



INglass S.p.A.

**Document describing the Organisation,
Management
and Control Model ex Italian Legislative
Decree 231/2001**

GENERAL PART

HISTORY OF THE DOCUMENT

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1 Administrative Liability of Legal Persons

1.1 Introduction and regulatory framework

Italian Legislative Decree 231 of 8 June 2001¹, introduces into our legal system the “*Regulation of the administrative liability of legal persons, companies and associations, even without legal status, pursuant to art. 11 of Italian Law 300 of 29 September 2000*”², thus adopting the orientation, already much discussed in legal theory, which intends to hold companies and other entities liable, and directly punishable for criminal offences committed to their advantage.

The intervention adapts Italian legislation to the provisions contained in some international and Community conventions, ratified by Italy with Italian Law 300/2000, containing the liability of collective bodies for specific offences³.

Pursuant to the regulations introduced by Italian Legislative Decree 231/2001, therefore, the Companies may be held liable, administratively, for certain intentional crimes committed or attempted, in the interest or to the advantage of the Companies themselves, by members of senior management and by persons who are subject to their direction or supervision (“subordinates”).

The provision innovates the legal system by stating that entities are punishable on the basis of the principle of “guilty by association”: the entity expresses its will externally through its company bodies and, consequently, is liable for acts and facts - including unlawful acts - committed by its own company bodies.

This particular form of administrative liability, although independent of the criminal liability of the natural person who committed the offence, is closely linked to the punishability of the criminal act, sharing, except in limited cases, the same procedural process⁴.

Pursuant to art. 6 of Italian Legislative Decree 231/2001, corporate liability does not automatically arise from the occurrence of the “predicate offence”, but results from the negligent failure of the Company to implement a series of preventive measures that could have prevented the event⁵.

¹ Italian Legislative Decree 231/2001 was published in Official Gazette no.140 of 19 June 2001, which entered into force on 4 July 2001. It implements the liability contained in art. 11 of Italian Law 300/2000, published in Official Gazette no. 250 of 25 October 2000.

² Although the applicability of Italian Legislative Decree 231/2001 is explicitly excluded only with reference to the State, public territorial bodies and non-economic bodies performing functions of constitutional importance, the Court of Cassation Section VI, in its ruling no. 18941 of 3 March 2004, established that the rules on the administrative liability of entities do not apply to sole proprietorships. The Court of Cassation also focused on the possible profiles of unconstitutionality due to the difference in treatment between sole proprietorship and collective body, stressing that these are two subjects with such and different characteristics as to widely justify a diversified treatment.

³ Italian Law 300/2000 ratifies and implements several international conventions, among which:

- the Convention on the protection of the European Communities' financial interests (Brussels, 26 July 1995) and its first Protocol (Dublin, 27 September 1996);
- the Convention on the fight against corruption involving officials of European Communities or officials of Member States of the European Union (Brussels, 26 May 1997);
- the OECD Convention on combating corruption of foreign public officials in international economic transactions (Paris, 17 December 1997).

⁴ As referred to in the Ministerial Report illustrating the decree, the provision introduces a “*complex administrative offence*” whose “*punitive mechanism has been designed so as to make the (procedural) events of natural persons and those of the entity closely related (the simultaneous processus responds not only to the need for economy, but also to the need to cope with the complexity of the investigation; this does not mean that, in certain limited cases, the inseparability between the two may be lacking*”. The hypotheses in which the administrative proceedings against the Company are autonomous, and do not depend on the criminal proceedings against the senior or subordinate person, are governed by art. 8 of Italian Legislative Decree 231/01 (they occur when: the perpetrator of the offence is not identified or cannot be charged, or when the offence is extinguished for reasons other than amnesty).

⁵ Legal theory defines it as “**organisational negligence**”, i.e. the substantial negligent failure to comply with the obligations imposed by the mentioned regulations. Moreover, by reversing the normal burden of proof, it will be the responsibility of the Company to prove that it has not acted negligently and has complied with the provisions of art. 6 of Italian Legislative Decree 231/2001. The Ministerial Report states: “*For the purposes of the liability of the entity it will, therefore, be necessary, not only that the offence is objectively attributable to it; moreover, the offence must also constitute an expression of company policy or at least be a result of organisational negligence (...). The starting point is the presumption (empirically well-founded) that, in the event of an offence committed by senior management, the “subjective” requirement for the liability of the entity [i.e. the so-called “organisational negligence” of the entity] is satisfied, given that senior management expresses and represents the policy of the entity; where this is not the case, it will be the responsibility of the company to prove its non-involvement, and it can do so only by proving the existence of a series of concurrent requirements.*”

The Company is therefore “forgiven” if, before the offences are committed, it has carried out an adequate risk assessment⁶ and, consequently, has adopted and effectively implemented organisational, management and control models capable of preventing the offences⁷.

Furthermore, the Company must have entrusted an internal body, with autonomous powers of initiative and control, with the task of supervising, including making the necessary adjustments, the operation of and compliance with the aforementioned models, as well as updating the same.

The administrative liability of the Company is, in any case, excluded if senior management and/or its subordinates have acted exclusively in their own interest or that of third parties⁸, or have fraudulently circumvented the organisational models adopted.

Before the enactment of Italian Legislative Decree 231/2001, the entity only suffered civil law consequences for the act committed by its employee - such as compensation claimed by the injured party or civil obligations arising from the offence - and it was impossible to recognise any other form of liability.

In particular, art. 27 of the Constitution, ratifying the principle of guilt, excludes the possibility of a party being held liable other than the natural person that committed the offence. Therefore, legal entities are not criminally liable⁹.

Now, on the other hand, without prejudice to the prohibition pursuant to art. 27 of the Constitution, the legislator has added to the civil claims a form of administrative liability, with interdiction penalties - which directly affect the corporate activity - and pecuniary penalties - which affect the assets of the entity¹⁰.

1.2 The nature of the entity's liability

With reference to the nature of the liability *ex* Italian Legislative Decree 231/2001, it can be argued that, although on a formal level the literal content of the regulation qualifies liability as “administrative”, on a substantive level it is, in fact, a liability similar to criminal liability.

The explanatory report to the decree underlines the *“establishment of a tertium genus that combines the essential features of the criminal and administrative system in an attempt to reconcile the reasons for preventive effectiveness with those, even more unavoidable, of the maximum guarantee”*.

The intention is to create *“a system which, because of its obvious affinity with criminal law, with which it shares the same affective characterisation, proves to be respectful of the principles that inform the latter, first and foremost that of guilt”*.

Therefore, the direct imputability of the legal person (be it a company or an association) is sanctioned, creating an ad hoc figure of liability, legally different from the criminal model, but which adopts the main guarantees from the latter, in compliance with the prohibition pursuant to art. 27 of the Constitution.

⁶ Understood as a check on the adequacy of the organisation and, therefore, on the appropriate distribution of safeguards for processes where the risk of an offence occurring is greatest.

⁷ In order to do this, it may use codes of conduct (or guidelines) drawn up by the representative associations of the Companies, such as, for example, Confindustria.

⁸ In the event that the offender has acted in his own “overriding interest or that of third parties and the organisation has not gained an advantage or has gained a minimum advantage”, the company may only benefit from a “reduction in sentence” (art. 12, Italian Legislative Decree 231/01).

⁹ Pursuant to the Latin brocard *“societas delinquere non potest”*.

¹⁰ It should be noted that in addition to the interdiction and pecuniary penalties, plus confiscation of the price and product of the offence and publication of the judgement. On the issue, the guidelines of Confindustria state: *“The extension of liability aims to involve in the punishment of certain criminal offences the assets of the entities and, ultimately, the economic interests of the shareholders, who, until the entry into force of the law under review, did not suffer any consequences from the commission of offences, to the benefit of the Company, by directors and/or employees. The principle of the individual nature of criminal liability left the aforementioned free from penalties other than compensation for damage, where applicable. In terms of criminal consequences, only arts. 196 and 197 of the Italian Criminal Code provided (and still do) for a civil obligation to pay fines or penalties imposed, but only in the event of insolvency of the material author of the act”*.

Italian Legislative Decree 231/01, in fact, expressly refers to the principle of legality (art. 2), succession of laws over time (art. 3)¹¹, guarantees of criminal proceedings in the assessment of corporate administrative liability (art. 34) and to the application to the entities of the procedural provisions relating to the accused (art. 35).

1.3 Perpetrator of predicate offences

As mentioned above, the Company is liable for offences committed in its interest or to its advantage (so-called “predicate offences”):

- by **senior management**, i.e. “persons who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy, as well as persons who exercise, including de facto, the management and control of the entity” (art. 5, subsection 1, lett. a of Italian Legislative Decree 231/2001);
- by **subordinates**, i.e. by “persons subject to the direction or supervision of senior management” (art. 5, subsection 1, lett. b), of Italian Legislative Decree 231/2001).

It should be pointed out that, by express provision of the law, **the Company is not liable or cannot be convicted** in the event that:

- senior management/subordinates have acted in the exclusive interest of themselves or third parties¹² (art. 5, subsection 2, of Italian Legislative Decree 231/2001);
- the entity itself, voluntarily, prevents the completion of the criminal action or the occurrence of the crime that the senior manager/subordinate was attempting to commit (art. 26, subsection 2, of Italian Legislative Decree 231/2001);
- the predicate offence is extinguished by prescription (arts. 60 and 67 of Italian Legislative Decree 231/2001);
- the administrative penalty has been prescribed (arts. 22 and 67 of Legislative Decree 231/2001).

1.4 Types of predicate offences

“Predicate offences”, for which the entity may incur in the administrative liability under scrutiny, are those specifically indicated in Italian Legislative Decree 231/2001, or in other legislative provisions that expressly refer to the same.

They are precisely the offences grouped by law into the following categories:

- I. Offences “against the Public Administration” (referred to in arts. 24 and 25 of Italian Legislative Decree 231/2001)¹³;

¹¹ Principles already introduced in the administrative sanctioning procedure with Italian Law 689 of 24 November 1981.

¹² The Explanatory Report to Italian Legislative Decree 231/2001, in the part relating to art. 5, subsection 2, of Italian Legislative Decree 231/2001, states: “Subsection two of article 5 of the scheme adopts from letter e) of the delegation the closing clause and excludes the liability of the entity when the natural persons (whether they are senior management or subordinates) have acted in the exclusive interest of themselves or third parties. The legislation stigmatises the case of “breaking-away” from the guilt by association scheme, i.e. it refers to cases in which the offence committed by the natural person is in no way attributable to the entity because it is not carried out even in part in its interest. And it should be noted that, where it is clear that the legal person is not involved, the court will not have to verify whether the legal person has by chance derived an advantage (the provision thus derogates from the first subsection).”

¹³ These are the crimes of: a) art. 24 of Italian Legislative Decree 231/2001 (as last amended by Italian Legislative Decree 75/2020): embezzlement to the detriment of the State or European Union (art. 316-bis of the Italian Criminal Code), undue receipt of funds to the detriment of the State or European Union (art. 316-ter of the Italian Criminal Code), public supply fraud (art. 356 of the Italian Criminal Code), aggravated fraud to the detriment of the State or other public body or European Union (art. 640, subsection 2, no. 1, of the Italian Criminal Code), aggravated fraud to obtain public funds (art. 640-bis of the Italian Criminal Code), computer fraud to the detriment of the State or other public body or European Union (art. 640-ter of the Italian Criminal Code) and Fraud in agriculture for undue receipt of allowances, contributions or other disbursements paid in whole or in part by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (art. 2 of Italian Law 898/1986); b) art. 25 of Italian Legislative Decree 231/2001, as amended by Italian Law 69 of 27 May 2016 and lastly by Italian Law 3 of 9/1/2019: bribery for an official act or contrary to official duties (arts. 318, 319, 319-bis and 321 of the Italian Criminal Code), bribery in court proceedings (art. 319-ter of the Italian Criminal Code), induction to give or promise benefits (art. 319-quater of the Italian Criminal Code) [added by Italian Law 190 of 6 November 2012], corruption of a person in

- II. Cybercrime and unlawful processing of data (art 24-bis, Italian Legislative Decree 231/2001)¹⁴;
- III. Organised crime offences (art 24-ter, Italian Legislative Decree 231/2001)¹⁵.
- IV. Counterfeiting of coins, public credit cards, revenue stamps and instruments or signs of recognition (art. 25-bis, Italian Legislative Decree 231/2001)¹⁶;
- V. Crimes against industry and commerce (art 25-bis.1, Italian Legislative Decree 231/2001)¹⁷;
- VI. Corporate crimes (art. 25-ter, Italian Legislative Decree 231/2001)¹⁸;

charge of a public service (art. 320 of the Italian Criminal Code), [amended by Italian Law 190 of 6 November 2012], misappropriation, if the fact offends the financial interests of the European Union (art. 314), misappropriation through the profit of the error of others (art. 316 of the Italian Criminal Code), incitement to corruption (art. 322 of the Criminal Code), bribery (art. 317 of the Criminal Code), corruption, incitement to corruption and bribery of members of international courts or bodies of the international parliamentary assemblies or international organisations or officials of the European Communities, foreign States (art. 322-bis of the Criminal Code), abuse of office, if the fact offends the financial interests of the European Union (art. 323 of the Criminal Code) and trafficking in unlawful influence (art. 346-bis of the Criminal Code).

¹⁴ Art. 24-bis was added by art. 7 of Italian Law 48 of 18 March 2008, as last amended by Italian Legislative Decree 105/2019, converted with amendments by Italian Law 133/2019. These are the crimes of: abusive access to a computer or electronic systems (art. 615-ter of the Italian Criminal Code); possession and abusive diffusion of access codes to computer and electronic systems (art. 615-quater of the Italian Criminal Code); diffusion of programs aimed at damaging or interrupting a computer system (art. 615-quinquies of the Italian Criminal Code); interception, impediment or illegal interruption of computer or electronic communications (art. 617-quater of the Italian Criminal Code); installation of equipment suitable to intercept, prevent or interrupt computer or electronic communications (art. 617-quinquies of the Italian Criminal Code); damage of information, data and computer programs (art. 635-bis of the Italian Criminal Code); damage of information, data and computer programs used by the State or other public entity or public utilities (art. 635-ter of the Italian Criminal Code); damage of computer or electronic systems (art. 635- quater of the Italian Criminal Code); damage of computer or electronic systems of public utilities (art. 635-quinquies of the Italian Criminal Code); falsification of documents having evidential effectiveness (art. 491-bis of the Italian Criminal Code); fraud by the subject that provides electronic signature services (art. 640-quinquies of the Italian Criminal Code) and breaches of the “national security perimeter cybernetics “(art. 1 subsection 11 of Italian Legislative Decree 105 of 21/9/2019), an irrelevant offence since the Company does not exercise activities subject to the regulations in question.

¹⁵ Article inserted by art.2, sub. 29, of Italian Law 94 of 15 July 2009., and amended by Italian Law 69 of 27 May 2015. It punishes criminal association of a simple or Mafia type nature or aimed at the reduction or maintenance in slavery or servitude, trafficking in persons, the purchase or sale of slaves or the commission of other offences concerning violations of the provisions against illegal immigration (Articles 416 and 416-bis of the Criminal Code); political-Mafia electoral exchange (art. 416-ter of the Italian Criminal Code, article last amended by Italian Law 43/2019); kidnapping of a person for the purpose of robbery or extortion (art. 630 of the Italian Criminal Code); association aimed at illicit trafficking in narcotic drugs or psychotropic substances (art. 74 of Italian Presidential Decree 309 of 9 October 1990); the illegal manufacture, introduction into the State, sale and possession of weapons of war or war-type weapons or parts of them, explosives, clandestine weapons, as well as various ordinary firearms (art. 407, sub. 2, letter a), number 5) of the Italian Code of Criminal Procedure).

