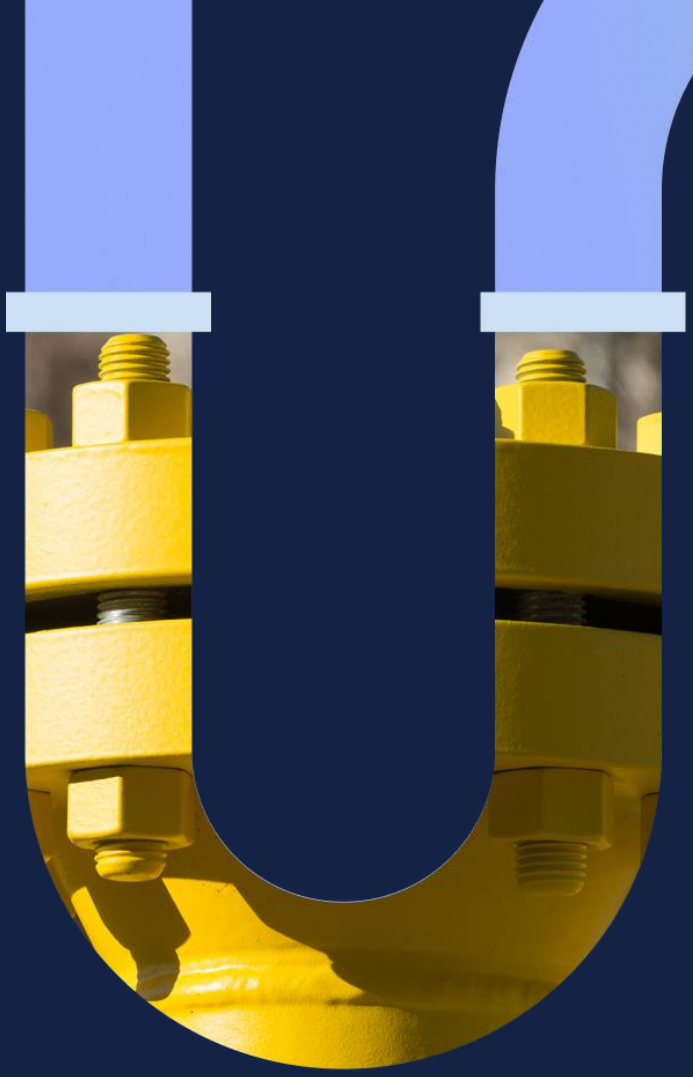

Società Gasdotti Italia

Organization, management and control model pursuant to Legislative Decree No. 231 of June 8, 2001

GENERAL PART

Last update: March 2024

Index

INTRODUCTION AND GLOSSARY

This document describes the most recent update (rev. No. 5) of the Organization, Management and Control Model (hereinafter, "Model") adopted by Società Gasdotti Italia S.p.A. (hereinafter, also "Company" or "S.G.I. S.p.A.") pursuant to Article 6 of Legislative Decree No. 231 of June 8, 2001 (hereinafter, "Decree 231"). In fact, the Company adopted an initial Organization, Management and Control Model in 2005, updating it periodically according to regulatory and organizational changes.

The Model is understood as the set of principles, deontological standards and operating rules adopted by S.G.I. S.p.A., depending on the specific activities carried out in order to prevent the commission of the offenses set forth in Decree 231 (and subsequent legislative updates).

With the adoption of the Model, the Company intends to fulfill fully the provisions of the law and, in particular, to comply with the inspiring principles of Decree 231 and to make the already existing system of internal controls and *corporate governance* more effective with respect to the objective of preventing the commission of crimes: the Model is aimed at ensuring, through an integrated and efficient system, the best quality of economic, corporate and financial management, maximum safety for workers and users, and serious transparency in relations with the Public Administration.

In particular, the Model is part of the overall process of dissemination of a business culture marked by honesty, ethicality, legality, and control, and its main objective is to configure a structured and organic system of organizational and control principles and procedures, suitable to prevent, to the extent possible and concretely exigible, the commission of criminal offenses for which the Company could also be held liable and suffer the penalties provided for in Decree 231.

In addition, the Company provides adequate information to employees and those who act on behalf of the Company or are linked to the Company by relationships relevant for the purposes of Decree 231, about the activities that entail the risk of commission of crimes. To this end, S.G.I. S.p.A., through the Model, intends to provide itself with an efficient and balanced organization with regard to the formation of decisions and

their transparency, the provision of controls, preventive and subsequent, as well as the management of internal and external corporate information.

