Introduction into the territory of the State and trading of products with false marks*", provided for in articles no. 473 and 474 of the Criminal Code, respectively, and referred to in article 25-*bis* of the Legislative Decree no. 231/2001, unlike the offences described above (included under the *"Offences against industry and trade"*), are considered as *"Offences against public trust".* Therefore, these offences have been introduced for the purpose of safeguarding the trust of the public as regards the authenticity and truthfulness of the distinguishing marks of industrial products (trademarks) or of intellectual works (patents, industrial models and designs).

A short description of the offences referred to in articles 473 and 474 of the Criminal Code is included below, since they are regarded *prima facie* as relevant for the activities conducted by the Company.

Counterfeit, alteration or use of trademarks or distinguishing marks or of patents, models and designs (article 473 of the Criminal Code)

Article 473 of the Criminal Code sanctions:

- whoever, being aware of the existence of the industrial property right, counterfeits or alters any national or foreign trademarks or distinguishing marks of industrial products;

- whoever, without having been involved in the counterfeiting or alteration, uses such counterfeit or altered trademarks or distinguishing marks.

Purpose of this rule is to protect distinguishing marks or industrial products, that is to say:

- *trademarks:* signs (emblem, figure, trade name etc.) intended to distinguish the goods or products of a given enterprise;

- *patents:* certificates that grant the exclusive right to exploit an invention or a discovery;

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- *industrial designs:* figurative representation of goods or industrial products;
- *industrial model:* prototype of a discovery or of a new industrial application (such as ornamental models and utility models).

The criminal conduct consists in counterfeiting the distinguishing mark so as to generate confusion in distinguishing the signs, and, thus, could consist in:

- *counterfeiting,* that is to say the creation of an item similar in all respects to another, so as to deceive about its nature;
- *alteration,* that is to say changing the aspect, substance or nature of an item.

The conduct is sanctioned under criminal law also in the event of a commercial or industrial use of trademarks or distinguishing marks already counterfeited and, thus, also with no counterfeiting or alteration strictly speaking.

Introduction into the territory of the State and trading of products with false marks (art. 474 of the Criminal Code)

This offence occurs when, other than in case of participation to the offences referred to in article 473 or the Criminal Code, any national or foreign, counterfeited or altered industrial products bearing trademarks or other distinctive marks are introduced in the territory of the State for profit-making purposes.

Additionally, the rule also punishes whoever, in order to make a profit, holds for sale, sells or puts otherwise in circulation the counterfeited or altered products.

These offences may be punished provided all internal laws, Community regulations and international agreements governing the protection of the intellectual or industrial property have been complied with.

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As regards the sanctions applicable to the Company in the case of the Offences in question, they may consist in monetary sanctions, up to a maximum of 500 units (and thus up to a maximum of approximately Euro 775,000).

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CHAPTER 2

Sensitive activities within the offences against industry and trade and offences of counterfeiting

(omissis)

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CHAPTER 3

General principles of conduct

The following general principles apply directly to both GEOX Employees and Corporate Officers and, through specific contractual clauses, to both Agents and Consultants.

It is generally prohibited to perpetrate, collaborate in or give cause for conducts which, directly or indirectly, individually or collectively, amount to the types of offences described above (art. 25-*bis 1*. and 25-*bis* of Legislative Decree no. 231/2001) ;

Within the aforementioned conducts, the following is specifically prohibited:

1. using names or distinguishing marks in the sale of Products that may generate confusion with the names or distinguishing marks owned or lawfully used by other companies;
2. using third parties' patents, models or industrial designs without a prior authorization;
3. counterfeiting a competitor's products;
4. providing a description of a Product that does not fully correspond to the real one;
5. indicating a fabric composition that does not fully correspond to the real one;
6. indicating a product origin that does not fully correspond to the place of manufacturing , in breach of the applicable regulations;
7. introducing into the Italian territory products in which the indicated origin is not true;
8. introducing into the Italian territory products with counterfeited distinguishing marks (for instance, "genuine leather", etc.);
9. disseminating news and judgements on the products and on the activity of a competitor that might potentially be capable of discrediting the latter;
10. performing any activity whatsoever that can be considered a not fully fair and transparent form of competition.

CHAPTER 4

Procedure specific principles

(omissis)

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CHAPTER 5

The Supervisory Body

5.1 Controls by the Supervisory Body

The Supervisory Body carries out periodical controls aimed at verifying proper compliance by the Recipients, within the limits of their tasks and assignments, with the rules and principles set forth in this Special Section and in the corporate procedures explicitly or implicitly referred to herein.

In particular, the Supervisory Body shall:

i. monitor the effectiveness of the procedure principles provided for or of the principles set forth in the corporate policy adopted to prevent the Offences referred to in this Special Section;
ii. propose any amendments to Sensitive Activities due to possible changes in the Company's operations;
iii. examine any specific reports made by the supervisory bodies, third parties or by any Employee or Corporate Officer as well as make the necessary checks in relation to the reports received;

GEOX assesses the possible establishment of information flow procedures between the SB and the managers of the relevant Departments, or any other Corporate Officer or Employee as deemed necessary that, in any case, can be heard by the SB any time needed.

Information shall be promptly provided to the SB in case of breach of any specific procedure principles contained in chapter 4 of this Special Section, or of procedures, policies and corporate regulations related to the abovementioned sensitive areas.

The SB shall also be authorized to access or request its representatives to access all documents and company premises as deemed necessary for the performance of their tasks.

5.2 Supervisory Body Information flows

(omissis)

SPECIAL SECTION – 10 –

ENVIRONMENTAL OFFENCES

DEFINITIONS

Please refer to the definitions in the General Section, subject to the additional definitions contained in this Special Section indicated below:

> **"Environmental Code"**: the Legislative Decree no. 152 dated 3rd April 2006 on "Environmental Regulations" as subsequently amended and supplemented.

> **"CER":** the identification code of waste according to the European Waste Catalogue pursuant to the Directive of the Ministry of Environment of 9th April 2002 as subsequently amended and supplemented.

> **"CSC":** contamination threshold concentration.

> **"CSR":** risk threshold concentration.