¹⁶ Art. 25-bis was introduced by art. 6 of Italian Legislative Decree 350/2001, converted into law, with amendments, by art. 1 of Italian Law 409/2001. These are crimes of: counterfeiting of coins, spending and introduction into the State, after consultation, of counterfeit coins (art. 453 of the Italian Criminal Code), alteration of coins (art. 454 of the Italian Criminal Code), spending and introduction into the State, without consultation, of counterfeit coins (art. 455 of the Italian Criminal Code), spending of counterfeit coins received in good faith (art. 457 of the Italian Criminal Code), counterfeiting of stamp duty, introduction into the State, purchase, possession or circulation of counterfeit stamp duty (art. 459 of the Italian Criminal Code), counterfeiting of watermarked paper in use for the manufacture of public credit cards or stamp duty (art. 460 of the Italian Criminal Code), manufacture or possession of watermarks or instruments intended for the counterfeiting of coins, stamp duty or watermarked paper (art. 461 of the Italian Criminal Code), use of counterfeit or altered stamp duty (art. 464 of the Italian Criminal Code). Furthermore, Italian Law 99/2009, which entered into force on 15 August 2009, reformulated the title of art. 25-bis into “counterfeiting of coins, public credit cards, revenue stamps and instruments or signs of recognition” and introduced new types of predicate offences not covered by the previous wording of the article. The amendments introduced, in particular in letter f-bis), the liability of entities for crimes of: counterfeiting, alteration or use of distinctive signs of intellectual property or industrial products (art. 473 of the Italian Criminal Code), and introduction into the State and trade of products with fake signs (art. 474 of the Italian Criminal Code).

¹⁷ Article inserted by Article 17, sub. 7, letter b), of Italian Law 99 of 23 July 2009. The law punishes: the disturbed freedom of industry and commerce (art. 513 of the Italian Criminal Code); fraud in the exercise of commerce (art. 515 of the Italian Criminal Code); the sale of non-genuine food substances as genuine (art. 516 of the Italian Criminal Code); the sale of industrial products with fake signs (art. 517 of the Italian Criminal Code); the counterfeiting of geographical indications or designation of origin of agri-food products (art. 517-quater of the Italian Criminal Code); the manufacture and sale of goods made by usurping industrial property rights (art. 517-ter of the Italian Criminal Code); illegal competition with violence or threats (art. 513-bis of the Italian Criminal Code); fraud against national industries (art. 514 of the Italian Criminal Code).

¹⁸ Art. 25-ter was introduced by art. 3 of Italian Legislative Decree 61/2002 and then amended by Italian Law 262/2005, Italian Law 69 of 27 May 2015 and Italian Legislative Decree 38/2017. These are the crimes of: false corporate communications (art. 2621 of the Italian Civil Code), false corporate communications of listed companies (art. 2622 of the Italian Civil Code), minor events (art. 2621-bis), impeded control (art. 2625, subsection 2 of the Italian Civil Code), fictitious capital formation (art. 2632 of the Italian Civil Code), undue return of contributions (art. 2626 of the Italian Civil Code), illegal distribution of profits and reserves (art. 2627 of the Italian Civil Code), illegal transactions on shares or shares of the company or parent company (art. 2628 of the Italian Civil Code), transactions to the detriment of creditors (art. 2629 of the Italian Civil Code), failure to communicate the conflict of interest (art. 2629-bis of the Italian Civil Code), undue distribution of social assets by liquidators (art. 2633 of the Italian Civil Code), corruption between private individuals (art. 2635, subsection 3 of the Italian Civil Code) [added by Italian Law 190 of 6 November 2012 and amended by Italian Legislative Decree 38/2017 and recently amended by Italian Law 3/2019], incitement to corruption between private individuals (art. 2635-bis of the Italian Civil Code) [added by Italian Legislative Decree 38/2017 and recently amended by Italian Law 3/2019], unlawful influence on the Shareholders' Meeting (art.

- VII. Crimes for the purpose of terrorism and subversion of democratic order (art. 25-*quater*, Italian Legislative Decree 231/2001)¹⁹;
- VIII. Crimes of female genital mutilation practices (art. 25-*quater*.1, Legislative Decree 231/2001)²⁰;
- IX. Crimes against individual personality (art. 25-*quinquies*, Italian Legislative Decree 231/2001)²¹;
- X. Market abuse (art. 25-*sexies*, Italian Legislative Decree 231/2001)²²;
- XI. Manslaughter or serious or very serious injuries committed in breach of the regulations for the protection of health and safety at work (art. 25-*septies*, Italian Legislative Decree 231/2001)²³;
- XII. Receiving, laundering and use of money, goods or utilities of illicit origin, as well as self-laundering (art. 25-*octies*, Italian Legislative Decree 231/2001)²⁴;

2636 of the Italian Civil Code), litigation (art. 2637 of the Italian Civil Code), obstacle to the exercise of the functions of public supervisory authorities (art. 2638 of the Italian Civil Code). Article 25-*ter* also refers to two predicate offences subsequently repealed: false statement in a prospectus (art. 2623, subsection 2, of the Italian Civil Code). – repealed by art. 34, Italian Law 262 of 28 December 2005), and falsities in reports or communications of audit firms (art. 2624 of the Italian Civil Code – repealed by art. 37, subsection 34 of Italian Legislative Decree 39 of 27 January 2010).

On the basis of the principle that the list of predicate offences is exhaustive (see Ordinary Court of Milan, section Judge for Preliminary Investigations, Judgement no. 12468 of 3 November 2010, Preliminary hearing judge D'Arcangelo; see also Cass. 29/9/2009, no. 41488, Rimoldi and others) the cases of administrative offences dependent on repealed offences to which art. 25-*ter* of Italian Legislative Decree 231/01, although formally still referred to, are currently inapplicable due to *ius superveniens*.

¹⁹ Art 25-*quater* was introduced by art. 3 of Italian Law 7 of 14 January 2003. These are “offences with the purpose of terrorism or subversion of democratic order, provided for in the Criminal Code and in special laws”, as well as offences “which have in any case been committed in breach of the provisions of article 2 of the International Convention for the Suppression of the Financing of Terrorism prepared in New York on 9 December 1999”. This Agreement punishes anyone who, illegally and intentionally, provides or collects funds knowing that the same will be used, even partially, to carry out: (i) acts aimed at causing the death - or serious injury - of civilians, when the action is aimed at intimidating a population, or at coercing a government or an international organisation; (ii) acts constituting an offence within the meaning of the conventions on: safety of flight and navigation, protection of nuclear material, protection of diplomatic agents, repression of attacks using explosives. The category of “crimes with the purpose of terrorism or subversion of the democratic order, provided for by the criminal code and special laws” is mentioned by the Legislator in a general way, without indicating the specific legislations whose breach would entail the application of this article. In any case, the main predicate offences are, art. 270-*bis* of the Italian Criminal Code, (associations with the purpose of terrorism, including international terrorism or subversion of democratic order), which punishes those who promote, constitute, organise, direct or finance associations that propose the performance of violent acts with terrorist or subversive purposes; art. 270-*ter* of the Italian Criminal Code (assistance to associates) that punishes those who provide shelter or food, hospitality means of transport, communication tools to some of the people who participate in the associations for terrorist or subversive purposes; art. 270-*quater* of the Italian Criminal Code (recruitment for the purpose of terrorism, including international terrorism); 270-*quinquies* of the Italian Criminal Code (training for activities with the purpose of terrorism, including international terrorism); art. 270-*sexies* (conduct with the purpose of terrorism); 280 of the Italian Criminal Code (attack for terrorist or subversion purposes); art. 280-*bis* of the Italian Criminal Code (act of terrorism with lethal or explosive devices); art. 289-*bis* of the Italian Criminal Code (kidnapping for terrorism or subversion purposes); art. 302 of the Italian Criminal Code (incitement to commit any of the aforementioned crimes); art. 1 of Italian Legislative Decree 625/1979, conv. with Ita. Law. 15/1980; Italian Law 342/1976 on the suppression of offences against the safety of air navigation; Italian Law 422/1989 on offences against the safety of maritime navigation and offences against the safety of fixed installations on the continental shelf.

²⁰ Art. 25-*quater*.1 was introduced by art. 8 of Italian Law 7 of 9 January 2006. These are the crimes of female genital mutilation practices (Article 583-*bis* of the Italian Criminal Code).

²¹ Art. 25-*quinquies* was introduced by art. 5 of Italian Law 228 of 11 August 2003, amended by Italian Law 38/2006. These are the crimes of: reduction or maintenance in slavery or servitude (art. 600 of the Italian Criminal Code), crimes related to child prostitution and exploitation of the same (art. 600-*bis* of the Italian Criminal Code), child pornography and exploitation of the same (art. 600-*ter* of the Italian Criminal Code), possession of pornographic material produced through the sexual exploitation of minors (art. 600-*quater* of the Italian Criminal Code), virtual pornography (art. 600-*quater* 1 of the Italian Criminal Code), tourist initiatives aimed at the exploitation of child prostitution (art. 600-*quinquies* of the Italian Criminal Code), human trafficking (art. 601 of the Italian Criminal Code), purchase and sale of slaves (art. 602 of the Italian Criminal Code), “Illegal intermediation and exploitation of work” (art. 603-*bis* of the Italian Criminal Code), solicitation of minors” (art. 609-*undecies* of the Italian Criminal Code); “Sexual violence” (art. 609-*bis* of the Italian Criminal Code); “Sexual acts with minors” (art. 609-*quater* of the Italian Criminal Code); “Corruption of minors” (art. 609-*quinquies* of the Italian Criminal Code); “Group sexual violence” (art. 609-*octies* of the Italian Criminal Code).

²² Art. 25-*sexies* was introduced by art. 9 of Italian Law 62 of 18 April 2005 (EC Law 2004). These are crimes of abuse of insider information (art. 184, Italian Legislative Decree 58/1998, as last amended by Italian Legislative Decree 107/2018) and market manipulation (art. 185, Italian Legislative Decree 58/1998, as last amended by Italian Legislative Decree 107/2018).

²³ 25-*septies* was introduced by art. 9 of Italian Law 123/2007, amended by art. 300 of Italian Legislative Decree 81/2008. It refers to the crimes of manslaughter (art. 589 of the Italian Criminal Code) and of serious or very serious bodily harm (art. 590 of the Italian Criminal Code).

²⁴ Art. 25-*octies* was introduced by art. 63 of Italian Legislative Decree 231/2007. Already provided for in Italian Law 146/2006, it punishes the offences of receiving (art. 648 of the Italian Criminal Code), money laundering (art. 648-*bis* of the Italian Criminal Code) and use of money, goods or benefits of unlawful origin (art. 648-*ter* of the Italian Criminal Code). Article 25-*octies* of Italian Law 186 of 15 December 2014 introduced the offence of “self-laundering” (art. 648-*ter*.1 of the Italian Criminal Code).

- XIII. Crimes relating to breach of copyright (art. 25-*novies*, Legislative Decree 231/2001)²⁵;
- XIV. Incitement not to make statements or to make false statements to the court authorities (art. 25-*decies*, Italian Legislative Decree 231/2001)²⁶;
- XV. Transnational crimes referred to in; 10 of Italian Law 146 of 16 March 2006, on “ratification and implementation of the United Nations Convention and Protocols against Transnational Organised Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001”²⁷,²⁸;
- XVI. Environmental crimes (art. 25 *undecies*, Italian Legislative Decree 231/2001)²⁹;

²⁵ Art. 25-*novies* was introduced by Italian Law 99 of 23 July 2009, art. 15, subsection 7, letter c). These are the crimes provided for by arts. 171, subsection one, letter a-*bis*, and subsection three, 171-*bis*, 171-*ter*, 171-*septies*, 171-*octies*) of Italian Law 633 of 22 April 1941. The aforementioned articles punish a plurality of behaviours summarised below: undue dissemination through electronic networks of protected intellectual works, in whole or in part; the penalty is aggravated if the work of others is not intended for advertising, or if the authorship of the work is usurped, or if there is any change to the work, if the honour or reputation of the author is offended (art. 171, sub. 1, lett. a-*bis* and sub. 3); unauthorised duplication, for profit, of computer programs; import, trade, lease, possession, for profit, of programs contained in media not marked by SIAE; import, trade, possession, for profit, of means intended solely to allow or facilitate the arbitrary removal or circumvention of devices applied to protect computer programs (art. 171-*bis*, sub. 1); reproduction, communication or dissemination, extraction or reuse in breach of articles 64-*quinquies*, 64-*sexies*, 102-*bis* and 102-*ter*, distribution, sale or lease of a database in order to profit, on media not marked SIAE (art. 171-*bis* sub. 2); duplication, reproduction, transmission or abusive dissemination of intellectual works on any media – text, audio, video or other, even in combination with each other, for profit or in any case for a number greater than fifty copies; abusive decryption or use/dissemination of tools for abusive decryption (art. 171-*ter*); production or import of media not marked SIAE (art. 171-*septies*); production, trade, modification, use for fraudulent purposes for public and private use of devices or parts of devices suitable for the decoding of conditional-access audiovisual transmissions, even if not subject to a fee (art. 171-*octies*).

²⁶ The article was added by art.4, sub. 1, of Italian Law 116 of 3 August 2009, as Article 25-*novies*, disregarding the addition of such article 25-*novies* by art. 15, subsection 7, letter c), of Italian Law 99 of 23 July 2009. That is why in editorial practice this article is renumbered as art. 25-*decies*. This is the offence of inducing people not to make statements or to make false statements to the court authorities (art. 377-*bis* of the Italian Criminal Code).

²⁷ The definition of “transnational crime” is contained in art. 3 of Italian Law 146/2006, where it is specified that this is considered “a crime punishable by imprisonment of no less than four years, if an organised criminal group is involved”, with the further condition that at least one of the following requirements is met: “is committed in more than one State” or “is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State” or “is committed in one State, but involves an organised criminal group engaged in criminal activities in more than one State” or “is committed in one State but has substantial effects in another State” [art. 3 a), b), c) and d)].

The transnational offences in relation to which art. 10 of Italian Law 146/2006 provides for the administrative liability of entities are the following: crimes of association pursuant to art. 416 of the Italian Criminal Code. (“criminal association”) and 416-*bis* of the Italian Criminal Code (“Mafia-type association”), in art. 291-*quater* of Italian Presidential Decree 43 of 23 January 1973 (“criminal association aimed at smuggling foreign tobacco”) and art. 74 of Italian Presidential Decree 309 of 9 October 1990, (“association aimed at illicit trafficking in narcotic drugs or psychotropic substances”); crimes relating to “migrant trafficking” pursuant to art. 12, subsections 3, 3-*bis*, 3-*ter* and 5 of Italian Legislative Decree 286 of 25 July 1998; crimes relating to “obstruction of justice” pursuant to art. 377-*bis* of the Italian Criminal Code. (“incitement not to make statements or to make false statements to the court authorities”) and 378 of the Italian Criminal Code (“personal aiding and abetting”).

It should be noted that, in this case, the extension of the offences entailing the liability of the company was not carried out - as previously - by adding further provisions to the body of Italian Legislative Decree 231/2001, but by means of an autonomous provision contained in the aforementioned art. 10 of Italian Law 146/2006, which establishes the specific administrative penalties applicable to the offences listed above, providing - by way of a reminder - in the last subsection that “the administrative offences provided for in this article shall be governed by the provisions of Italian Legislative Decree 146/2006, which lays down the specific administrative sanctions applicable to the offences listed above, providing - by way of reference - in the last paragraph that “the provisions of Italian Legislative Decree 231 of 8 June 2001 shall apply to the administrative offences provided for in this article”.

²⁸ With Italian Law 94 of 15 July 2009 (art. 2, subsection 29), art. 24-*ter* (Organised crime offences) was added to Italian Legislative Decree 231/2001, which identifies the crimes referred to in arts. 416 and 416-*bis* of the Italian Criminal Code, and art. 74 of Italian Presidential Decree 309 of 9 October 1990, even in the absence of the requirement of transnationality.