The Model represents an act of issuance of the management body, pursuant to Article 6, paragraph 1, letter a) Decree 231 and, as such, any subsequent structural changes are referred to the approval of the Board of Directors.

For the purposes of this Model, the following glossary is considered applicable:

- **Sensitive activities**: areas, processes or sectors of the entity's activities at risk, i.e., in the performance of which the predicate offenses indicated by Decree 231 could abstractly occur.
- **Risk**: any variable or factor within the company, either alone or in correlation with other variables, that may adversely affect the achievement of the objectives set forth in Decree 231.
- **Acceptable risk threshold**: limit threshold of the risk considered physiological to corporate dynamics, valid as a criterion for defining quantity/quality of preventive measures to be introduced to avoid the commission of the crimes considered, i.e. functional to coordinate on the one hand the need for a preventive response of management of a solid risk area and on the other hand that of efficient management of resources, so that the costs of the control system do not exceed to an economically unreasonable extent the value of the resource to be protected. The threshold of risk acceptability must vary in consideration of the type of process, the type of measure implemented with respect to the company's costs, and the entity's past history with respect to that specific area of criminogenic potential: essentially, it is represented by the realization of conduct in violation of the Model (and, in the case of health and safety offenses, of the underlying mandatory requirements prescribed by the prevention regulations), despite the timely observance of the supervisory obligations under Decree 231 by the Supervisory Board.
- **Supervisory Board**: a control body responsible for supervising the functioning, effectiveness and compliance of the Model, taking care of its updating as well as its dissemination among stakeholders.

- **Garrison**: document implementing the Model, which may prescribe general rules and principles (rules of conduct, control principles) or cover specific risk areas (procedures, processes, guidelines). The presidium as a whole constitutes the control system (also "protocols") suitable for preventing and effectively counteracting the risk of commission of the offenses-presumed crimes, that is, reducing the identified risks to an acceptable level[1] .
- **Recipients:** employees, corporate bodies, collaborators, *partners* and any other person who may act in the name of and on behalf of the company, self-employed workers, professionals, consultants, agents, suppliers and any business *partner* who, by virtue of contractual relations, lend their cooperation to the Company for the realization of its activities.

[1] Conceptually, reducing a risk involves acting jointly or together on two determinants: *i)* the probability of occurrence of the event and *ii)* the impact of the event.

1. LEGISLATIVE DECREE NO. 231 OF JUNE 8, 2001

Decree 231 introduces and regulates in our system the administrative liability of entities. In spite of the 'administrative' label, it is essentially a criminal liability: it derives, in fact, from the commission of 'crimes' - that is, criminal offenses in the strict sense of the word (sociologically 'crimes') - and is ascertained through the rites and forms of the criminal process (the competent authority to challenge the offense is the Public Prosecutor, making use of the Judicial Police, and the competent authority to impose sanctions is the Criminal Judge).

Decree 231 is an absolute novelty for the Italian legal system, which, until 2001, knew of no forms of criminal or administrative liability for collective entities, which could only be called upon, jointly and severally, to pay fines and penalties imposed for crimes committed by their legal representatives.

It is part of a broader legislative project to bring national legislation in line with the obligations undertaken at the supranational level and the Conventions signed by Italy in international relations.

The scope of operation of Decree 231 is vast.

Indeed, the notion of 'entity' includes companies, associations, including those without legal personality, public economic entities, and private entities that are concessionaires of a public service.

On the other hand, the State, territorial public bodies, noneconomic public bodies, and bodies that perform functions of constitutional importance (e.g., political parties and trade unions) are not addressees of Decree 231[2] .

Decree 231 introduces direct liability of the entity for the commission of certain offenses by individuals (managers or employees) functionally linked to it and establishes the applicability against the entity of punitive sanctions that can have serious repercussions on the conduct of the company's business. In

[2] According to the now unequivocal orientation in jurisprudence, "*only the State, territorial public entities, entities that perform functions of constitutional importance and "other non-economic public entities" (see Art. 1 u.c.) are exempt from the application of Legislative Decree No. 231 of 2001 - having as its object the regulation of the administrative liability of legal persons, companies and associations, including those without legal personality. Therefore, the textual tenor of the rule is unequivocal in the sense that the public nature of an entity is a necessary, but not sufficient, condition for exemption from the discipline in question, since the condition that the entity itself does not carry out economic activity must also be concurrent*" (Criminal Cass. July 9, 2010 No. 28699).

particular, for all offenses attributable to the liability of the entity, the application of a fine is always provided for; for more serious cases, interdictory measures are also provided for, such as the suspension or revocation of authorizations, licenses and concessions functional to the commission of the offense, the prohibition to contract with the Public Administration, the exclusion or revocation of facilitations, financing and contributions, the prohibition to advertise goods and services, the confiscation of the profit of the offense, the publication of the sentence and the prohibition from carrying out the activity.