> **"Temporary Storage":** the temporary storage of Waste pending collection at the place where it is produced, subject to the quantity or time limits established by applicable law, also in consideration of the type of Waste deposited.

> **"Landfill":** area used for the disposal of Waste through deposit operations on or in the ground, including the area comprised within the place of production of Waste used for its disposal by the producer thereof, as well as any area where the waste is subjected to Temporary Storage for more than a year. This definition does not include the facilities where the Waste is unloaded in order to permit its preparation for further transport to a recovery, treatment or disposal, and storage facility, prior to recovery or treatment for a period less than three years, as a general rule; or storage of Waste prior to disposal for a period of less than one year (defined in art. 2 paragraph 1 letter. g) of Legislative Decree no. 36 dated 13rd January 2003 on *"Implementation of Directive 1999/31/EC on the landfill of waste"* referred to in art. 182 of the Environmental Code).

> **"Waste Management":** the collection, transport, recovery and disposal of Waste, including the supervision of such operations and interventions following the closing of disposal sites.

> **"Mixing of Waste":** the mixing of Waste such as to make the subsequent separation or sorting extremely difficult, if not impossible.

> **"Environmental Offences":** environmental offences pursuant to art. 25-*undecies* of Decree 231.

> “**Waste**": any substance or object which the holder discards or intends or is required to discard.

> “**Hazardous Waste**”: waste which has one or more features described in Annex I of Part IV of the Environmental Code.

> “**SISTRI**”: Waste tracking control system pursuant to art. 188 *bis*, paragraph 2, letter. a) of the Environmental Code, established under Article 14 *bis* of the Law-Decree no. 78 of 2009 (ratified with amendments, by Law no. 102 of 2009) and the Decree of the Ministry for the Protection of the Environment and the Sea on 17th December 2009.

CHAPTER 1

Environmental Offences (Art. 25-*undecies* of the Legislative Decree no. 231/2001)

This Special Section refers to Environmental Offences. The individual types of offences contained in the Legislative Decree 231/2001 under article 25-*undecies* are outlined below:

The Legislative Decree no. 121 dated 7th July 2011 on "Implementation of Directive 2008/99/EC on the protection of the environment through criminal law, and of Directive 2009/123/EC amending Directive 2005/35/EC on ship-source pollution and introduction of criminal penalties for infringements" has provided for the extension of the administrative liability of companies and bodies to a series of Environmental Offences through the inclusion of Article 25-*undecies* into Decree 231.

1.1 Environmental offences pursuant to art. 25-*undecies* under the Criminal Code

Environment Pollution (Art. 452-bis of the Criminal Code)

Pursuant to art. 452-*bis* of the Criminal Code, whoever unlawfully causes detriment or a significant and measurable deterioration:

1) of water or air, or extensive or significant portions of the soil or subsoil;

2) of an ecosystem, of biodiversity, including agricultural biodiversity, of the flora or fauna.

shall be liable for punishment. If pollution is produced in a conservation area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological protection, or against protected animals or plant species, the penalty is increased.

Environmental Disaster (art. 452-quater of the Criminal Code)

Pursuant to art. 452-*quater* of the Criminal Code, whoever unlawfully causes an environmental disaster is punishable.

This offense is configured, alternately, as the irreversible alteration to the equilibrium of an ecosystem; an alteration to the equilibrium of an ecosystem whose elimination is particularly costly and can only be achieved by exceptional measures; or a damage to public safety determined with reference to the relevance of the offence for the extent of

its compromising or harmful effects, or for the number of persons injured or exposed to danger.

If pollution is produced in a conservation area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological protection, or against protected animals or plant species, the penalty is increased.

Negligent offences against the environment (art. 452-quinquies of the Criminal Code)

In the event that any of the actions referred to in articles 452-*bis* and 452-*quater* of the Criminal Code is committed for negligence, the penalties laid down in those articles are dropped by a third to two thirds.

If committing of the above facts results in the danger of environmental pollution or environmental disaster, penalties are further decreased by a third.

Trafficking and unlawful disposal of highly radioactive material (Art. 452-sexies of the Criminal Code)

Unless the act constitutes a more serious offence, whoever unlawfully sells, purchases, receives, transports, imports, exports, procures for others, holds, transfers, abandons or unlawfully disposes of highly radioactive material shall be liable for punishment.
The penalties for this offence are increased if the act results in the detriment or deterioration of:
1) water or air, or extensive or significant portions of the soil or subsoil;
2) an ecosystem, of biodiversity, including agricultural biodiversity, of the flora or fauna.
If the act results in danger to the life or safety of persons, the penalty is increased by up to a half.

Aggravating circumstances (art. 452-octies of the Criminal Code)

When the association referred to in article 416 arises, on an exclusive or concurrent basis, for the purpose of committing any of the crimes set out in articles 452-*bis*, 452-*quater*, 452-*quinquies*, 452-*sexies*, the penalties provided for by article 416 of the Criminal Code are increased.

Accordingly, if the association referred to in Article 416-*bis* of the Criminal Code is aimed at committing any of the crimes set out in articles 452-*bis*, 452-*quater*, 452-*quinquies*, 452-*sexies*, or at obtaining management or otherwise control of economic activities, permits, authorizations, contracts and public services related to the environment, the penalties provided for by article 416-*bis* of the Criminal Code are increased.

The penalties referred to in the above paragraphs are increased by a third to a half if public officials or persons who perform public services and exercise functions or perform services related to the environment are part of the association.

Killing, destruction, taking or possession of specimens of protected wild fauna and flora species (art. 727-bis of the Criminal Code)

Article 727-*bis* of the Criminal Code punishes, unless the fact constitutes a more serious offence, different types of illegal conducts against protected wild animal and plant species, namely:

a) whoever, outside the permitted circumstances, kills, captures or holds specimens of a protected wild animal species (paragraph 1);

b) whoever, outside the permitted circumstances, destroys, removes or holds specimens belonging to a protected wild plant species (paragraph 2);

The lawmaker, however, in accordance with the provisions (art. 3, par. 1, letter. f) of European Directive no. 2008/99/EC), has excluded the offence in cases where the conduct concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species.