With Italian Law 116 of 3 August 2009 (art. 4), art. 25-*novies* (Incitement not to make statements or to make false statements to the court authorities) was added to Legislative Decree 231/2001, which identifies the crime referred to in art. 377-*bis* of the Criminal Code as a precondition for the administrative liability of entities, even in the absence of the requirement of transnationality.

²⁹ Article added by Italian Legislative Decree 121 of 7 July 2011; includes the following predicate offences: killing, destruction, capture, collection, possession of specimens of protected wild animal or vegetable species (art. 727-*bis* of the Italian Criminal Code); destruction or deterioration of habitats within a protected site (Article 733-*bis* of the Italian Criminal Code); discharges of industrial wastewater containing hazardous substances; discharges to soil, subsoil and groundwater; discharge into sea waters by ships or aircraft (Italian Legislative Decree 152/06, art. 137); unauthorised waste management activities (Legislative Decree 152/06, art. 256); soil, subsoil, surface water or groundwater pollution (Italian Legislative Decree 152/06, art. 257); violation of the obligations of communication, keeping of mandatory registers and forms (Italian Legislative Decree 152/06, art. 258); illegal waste trafficking (Italian Legislative Decree 152/06, art. 259); activities organised for illegal waste trafficking (Italian Legislative Decree 152/06, art. 260, repealed with Italian Legislative Decree 21/2008 and moved to the new art. 452-*quaterdecies*); false indications on the nature, composition and chemical-physical characteristics of the waste in the preparation of a certificate of analysis of waste; inclusion in the SISTRI of a false waste analysis certificate; omission or fraudulent alteration of the paper copy of the SISTRI - handling area in the transport of waste (Italian Legislative Decree 152/06, art.

- XVII. Employing third country nationals who are illegal immigrants (art. 25-duodecies, Italian Legislative Decree 231/2001)³⁰;
- XVIII. Racism and xenophobia (art. 25-terdecies, Italian Legislative Decree 231/2001)³¹;
- XIX. Fraud in sports competitions, abusive gambling or betting and gambling exercised by means of prohibited devices (art. 25-quaterdecies Italian Legislative Decree 231/2001)³²;
- XX. Tax offences (art. 25-sexiesdecies of Italian Legislative Decree 231/2001)³³;
- XXI. Smuggling (art. 25-sexiesdecies of Italian Legislative Decree 231/2001)³⁴.

1.5 Predicate offences committed abroad

Pursuant to art. 4, the entity that has its headquarters in Italy can be held liable, pursuant to Italian Legislative Decree 231/2001, also for crimes committed abroad.³⁵ The crime must be committed by a subject functionally linked to the entity, either senior management or subordinate, and must fall within the cases and conditions provided for by arts. 7, 8, 9, 10 of the Italian Criminal Code³⁶.

260-bis); import, export, possession, use for profit, purchase, sale, exhibition or possession for sale or for commercial purposes of protected species (Italian Law 150/92, arts. 1 and 2); Malicious pollution (Italian Legislative Decree 202/07, art. 8), Pollution through negligence (Italian Legislative Decree 202/07, art. 9).

Italian Law 68 of 22 May 2015, introduced the following predicate offences to art. 25-undecies: environmental pollution (art. 452-bis of the Italian Criminal Code), environmental disaster (art. 452-quater of the Italian Criminal Code), culpable crimes against the environment (art. 452-quinquies of the Italian Criminal Code), trafficking and abandonment of highly radioactive material (art. 452-sexies of the Italian Criminal Code), aggravating circumstances - aggravated hypotheses referred to the criminal association and the Mafia-type association – (art. 452-octies of the Italian Criminal Code).

³⁰ Article added by Italian Legislative Decree 109 of 16 July 2012 relating to art. 22 of Italian Legislative Decree 286 of 25 July 1998 (Open-ended and fixed term employment contracts), amended by Italian Law 161 of 17 October 2017, where art. 30, subsection 4 of the reform introduces financial and disqualifying sanctions in relation to the illegal activity and facilitation of illegal immigration pursuant to art. 12 of Italian Legislative Decree 286/1998.

³¹ Article added by Italian Law 167/2017, which became effective on 12 December 2017 containing “Provisions for the fulfilment of the obligations arising from Italy’s membership in the European Union – European Law 2017”.

³² Article inserted by Italian Law 39/2019, effective from 17 May 2019. The abusive exercise of gaming or betting activities is not a potentially relevant offence as the Company does not operate or have business interests in the gaming and betting sector.

³³ Art. 25-quinquiesdecies was inserted by Italian Law Decree 124/2019 converted with amendments by Italian Law 157/2019 and then amended by Italian Legislative Decree 75/2020. These are crimes of: fraudulent declaration through the use of invoices or other documents for non-existent operations (art. 2, subsections 1 and 2-bis, Italian Legislative Decree 74/2000), fraudulent declaration through other devices (art. 3, Italian Legislative Decree 74/2000), an unfaithful declaration, if committed within the framework of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million Euro (art. 4 of Italian Legislative Decree 74/2000), omitted declaration, if committed in the context of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million Euro (art. 5 of Italian Legislative Decree 74/2000), issuance of invoices and other documents for non-existent transactions (art. 8 Italian Legislative Decree 74/2000), concealment or destruction of accounting documents (art. 10 of Italian Legislative Decree 74/2000), fraudulent theft from the payment of taxes (art. 11 of Italian Legislative Decree 74/2000) and undue compensation, if committed in the context of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million Euro (art. 10-quater of Italian Legislative Decree 74/2000).

³⁴ Art. 25-sexiesdecies was inserted by Italian Legislative Decree 75/2020. These are the crimes of: Smuggling in the movement of goods across land borders and customs areas (art. 282 Italian Presidential Decree 43/1973), smuggling in the maritime movement of goods (art. 284 Italian Presidential Decree 43/1973), smuggling in the movement of goods by air (art. 285 Italian Presidential Decree 43/1973), smuggling in non-customs areas (art. 286 Italian Presidential Decree 43/1973), smuggling in customs warehouses (art. 288 Italian Presidential Decree 43/1973), smuggling in cabotage and circulation (art. 289 Italian Presidential Decree 43/1973), smuggling in temporary importation or exportation (art. 291 Italian Presidential Decree 43/1973), other cases of smuggling (art. 292 Italian Presidential Decree 43/1973) with the aggravating circumstances of smuggling (art. 295 Italian Presidential Decree 43/1973), all potentially relevant offences. Article 25-sexiesdecies also provides for the offences of smuggling in the movement of goods in border lakes (Article 283 of Italian Presidential Decree no. 43/1973), smuggling for improper use of imported goods with customs facilities (Article 287 of Italian Presidential Decree 43/1973), smuggling in the export of goods allowed to return rights (Article 290 of Italian Presidential Decree 43/1973), smuggling of foreign tobacco (Article 291-bis of Italian Presidential Decree 43/1973), aggravating circumstances of the crime of smuggling of foreign tobacco (Article 291-ter of Italian Presidential Decree 43/1973), criminal association aimed at smuggling of foreign tobacco (Article 291-quater of Italian Presidential Decree 43/1973), cases that, from the analysis carried out and taking into account the concrete activity carried out by the Company, have been assessed as not potentially relevant.

³⁵ and “(...) provided that the State of the place where the act was committed does not proceed against them. In cases where the law provides that the offender is punished at the request of the Ministry of Justice, the institution is prosecuted only if the request is also made against the latter.”

³⁶ Art. 7 Italian Criminal Code: “Crimes committed abroad - A citizen or foreigner who commits in foreign territory any of the following crimes is punished pursuant to Italian Law: 1) crimes against the personality of the Italian State; 2) crimes of counterfeiting of the State

1.6 Administrative penalties to be paid by the entity

Italian Legislative Decree 231/2001, adopts a sanctioning system based on the imposition of pecuniary penalties, interdiction penalties, confiscation of the price or profit of the crime and publication of the judgement³⁷.

The **financial penalties** are decided by the court through a system based on “quotas”, in a number not less than 100 and not more than 1,000, and of a variable amount between a minimum of €258.22 and a maximum of €1,549.37. In determining the financial penalty, the court will determine:

- both the number of quotas, taking into account the seriousness of the fact, the degree of responsibility of the Company as well as the activity carried out to eliminate or mitigate the consequences of the fact and to prevent the commission of further offences;
- is the amount of the single quota, on the basis of the Company's financial and equity conditions.

The pecuniary penalty may be increased in the event that an entity is held liable for the commission of a plurality of crimes (pursuant to art. 21 of Italian Legislative Decree 231/1001).

Or reduced when:

- the predicate offence does not occur but remains in the form of an attempt³⁸;
- the senior manager/subordinate has committed the offence in the prevailing self-interest or that of third parties and the institution has obtained a minimum or no advantage;
- the damage caused is of particular lightness;
- before the opening of the first instance proceedings, the institution has fully compensated the damage and eliminated the consequences, or has effectively done so;
- always before the opening of the first instance proceedings, an organisational model has been adopted and implemented to prevent further similar crimes.

seal and use of such counterfeit seal; 3) crimes of counterfeiting in coins having legal status in the territory of the State, or in revenue stamps or in Italian public credit cards; 4) crimes committed by public officials in the service of the State, abusing the powers or violating the duties inherent to their functions; 5) any other crime for which special provisions of law or international conventions establish the applicability of Italian criminal law". Art. 8 Italian Criminal Code: "Political crime committed abroad - *The citizen or foreigner, who commits in foreign territory a political crime not included among those indicated in number 1 of the previous article, is punished pursuant to Italian law, at the request of the Ministry of Justice. If it is a crime punishable by a lawsuit filed by the injured party, the lawsuit must also be filed in addition to this request. For the purposes of criminal law, every crime is a political crime, which offends a political interest of the State, or a political right of the citizen. A common crime wholly or partially determined by political motives shall also be considered a political crime.*" Art. 9 Italian Criminal Code: "Common crime of the citizen abroad - *The citizen, who, apart from the cases indicated in the two previous articles, commits in foreign territory a crime for which the Italian law establishes life imprisonment, or imprisonment of not less than three years, is punished pursuant to the same law, provided that the same is in the territory of the State. If it is a crime for which a penalty restricting personal freedom of shorter duration is established, the offender is punished at the request of the Minister of Justice or at the request or complaint of the offended party. In the cases provided for in the preceding provisions, if the offence is committed against the European Communities, a foreign State or a foreigner, the offender shall be punished at the request of the Minister of Justice, provided that extradition has not been granted, or has not been accepted by the Government of the State in which the same committed the offence.*" Art. 10 Italian Criminal Code: "Common crime of the foreigner abroad - *The foreigner, who, apart from the cases indicated in articles 7 and 8, commits in foreign territory, to the detriment of the State or of a citizen, a crime for which the Italian law establishes life imprisonment, or imprisonment of not less than one year, is punished pursuant to the same law, provided that the same is in the territory of the State, and there is a request from the Ministry of Justice, or request or complaint of the offended party. If the crime is committed to the detriment of the European Communities of a foreign State or of a foreigner, the offender is punished pursuant to Italian law, at the request of the Ministry of Justice, provided that: 1) is in the territory of the State; 2) is a crime for which the penalty of life imprisonment or imprisonment of not less than three years is established; 3) extradition has not been granted, or has not been accepted by the Government of the State where the crime was committed, or by that of the State to which the same belongs.*"

³⁷ The publication of the judgement takes place only in the case of application of a interdiction penalty (art. 18, Italian Legislative Decree 231/2001).

³⁸ Pursuant to art. 56, subsection 1, of the Italian Criminal Code, "*Whoever performs suitable acts, directed in an unequivocal way to commit a crime, is liable for attempted crime, if the action is not carried out or the event does not occur*". As required by art. 26 of Italian Legislative Decree 231/2001, the pecuniary and disqualifying penalties imposed by the Company are reduced from one third to one half, while the imposition of administrative penalties is excluded in cases where the entity voluntarily prevents the completion of the action or the realisation of the criminal event of its senior management/subordinate

The **interdiction penalties** concern the specific activity to which the offence refers³⁹, and apply only in relation to the crimes for which they are expressly provided, provided that at least one of the following conditions is met:

- the Company has derived from the consummation of the offence a significant profit and the offence was committed by persons in a senior position, or by persons subject to the direction of others when, in the latter case, the commission of the offence was determined or facilitated by serious organisational deficiencies;
- in the event of recurrence of the offences.

They are:

- the suspension or revocation of authorisations, licenses or concessions for the commission of the offence;
- the prohibition to bargain with the Public Administration, except to obtain the services of a public service (even limited to certain types of contract or certain administrations);
- the exclusion from benefits, loans, contributions or subsidies and the possible revocation of those granted;
- the prohibition of advertising goods or services;
- finally, the interdiction from the exercise of the activity (which implies the suspension or revocation of authorisations, licenses or concessions for this activity), when the application of the other penalties is inadequate.

The court determines the type and duration – from 3 months to 2 years - of the interdiction penalties, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, may jointly apply more than one sanction.

The prohibition from the exercise of the activity, the prohibition to negotiate with the public administration and the prohibition to advertise goods or services can be applied, in the most serious cases, definitively.

Should the imposition of the interdiction penalty entail the interruption of a public service or a service of public necessity, or serious employment consequences, the court may appoint a Commissioner to continue the activity of the entity (art. 15 of Italian Legislative Decree 231/2001).

The interdiction penalties can also be reduced in cases of attempted crime, and even not applied in cases of reduction of the pecuniary penalty indicated above in points b) and c).

When there are serious indications to consider the liability of the entity and there is a well-founded risk that similar crimes will be committed, the court can apply an interdiction penalty, before the pronouncement of the judgement, as a precautionary measure (arts. 45 to 52 of Italian Legislative Decree 231/2001).⁴⁰

Finally, it is worth noting that non-compliance with prohibitory penalties, or prohibitory precautionary measures, entails serious consequences both for the party that does not comply with them and for the entity that benefits from such breach. For the first, in fact, the penalty is imprisonment from six months to three years, while for the second, additional pecuniary and disqualifying penalties may be imposed.

1.7 Changes to the entity

Within the penalty framework outlined by Italian Legislative Decree 231/02001, the legislator wanted to ensure that the entity is punishable even in the event that the company structure changes as a result of transformation, merger, spin off and sale of the company.

The obvious aim is to avoid that, by means of such operations, the administrative liability of the entity can be easily evaded, without, on the other hand, penalising legitimate corporate reorganisation measures,

³⁹ The explanatory report to Italian Legislative Decree 231/2001 specifies that the interdiction penalty must not be based on a generalised and indiscriminate application criterion: "*Sanctions should, as far as possible, affect the branch of activity in which the offence was committed, in compliance with the principle of economy and proportionality. The need for this selection derives precisely from the extreme fragmentation of production sectors that marks the life of companies today.*"

⁴⁰ Furthermore, as a preventive measure, the court may order the seizure of the assets to be confiscated and the attachment of the securities for the payment of the financial penalties and expenses (arts. 53 and 54 of Italian Legislative Decree 231/2001).

The **transformation** involves a simple change in the type of Company, without determining the extinction of the original legal entity, therefore, the liability of the entity remains for crimes committed prior to the transformation (art. 28, Italian Legislative Decree 231/2001).

In compliance with the general rules of the Italian Civil Code (*art. 2504-bis* of the Italian Civil Code), the entity resulting from the **merger** - also as a result of **incorporation** – undertakes rights and obligations arising from the activities of the extinct companies, and is, therefore, also liable for the crimes for which the entities involved in the merger were liable (art. 29 of Italian Legislative Decree 231/2001)⁴¹.

Art. 30 of Italian Legislative Decree 231/2001 provides that, in the case of partial **spin off**, the split-off Company remains liable for the crimes committed before the date on which the spin off took effect.