The liability of the entity, in any case, is in addition to and not in place of that of the natural person perpetrator of the crime. However, the administrative liability of the entity is independent of that of the natural person committing the crime: the legislature therefore requires that a crime be established in all its constituent elements regardless of whether the perpetrator has been identified or whether the crime has been extinguished by a cause other than amnesty.

The entity's final conviction is entered in the National Register of Administrative Offense Penalties of Entities, i.e., a file-similar to the criminal records of individuals-containing all convictions that have become irrevocable applied to entities under Decree 231.

1.1. The predicate offenses of corporate liability

The liability of the entity arises to the extent provided by law.

The first and fundamental legal limitation is the closed number of offenses for which the entity can be held accountable (so-called *predicate offenses*).

Therefore, the entity is not liable for any crime committed in the performance of its activities, but only for those crimes selected by the legislature and expressly indicated by Decree 231 (in Articles 24 et seq.), in its original version and in its later additions, as well as in the laws that expressly refer to the regulations of Decree 231.

As of the date of approval of this Model, the predicate offenses belong to the following categories:

- offenses committed in dealings with the public administration and the European Union (Articles 24 and

25 of Decree 231, as amended by Law No. 3 of January 9, 2019, Legislative Decree No. 75 of July 14, 2020, and, most recently, by Decree Law No. 105 of August 10, 2023, converted into Law No. 137 of October 9, 2023)[3] ;

- Computer crimes and unlawful data processing (Article *24-bis* of Decree 231, introduced by Law No. 48 of March 18, 2008, with amendments made by Decree Law No. 105 of September 21, 2019)[4] ;
- organized crime offenses (Art. *24-ter* of Decree 231, introduced by Law No. 94 of July 15, 2009)[5] ;
- Crimes of counterfeiting money, public credit cards, revenue stamps and identification instruments and signs (Article *25-bis* of Decree 231, introduced by Legislative Decree No. 350 of September 25, 2001,

[3] These are the following offenses: embezzlement to the detriment of the State or the European Union (Article 316-bis of the Criminal Code), undue receipt of disbursements to the detriment of the State (Article 316-ter of the Criminal Code), aggravated fraud to the detriment of the State (Article 640, paragraph 2, no. 1, of the Criminal Code), aggravated fraud for the purpose of obtaining public disbursements (Article 640-bis of the Criminal Code), computer fraud to the detriment of the State or other public entity (Article 640-ter of the Criminal Code), disturbance of freedom of tenders (Art. 353 of the Criminal Code), disturbance of the freedom of the procedure in the choice of contractor (Art. 353-bis of the Criminal Code), fraud in public supplies (Art. 356 of the Criminal Code), fraud in agriculture (Art. 2 of Law No. 898 of 1986), bribery for the exercise of function (Art. 318 of the Criminal Code), bribery for an act contrary to official duties (Art. 319 of the Criminal Code), bribery of a person in charge of a public service (Art. 320 c.p.), bribery in judicial acts (art. 319-ter c.p.), incitement to bribery (art. 322 c.p.), extortion (art. 317 c.p.), undue inducement to give or promise benefits (art. 319-quater c.p.), embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery, abuse of office of members of international courts or bodies of the European Communities or international parliamentary assemblies or international organizations and officials of the European Communities and foreign states and public international organizations (art. 322-bis of the Criminal Code), embezzlement (Article 314, paragraph 1, of the Criminal Code and Article 316 of the Criminal Code), abuse of office (Article 323 of the Criminal Code), where the act offends the financial interests of the European Union, trafficking in unlawful influence (Article 346-bis of the Criminal Code).