For the purposes of Article 727-*bis* of the Criminal Code, "protected wild fauna and flora species" are those listed in Annex IV of Directive 92/43/EC and Annex I of Directive 2009/147/EC (art. 1, paragraph 2, of Legislative Decree no. 121/2011).

The references concern, on the one hand, Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (the 'Habitats Directive') and, on the other hand, Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (the Birds Directive).

Destruction or deterioration of habitats within a conservation site (art. 733-bis of the Criminal Code)

Pursuant to art. 733-*bis* of the Criminal Code, whoever, outside the permitted circumstances, destroys or damages a habitat within a conservation site, compromising its conservation status, is liable to be punished.

For the purposes of art. 733-*bis* a "habitat within a conservation site" is any habitat of species with respect to which an area is classified as a special protection area pursuant to art. 4, paragraphs 1 or 2 of Directive 79/409/EC, or any natural habitat or a habitat of species with respect to which a site is designated as a special protection area pursuant to art. 4, par. 4 of Directive 92/437/EC.

The objective limits of application of the criminal type of offence based on the Italian applicable regulations are established by the following provisions: a) Decree of the Ministry for the Protection of the Environment and the Territory dated 3rd September 2002 "Guidelines for the management of Natura 2000 areas" (Official Gazette no. 224 dated 24 September 2002); b) Presidential Decree no. 357 dated 8 September 1997, "Regulations implementing Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora (Official Gazette no. 248 dated 3 October 1997), as modified by Presidential Decree no. 120 dated 12 March 2003 (Official Gazette no.124 dated 30 May 2003); c) Decree of the Ministry for the Protection of the Environment and the Sea dated 14 March 2011 (Official Gazette no. 77 dated 4 April 2011, S.O. no. 90) containing the "Fourth updated list of sites of Community importance for the Alpine biogeographical region in Italy pursuant to Directive 92/43/EEC"; d)Decree of the Ministry for the Protection of the Environment and the Sea dated 14 March 2011 (Official Gazette no. 77 dated 4 April 2011, S.O. no. 90) containing the "Fourth updated list of sites of Community importance for the Mediterranean biogeographical region in Italy pursuant to Directive 92/43/EEC"; e)Decree of the Ministry for the Protection of the Environment and the Sea dated 14 March 2011 (Official Gazette no. 77 dated 4 April 2011, S.O. no. 90) containing the "Fourth updated list of sites of Community importance for the continental biogeographical region in Italy pursuant to Directive 92/43/EEC"; f)Decree of the Ministry for the Protection of the Environment and the Sea dated 17 October 2007 (Official Gazette no. 258 dated 6 November 2007) on "Minimum shared criteria for the definition of conservation measures related to Special Areas of Conservation and to

Special Protection Areas" as finally modified by the Decree of the Ministry for the Protection of the Environment and the Sea dated 22 January 2009 (Official Gazette no. 33 dated 10 February 2009); g) Decree of the Ministry for the Protection of the Environment and the Sea dated 19 June 2009 (Official Gazette no. 157 dated 9 July 2009) containing the "List of the Special Protection Areas classified pursuant to the Directive 79/409/EEC".

1.2 Environmental Offences pursuant to art. 25-*undecies* as provided for by the Environmental Code (Legislative Decree no. 152/2006)

Drainage of industrial wastewater without authorization or with suspended or revoked authorization (art. 137, paragraphs 2 and 3 of the Environmental Code)

Pursuant to articles 107, par. 1 and 108 par. 4 of the Environmental Code, whoever performs new drainage of industrial wastewater containing hazardous substances without complying with the authorization or with other provisions of the competent authorities shall be held liable to be punished.

Please note that in relation to the abovementioned conducts, "hazardous substances" are those expressly indicated in tables 5 and 3/A of Annex 5 to the third part of the Environmental Code to which reference is made.

Drainage of industrial wastewater exceeding the prescribed limits (art. 137, par. 5 of the Environmental Code)

Pursuant to art. 107 of the Environmental Code, anyone who performs drainage of industrial wastewater exceeding the limits set forth by the law or by the competent authorities shall be liable to be punished.

It should be noted that this conduct exclusively refers to the substances indicated on table 5 of Annex 5 to the third part of the Environmental Code and that the limits prescribed in such regulation are indicated on tables 3 and 4 of the same Annex 5.

If the limits for the substances prescribed on table 3/A of Annex 5 of the Environmental Code are exceeded, the criminal conduct is punished with a higher monetary sanction.

Violation of the prohibition to drain wastewater on the ground, into the ground and in the groundwater (art. 137, par. 11, first sentence)

Anyone who performs drainage of industrial wastewater into the ground as per table 4 of Annex 5 of the third part of the Environmental Code without complying with the drainage prohibitions provided for by articles 103 and 104 of the Environmental Code shall be liable to be punished.

Violation of prohibition for ships and aircrafts to discharge forbidden substances into the sea (art. 137, par. 13 of the Environmental Code)

The regulation punishes any ship or aircraft discharging substances or materials for which there is a strict dumping prohibition pursuant to the provisions contained in the applicable international conventions ratified by Italy, except when such substances or materials are in such a quantity as to be rapidly made harmless through physical, chemical or biological processes that naturally occur in the sea and provided that there is a prior authorization from the competent authority.

Unauthorized waste management (art. 256, par. 1 of the Environmental Code)

This regulation applies to a series of conducts related to unauthorized waste management, i.e. collection, transport, recovery, disposal, trade and intermediation of any Waste whatsoever - either hazardous or non-hazardous - committed without a specific authorization, registration or communication as provided for by articles 208 to 216 of the Environmental Code.

It should be noticed that, pursuant to art. 193, par. 9 of the Environmental Code "transport activities" do not include the displacement of Waste within a private area.

Nonetheless, the Manufacturer may be held liable as participating in the offence. This may happen not only when the unlawful nature of the Waste Management activity contracted out is known, but also in case of violation of specific control obligations on the subject in charge of Waste collection and disposal.