Entities benefiting from the spin off, both total and partial, are jointly and severally liable to pay the financial penalties due by the split-off entity for offences committed prior to the spin off, within the limit of the actual value of the net assets transferred to the individual entity.

However, this limit does not apply to the Companies to which the branch of activity within which the offence was committed has been devolved, even if only in part, as well as the interdiction penalties for the offences committed in the exercise of the transferred branches of activity remain in the hands of these Companies.

Also in the case of merger or spin off, the court must commensurate the pecuniary penalty with reference to the economic and financial conditions of the originally liable entity, and not to those of the entity to which the penalty should be attributed following the merger or spin off (art. 31, subsection 1, Italian Legislative Decree 231/2001).

Furthermore, the entity resulting from the merger or spin off may ask the court to convert the interdiction penalty into a pecuniary penalty, when it has already eliminated the organisational deficiencies which made it possible to commit the offence, has already compensated the damage and has made the profit from the offence available for confiscation (art. 31, subsections 2, 3 and 4)⁴².

Art. 33 of Italian Legislative Decree 231/2001 regulates the **sale and transfer of the company**. The transferee, in the event of the transfer of the business in whose activity the offence was committed, is jointly and severally liable to pay the pecuniary penalty imposed on the transferor, except for the benefit of prior enforcement of the latter, within the limits of the value of the transferred business and only for the pecuniary penalties resulting from the compulsory accounting books or due for offences of which it was aware⁴³.

1.8 The organisational, management and control models

Fundamental aspect of Italian Legislative Decree 231/2001 is the attribution of an exemption value, suitable to exclude “organisational liability”, to specific organisation, management and control Models of the entity.

Therefore, in the case of a crime committed by a person in **senior management**, the Company is not liable if it proves:

⁴¹ The Explanatory Report to Italian Legislative Decree 231/2001 clarifies that “*To avoid that, with particular regard to the prohibitory penalties, the rule now stated determines an “expansion” of dubious opportunity of the punitive measure - involving “healthy” companies in measures directed to hit “sick” companies (one thinks of the case in which a modest Company, liable for an offence punishable by the prohibition of contracting with the public administration, is incorporated by a large Company with shares listed on the stock exchange) - provide, in fact, on one side, the general provision which limits the interdiction penalties to the activity or to the structures in which the offence was committed (art.14, sub. 1, of the scheme); and, on the other hand, the (...) the power of the merged entity to request, in appropriate cases, the replacement of such penalties with pecuniary penalties.*”

⁴² The Explanatory Report to Italian Legislative Decree 231/2001 clarifies: “*The entity resulting from the merger and the entity that, in the event of a spin off, would be exposed to a interdiction penalty can obviously avoid its application by providing for the reparation of the consequences of the crime, pursuant to and within the terms generally indicated by article 17. However, it was considered appropriate to provide (...), that when the operation of the aforementioned provision was precluded by the exceeding of the time limit of the opening of the proceedings, the entity concerned may still request the court to replace the interdiction penalty with a pecuniary penalty of an amount equal to one to two times that imposed on the entity for the same offence (...). Without prejudice, in any case, to the right to request conversion also in executivis pursuant to article 78.*”

Furthermore, pursuant to art. 32 of Italian Legislative Decree 231/2001, convictions pronounced, prior to the merger or spin off, against merged or split-off entities may be assessed for the purposes of recurrence in the case of further offences committed by the new entity after the event changing the corporate structure.

⁴³ On the contrary, the interdiction penalties imposed on the transferor are not extended to the transferee

- a) the executive body adopted and successfully implemented, prior to the commission of the event, organisation and management models suitable to prevent crimes such as the ones committed;
- that the task of supervising the functioning and compliance with the Models and to ensure their updating was entrusted to a Company Body with autonomous powers of initiative and control;
- that the senior managers have committed the crime fraudulently avoiding the Organisation and Management Models;
- that there was no omission or insufficient supervision by the Supervisory Body.

In the case, on the other hand, of an offence committed by persons subject to the direction or supervision of others - so-called **subordinates** -, the Company is liable if the commission of the offence was made possible by failure to comply with the obligations of direction or supervision.

However, such non-compliance is excluded if the Company has adopted and effectively implemented, prior to the commission of the event, the aforementioned organisational, management and control model, thus helping to identify and effectively eliminate all situations of risk.

The **Model**, taking into account the extension of the delegated powers and the risk of committing crimes, must:

- identify the activities in which offences may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the Company's decisions in relation to the crimes to be prevented;
- identify methods for the management of financial resources suitable for preventing the commission of crimes;
- provide for information obligations vis-à-vis the body responsible for supervising the functioning and compliance with the models;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

Furthermore, Italian Law 179 of 30 November 2017 “Provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship⁴⁴ has introduced new suitability requirements and, therefore, the Model must also contain the indications referred to in subsections *2-bis*, *2-ter* and *2-quater* of art. 6 of Italian Legislative Decree 231/2001.

However, the simple adoption of the Model is not sufficient to distinguish the work of the entities. The latter, in fact, must also prepare adequate measures that make the **implementation** of the same Model effective and that require:

- the periodic verification and possible amendment of the Model, when significant breaches of the prescriptions are discovered or when changes occur in the organisation and in the activity;
- a disciplinary system suitable for punishing non-compliance with the measures indicated within the model.

Finally, to **supervise** the functioning and compliance with these Models, thus prepared and implemented, and to **update them**, a specific body of the company must be appointed – precisely called the Supervisory Body (SB) – with sufficient powers and autonomy.

1.9 Codes of conduct drawn up by the associations representing entities

For the preparation of the Model, the entity may follow the codes of conduct drawn up by the representative associations such as, for that which concerns us, the Guidelines prepared by Confindustria.

The “*Guidelines for the construction of the organisation, management and control models pursuant to Italian Legislative Decree 231/2001*” of Confindustria were issued on 7 March 2002, supplemented on 3 October 2002 with an appendix relating to the so-called corporate crimes (introduced in Italian Legislative Decree 231/2001 pursuant to Italian Legislative Decree 61/2002) and subsequently updated in March 2008.

⁴⁴ Published in the Official Gazette no. 291 of 14 December 2017 and became effective on 29 December 2017.

On 2 April 2008, the Ministry of Justice announced the conclusion of the procedure for examining the new version of the Confindustria Guidelines. These were approved as the update was considered “*overall adequate and suitable for achieving the purpose set by art. 6, subsection 3 of Italian Legislative Decree 231/2001*”.

In 2014, following extensive and in-depth review work, Confindustria completed the work to update the Guidelines. The new version adapts the previous text of 2008 to the legislative, jurisprudential and application practice changes that have occurred in the meantime, maintaining the distinction between the two Parts, general and special. In particular, the main amendments and additions to the General Section concern: the new chapter on the characteristics of criminal liability and the summary table of predicate offences, the disciplinary system and the sanctioning mechanisms, the Supervisory Body, with particular reference to its composition: the phenomenon of groups of companies. The Special Part has been substantially revised, aimed not only at dealing with the new predicate offences, but also at introducing a schematic method of analysis that is more user-friendly for the operators concerned. The document was submitted to the Ministry of Justice, which on 21 July 2014 announced its final approval.

Finally, Confindustria has prepared a new update of the Guidelines, published in June 2021 and approved by the Ministry of Justice on 8 June 2021, with which it has provided further clarifications and implemented practices in risk management and control systems now consolidated. In particular, in the General Part of the Guidelines, the following has been highlighted or specified: (i) the principle of mandatory nature of the predicate offences pursuant to Italian Legislative Decree 231/01; (ii) the concepts of interest and advantage of the entity; (iii) the principles of integrated compliance and integrated risk management and the related controls (e.g. in terms of *tax compliance*); (iv) the new discipline of whistleblowing. In the Special Part of the Guidelines, on the other hand, the safeguards and protocols were integrated in relation to the new types of crimes introduced after 2014 (e.g. trafficking in illicit influence and tax crimes).

The *Guidelines* provide the Companies with indications and measures, essentially taken from company practice, for the preparation of the Organisational Models. In short, they give a picture of the regulatory system outlined by Italian Legislative Decree 231/2001, ideas for assessing the risks and for preparing the internal protocols, for drawing up the Code of Ethics and the disciplinary system of the company, for identifying the Supervisory Body, in addition to illustrating a case history of the predicate offences relevant to the administrative liability in question.

1.10 Ascertainment of the administrative offence

In addition to the specific rules dictated by Italian Legislative Decree 231/2001, the provisions of the Italian Code of Criminal Procedure and Italian Legislative Decree 271/1989⁴⁵.

Therefore, the liability of the body for the offence resulting from a crime, although an administrative liability, is ascertained within the framework of criminal proceedings and, precisely, by the same judge called upon to decide on the alleged offence committed by the senior person or the subordinate (arts. 36 and 38 of Italian Legislative Decree 231/2001)⁴⁶.

However, with reference to the ex art. 37 of Italian Legislative Decree 231/2001, it is not possible to proceed with the verification of the administrative offence against the entity when the criminal action against the senior manager/subordinate, author of the crime, cannot be initiated or continued due to the lack of the complaint, the request for proceedings, the request for proceedings or the authorisation to proceed (i.e. the conditions of procedure pursuant to arts. 336, 341, 342, 343 of the Italian Criminal Code).

Lastly, it should be noted that the liability of the body is essentially of a negligent nature. Therefore, the criminal court will be called upon to carry out:

⁴⁵ “*Implementing, coordinating and transitional rules of the Italian Code of Criminal Procedure*”.

⁴⁶ Except to proceed separately in the cases provided for by art. 38, subsection 2, of Italian Legislative Decree 231/2001: “*We proceed separately for the administrative offence of the entity only when: a) the suspension of the procedure pursuant to article 71 of the Italian Code of Criminal Procedure [suspension of the procedure for the incapacity of the accused] has been ordered; b) the procedure has been defined with the abbreviated judgement or with the application of the penalty pursuant to article 444 of the Italian Code of Criminal Procedure [application of the penalty upon request] or the criminal conviction decree has been issued; c) compliance with the procedural provisions makes it necessary*”.

- a verification of the existence of the predicate offence;
- an investigation into the real liability/fault of the Company, which also ensures the effective adoption and implementation of measures aimed at the prevention of crime;
- a suitability review on these measures and on the organisational models adopted, that is to say on their ability to eliminate or, at least, to minimise, with reasonable certainty, the risk of the commission of the crime that subsequently occurred for independent causes.⁴⁷

1.11 Examination of suitability

The verification of the responsibility of the Company, attributed to the criminal court, takes place through: the verification of the existence of the predicate offence for the liability of the Company; and the suitability review on the organisational models adopted.

The court's review of the abstract suitability of the organisational model to prevent crimes pursuant to Italian Legislative Decree 231/2001 is conducted pursuant to the criterion of the so-called "posthumous prognosis".

The judgement of suitability must be expressed pursuant to a substantially *ex ante* criterion for which the court ideally places itself in the company at the time in which the offence occurred in order to test the congruence of the model adopted⁴⁸.

In other words, the organisational model which, prior to the commission of the offence, could and should be deemed to have eliminated or, at least, minimised, with reasonable certainty, the risk of the offence subsequently being committed, shall be deemed "suitable to prevent offences"⁴⁹.

⁴⁷ In particular, to review the abstract suitability of the Organisational Model to prevent crimes pursuant to Italian Legislative Decree 231/2001, the court must ideally place himself in the company at the time in which the offence occurred, and thus verify, *ex ante factum*, the congruence of the model adopted. This type of assessment, typical of the criminal system, is called "posthumous prognosis"

⁴⁸ Paliero, The liability of the legal person for crimes committed by persons in senior positions, Report held at the Paradigm conference, Milan, 2002, p. 12 of the typewritten document. Rordorf, The legislation on the organization models of the entity, in Liability of entities, cited, supplement to no. 6/03 of the Court of Criminal Cassation, 88 s.

⁴⁹ In this sense, Amato, in the commentary to the order of 4-14 April 2003 of the Examining Judge of Rome, in *Guida al diritto* n. 31 of 9 August 2003.

2 Governance and Organisation of INglass S.p.A.

2.1 The Company and its history

INglass S.p.A. – Company with Sole Shareholder – Subject to the Management and Coordination of OC OERLIKON CORPORATION AG PFÄFFIKON hereinafter referred to as “INglass S.p.A.” was established in 1987 as Incos (Mold Construction Industry) focusing on multicolour and multicomponent rotary moulds for car lighting. Since 2001, with the HRSflow division, it has been designing and manufacturing injection systems for the automotive sector, white goods, technical and transport-related applications. In 2021, Oerlikon, a leading Swiss service provider in the field of surface engineering, polymer processing and additive production, acquired the company and its hot runner systems, leading the company to operate, from now on, under the Oerlikon HRSflow brand. Today INglass S.p.A. is an international reference group that, in addition to moulds and hot channels, provides engineering and consulting services for the manufacture of plastic products, offering the customer an efficient pre- and post-sales service. With more than 1,000 employees, INglass S.p.A. is present worldwide in all major markets with production plants directed to Europe (Italy), China (Hangzhou) and the USA at Byron Enter, near Grand Rapids in Michigan. Thanks to 24/7 service and more than 50 service centres/branches worldwide, it offers its customers global and timely support. The company also undertakes to act responsibly and transparently towards all its stakeholders, providing evidence of this approach through the Sustainability Report and Financial Statements.

2.1.1 Corporate purpose

At the time of the introduction of this Organisation and Management Model, the main activities included in the corporate purpose⁵⁰ are the following: design and construction of moulds, independently or through third parties, for plastic materials and their components, accessories and similar, as well as moulding, mechanical processing and any other related operation; construction and marketing of nozzles and hot chamber injection systems.

The company, on a non-prevalent and entirely occasional basis and instrumental to the achievement of the corporate purpose, may carry out all commercial and financial transactions (the latter not vis-à-vis the public), industrial, movable and real estate transactions, grant sureties, endorsements, deposits, guarantees in general, also in favour of third parties, as well as acquire, only for the purpose of stable investment and not for placement on the market, both directly and indirectly, shareholdings in other companies in compliance with article 2361 of the Italian Civil Code.

2.2 Governance Model of INglass S.p.A.

INglass S.p.A. is a joint-stock company under Italian law with a traditional governance system, whose corporate bodies are, therefore, the Shareholders' Meeting, the Board of Directors and Board of Statutory Auditors.

The corporate governance system of the Company is, therefore, currently structured as follows, pursuant to the provisions of the Company's By-laws: a) Shareholders' Meeting regulated by Title III of the Company By-laws in articles 8, 9, 10, 11, 12, 13, 14 and 15; b) Board of Directors' Meeting regulated by Title IV of the Company By-laws in articles 16, 17, 18, 19, 20; c) Board of Statutory Auditors' Meeting and Statutory Audit of the accounts regulated by Title V of the Company By-laws in article 21.

The statutory audit of the accounts is entrusted by law to an auditing company, appointed by the Shareholders' Meeting, in compliance with the law and regulations.

⁵⁰ Article 2 of the Company By-laws

2.3 The organisational structure of INglass S.p.A.

2.3.1 Organisational structure and system of proxies and powers

As at the date of approval of this Model, the organisational structure of INglass S.p.A. is formalised within the document called “Organisational chart”. The document is issued by Senior Management and distributed within the same company structure.

INglass S.p.A. maintains and takes care of a system of proxies and powers of attorney that is articulated, documented and aligned with the organisational structure.

The documentation concerning the delegation of powers, powers of attorney or appointments relating to the directors and any other manager or other personnel of the Company is kept at the Office of the Chief Financial Officer.

2.3.2 Internal control and risk management system

The establishment and maintenance of the control system and the periodic evaluation of its effectiveness by the management presuppose the prior identification of a generally accepted, rigorous and complete model of comparison (framework) to refer to - i.e. which considers every relevant aspect of the internal control system - and which therefore guides its proper implementation and evaluation.