Therefore, it should be noticed that all subjects involved in the series of Waste Management activities, including the Manufacturer, shall comply with the regulations related to their own field of activity, but shall also control proper performance of the activities carried out before or after their own ones. Hence, the Manufacturer shall

control that the subject in charge of Waste collection, transportation or disposal performs these activities in a lawful manner. Otherwise, failure to comply with such precautionary control obligations may determine a "negligent participation in the fraudulent offence".

Unauthorized landfill management (art. 256, par. 3 of the Environmental Code)

Whoever creates or manages an unauthorized Landfill shall be liable to be punished, and the penalty shall be harsher in case such Landfill is used to dispose of Hazardous Waste.

In particular, it is hereby pointed out that the definition of Landfill does not include "the facilities where the Waste is unloaded in order to permit its preparation for further transport to a recovery, treatment or disposal, and storage facility, prior to recovery or treatment for a period less than three years, as a general rule; or storage of Waste prior to disposal for a period of less than one year".

Additionally, the Court of Cassation has pointed out that the area comprised within the place of production of Waste used for its disposal by the producer thereof is also considered as "Landfill" (Criminal Court of Cassation, Decision no. 10258 dated 26 January 2007).

In order to determine an unlawful conduct in the realization and management of an unauthorized landfill the following conditions shall be met:

(a) the repeated storage of waste over time in an area or even just the mere preparation of the area by enclosing it or levelling the ground;

(b) the deterioration of the area, consisting in permanently altering the conditions of the place as well as

(c) the storage of a significant quantity of waste.

"Unlawful management" is also determined by the presence of an autonomous activity, performed after the realization of the Landfill, that involves an organization of means and people aimed at running the Landfill.

Mixing of Hazardous Waste (art. 256, par. 5 of the Environmental Code)

Unauthorized activities involving the Mixing of Hazardous Waste having different hazardousness features or the Mixing of Hazardous Waste with non-Hazardous Waste are punished by the law.

It should be pointed out that the Mixing of Hazardous Waste – having different hazardousness features or with other waste, substances or materials - is allowed only if expressly authorized pursuant to and within the limits set forth by art. 187 of the Environmental Code. Therefore, this conduct amounts to a criminal offence only if committed in breach of such regulations. This offence can be committed by whoever has Hazardous and non-Hazardous Waste.

Temporary storage of hazardous biomedical waste at the production site (art. 256, par. 6, first sentence of the Environmental Code)

This offences can be charged against someone in the presence of the following conditions:

a) storage involves the potentially infectious hazardous biomedical waste included in the list provided for in Annex 1 of the Presidential Decree no. 254 dated 15th July 2003 "Regulations on biomedical waste management pursuant to art. 24 of the Law no. 179 dated 31st July 2002";

b) unfulfillment of time and quantity limits set forth in art. 8 of the Presidential Decree no. 254/2003, which provides that hazardous biomedical waste can be temporarily stored for a maximum of five days from when the container is closed. This term can be extended to thirty days for quantities not exceeding 200 litres.

Art. 256 of the Environmental Code sanctions the abovementioned criminal conducts that, being mainly violations of waste management regulations, are potentially detrimental to the environment.

The unlawful activities provided for by art. 256 of the Environmental Code fall within the category of "offences of abstract danger" according to which the endangering of the protected asset (i.e. the environment) is presumed by the lawmaker, without having to verify the actual presence of the hazard. Therefore, the mere violation of the regulations concerning Waste Management activities or hindrance of administrative controls are in themselves punishable offences.

Failure to reclaim a polluted site (art. 257 of the Environmental Code)

Whoever pollutes the soil, subsoil, surface water or groundwater by exceeding risk threshold concentrations is liable to be punished if they do not reclaim the area in compliance with the project approved by the competent authority within the

administrative proceeding set forth in articles 242 and following of the Environmental Code.

This type of offence occurs in the presence of the following conditions:

- exceeding of risk threshold concentrations (CSR);
- failure to reclaim the area in compliance with the project approved by the competent authority within the administrative proceeding set forth in articles 242 and following.

This is an offence whose perpetration is determined by the occurrence of the criminal event, that is subject to objective liability to punishment, in which a) the offence is only provided for in the form of a damage, i.e. pollution; b) pollution is defined as the exceeding of risk threshold concentration (CSR) which is a risk level higher than the alert levels identified by contamination threshold concentrations (CSC) and, thus, than the acceptability levels defined by the Ministerial Decree no. 471/1999.

Hence, failure to reclaim the polluted area pursuant to the regulations set forth in the relevant project is punished, rather than pollution in itself. In this respect, the Supreme Court has pointed out that "the occurrence of the offence is necessarily determined by the exceeding of risk threshold concentrations (CSR) but it is also strictly connected to the implementation of the reclamation project pursuant to art. 242. Indeed, art. 257 presently provides that the reclamation must be carried out in compliance with the project envisaged by articles 242 and following on environmental characterization and reclamation projects, thus replacing the wording of art. 51-bis of the Legislative Decree no. 22/1997 that only provided for the reclamation pursuant to the procedure set forth in art. 17. Therefore, failing a finally approved project, there is no occurrence of the offence as per art. 257" (Court of Cassation, Criminal section no. 3, 9th June 2010 (hearing of 13 April 2010) no. 22006).

The offence is aggravated when pollution is caused by hazardous substances, as set forth by art. 257, par. 2 of the Environmental Code.

Failure to report a pollution event to the competent authorities pursuant to the procedures set forth in art. 242 of the Environmental Code (Art. 257 of the Environmental Code)

When an event occurs that may potentially contaminate the area, the contamination manager shall undertake the necessary preventive measures and promptly report the event within 24 hours from the occurrence thereof, pursuant to and in the manners described in art. 304, par. 2 of the Environmental Code.

In this case, unlike the offence of failure to reclaim a polluted site, "the reporting that the contamination manager must make to the relevant authorities pursuant to art. 242 is mandatory regardless of whether the contamination thresholds are exceeded or not. Failure to report such event is sanctioned by art. 257" (Court of Cassation, Criminal Section III, 29 April 2011 (hearing of 12 January 2011) no. 16702).

Forgery of a waste analysis certificate (art. 258, par. 4, second sentence of the Environmental Code)

Whoever, upon the preparation of a waste analysis certificate, provides false information on the nature, composition and chemical-physical characteristics of waste, as well as whoever uses a false certificate during transportation is liable to be punished.

This type of offence is to be considered amongst the fulfilments provided for by art. 188 bis of the Environmental Code as concerns tracking of waste from production to its final destination. In this respect, the lawmaker has established that waste tracking can be attained: by voluntarily or mandatorily joining the SISTRI system (Waste Tracking System) pursuant to art. 188 ter of the Environmental Code or (b) by fulfilling obligations concerning load and unload registers as well as an identification form as per articles 190 and 193 of the Environmental Code.

It should be pointed out that this type of offence refers to all companies and bodies producing waste that shall mandatorily keep the abovementioned registers and forms, since they did not join the SISTRI system.

Unlawful trafficking of waste (art. 259 of the Environmental Code)

Pursuant to article 259, par. 1 of the Environmental Code, two types of offences related to waste trafficking and across-the-border shipments are punished.

Unlawful trafficking of waste occurs whenever the conducts expressly provided for in art. 2 of the EEC Regulation no. 259 dated 1 February 1993 are perpetrated, namely any shipment of waste that is made:

(a) without sending a notice and/or without the authorization of the relevant competent authorities;

(b) with an authorization of the relevant competent authorities obtained through forgery, false declarations or fraud;

(c) without being materially specified in the consignment note;

(d) in such a way as to entail waste recovery or disposal in breach of the international or Community laws; in breach of prohibitions on waste import and export provided for by articles 14, 16, 19, and 21 of the abovementioned Regulation no. 259/1993.

This type of offence also occurs in relation to the shipment of waste intended for recovery (specifically listed in Annex II of the abovementioned Regulation no. 259/1993). The criminal conduct occurs whenever the conditions expressly provided for in art. 1, par. 3 of the Regulation are violated (waste shall always be sent to authorized plants, shall be made available to be inspected by competent authorities, etc.)

Organized activities for unlawful trafficking of waste (Art. 452-quaterdecies of the Criminal Code[9])

Whoever unlawfully sells, receives, transports, exports, imports or however manages significant quantities of waste through several operations and by setting up means and organized continuative activities, with the aim of achieving an unfair profit, shall be liable to be punished. The offence is aggravated if waste is highly radioactive, as provided for by art. 260, par. 2 of the Environmental Code.

[9] Legislative Decree no. 21 dated 22nd March 2018 (which came into force on 6th April 2018) repealed art. 260 of the Environmental Code, transferring the content to the new art. 452-*quaterdecies* of the Criminal Code. Although art. 25-*undecies* of Decree 231 has kept its reference to art. 260 of the Environmental Code, in light of art. 8 of Legislative Decree no. 21/2018, this "is understood to refer to corresponding provision in the Criminal Code, as indicated in table A attached to the present decree", which states that art. 260 of legislative decree no. 152 dated 3rd April 2016 (Environmental Code) corresponds to art. 452-*quaterdecies* of the Criminal Code.

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IT system to control waste tracking (art. 260-bis of the Environmental Code)

This regulation punishes whoever, upon drawing up a waste analysis certificate used within the control system of waste tracking, provides false information on the nature, composition and on the chemical-physical characteristics of waste as well as whoever enters a false certificate amongst the data to be provided for the purpose of waste tracking.

Furthermore, pursuant to art. 260 bis, par. 7, second and third sentence and par. 8, first and second sentence, haulers that: (a) do not have a paper copy of the SISTRI handling sheet and a copy of the certificate analysing the waste features during transportation of Hazardous Waste; (b) use a waste analysis certificate containing false information on the nature, composition and on the chemical-physical characteristics of transported waste, and (c) have a fraudulently altered paper copy of the SISTRI handling sheet during transportation of hazardous and non-hazardous waste shall be liable to be punished.

These types of offence refer to all companies and waste producers and haulers that are part of the SISTRI system.

Gas pollution into the atmosphere exceeding the prescribed limits (art. 279 of the Environmental Code)

Whoever, in running a plant, violates the emission limits or the requirements set forth in the authorization, in Annexes I, II, III or V to the fifth part of the Environmental Code, in the plans and programmes or in the regulations pursuant to art. 271 of the Environmental Code or the requirements otherwise imposed by the competent authority, thus exceeding air quality limit values provided for by applicable regulations, shall be liable to be punished.

1.3 Environmental offences pursuant to art. 25-*undecies* provided for by Law no. 549/1993

With respect to the protection of the stratospheric ozone (Law 549/1993), the production, consumption, import, export, marketing and possession of damaging substances as provided for by the EC Regulation no. 3093/94 (annulled and replaced by the EC Regulation no. 1005/2009) shall be punished.

1.4 Environmental offences pursuant to art. 25-*undecies* provided for by Law no. 150/1992

With respect to wild fauna and flora species protection through a control of the relevant trade, the regulation punishes whoever, in breach of the provisions of Regulation no. 338/97 as subsequently implemented and amended, for the specimens belonging to the species listed in Annex A, B, and C of such Regulation, *inter alia*:

a) imports, exports or exports again specimens under any customs procedures without the required certificate or licence, or with an invalid certificate or licence;

b) fails to fulfil the requirements aimed at protecting the specimens' integrity, specified on a license or certificate released pursuant to the Regulation;

c) uses the abovementioned species without complying with the requirements contained in the authorizations or certificates issued together with the import license or subsequently certified;

d) transports or allows transit of species without the required licence or certificate, also on behalf of third parties;

e) markets artificially reproduced plants in breach of the requirements contained in art. 7 of the Regulation;

f) holds, uses for profit-making purposes, purchases, sells, exhibits or holds for sale or for commercial purposes, assigns or puts otherwise in circulation specimens without the required documents.

1.5 Environmental offences pursuant to art. 25-*undecies* provided for by Law no. 202/2007

In relation to ship-source pollution, the rule punishes the captain, the crew, and the shipowner that determine or provoke the discharge of pollutants into the sea. The offence is aggravated if it results in permanent or, however, to particularly serious damage affecting water quality, animal or plant species or parts thereof.

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In relation to the Environmental Offences as per art. 25-*undecies* of the Decree 231 – for aggravated association offences - monetary sanctions from a minimum of 300 to 1,000 units are provided for.