In fact, the reference model defines the characteristics of the components present in an ideal control system that represent the basis from which the company starts to correctly structure its system in line with the organisational and business conditions in which it operates.

Given international standards, INglass S.p.A. has adopted the COSO Report which therefore represents the benchmark against which each component of the INglass S.p.A. control system, at any organisational level, is established, maintained and evaluated.

The COSO Report⁵¹ (or COSO Framework) defines *internal control as the process, implemented by the Board of Directors, management and personnel aimed at providing reasonable certainty regarding the achievement of the corporate objectives* represented by:

- effectiveness and efficiency of operational activities (*operations*);
- reliability of financial information (*reporting*);
- compliance with the applicable laws and regulations (*compliance*).

The *operational activities* are understood as the set of operational processes through which the company's business is developed; in this context the control system is aimed at ensuring the effective and efficient use of internal and external resources and includes the controls inherent in the company's performance and the protection of the company's assets.

Reporting is understood as the set of processes for collecting, processing and publishing information of an economic and financial nature; in this context, the control is aimed at ensuring the reliability of the information produced both for external and internal purposes to support company decisions.

Compliance with the regulations is the compliance by the company with current laws and regulations relevant to the business carried out (e.g. regulation of markets, prices, tax, environmental regulations, etc.).

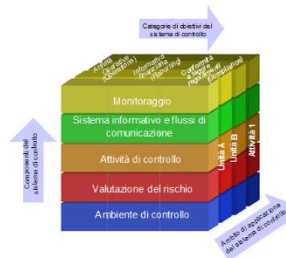
The COSO Report, represented graphically in Figure 3, provides that the achievement of corporate objectives is a function of the presence and operation of:

- a control environment, understood as the set of factors (corporate governance, personnel management policies, codes of conduct, etc.), capable of significantly influencing the sensitivity of personnel to control needs;
- risk identification and assessment actions, adequately documented and classified according to their relevance;

⁵¹ "Internal Control – Integrated Framework" published in 1992 and updated in 1994 by the Committee of Sponsoring Organisations of the Treadway Commission.

- control activities represented by the policies and procedures adopted to mitigate (i.e. reduce to an acceptable level) the identified risks that may compromise the achievement of corporate objectives;
- an information and communication flow system aimed at ensuring the exchange of relevant information between the senior management and the operating units (and vice versa);
- monitoring actions to verify the effectiveness of the design and the correct functioning of the internal control.

Figure 3 – COSO Cube Report



3 The INglass S.p.A. Organisation and Management Model pursuant to Italian Legislative Decree 231/2001

3.1 Whereas

As represented in the Code of Ethics of the Company, INglass S.p.A. intends to affirm the value of all those ethical principles whose respect ensures that the business and activities of the company are conducted without prejudice to its position and image, the health and work of its employees, the expectations of its shareholders and, more generally, the multiple stakeholders with respect to its activities.

To this end, INglass S.p.A. is aware of the importance of having an internal control system suitable, among other things, to prevent the commission of unlawful conduct by its directors, employees, collaborators, representatives and business partners.

For this reason, in adopting the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and in compliance with the directions of the Guidelines issued by Confindustria, the Company pursues, in addition to the benefit of the exemption, also the objective of integrating its Internal Control System as a whole, ensuring adherence to good practices and high ethical standards over time, while promoting the efficient management of the company's business.

3.2 Recipients of the Model

The principles and contents of Model 231 are intended for all those who operate, in different ways and at various levels of responsibility, to achieve the company objectives, as well as all third parties with whom INglass S.p.A. enters into a relationship.

In particular, the corporate bodies, *management* and employees are required to observe and concretely implement the principles and contents of Model 231, without any exceptions.

External collaborators, business partners, suppliers and all those who have relations with INglass S.p.A. are required to comply with all the principles of the Code of Ethics applicable to them.

INglass S.p.A. also takes all appropriate measures to ensure that consultants, commercial and financial partners, suppliers, customers and – in general – all third parties with whom INglass S.p.A. maintains relationships concerning its corporate activities, ensure, in the performance of these relationships, compliance with the provisions of the law and refrain from engaging in relevant conduct pursuant to Italian Legislative Decree 231/2001.

All Recipients of the Model are required to comply with the provisions contained in the Model and its implementation procedures with the utmost diligence, and to actively contribute to its implementation.

3.3 Purposes and principles of the Model

Through the adoption of the Model, the Company aims to pursue the following main purposes:

- reiterate that INglass S.p.A. condemns unlawful behaviour, given that it is contrary not only to the provisions of the law but also to the ethical principles of the Company;
- adapt its internal audit system to the requirements defined by law and/or consolidated by case law for the purposes of the exempt effectiveness of the Model;
- inform the Company of the serious consequences that could result from the application of the penalties and interdiction penalties provided for by Italian Legislative Decree 231/01, as well as the possibility that they are also arranged as a precautionary measure, and highlight the potential negative effects, even indirect, on all stakeholders;

- enable the Company to constantly monitor and carefully supervise the activities, so as to be able to intervene promptly where risk profiles emerge and, if necessary, apply the disciplinary measures provided for by the Model.

Through the Training and Communication activities described in the following chapter6, the Company also intends to make all the recipients of the Model aware of the need for timely compliance with the Model, as well as the fact that the breach of the same result in the related disciplinary penalties.

The principles adopted in the preparation of the Model are in particular aimed at overcoming a possible review of the merits of the exemption effectiveness of the Model, as illustrated below:

- for the Model:
 - the activities/processes in which offences may be committed have been identified;
 - the control protocols have been defined in such a way that they cannot be circumvented if not fraudulently (that is, with the will to deceive);
 - the suitability of the Model in general, and of the control protocols in particular, with respect to the objective of preventing crimes of the same kind as the predicate offences;
 - the actions necessary for the effective implementation of the Model have been put in place.
- for the Supervisory Body:
 - the tasks and responsibilities concerning the supervision of the functioning and compliance with the Model have been defined, as well as the care of updating the same;
 - specific powers of initiative and control have been provided, which can be implemented autonomously also thanks to a specific provision of spending capacity and specific powers of command towards some functions and company departments;
 - criteria and procedures for supervisory activities have been defined to ensure their effectiveness and adequacy;
 - there are general information obligations towards the Supervisory Body for all employees and specific obligations for certain Company Departments and Functions.
- the methods for managing financial resources and/or other utilities have been reviewed in order⁵² to avoid that senior persons managing sensitive activities relating to offences against the Public Administration and bribery between private individuals have the opportunity to carry out the activities of forming the funds before the actual bribery offence is committed;
- a disciplinary system has been introduced, which is suitable for sanctioning non-compliance with the measures indicated in the model and aligned with the provisions of art. 6 of the Decree on *whistleblowing*;
- the Company's decision-making processes regarding the planning, training and implementation of the entity's decisions in relation to the crimes to be prevented have been reviewed.

For the identification and assessment of the adequacy of the preventive measures for crimes of a negligent nature concerning health and safety at the workplace, specific reference was made to the provisions and guidelines of art. 30 of Italian Legislative Decree 81/2008.

For the assessment of the adequacy of the preventive measures for environmental offences, reference was made to the provisions and guidelines of the Consolidated Environment Act and the good reference practices for the “Environmental System Management”.

More generally, in defining its INglass S.p.A. Model it was also based on the code of conduct drawn up by Confindustria (“Guidelines for the Construction of Organisation, Management and Control Models ex Italian Legislative Decree 231/2001”)⁵³ (source: www.confindustria.it).

⁵² In particular, those processes that may involve or generate the formation of the provision of money and/or other benefits necessary for the execution of the potential corruption activity in the strict sense, identified within the sensitive activities listed in the categories of predicate offence of the Public Administration and Corruption between private individuals are considered instrumental.

⁵³ Update released in June 2021. As required by Italian Legislative Decree 231/2001 (art. 6, subsection 3), the document was also approved by the Ministry of Justice on 8 June 2021.

INGlass S.p.A. has in particular taken into specific consideration the general principles concerning the identification of controls within the Model referred to in these Guidelines:

- *The principle of “segregation of duties” or “segregation of functions”*: “No one can independently manage an entire process”.

The system must ensure the application of the principle of segregation of duties, whereby authorisation to carry out a transaction must be the responsibility of a person other than the person who accounts for, operationally executes or controls the transaction.

Furthermore, it is necessary that:

- a) that no one is given unlimited powers;
 - b) that the powers and responsibilities are clearly defined and known within the organisation;
 - c) that the authorising and signing powers formally assigned are consistent with the actual organisational responsibilities entrusted.
- *The principle of “traceability” of transactions*: “Every operation, transaction, action must be: verifiable, documented, consistent and congruent”.

All transactions must be backed by proper documentation that, at all times, can be used to perform checks that certify the characteristics and reasons for the transaction and that identify the party that authorised, executed, recorded and verified the transaction.

Data protection in the IT field must be ensured through the adoption of the security measures already provided for by the European Regulation on the protection of personal data, which are also partly relevant to the prevention of some of the offences under 231 (Article 24-bis: computer crimes and unlawful processing of data).

- *The principle of “documentation of control activities”*: “Documentation of controls” (referring to the execution of controls, not to be confused with the documentation of controls to be carried out).

The implementation of this principle requires that the control activities carried out within the overall Internal Control System are documented (in other words, that it is traceable). The ways in which controls are documented can be the most diverse, on paper (ticks, minutes, initials, etc.) or computerised (computerised record of authorisations, computerised record of the results of automated controls, etc.).

3.4 Integration of the Model into the internal control and risk management system

The Organisation, Management and Control Model of INGlass S.p.A. ex Italian Legislative Decree 231/2001, without prejudice to the peculiar purposes described above and relating to the exemption value provided for by the Decree, is part of the broader internal control and risk management system already in place and adopted by the Company in correspondence with its own needs and control purposes.

INGlass S.p.A. is aware of the complexity generated by the multiplication of standards and figures with supervisory tasks and internal control over the Company's activities.

For this reason, in order to ensure the best efficiency and effectiveness of both the control activities and the management of its internal control and risk management system, including the activities of independent verification of controls and more generally of their monitoring, INGlass S.p.A. intends to adopt an integrated approach to the design and maintenance of its Internal Control System (also in line with what Confindustria recommends in its Guidelines).

In this sense, in particular, the control protocols provided for in the Special Parts of this Model are integrated with other compliance programmes already in place, and will be further implemented following the desired adoption of additional compliance systems including:

- the internal control and risk management system in its most general sense of the system oriented to the effectiveness and efficiency of business processes, reliability of accounting and management information, compliance with the applicable laws and regulations;
- the management system as part of the company's activities, in compliance with ISO 9001;

- the possible adoption of a health and safety management system at the workplace, pursuant to the OHSAS 18001 standard;
- the possible adoption of an environmental management system, pursuant to the ISO 14001 standard;

This integration can be carried out with reference to the different phases of the internal control management process, including the design and installation of internal controls, the exercise of controls by the relative managers, the management supervision activities and the execution of independent checks by the subjects responsible for monitoring the system as a whole.

3.5 Methodology for the preparation and updating of the Model

In view of the possibility introduced by Italian Legislative Decree 231/2001, regarding the possible effectiveness exemption of the adoption of an organisation and management model aimed at preventing predicate offences with respect to the administrative responsibility of the Company, INglass S.p.A. has started a project aimed at the preparation, adoption and implementation of its organisational model useful for this purpose.

Consistent with the methodology proposed by the Confindustria Guidelines, for the preparation and updating of its Model 231, INglass S.p.A. carries out the following main activities:

- identification of the so-called sensitive business activities, through an examination of the business model and comparison with the Management and Senior Management who, due to the role held, are provided with the widest and most profound knowledge of the operations of the business sector of relative competence; the analysis was aimed at the identification and evaluation of the concrete performance of the activities in which the risk of unlawful conduct may even hypothetically arise that may lead to the commission of predicate offences pursuant to Italian Legislative Decree 231/2001 (analysis of the risk of crime and identification of sensitive activities);
- definition of control protocols suitable for preventing the commission of predicate offences;
- definition of control protocols suitable for ensuring that the management of financial resources and utilities in general do not allow the formation of the necessary provision for the commission of predicate offences;
- identification and evaluation of the control systems already in place and any critical issues to be subject to subsequent improvement, by examining the internal controls in place, in accordance with the integrated approach to compliance adopted by the Company;
- design and implementation of the actions necessary for the improvement of the control system and the adaptation of the same to the purposes pursued by the Italian Decree, in light and in consideration of the Confindustria Guidelines, as well as the fundamental principles of the separation of tasks and the definition of authorisation powers consistent with the assigned responsibilities;
- definition/ revision of the composition, powers and procedures for the allocation of resources of the Supervisory Body;
- definition/ review of the methods of dissemination of the Model and involvement of all company levels in the implementation of the related procedures and behavioural rules;
- forecasting/ review of the methods of ex post verification of company behaviours, as well as periodic updating of the Model.

More specifically, the principles adopted in the construction of the Model in line with the necessary requirements pursuant to the standard and the relevant case law on the suitability and effective implementation of the Model, have been in particular the following:

- as part of the independent verification activities, an organisation, management and control model has been adopted and effectively implemented to prevent the predicate offences for which a risk of commission has been assessed, even if hypothetically or remotely; in particular:
 - the applicable predicate offences have been identified according to the business and sector in which INglass S.p.A. operates (crime risk analysis)

- the sensitive processes and activities in which offences deemed applicable to the previous point may be committed have been identified;
 - the methods for the management of financial resources and all the resources that can constitute support and prerequisite for the commission of corruption crimes both against the public administration and the private sector have been reviewed;
 - with regard to the control protocols have been defined in such a way as to reasonably ensure that the predicate offences can not be committed if not by circumventing the same control protocols in a fraudulent manner;
 - the suitability of the Model in general, and of the control protocols in particular, with respect to the objective of preventing crimes of the same kind as the predicate offences;
 - the actions necessary for the effective implementation of the Model have been put in place;
 - was entrusted to a Body within the entity with autonomous powers of initiative and control, with the task of supervising the functioning and compliance with the Model and to ensure that it is updated; in particular:
 - the tasks and responsibilities concerning the supervision of the functioning and compliance with the Model have been defined, as well as the responsibility of updating the same;
 - specific powers of initiative and control have been envisaged, which can be implemented autonomously, also thanks to a specific provision of spending capacity and specific powers of command towards certain functions and company departments;
 - criteria and procedures for supervisory activities have been defined to ensure their effectiveness and adequacy;
 - there are general information obligations towards the Supervisory Body for all employees and specific obligations for certain Company Departments and;
 - a Disciplinary System has been introduced suitable for sanctioning non-compliance with the measures indicated in the Model, as well as in line with the provisions of art. 6, subsection *2-bis*, *2-ter*, *2-quater* on whistleblowing in the private sector;
 - the Company's decision-making processes regarding the planning, training and implementation of the entity's decisions in relation to the crimes to be prevented have been reviewed;
- information obligations have been introduced with regard to the Supervisory Body.

3.6 Components and contents of the INglass S.p.A. Management and Control Organisation Model

3.6.1 Legal Requirements

For Organisation, Management and Control Models aimed at the prevention of predicate offences, art. 6 of Italian Legislative Decree 231/2001 provides in subsection 2 in particular the following requirements:

- that the activities in which offences may be committed are identified;
- that there are specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the crimes to be prevented;
- that methods are identified for the management of financial resources suitable for preventing the commission of crimes;
- provide for information obligations vis-à-vis the body responsible for supervising the functioning and compliance with the models;
- that a Disciplinary System suitable for sanctioning non-compliance with the measures indicated in the model and in line with Article 6, subsections *2-bis*, *2-ter* and *2-quater*.