The disqualification sanctions are provided for, pursuant to art. 25-undecies, par. 1-bis and 7 of the Decree only for specific types of offences (e.g. environmental pollution, discharge of industrial wastewater, landfill for the disposal of Hazardous Waste, unlawful trafficking of waste) and however for a period of less than one year.

Definitive disqualification is provided for if the entity has the main or exclusive purpose of allowing or favouring activities aimed at the unlawful trafficking of waste (art. 260 of the Environmental Code) and in case of ship-source fraudulent pollution (art. 9 of Legislative Decree no. 202/2007).

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Unlawful waste burning (art. 256-bis of the Environmental Code)

It should be noticed that, following the conversion into law of the Legislative Decree no. 136/2013, also known as "Terra dei Fuochi", on "urgent provisions aimed at dealing with environmental and industrial emergencies and at favouring development in the affected areas", the new offence of "unlawful waste burning" was introduced into the Environmental Code (art. 256-bis).

This type of offence occurs whenever a person sets fire to abandoned waste or unlawfully disposed of waste. This offence is relevant as concerns the application of sanctions as per art. 9, par. 2 of the Decree, if the offence is committed within a company or an organized activity and the company owner or the manager of such organized activity failed to supervise the actions of the offenders materially committing the crime, that is therefore referable to such company or activity.

Through this reference, the offence of waste burning was not included amongst the Predicate Offences of the entities' administrative liability. On the contrary, only the company owner or the manager of the organized activity shall be charged with the ancillary sanctions imposed on collective Entities. Therefore, as a prudential measure and with a view to achieving the best practice on the matter, the Company has decided to include this offence as relevant for the purpose of this Model.

CHAPTER 2

Sensitive Activities within the Environmental Offences

(omissis)

CHAPTER 3

General principles of conduct

This Special Section explicitly prohibits its Recipients from performing, collaborating in or bringing about conducts that, considered individually or collectively, represent, either directly or indirectly, the types of Offence as those described above (art. 25-*undecies* of Legislative Decree 231/2001). Violations of the principles and rules of conducts set forth in this Special Section are also forbidden.

In order to monitor the risks of perpetrating Environmental Offence, the corporate policy on environmental protection is inspired by the following principles:

1. fostering environmental awareness among all Recipients;
2. general evaluation of the potential consequences of the activities performed on the local environment;
3. reduction in the production of waste;
4. compliance with the applicable regulations.

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CHAPTER 4

Specific conduct principles

(omissis)

CHAPTER 5

The Supervisory Body

5.1 Controls by the Supervisory Body

With reference to Environmental Offences, the Supervisory Body carries out periodical controls aimed at verifying proper compliance by the Recipients, within the limits of their tasks and assignments, with the rules and principles set forth in this Special Section and in the corporate procedures explicitly or implicitly referred to herein.

In particular, the Supervisory Body shall:

i. monitor the effectiveness of the procedure principles provided for or of the principles set forth in the corporate policy adopted to prevent the Offences referred to in this Special Section;

ii. propose any amendments to Sensitive Activities due to possible changes in the Company's operations;

iii. examine any specific reports made by the supervisory bodies, third parties or by any Employee or Corporate Officer as well as make the necessary checks in relation to the reports received.

GEOX assesses the possible establishment of information flow procedures between the SB and the managers of the relevant Departments, or any other Corporate Officer or Employee as deemed necessary that, in any case, can be heard by the SB any time needed.

Information shall be promptly provided to the SB in case of breach of any specific procedure principles contained in chapter 4 of this Special Section, or of procedures, policies and corporate regulations related to the abovementioned sensitive areas.

The SB shall also be authorized to access or request its representatives to access all documents and company premises as deemed necessary for the performance of their tasks.

5.2 Supervisory Body Information flows

(omissis)

SPECIAL SECTION – 11 –

PRIVATE BRIBERY

CHAPTER 1

Private bribery (art. 25-*ter,* par. 1, lett. s-*bis* of Legislative Decree 231/2001)

Law no. 190 dated 6th November 2012 on "*Provisions for the prevention and suppression of corruption and illegal acts in public administration*" introduced the offence of "*private bribery*" into our legal system, and precisely into art. 2635 of the Civil Code, thus modifying the previous type of corporate offence related to "*Breach of trust after promising or giving benefits*".

The Article in question was then amended further, most recently by Legislative Decree no. 38 dated 15th March 2017. Following this amendment, art. 2635 of the Civil Code states the following:

"*1. The directors, general managers, managers in charge of drawing up the company's accounting books, members of the board of statutory auditors and liquidators, of companies or private entities who, also through an intermediary, demand or receive money or other benefits that are not due, or accept the promise of such, either for themselves or for others, in order to perform or omit to perform acts in violation of the obligations related to their office or loyalty obligations, shall be punished with imprisonment from one to three years, unless the offence constitutes a more serious crime.*

2. If the offence is committed by a person subject to the direction and supervision of one of the persons mentioned in the first paragraph, imprisonment of up to one year and six months shall be applied.

3. Those who, also through an intermediary, offer, promise or give money or other benefits that are not due to the persons mentioned in the first and second paragraph shall be punished as provided for therein.

4. The punishments provided for in previous paragraphs are doubled in case of a company with listed securities on the Italian or other EU countries Stock Exchange or with securities significantly spread among the public pursuant to art. 116 of the Consolidation act on financial intermediation, as per Legislative Decree no. 58 dated 24th February 1998 as subsequently amended.

5. Any legal action shall be started by the injured party, unless the offence entails a competition distortion in the purchase of goods or services.

6. Without prejudice to article 2641, the confiscation order for an equivalent value may not be lower than the value of the benefits given, promised or offered".

The aforementioned Legislative Decree no. 38 dated 15th March 2017 also introduced a new offence to the regulation, called *"Incitement to private bribery"*, provided for and punished by art. 2635-*bis* of the Italian Civil Code, which states the following:

"1. Anyone who offers or promises money or other benefits that are not due to directors, general managers, managers in charge of drawing up the company's accounting books, members of the board of statutory auditors and liquidators, of companies or private entities, or to those performing management duties as part of their role in said companies or private entities, in order to make them perform or omit to perform an act in violation of the obligations related to their office or loyalty obligations, shall be subject to the punishment provided for by the first paragraph of article 2635, reduced by one third, should said offer or promise not be accepted.
2. The punishment referred to by the first paragraph shall be applicable to directors, general managers, managers in charge of drawing up the company's accounting books, members of the board of statutory auditors and liquidators, of companies or private entities, or to those performing management duties as part of their role in said companies or private entities, who demand, for themselves or for others, also through an intermediary, money or other benefits, or the promise of such, in order to perform or omit to perform an act in violation of the obligations related to their office or loyalty obligations, should said demand not be accepted.
3. Legal action shall be taken by the injured party".

The offences in question have also been inserted in the list of predicate offences.
In particular, for the purposes of enforcing the administrative liability of entities, Decree 231 identifies the offence of so-called "active" private bribery, by virtue of the reference made by art. 25-*ter*, letter s-*bis* of Decree 231 to the third paragraph of art. 2365 (*"Those who, also through an intermediary, offer, promise or give […]"*) and to the first paragraph of art. 2635-*bis* of the Italian Civil Code (*"Anyone who offers or promises […]"*).

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It is to be noted that the current wording of art. 25-*ter*, letter s-*bis* of Decree 231, with reference to the punishment for violating the regulations in question, provides for prohibitory sanctions in addition to the monetary sanction (from 400 to 600 units in the case of private bribery and from 200 to 400 units in the case of incitement to private bribery).

CHAPTER 2

Sensitive Activities

(omissis)

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CHAPTER 3

General principles of conduct

The purpose of this Special Section is that the Recipients, to the extent to which they are engaged in the performance of Sensitive Activities, fulfil conduct rules in compliance with the provisions set forth therein, in order to prevent and hinder the perpetration of the Offences described in this Special Section, whilst taking into account the different positions of the individual persons within the Company and, therefore, the different obligations as outlined in the Model.

In particular, also taking into account their relation with the Company, the Recipients shall not:

1. adopt, promote, collaborate in or give rise to conducts which, considered individually or collectively, directly or indirectly represent the types of Offence set forth in this Special Section (Articles 25-*ter*, par. 1, lett- s-*bis* of the Decree);
2. adopt behaviours that, although not consisting, by themselves, in any of the types of Offences outlined above, may potentially become one of such offences;
3. use, even occasionally, the Company or one of its organizational units with the purpose of allowing or facilitating the commission of the Offences provided for in this Special Section.

Within the aforementioned conducts, the following is specifically prohibited:

1. pay sums in cash exceeding the limits set forth by the law;
2. offer, promise, unduly pay, within the performance of the company business, also indirectly, money or in any case valuable things in favour of directors, general managers, managers in charge of drawing up the accounting books, members of the board of statutory auditors, liquidators, employees and collaborators of any kind whatsoever of companies or consortia with which business relationships are established;
3. promise or grant advantages of any kind (e.g. promises of employment), also indirectly, in favour of legal or natural persons (including the family members of officers working for companies with which the Company has – or intends to establish - business relations or relations concerning management of business activities), aimed at obtaining favourable conditions in managing any company

activities or that however can affect independent judgment or induce to ensure any advantage for the company;

4. promise, offer, give (or authorize the giving of) gifts or promise, offer, grant (or authorize the granting of) invitations to events, also indirectly, other than as provided for in this Model (i.e. each form of gift going beyond standard business practices or courtesy conducts or that may be interpreted as an improper way of persuading, also considering the frequency or that however can affect independent judgment or induce to ensure any advantage for the company);
5. provide services in favour of Consultants, Agents and Suppliers that are not adequately justified considering the existing contractual relationships or recognize a remuneration in their favour that is not commensurate to the tasks assigned and to the current practices in the industry;
6. give gratuities or carry out sponsorships without complying with the transparency principles provided for herein (in this respect, please refer to Special Section no. 1 concerning "*Offences within the context of the relationship with the Public Administration*");
7. establish partnerships or other forms of business relations (i.e. brokerage, consultancy relationships, etc.) and work relations (including employment) with third parties without previously ascertaining their reliability and integrity.

CHAPTER 4

Specific procedure principles

(omissis)

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CHAPTER 5

The Supervisory Body

5.1 Controls by the Supervisory Body

The Supervisory Body carries out periodical controls aimed at verifying proper compliance by the Recipients, within the limits of their tasks and assignments, with the rules and principles set forth in this Special Section and in the corporate procedures explicitly or implicitly referred to herein.

In particular, the Supervisory Body shall:

i. monitor the effectiveness of the procedure principles provided for or of the principles set forth in the corporate policy adopted to prevent the Offences referred to in this Special Section;
ii. propose any amendments to Sensitive Activities due to possible changes in the Company's operations;
iii. examine any specific reports made by the supervisory bodies, third parties or by any Employee or Corporate Officer as well as make the necessary checks in relation to the reports received.

GEOX assesses the possible establishment of information flow procedures between the SB and the managers of the relevant Departments, or any other Corporate Officer or Employee as deemed necessary that, in any case, can be heard by the SB any time needed.

Information shall be promptly provided to the SB in case of breach of any specific procedure principles contained in chapter 4 of this Special Section, or of procedures, policies and corporate regulations related to the abovementioned sensitive areas.

The SB shall also be authorized to access or request its representatives to access all documents and company premises as deemed necessary for the performance of their tasks.

5.2 Supervisory Body Information flows

(omissis)

SPECIAL SECTION – 12 –

OFFENCE OF SELF-LAUNDERING

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CHAPTER 1

Offence of self-laundering (Art. 25-*octies*, Legislative Decree 231/2001)

On **1 January 2015 Law no. 186/2014** came into force, containing "*Measures for the disclosure and repatriation of capital held abroad and to strengthen the fight against tax evasion. Measures on **self-laundering***".

Pursuant to article 3, paragraph 5 of the aforementioned Law, the administrative liability of the entities referred to in the Decree no. 231 is extended to the Offence of Self-laundering, through the inclusion of an express reference to this **new type of offence** in article 25-*octies* of the Decree no. 231.