In light of these requirements and the more general considerations developed in this document, INglass S.p.A. has identified the organisational and documentary components of its Organisation, Management and Control Model ex Italian Legislative Decree 231/2001.

3.6.2 Components of the INglass Model S.p.A.

The Model, described and composed in a complex set of documents, has been approved by the Board of Directors of INglass S.p.A., and is composed of the following elements:

- Document describing the Organisation, Management and Control Model ex Italian Legislative Decree 231/2001 (General Part and Special Part);
- Supervisory Body;
- Disciplinary system and relevant sanctioning apparatus;
- Training and communication plan;
- Code of Ethics;
- The procedures and internal rules issued by the Company from time to time, which must be fully complied with by all senior and subordinate persons to whom they apply.

The internal “Regulations” defined for specific subjects must also be understood as components of the overall INglass S.p.A. Organisation, Management and Control Model.

The following paragraphs briefly describe the components of the Model, with references to the documents that these components constitute or in which these components are described.

Document describing the Organisation, Management and Control Model ex Italian Legislative Decree 231/2001

It is this document; it consists of a “General Part” and a “Special Part” divided into several sections for each category or set of categories of “predicate offences”.

The General Part includes the following main elements:

- discussion of the regulatory framework of reference (Italian Legislative Decree 231, main related rules, relevant case law);
- description of the INglass S.p.A. governance system and organisational structure;
- description of the overall Organisation, Management and Control Model of INglass S.p.A. ex Italian Legislative Decree 231/2001, including the description of the methodology adopted for its preparation, adoption and implementation;
- description of the tasks and responsibilities, the composition and the main operating procedures of the Supervisory Body;
- description of the Disciplinary System prepared for penalties concerning breaches of the behaviours required by the Model;
- description of the Training and Communication Plan envisaged for the dissemination and application of the Model;
- description of the methods provided for the periodic and timely updating and adjustment of the Model;

The Special Part of the document, which describes the Model, includes the following main elements for each category or set of predicate offences:

- the list of offences and administrative offences relevant to the administrative liability of entities (so-called predicate offences);
- the list of “sensitive activities” and “instrumental activities” to the predicate offences that the Company has considered as processes in which offences may be committed (art. 6, subsection 2, lett. a and lett. c), Italian Legislative Decree 231/2001);
- the description, for each of the sensitive activities and instrumental activities, of the set of control protocols that the Company adopts for the prevention of predicate offences.

Supervisory Body

Concurrently with the adoption of the Model, the Board of Directors established the Supervisory Body and appointed the members whose tasks, powers, and information flows are defined in chapter 4 of the general part of this Model.

Disciplinary system and relevant penalty system

The Model includes a disciplinary system designed to penalise the breach of the provisions contained within the Model; this disciplinary system is described in the following chapter 5, which illustrates the sanctions for personnel and corporate bodies and refers, for the applicable aspects, to the disciplinary system provided for by employment contracts and company codes and regulations.

Training and communication plan

The description of the Training and Communication activities to the employees and other subjects who interact with the Company is an integral part of this Model and is described in the following chapter 6.

INglass S.p.A. Code of Ethics

The INglass S.p.A. Code of Ethics, a key component of the Model, illustrates the principles and standards of conduct that the Company respects in the conduct of business and in the management of internal relations, with institutions and the public administration, with customers and suppliers, and with political parties and associations in general (stakeholders).

The INglass S.p.A. Code of Ethics represents a fundamental element for this Model, as a necessary component of the Model itself, and as a document that defines the principles and rules of conduct on which the control protocols provided for by this Model are based.

The INglass S.p.A. Code of Ethics is published on the company website www.hrsflow.com.

Certified quality management system in compliance with ISO 9001

The quality *standard* to which the management system refers is ISO 9001; this system has been in operation since 2001.

The system allows INglass S.p.A. to successfully apply a quality system that allows the monitoring of business processes, to improve the effectiveness and efficiency of the organisation and the services offered.

INglass S.p.A. internal regulations, procedures and rules

As already mentioned, the internal “Regulations” defined for specific subjects, all the procedures and internal rules of the Company in force from time to time must be understood as an integral component of the overall INglass S.p.A. Organisation, Management and Control Model; in fact, since full compliance with these regulations and procedures are called all the employees to whom they are applicable, they constitute for all purposes one of the tools that the Company uses also in order to ensure compliance with the principles to whose implementation the rules introduced by Italian Legislative Decree 231/2001 together with the related legislation.

4 Supervisory Body

4.1 Requirements and composition

4.1.1 Requisites

The effectiveness of an exemption from an Organisation and Management Model for the prevention of predicate offences pursuant to Italian Legislative Decree 231/2001, which has been adopted and effectively implemented, is also subject to the establishment of a body within the entity entrusted with the task of supervising the functioning and compliance with the Model, as well as to ensure that it is updated.

Italian Legislative Decree 231/2001 does not provide indications about the composition of the Supervisory Body (hereinafter also “SB”); in the absence of such indications, INglass S.p.A. has decided to follow the indications of the jurisprudence, doctrine and applicable category guidelines.

In particular, the case law, the doctrine and the category guidelines (in particular the Confindustria guidelines for the construction of the models pursuant to Italian Legislative Decree 231/2001), highlight how the discrimination in the union evaluations on the effectiveness of the Model concerning the Supervisory Body is constituted by the actual and potential effectiveness of the action of the same Body.

On the basis of these sources, it is possible to reconstruct the main requirements for the individual components, or the Supervisory Body as a whole:

- a) Make up;
- b) Autonomy and independence;
- c) Professionalism;
- d) Honourability;
- e) Continuity and effectiveness of the action;
- f) Endowment of resources.

4.1.2 Make up

In compliance with the provisions of the law and taking into account the indications of the jurisprudence, doctrine and guidelines of Confindustria, INglass S.p.A. has identified for its Supervisory Body a collegial composition.

The choice was considered appropriate because:

- a) the composition of the Supervisory Body is consistent with the legal requirements and the guidelines of the jurisprudence;
- b) the autonomy and independence of the SB are ensured by the qualifications of autonomy and independence recognised by the individual members of the SB;
- c) professionalism is ensured by the skills of the members of the SB, as described in the relevant curricula; in particular, the composition of the SB of INglass S.p.A. ensures the simultaneous presence of professionalism in terms of internal control, structure and methods of implementation of predicate offences, finance, accounting and administration;
- d) honourability is protected by the subjective clauses of ineligibility and forfeiture provided for in the following paragraph 4.2.2 below;
- e) the continuity of action is guaranteed by the fact that the SB makes use, for the execution of the control activity, of the *Internal Audit* Function and/or external professionals whose activities include the support for the supervision of the Model and is devoid of operational tasks.

4.2 General principles regarding the establishment, appointment and replacement of the Supervisory Body

4.2.1 Appointment and duration of office

The Supervisory Body of INglass S.p.A. is established by resolution of the Board of Directors' Meeting; the members of the Supervisory Body remain in office for the same duration as the Board of Directors' Meeting and are eligible for re-election. The Board of Directors reserves the right to establish for the entire duration of the office the annual remuneration due to the members of the SB.

The Supervisory Body expires on the date of the Shareholders' Meeting called to approve the financial statements relevant to the last year of its office, while continuing to carry out its functions ad interim until the new appointment of the members of the SB.

4.2.2 Causes of ineligibility

The appointment as a member of the Supervisory Body is subject to the absence of the following subjective causes of ineligibility:

- be in a relationship of kinship, spouse or affinity within the fourth degree with members of the Board of Directors with executive powers, senior management in general, and auditors appointed by the Independent Auditors;
- present conflicts of interest, including potential ones, with the Company such as to undermine the independence required by the role and tasks of the Supervisory Body, as well as overlapping of interests with the Company itself beyond the ordinary ones based on a possible employment or intellectual work relationship;
- own, directly or indirectly, shareholdings of such an extent as to allow the exercise of control or significant influence over the Company;
- have held positions of director – in the three years prior to the appointment as a member of the Supervisory Body – of companies subject to bankruptcy, compulsory administrative liquidation or equivalent procedures in force in the office;
- have been the holder of public employment relationships with central or local administrations in the three years prior to the appointment as a member of the Supervisory Body;
- have suffered convictions, even if not finalised, or judgements applying the penalty on request (so-called settlement), in Italy or abroad, for crimes relevant to the administrative liability of the entities or crimes similar to them;
- have undergone measures of imposition of a pecuniary administrative sanction for administrative offences relevant for the purposes of Italian Legislative Decree 231/2001;
- have suffered convictions, with a judgement (even if not finalised) or with a judgement applying the penalty on request (so-called settlement), to penalties that import the interdiction, even temporary, from public offices, or the temporary interdiction from the management offices of legal persons and companies.

The absence of causes of ineligibility must be certified by the person appointed to hold the position of member of the Supervisory Body at the time of the assignment; in the absence of such certification, the subject cannot assume the position even temporarily.

If any of the above-mentioned reasons for ineligibility should arise at any time in the hands of a person appointed, the same shall inform the other members of the Supervisory Body and shall automatically be removed from office.

The reasons for ineligibility must also be considered with reference to any external consultants who are entrusted with assignments for the performance of activities related to the tasks of the Supervisory Body. In particular, at the time of the assignment, the external professional must issue a specific declaration in which the same certifies:

- absence of the above-mentioned causes of ineligibility, such as reasons for impediment to hold the office (e.g. conflicts of interest, family relations with members of the Board of Directors, top management in general, auditors of the Company and auditors appointed by the Auditing Company, etc.);

- the circumstance of having been adequately informed of the provisions and rules of conduct and ethics to which the Company adheres in the exercise of all its activities, including, first and foremost, those set out in the Model and in the Company's Code of Ethics, which he/she shall adopt in the performance of his/her duties.

4.2.3 Revocation and substitution

In order to ensure the necessary stability of the members of the Surveillance Body, the revocation of one or more members of the Surveillance Body and the attribution of such powers to another or other persons, may only take place for just cause, including in connection with the organisational restructuring of the Company, by means of a specific resolution of the Board of Directors, subject to the approval of the Board of Statutory Auditors.

In this regard, “just cause” for the revocation of the powers connected with the appointment of a member of the SB may be understood as, merely by way of example:

- gross negligence in the performance of the tasks connected with the assignment such as (merely by way of example): failure to prepare the half-yearly summary report on the activity carried out to the Board of Directors’ and Board of Statutory Auditors’ Meeting referred to in the following paragraph 4.5; failure to draw up the supervisory programme;
- the “omitted or insufficient supervision” by the Supervisory Body – in compliance with the provisions of art. 6, subsection 1, lett. d), Italian Legislative Decree 231/2001 – resulting from a judgement of conviction, even if not finalised, issued against the Company pursuant to Italian Legislative Decree 231/2001 or the judgement applying the penalty on request (so-called settlement);
- the assignment of operational functions and responsibilities within the company organisation that are incompatible with the requirements of “autonomy and independence” and “continuity of action” of the Supervisory Body.

In particularly serious cases, the Board of Directors may in any case order – having heard the opinion of the Board of Statutory Auditors – the suspension of the powers of the Supervisory Body and the appointment of an *interim* Body.

4.3 Functions and powers of the Supervisory Body

The activities carried out by the Supervisory Body cannot be supervised by any other body or structure of the Company, without prejudice to the prerogatives and powers of the Company's administrative body in terms of supervision over the adequacy of the work of the SB, as it is the administrative body that bears the ultimate responsibility for the operation and effectiveness of the Model.

The Supervisory Body is granted the powers of initiative and control necessary to ensure effective and efficient supervision of the functioning and compliance with the Model, as established by art. 6, subsection 1, letter b) of Italian Legislative Decree 231/2001.

In particular, the Supervisory Body is entrusted, for the performance and exercise of its duties, with the following tasks and powers:

- verify the persistence over time of the requirements of efficiency and effectiveness of the Model;
- oversee, develop and promote the constant updating of the Model, formulating, where necessary, to the management body proposals for updates and adjustments to be made through amendments and/or additions that may become necessary as a result of significant breaches of the provisions of the Model, significant changes to the internal structure of the Company and/or the methods of carrying out corporate activities, regulatory changes or other situations that in any case make it appropriate to update the Model;
- ensure the periodic updating of the identification, mapping and classification system of sensitive activities/processes;
- maintain a constant connection with the Independent Auditors, safeguarding their necessary independence, and with the other consultants and collaborators involved in the activities for the effective implementation of the Model;

- detect any behavioural deviations that may emerge from the analysis of the information flows and from the reports to which the managers of the various functions are required;
- promptly report to the management body, for the appropriate measures, established breaches of the Model that may lead to liability in the hands of the Company;
- to manage the reports and ensure the information flows pertaining to the Board of Directors and the Board of Statutory Auditors;
- regulate its operation also through the introduction of a regulation of its activities which governs, inter alia, the way in which the available resources are used, the convening, voting and resolutions of the Supervisory Body;
- promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for the training of personnel and raising their awareness of the contents of the Model;
- promote and develop communication and training interventions on the contents of Italian Legislative Decree 231/2001, impacts of the legislation on company activity and rules of conduct;
- provide clarifications regarding the meaning and application of the provisions contained in the Model;
- prepare an effective internal communication system to allow the acquisition and/or transmission of news relevant for the purposes of Italian Legislative Decree 231/2001 guaranteeing the protection and confidentiality of the whistleblower;
- formulate and submit for the approval of the management body the expenditure forecast necessary for the proper performance of the assigned tasks; this expenditure forecast must in any case be adequate with respect to the purpose of guaranteeing the effectiveness of its activity;
- freely access at, or convene, any direction, function, exponent unit or employee of the Company – without the need for any prior consent – to request and acquire information, documentation and data, deemed necessary for the performance of the tasks provided for by Italian Legislative Decree 231/2001;
- request relevant information from collaborators, consultants, agents and representatives outside the Company;
- promote the activation of any disciplinary proceedings and propose any penalties referred to in chapter 5 of this Model;
- in the case of controls, investigations, requests for information by competent authorities aimed at verifying the compliance of the Model with the provisions of Italian Legislative Decree 231/2001, oversee the relationship with the persons in charge of the inspection activity, providing them with adequate information support.

The Board of Directors of the Company will ensure the adequate communication to the corporate structures of the tasks of the Supervisory Body and its powers.

The Supervisory Body may, in the performance of the tasks entrusted to it, benefit, under its direct supervision and responsibility, from the collaboration of all the Management/Functions and structures of the Company, or of external consultants, making use of their respective skills and professionalism. This faculty allows the SB to ensure a high level of professionalism and the necessary continuity of action.

Merely by way of example, the Supervisory Body may make use of:

- the *Internal Audit* Function, where the same exists, in support of its supervisory activities and for the interpretation of regulations and the examination of any updates, as well as the relevant case law;
- of the *Human Resources* Department, for example in relation to the implementation of the communication and staff training plan, the implementation of the disciplinary system and the management of disciplinary procedures;
- of the Administration, Finance Department, for example in relation to the control for the management of cash flows;
- the *Legal Affairs* department, e.g. to support its supervisory activities and for the interpretation of legislation and the review of any updates, as well as relevant case law
- of the Occupational Health and Safety Officer (RSPP) regarding the issues related to the management of the Health and Safety System at the workplace and the management of temporary mobile construction sites.

The Supervisory Body of INglass S.p.A. has the task of supervising the functioning and compliance with the Organisation, Management and Control Model of the Company, and to ensure that the same is updated. The same is not responsible for preventing the commission of crimes nor has it the function of guarantee in relation to any of the legal assets protected by Italian Legislative Decree 231/2001.

The Company stipulates, for the benefit of the Supervisory Body members, an appropriate insurance coverage against the risk of civil liability towards third parties arising from negligence in the performance of their contractual duties.