In case of a new Offence of Self-laundering (regulated by the new article 648-*ter.1* of the Criminal Code) - similarly to the provisions regarding the offences referred to in articles 648 (handling of stolen goods), 648-*bis* (Money-laundering), 648-*ter* (Use of money, goods or benefits deriving from illegal sources) of the Criminal Code - the entity is subject to a monetary sanction from 200 to 800 units. If the money, goods or other benefits derive from a crime for which the penalty of imprisonment for a maximum of over five years may be sanctioned, a monetary sanction between 400 and 1,000 units shall be applied.

The type of offence of Self-laundering pursuant to the Criminal Code (Art. 648-ter.1 of the Criminal Code)

The penalty of imprisonment from two to eight years and a fine from Euro 5,000 to Euro 25,000 apply to the conduct of whoever, having committed, or contributed to the commission of, a fraudulent offence, uses, replaces, transfers to any economic, financial, entrepreneurial or speculative businesses, the money, goods or other benefits resulting from the commission of such crime, so as to concretely preventing the identification of their criminal source.

Additionally, the second paragraph of article 648-*ter.1* of the Criminal Code provides for mitigating circumstances that entail the application of the lower penalty from one to four years and a fine from Euro 2,500 to Euro 12,500, if the predicate offence is a fraudulent crime punished with the imprisonment for a maximum of less than five years (with the consequent diversification of the penalty depending on the seriousness of the predicate offence committed).

This provision is not applicable, however, if the aforementioned offence has been committed with the procedures envisaged in article 416-*bis* of the Criminal Code concerning the offence of *"Mafia-type association, including foreign associations"* or for the purpose of facilitating the activities of mafia-type associations, in which case the penalties provided for in the first paragraph of article 648-*ter.1* of the Criminal Code shall apply, since this is an aggravating circumstance under a criminal law profile (article 648-*ter.1*, paragraph 3, of the Criminal Code).

A further aggravating circumstance is provided under the fifth paragraph of the aforementioned article, which provides for an increase in the penalty if the facts are committed within the context of a banking or financial activity or other professional activity.

On the contrary, a mitigating circumstance - which entails a penalty lower by up to half - is represented by the conduct of someone who *"effectively strived to prevent that the conducts could result in additional consequences, or to secure the proves of the offence and obtain the identification of the goods, money and other benefits resulting from criminal offences"* (article 648-*ter.1*, paragraph 6, of the Criminal Code).

In any event, the conviction entails, pursuant to article 648-*quater* of the Criminal Code, the seizure of the goods that represent the product or the profit of the offence, except where they belong to persons not involved in such offence. Should it be impossible to carry out the seizure, the Judge may in any case order the seizure of the money, goods or other benefits which are directly or indirectly available to the offender, for a value equal to the product, profit or price of the offence. With reference to the offence in question, the Prosecutor may carry out any additional investigation considered necessary regarding the goods, money or other benefits to be seized.

On the contrary, the author of the Offence of Self-laundering is not punished under paragraph 4 of the aforementioned article 648-*ter.1* of the Criminal Code if the money, the goods or other benefits *"are intended only for personal use or benefit*".

Instead, the provisions of the last paragraph of article 648 of the Criminal Code related to the offence of "*Handling of stolen goods*" apply. Such article states that "*the provisions of this article apply also when the author of the offence from which the money or goods results may not be charged or punished, or when the condition for the admissibility of the judgement that refers to this crime is missing*".

CHAPTER 2

Sensitive Activities

(omissis)

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CHAPTER 3

General rules and principles

This Special Section provides for the explicit prohibition - for all Recipients of the Model, including the Consultants and contractual parties in general - to implement, cooperate in or give rise to the realisation of, conducts that - either individually or collectively considered - represent, directly or indirectly, the Offence of Self-laundering (article 25-*octies* of the Legislative Decree no. 231/2001).

In order to prevent the commission of the Offence of Self-laundering, it is prohibited to:

1. issue invoices or other accounting documents related to entirely or partially non-existent transactions;
2. issue invoices or other accounting documents for considerations (or VAT) higher than the real amounts;
3. make any payments against the issuance of invoices related to non-existent activities;
4. conceal or destroy all or part of the documents that must be compulsorily kept, so as to make it impossible to reconstruct the entire economic/tax activity for the year.

In addition, the following obligations shall be met:

1. the Company shall regulate all interactions between the persons involved in the preparation of accounting (including financial statements) and tax statements, by clearly specifying the individual roles;
2. the Company shall ensure the correct and orderly storage of the accounting entries and of any other document required to be kept;
3. the Company shall ensure the implementation of a periodic monitoring of the compliance with the principles that regulate the compilation, keeping and storage of accounting statements.

CHAPTER 4

Specific procedure principles

(omissis)

CHAPTER 5

The Supervisory Body

5.1 Controls of the Supervisory Body

The Supervisory Body performs regular controls aimed at verifying the compliance of the Recipients, within the limits of their respective duties and assignments, with the rules and principles contained in this Special Section and in the corporate procedures to which such Section explicitly or implicitly refers.

Specifically, the Supervisory Body is responsible for:

i. monitoring the effectiveness of the procedure principles provided for therein or of the principles contained in the corporate policy adopted for the prevention of Offences provided for in this Special Section;
ii. proposing possible amendments to the Sensitive Activities due to changes occurred in the operations of the Company;
iii. examining any specific report from the supervisory bodies, from third parties or any Employee or Corporate Officer, and conducting the assessments deemed necessary or appropriate with reference to the reports received;

GEOX assesses the creation of information flows based on a procedure, between the SB and the relevant managers, or any other Corporate Officer or Employee deemed necessary who, in any case, may be contacted by the SB whenever considered appropriate.

The information to the SB shall be promptly provided in case on breaches of the specific procedural principles provided for in chapter 4 of this Special Section, or of the corporate procedures, policy and regulations related to the sensitive areas identified above.

The SB is also entitled to access, or to request its delegates to access, the entire documentation and all corporate sites relevant for the performance of its duties.

5.2 Information flows to the Supervisory Body

(omissis)