4.4 Information obligations towards the Supervisory Body

4.4.1 Whereas

The Supervisory Body must be promptly informed, through a specific internal communication system, regarding acts, behaviours or events that, more generally, are relevant for the purposes of Italian Legislative Decree 231/2001, or that may result in a breach of the Model.

The obligations of information on any conduct contrary to the provisions contained in the Model fall within the broader duty of diligence and obligation of loyalty of the employee pursuant to arts. 2104 and 2105 of the Italian Civil Code. The correct fulfilment of the obligation to provide information by the employee cannot give rise to the application of disciplinary penalties.

In order to facilitate the supervisory activity on the effectiveness and functioning, and also to allow the care of the updating of the Model, the Supervisory Body is addressed to:

- *Information* useful and necessary for the performance of the supervisory tasks entrusted to the SB;
- *Reports* relating to alleged or actual breaches of the Model and/or relevant unlawful conduct pursuant to Italian Legislative Decree 231/2001⁵⁴, occurred or in the process of execution.

4.4.2 Information and method of transmission

Information concerning the following must be transmitted to the Supervisory Body by the company areas/functions/offices operating within sensitive activities/processes:

- periodic results of any control activities carried out by the same to implement the Model (summary reports of the activity carried out, monitoring activities, final indices, etc.);
- any anomalies or atypicalities found in the available information that might suggest the presence of risks concerning the commission of offences by company representatives or staff.

Such information may concern, merely by way of example:

- transactions perceived as “at risk” (for example: decisions relating to the request, disbursement and use of public funding, indices of anomaly for the crime of money laundering and/or self-laundering, prospectuses summarising public contracts obtained following tenders at a national and international level, etc., for which critical elements are found that do not fall within the normal conduct of business);
- measures and/or information from bodies of the Criminal Investigations Department, or any other authority, which indicate the progress of the investigations, also against unknown persons, for the crimes (and administrative crimes) relevant to the administrative liability of the bodies and that can involve the Company;
- requests for legal assistance made by employees in case of legal proceedings against them and in relation to offences relevant to the administrative liability of entities, unless expressly prohibited by the Criminal Investigations Department;
- requests, reports and communications relating to inspections by Public Authorities, Independent Administrative Authorities, Public Service Officers, Public Officials;
- reports prepared by managers of other company functions in the scope of their control activities and from which facts, acts, events or omissions could arise with critical profiles with respect to the

⁵⁴ As provided in art. 6, subsection 2-bis of Italian Legislative Decree 231/2001.

- observance of the rules and provisions of the Model, such as periodic reports by the Occupational Health and Safety Officer, the Occupational Physician and the Head of Environmental Management;
- information relating to disciplinary proceedings and any penalties imposed (including the measures taken against the employees) or to measures for the filing of such proceedings with the relevant reasons;
- any other information that, although not included in the above list, is relevant for the purposes of a correct and complete supervision and updating of the Model.

In detail, the Supervisory Body may draw up a table of information flows, subdivided by subject and by Department/Corporate bodies, summarising the information flows provided for within each Section making up the Special Part of the Model.

The table is periodically updated according to changes in the organisation of the Company and the control and supervision needs of the Body. The Supervisory Body's secretary's office archives all the documentation concerning the information flows.

The information flows to the Supervisory Body, as described in this paragraph must be sent to the following e-mail address: odv231.hrsflow@oerlikon.com.

However, it is possible to send the Supervisory Body information even if not using the IT channel (e-mail address mentioned above) using the following address: Supervisory Body of INglass S.p.A. - Via Piave, 4 - San Polo di Piave (TV) – 31020.

4.4.3 Notifications and their content

The obligation to report applies to all personnel (senior management and subordinates to the management and supervision of the latter) who come into possession of information relating to the commission of crimes or conduct that is not in line with the rules of conduct provided by the Code of Ethics and Model 231.

Therefore, INglass S.p.A. employees may, in order to protect the integrity of the entity, submit detailed reports of unlawful conduct, relevant under this decree and based on precise and concordant facts, or violations of the organisation and management model of the entity, of which they have become aware by reason of their duties.

The Whistleblower shall, therefore, provide detailed and relevant information on the unlawful conduct (e.g. the persons involved, description and timing of the matter, the way in which the Whistleblower became aware of the facts). Specifically, the Whistleblower must:

- report exclusively facts or circumstances that occurred in his/her presence and/or of which it has documentary evidence;
- if the facts or circumstances did not take place in his/her presence, indicate specifically the persons who can report from direct experience on the facts, purpose of the Report;
- give details or other elements enabling the person who committed the offence to be identified;
- indicate any other persons (e.g. witnesses) who may be able to report on the facts, purpose of the Report;
- indicate/provide any documents that can confirm the validity of the Report;
- provide any other information or evidence that may constitute useful evidence of the existence of what has been reported.

Anonymous reports will not be taken into consideration.

The channels dedicated to the transmission of reports guarantee the confidentiality of the identity of the whistleblower in the management of the report in compliance with the provisions of art. 6 of Italian Legislative Decree 231/2001.

Furthermore:

- in the event of a report or complaint carried out in the forms and within the limits pursuant to art. 6 of Italian Legislative Decree 231/2001, the pursuit of the interest in the integrity of the entity, as well as the prevention and repression of embezzlement, constitutes just cause for the disclosure of information covered by the obligation of secrecy pursuant to articles 326 (Disclosure and use of professional

- secrets), 622 (disclosure of professional secrecy) and 623 (disclosure of scientific or industrial secrets) of the Italian Criminal Code and article 2105 (obligation of loyalty) of the Italian Civil Code;
- The preceding provision shall not apply where the obligation of professional secrecy attaches to a person who has become aware of the information by virtue of a professional advisory or assistance relationship with the body, firm or natural person concerned;
 - when news and documents which are communicated to the body designated to receive them are subject to business, professional or official secrecy, disclosure in a manner exceeding the purpose of eliminating the offence and, in particular, disclosure outside the communication channel specifically set up for that purpose, constitutes a breach of the relevant obligation of secrecy.

In any case, whistleblowers in good faith shall in any event be held harmless from any form of retaliation, discrimination or penalisation; it is, therefore, forbidden for anyone to retaliate or discriminate, directly or indirectly, against a whistleblower for reasons connected, directly or indirectly, with the report.

The provisions of the Disciplinary System set out in chapter 5 of this document shall apply to anyone who breaches the measures for the protection of whistleblowers, as well as to anyone who maliciously or grossly negligently makes reports that turn out to be unfounded, i.e. the initiation of disciplinary proceedings against the offender.

4.4.4 Report transmission methods

INGlass S.p.A. provides the possibility for its staff to report through a platform that assists the reporting party and allows the Reporting to be detailed in a precise and orderly manner.

The reporting platform provides a guided path for the whistleblower, through a series of open and closed questions, some mandatory, others optional, concerning facts, temporal context, economic size, generalities of the whistleblower, further supporting elements, with the aim of proceeding from the beginning to a skimming of unaccountable or insignificant reports.

At the end of the process, the platform allows for a sort of direct dialogue with the whistleblower, through which it is possible to request, if necessary, further details or support for the report itself.

It is mandatory to make Reports using the whistleblowing platform only.

The Supervisory Body acts in such a way as to guarantee the authors of reports against any form of retaliation, discrimination, direct or indirect, or penalisation or any consequence deriving from the same, ensuring confidentiality about their identity, without prejudice to legal obligations and the protection of the rights of INGlass S.p.A. or persons accused erroneously and/or in bad faith.

Furthermore, through the indicated channel, it is always possible to communicate with the Supervisory Body in case of requests for clarifications regarding operational aspects of understanding and use of the “Whistleblowing Procedure” or to request a meeting in person.

4.4.5 The management phases of the Report (Admissibility analysis, assessment and investigation, definition)

Upon receipt of the Report, the Supervisory Body shall carry out an initial analysis of admissibility (preliminary verification), aimed at assessing the existence of the minimum requirements listed in paragraph 4.4.3, as well as whether the Report is intended to bring to the attention of the Company a conduct which puts its activity and/or third parties at risk, and not a mere complaint, whether the subject of the Report has already been assessed in the past by the Company, or even by the competent Authority, and of course how serious and urgent the risk is for the Company and/or third parties.

Upon completion of the verification, the Reports may be classified as:

- i. Circumstantial and relevant Reports to be investigated; these Reports, on the basis of the preliminary assessments of the Body, require a more or less timely/urgent intervention and therefore trigger the subsequent investigation phase;
- ii. Non-serious or unreliable reports, to be filed, as they lack sufficient information to proceed with further investigation;

- iii. Reports which are totally irrelevant and/or relevant to the Model, to be filed (e.g. simple complaints and/or comments on other Addressees which do not constitute, even potentially, Offences pursuant to the Italian Decree or breaches of the Model).
- iv. Anonymous reports, immediately disregarded and filed.

Where the Report is detailed and relevant and, therefore, needs to be investigated further (see point I above), the assessment and investigation phase is launched.

In this phase, the Supervisory Body, omitting where possible any element which might lead directly or indirectly to the identity of the Whistleblower, may:

- exercise the functions and powers referred to in paragraph 4.3 of the Model; involve the company departments from time to time considered relevant for the purposes of ascertaining the facts;
- request a report from the above-mentioned Functions on certain facts or circumstances relevant to the investigation carried out;
- use the budget at its disposal, or if not sufficient by making a specific request to the Board of Directors for an *extra budget*.

At the end of the investigation activity and on the basis of the information acquired, the Supervisory Body assesses how to define the Report:

- proceed with the filing of the Report due to the objective absence of unlawful conduct within the meaning of Italian Legislation 231, of breaches of the Model or of obvious and/or reasonable grounds for further investigation. The Supervisory Body must in any event justify its decision in writing;
- report what has been ascertained to the top management, so that appropriate measures may be taken; and/or report the facts to the Court Authorities;
- involve the Employer and/or HR Director in defining any sanctions, disciplinary or otherwise, to be applied to the person who made the Report or to the reporter who made Reports in “bad faith”.

In the event that, for the needs and within the limits strictly necessary for the verification and assessment referred to above, the SB has to disclose the identity of the Whistleblower or, if well identified, of the potentially reported person, the persons whose identity will be disclosed shall previously sign a specific deed confirming the obligation of confidentiality, in compliance with the provisions of the specific Form (Annex 1 - Commitment to confidentiality), under penalty of the penalties referred to in Chapter 5.

It is the responsibility of the Supervisory Body to ensure that a trace is kept of the Reports, through their filing, and of the stages described above, or of the preliminary investigation activity; to this end, the Supervisory Body shall ensure that appropriate paper/electronic archives are kept, with the appropriate levels of security/confidentiality.

4.5 Reporting of the Supervisory Body to the corporate bodies

The Supervisory Body reports on the implementation of the Model, the identification of any critical aspects, the need for amending interventions.

In particular, the Supervisory Body:

- a) upon request, reports quarterly to the Directors with executive powers and to the Board of Statutory Auditors on the status of implementation of the Model and on significant events during the period;
- b) every six months it prepares a report summarising the activities carried out during the period, and at the beginning of each financial year it presents the “Annual Supervisory Programme”, to be forwarded to the Board of Directors and, for information, to the Board of Auditors;
- c) immediately refers to the delegated bodies or the appropriate corporate bodies upon the occurrence of extraordinary situations (for example: news of significant violations of the contents of the Model, legislative innovations regarding the administrative liability of the entities, the need to make changes to the Model in the presence of significant changes to the organisational structure of the Company, etc.), as well as in the event of reports received that are of an urgent nature; where appropriate, informs the Board of Directors.

4.6 Archiving documentation

It is the task of the Supervisory Body to prepare procedures:

- for the management and archiving of their correspondence;
- for the management and orderly archiving of the minutes that document their work;
- for the orderly management and archiving of the successive versions of the documents that make up or describe the Organisation, Management and Control Model, so as to ensure that the versions in force at a defined date can be reconstructed at any time;
- for the orderly management and archiving of the documents it produces (reports, analyses, evaluations, action plans, progress reports, etc.), together with the appropriate and relevant working papers that support or substantiate its contents and in particular its conclusions.

The procedures for the management of documents by the Supervisory Body must be provided and applied for the documentation whatever the medium, paper or electronic, as appropriate.

5 The Disciplinary System

Pursuant to art. 6, subsection 2, letter e), sub. 2-*bis*, letter d), sub. 2-*ter*, sub. 2-*quater* and art. 7, sub. 4, lett. b) of the Decree, the models of organisation, management and control, whose adoption and implementation (together with the other situations provided for by the aforementioned articles 6 and 7) constitutes a *sine qua non* condition for the exemption of liability of the Company in the event of commission of the crimes referred to in the Decree, can be considered effectively implemented only if they provide for a disciplinary system suitable for sanctioning non-compliance with the measures indicated therein.

The application of disciplinary penalties is irrespective of the initiation or outcome of any criminal proceedings, since the Model and the Group's Code of Ethics constitute binding rules for the Recipients, the breach of which must, in order to comply with the dictates of the aforementioned Legislative Decree, be punished regardless of whether an offence has actually been committed or whether it is punishable. The application of disciplinary penalties is independent of the establishment and the results of any criminal proceedings initiated in cases where the breach integrates a hypothesis of a relevant crime pursuant to Italian Legislative Decree 231/2001.

The rules of conduct imposed by the Model are, in fact, undertaken by the Company in full autonomy, in order to better comply with the regulatory order that impends on the Company.

Moreover, the principles of timeliness and immediacy make it not only undue, but also inadvisable to delay the imposition of the disciplinary penalty pending the outcome of any judgement established before the Court Authority.

5.1 Definition and limits of disciplinary liability

This section of the Model identifies and describes the relevant offences envisaged by Italian Legislative Decree 231/2001 and subsequent amendments, the corresponding disciplinary sanctions that can be imposed and the procedure for challenging them.

The Company, aware of the need to comply with the law and the applicable provisions of the agreements in force, ensures that the penalties imposed under this Disciplinary System comply with the provisions of the national collective labour agreements applicable to the sector – in this case by the National Collective Labour Agreement for the Metalworking and Industry sector and the National Collective Labour Agreement for Industry Managers – and also ensures that the procedure for reporting the offence and imposing the relevant penalty in line with the provisions of art. 7 of Italian Law 300 of 30 May 1970 (the so-called “Workers' Statute”).

For Recipients who are bound by contracts of a nature other than an employment relationship (directors and in general external parties) the applicable measures and penalty procedures must take place in compliance with the law, this model and the contractual conditions.

5.2 Recipients of the disciplinary system and their duties

The recipients of this disciplinary system correspond to the recipients of the Model.

Recipients are required to conform their conduct to the principles within the Group's Code of Ethics and to all principles and measures for organising and managing company activities defined in the Model.

Any breach of the above-mentioned principles, measures and procedures (hereinafter referred to as “Breaches”), where ascertained:

- in the case of employees and managers, a breach of contract in relation to the obligations arising from the employment relationship pursuant to art. 2104 of the Italian Civil Code and art. 2106 of the Italian Civil Code;
- in the case of directors, failure to comply with the duties imposed on them by the law and by the Company By-laws pursuant to art. 2392 of the Italian Civil Code;

- in the case of statutory auditors, failure to comply with the duties imposed on them by the law and by the Company By-laws pursuant to art. 2403 of the Italian Civil Code;
- in the case of external parties, a contractual breach is legitimate to terminate the agreement, without prejudice to compensation for damages.

The procedure for imposing the sanctions referred to below, therefore, takes into account the particularities arising from the legal status of the person against whom proceedings are brought.

In any case, the Supervisory Body must be involved in the procedure for imposing disciplinary penalties.

The Supervisory Body shall ensure that specific procedures are adopted for informing all the above-mentioned persons, from the very beginning of their relationship with the Company, about the existence and content of this penalty system.

5.3 General standards for penalties

The penalties imposed for breaches must respect the principles of gradualness and proportionality, with reference to the seriousness of the breaches committed.

If, however, the fact, due to its nature, methods and circumstances in which it was committed, is of particular importance or significantly prejudicial to company discipline, the company may adopt disciplinary measures without taking into account the principle of gradualness.

The determination of the type, as well as the amount of the sanction imposed following the commission of Breaches, including relevant offences pursuant to Italian Legislative Decree 231/2001, must be based on compliance with and evaluation of the following:

- the intentionality of the behaviour from which the breach originated;
- the negligence, recklessness and inexperience demonstrated by the perpetrator in the commission of the violation, in particular with reference to the actual possibility of predicting the event;
- the significance and any consequences of the breach or offence;
- the position of the Recipient within the company organisation, especially in view of the responsibilities related to its tasks;
- any aggravating and/or extenuating circumstances that may be detected in relation to the conduct of the Recipient, among the aggravating circumstances, by way of example, are considered the previous disciplinary sanctions against the same Recipient in the two years prior to the breach or offence;
- the participation of several Recipients, in agreement with each other, in the commission of the breach or offence.

The penalties and relative procedure for challenging the Breach differ in relation to the different category of Recipient.

5.4 Protection of the whistleblower

The retaliatory or discriminatory dismissal of the whistleblower is null and void; the change of duties pursuant to article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure adopted against the whistleblower⁵⁵

Any breaches of the measures protecting the whistleblower or the malicious or grossly negligent making of reports that turn out to be unfounded constitute a disciplinary offence to be punished with the measures provided for in the following paragraphs in relation to the category to which the perpetrator or perpetrators of the offence belong.

⁵⁵ Please note that pursuant to art. 6 subsection 2-quater of Italian Legislative Decree 231/2001, it is the responsibility of the employer, in the event of disputes relating to the imposition of disciplinary penalties, or to demotions, dismissals, transfers, or subjecting the whistleblower to other organisational measures having direct or indirect negative effects on working conditions, following the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself.

5.5 Penalties against non-management employees

Conduct by employees in breach of the individual rules of conduct set out in this Model is defined as a disciplinary offence.

With reference to the sanctions that can be imposed on employees, in compliance with the provisions of art. 7 of the Workers' Statute (L.300/70), they fall within those provided for by the company disciplinary system, namely: the company disciplinary code, the system of penalties provided for by the National Collective Labour Agreement, current trade union agreements and any special applicable regulations.

The Company considers that the above-mentioned penalties provided for in the corporate disciplinary system apply, in compliance with the procedures also indicated below and in consideration of the general principles and criteria identified in the previous point, in relation to the offences defined above.

When the conduct of the worker within the factory is reprehensible from a disciplinary viewpoint, to a different extent, depending on the seriousness of the breaches, measures will be adopted against him/her that will have, at first, the purpose of calling him/her to the fulfilment of his/her duties, and, subsequently, if the warning is ineffective, the essential purpose of restoring the disciplinary order in its substance and in its form with the punitive penalty and example that derives from it.

The measures set out below are merely an objective indication, with a view to ensuring as definite a relationship as possible between penalty and failure to act. With regard to the working environment, hygiene and safety, any penalties imposed on workers by the competent supervisory body pursuant to art. 59 of Italian Legislative Decree 81/2008 of the Italian Consolidating Act, do not exclude the possibility of imposing disciplinary measures; the application of disciplinary measures, motivated by breaches of the obligations to comply with the rules and requirements for work environment, hygiene and safety, is related to the correct application, by the employer, of the rules regarding health surveillance, information and training of employees.

1) A verbal warning, which may be in the form of a note or a reprimand, depending on the case, shall be given when gaps are found in the employee's diligence in complying with the rules of conduct envisaged in the Model, as well as in his/her conduct towards his superiors and fellow employees, which cannot be attributed to a deliberate intention to fail in his/her duty. A written warning, which will have a more specific admonitory nature, will be used when misconduct, even if minor, tends to be repeated and it is, therefore, necessary to give advance notice, in a less labile form than a verbal reprimand, of more serious penalties.

2) If the verbal or written warning has not produced the desired effect or the lack of it has such a character as to make the inappropriate reprimand, in the case of behaviours that can be qualified as Offences with respect to the provisions contained in the Model, a penalty may be imposed on the employee, up to an amount equivalent to two hours of pay including the contingency compensation, or, in cases of greater seriousness or recidivism, suspension from work for a maximum of three days.

The amount of the penalties must be donated to INPS.

3) Dismissal with immediate termination of the employment relationship, without notice or compensation, may be adopted against an employee who commits a breach of discipline or diligence at work, in relation to the requirements of the Model, thereby causing serious moral or material damage to the company, or who commits criminal acts connected with the employment relationship.

5.6 Procedure for measures against non-management employees

The company may not take disciplinary measures without first notifying the employee of the charge and hearing his/her defence.

The employee may be assisted by a representative of the Trade Union to which he/she belongs or to which it grants mandate. If the alleged breach is serious enough to lead to dismissal as referred to in paragraph 3 of point 1.4 above, the company may order the precautionary suspension of the employee with immediate effect. In any case, the disciplinary measures more serious than the verbal warning cannot be applied before 5 days have elapsed from the written complaint of the fact that it gave rise to it.

5.7 Penalties against managers

The management relationship is characterised by its eminently fiduciary nature. In fact, the conduct of the manager is reflected not only within the Company, but also externally, e.g. in terms of his image vis-à-vis the market and the various stakeholders in general.

Therefore, compliance by the Company's managers with the provisions of this Model and the obligation for them to enforce the provisions of this Model is an essential element of the managerial working relationship, since it constitutes an incentive and an example for all those who report to them hierarchically.

In view of the above, and in compliance with the provisions of art. 7 of Italian Law 300/70 on prior notification and the right of defence, any offences committed by Company managers, by virtue of the special relationship of trust existing between them and the Company and the lack of a reference disciplinary system, shall be punished with the disciplinary measures deemed most appropriate to the individual case in compliance with the general principles identified above.

This, however, is compatible with legal and contractual provisions, and in view of the fact that the aforementioned breaches constitute, in any event, non-fulfilments of the obligations arising from the employment relationship.

The same disciplinary measures are provided for in cases in which a manager expressly allows or for failure to supervise employees subordinate to him/her to engage in conduct that does not comply with the Model and/or is in breach thereof, conduct which may be qualified as an Offence.

If the Offences of the Model by managers constitute a criminal offence, the Company, at its own discretion, reserves the right to apply the following provisional measures against those responsible, pending the conclusion of the disciplinary proceedings:

- precautionary suspension of the manager from the relationship with the right to full remuneration;
- assignment of a different position within the Company.

Following the outcome of the disciplinary procedure in compliance with current regulations, the following will be done:

(a) dismissal with notice

The penalty of dismissal with notice shall apply in the event of particularly serious offences during the performance of activities in the so-called *sensitive* areas, such, however, as not to determine the application against the Company of the measures provided for in the Italian Decree.

(b) dismissal without notice

The penalty of dismissal without notice shall apply in the event of particularly serious offences which may lead to the application against the Company of the measures provided for by the Decree and in any case of greater seriousness than that provided for in the case of dismissal with notice such as to constitute a serious denial of the element of trust in the employment relationship, so as not to allow the continuation, including temporary, of the employment relationship which is based on trust.

In any case, without prejudice to the right of the Companies to claim compensation for greater damages suffered due to the conduct of the manager.

Where the manager concerned holds a power of attorney with the power to represent the Company externally, the application of the more serious measure of a written warning shall also entail the automatic revocation of the power of attorney.

With regard to the ascertainment of the aforementioned breaches, the disciplinary procedures and the imposition of penalties, the powers of the employer remain the same, possibly granted to specific persons delegated for this purpose.

However, the Supervisory Body will be informed of the activation of a disciplinary procedure, as well as of its outcome.

Such involvement is presumed when the proposal for the application of the sanction comes from the Supervisory Body.

5.8 Measures against Directors

While fully respecting the dignity of the person, the principles of proportionality and adequacy and the rule of cross-examination, the Company evaluates with extreme rigour any Breaches of this Model committed by its directors, who by virtue of their role manifest the image of the Company itself towards employees, shareholders, customers, creditors, Public Institutions, Independent Administrative Authorities, Court Authorities and the general public. The values of fairness and transparency must first and foremost be adopted, shared and respected by those who guide the Company's decisions, so as to set an example and stimulate all those who, at any level, work for the Company.

Upon receiving notice of the breach of the provisions and rules of conduct of the Model by members of the Board of Directors, the Supervisory Body shall promptly inform the Board of Directors of what has happened. The Delegated Bodies shall immediately take the most suitable measures in order to interrupt the offences and the Board shall immediately adopt the necessary resolutions in accordance with the law and the Articles of Association, if necessary providing for the immediate convening of the Shareholders' Meeting for the revocation of the mandate and/or the liability action pursuant to art. 2393 of the Italian Civil Code.

In the event that the delegated bodies or the Board of Directors fail to act, the Supervisory Body shall promptly inform the Board of Statutory Auditors to enable the Board to exercise its functions, including the powers to report to the court and to call the Shareholders' Meeting.

In any case, without prejudice to the right of the Companies to claim compensation for greater damages suffered due to the conduct of the director.

5.9 Measures against statutory auditors

In the event of a breach of this Model by one or more auditors⁵⁶, the Supervisory Body promptly informs the entire Board of Statutory Auditors and the Board of Directors of the occurrence, who will take the appropriate actions.

The Board of Statutory Auditors will carry out the necessary investigations and may take, in compliance with the law and Company By-laws, in agreement with the Board of Directors, the appropriate measures, such as, for example, the calling of the Shareholders' Meeting for the revocation and corporate action of liability pursuant to art. 2407 of the Italian Civil Code.

In any case, without prejudice to the right of the Company to claim compensation for greater damages suffered due to the conduct of the auditor

5.10 Measures with regard to the Supervisory Body

In cases where the Supervisory Body, due to negligence or inexperience, has not been able to identify, and, consequently, work to eliminate, breaches of the Model and, in the most serious cases, perpetration of crimes, the Board of Directors must promptly inform the Board of Statutory Auditors.

The Board of Directors will carry out the necessary investigations and may take, in compliance with the law and Company By-laws, in agreement with the Board of Statutory Auditors, the appropriate measures, including the revocation of the assignment for just cause, with support of the Senior Management in the event of an employee.

In any case, without prejudice to the right of the Company to claim compensation for greater damages suffered due to the conduct of the Supervisory Body.

⁵⁶ Although the auditors cannot be considered - in principle – persons in senior positions, as stated by the same Explanatory Report of Italian Legislative Decree 231/2001 (Page 7), nevertheless, it is theoretically conceivable that the statutory auditors themselves could be involved, even indirectly, in the commission of offences envisaged in Italian Legislative Decree 231/2001 (possibly as accomplices with persons in senior positions).

5.11 Measures against external parties

Any conduct carried out by External Parties (collaborators, agents and representatives, consultants and in general the persons who carry out self-employment activities, as well as suppliers and partners, also in the form of temporary association of companies, as well as joint-venture) in contrast with the lines of conduct indicated by this Model and such as to entail the risk of committing an offence provided for by the Italian Decree, may determine, pursuant to the provisions of the specific contractual clauses included in the letters of appointment or contracts, the termination of the contractual relationship, or the right of withdrawal from the same, without prejudice to any request for compensation should such conduct result in damages to the Company, as, purely by way of example, in the case of application, also as a precautionary measure of the penalties provided for by the Italian Decree to be borne by the Company.

The Supervisory Body, in coordination with the Chief Executive Officer or other person appointed by the same, shall ensure that specific procedures are adopted to convey to External Parties the principles and lines of conduct contained in this Model and in the Code of Ethics, and shall ensure that they are informed of the consequences that may result from breaching the same.

6 Training of resources and dissemination of the Model

6.1 Training Plan and Communication Activities

For the purposes of implementing this Model, it is INglass S.p.A.' objective to ensure correct knowledge of the rules of conduct contained therein, both for resources already present in the company and for those to be recruited, with different degrees of detail in relation to the different level of involvement of those resources in sensitive activities/processes.

The information and training system is supervised and integrated by the Supervisory Body, in its prerogative to promote knowledge and dissemination of the Model, in collaboration with Human Resources Management and with the managers of other areas/functions from time to time involved in the application of the Model.

6.1.1 Communication

The implementation of this Model is communicated to all of the resources in force with the company at the time of implementation of the same and available on the company intranet. All subsequent changes and information relating to the Model are communicated through the same information channels.

New recruits, on the other hand, receive an information package (e.g. Group Code of Ethics, Management and Control Model, IT regulations, list of main company procedures) in order to guarantee to the same the information considered to be of primary importance.

The information and training system is supervised and integrated by the Supervisory Body, in its prerogative to promote knowledge and dissemination of the Model, in collaboration with Human Resources Management and with the managers of other areas/functions from time to time involved in the application of the Model

6.1.2 Training plan

The training activity aimed at disseminating knowledge of the legislation referred to in Italian Legislative Decree 231/2001, is differentiated by content and method of delivery depending on the status of the recipients, the risk level of the area in which they work and whether or not they are acting as representatives of the Company.

With reference to the training of personnel with respect to this Model, actions have been planned aimed at the widest dissemination of the provisions contained therein and the consequent raising of awareness of all personnel to its effective implementation.

In particular, INglass S.p.A. provides for the provision of courses for all employees, which illustrate, using a modular approach:

- the regulatory context;
- the principles contained in the Group Code of Ethics and in the General Part of the Document describing the Management and Control Organisation Model;
- the control system contained in the Special Part of the Document describing the Management and Control Organisation Model;
- the role and tasks of the Supervisory Body and the main aspects of the disciplinary system.

The courses also include “*Case Study*” modules aimed at an in-depth and practical illustration of the concepts set out in the previous sections of the course.

It will be the responsibility of the Supervisory Body, in agreement with *Human Resources* Management and in collaboration with the managers of the areas/functions from time to time involved, to provide for the content of the courses, their diversification, the methods of delivery, their repetition, the checks on the mandatory nature of participation and the measures to be taken against those who do not attend without justified reason.

6.2 Information to external parties

For Third Party Recipients required to comply with the Model, the same is published on the Company's website. In this last respect, in order to formalise the commitment of Third Party Recipients to comply with the principles of the Model as well as with the Protocols related thereto, a specific clause is included in the reference contract. Where the Third Party Recipient has adopted its own Model and Code of Ethics, the Company will evaluate the inclusion in the contract with that subject of a clause in which each party will undertake to comply with its Model and Code of Ethics.

7 Update and adaptation of the Model

The adoption and effective implementation of the Model are, by express legislative provision, a responsibility entrusted to the Board of Directors. It follows that the power to adopt any updates to the Model lies with the Board of Directors, which will exercise it by means of a resolution in the manner provided for its adoption.

The updating activity, intended both as an integration and as an amendment, is aimed at ensuring the adequacy and suitability of the Model, evaluated with respect to the preventive function of committing the crimes envisaged by Italian Legislative Decree 231/2001.

The Supervisory Body, on the other hand, is responsible for concretely verifying the need or advisability of updating the Model, and communicating this need to the Board. The Supervisory Body, within the scope of the powers conferred to the same pursuant to art. 6, subsection 1, lett.b) and art. 7, subsection 4, lett.a) of the Decree, is responsible for formulating proposals to the Board of Directors regarding the updating and adaptation of this Model.

In any event, the Model must be promptly amended and supplemented by the Board of Directors, also on the proposal and after consultation with the Supervisory Body, when such changes are made:

- variations and circumventions of the requirements contained therein which have revealed their ineffectiveness or inconsistency for the purposes of preventing offences;
- significant changes to the internal structure of the Company and/or the methods of carrying out business activities;
- regulatory changes.

Amendments, updates and supplements to the Model must always be communicated to the Supervisory Body.