[4] These are the crimes of unlawful access to a computer or telematic system (Article 615-ter of the Criminal Code), unlawful possession and dissemination of access codes to computer or telematic systems (Article 615-quater of the Criminal Code), dissemination of equipment, devices or computer programs aimed at damaging or interrupting a computer or telematic system (Article 615-quinquies of the Criminal Code), unlawful interception, impediment or interruption of computer or telematic communications (Article 617-quater of the Criminal Code), installation of equipment designed to intercept, impede or interrupt computer or telematic communications (Article 617-quinquies of the Criminal Code), damaging computer information, data and programs (Article 635-bis c.p.), damaging computer information, data and programs used by the state or other public body or otherwise of public utility (art. 635-ter c.p.), damaging computer or telematic systems (art. 635-quater c.p.), damaging computer or telematic systems of public utility (art. 635-quinquies of the Criminal Code), forgery of a public computer document or one having evidentiary effect (Article 491-bis of the Criminal Code), computer fraud of the electronic signature certifier (Article 640-quinquies of the Criminal Code), violation of the rules on the Perimeter of National Cyber Security (Article 1, Paragraph 11, Decree Law No. 105 of September 21, 2019).

[5] These are the crimes of criminal association (Article 416 of the Criminal Code), mafia-type association, including foreigners (Article 416-bis of the Criminal Code), political-mafia electoral exchange (Article 416-ter of the Criminal Code), the crimes committed by taking advantage of the conditions provided for in Article 416-bis of the Criminal Code or in order to facilitate the activities of the associations provided for in the same article, kidnapping for the purpose of extortion (Article 630 of the Criminal Code), association for the purpose of illicit trafficking in narcotic drugs or psychotropic substances (Article 74 Presidential Decree No. 309 of October 9, 1990), illegal manufacture, introduction into the State, sale, transfer, possession and carrying in a public place or place open to the public of weapons of war or war-like weapons or parts of them, explosives, clandestine weapons as well as more common firearms excluding those provided for in Article 2, paragraph 3, of Law No. 110 of April 18, 1975. It should be borne in mind that Law No. 236 of Dec. 11, 2016, introduced Article 601-bis (trafficking in organs removed from a living person) into the Criminal Code and raised the penalties provided for in Law No. 91 of April 1, 1999, on trafficking in organs for transplantation. The aforementioned law inserted the reference to Article 601-bis of the Criminal Code (as well as Articles 22, paragraphs 3 and 4, and 22.bis, paragraph 1, of Law No. 91 of April 1, 1999 on organ and tissue removal and transplantation), in the sixth paragraph of Article 416 of the Criminal Code, falling within the catalog of crimes that can activate the liability of the entity; therefore, the new crime referred to in Article 601-bis of the Criminal Code, as well as the crimes provided for by the special legislation on the subject, find indirect access among the so-called prerequisite crimes of liability through their reference made by Article 416, paragraph 6 of the Criminal Code, as amended by Law 236/16.

and amended by Law No. 99 of July 23, 2009)[6] ;

- crimes against industry and commerce (Article *25-bis*.1 of Decree 231, introduced by Law No. 99 of July 23, 2009)[7] ;
- corporate crimes (Article *25-ter* of Decree 231, introduced by Legislative Decree No. 61 of April 11, 2002, and amended by Law No. 69 of May 27, 2015, and Legislative Decree No. 38 of March 15, 2017)[8] ;
- crimes for the purpose of terrorism or subversion of democratic order (Article *25-quater* of Decree 231, introduced by Law No. 7 of January 14, 2003)[9] ;
- female genital mutilation practices (Article *25-quater*.1 of Decree 231, introduced by Law No. 7 of January 9, 2006)[10] ;
- crimes against the individual (Article *25-quienquies* of Decree 231, introduced by Law No. 228 of August

[6] These are the crimes of counterfeiting money, spending and introducing into the State, with prior agreement, counterfeit money (Article 453 of the Criminal Code), altering money (Article 454 of the Criminal Code), spending and introducing into the State, without prior agreement, counterfeit money (Article 455 of the Criminal Code), spending counterfeit money received in good faith (Article 457 of the Criminal Code), counterfeiting revenue stamps, introducing into the State, purchasing, possessing or putting into circulation counterfeit revenue stamps (Article 459 c.p.), counterfeiting watermarked paper in use for the manufacture of public credit cards or revenue stamps (art. 460 c.p.), manufacture or possession of watermarks or instruments intended for the counterfeiting of money, revenue stamps or watermarked paper (art. 461 c.p.), use of counterfeited or altered revenue stamps (art. 464 c.p.), counterfeiting, altering or

use of trademarks or distinctive signs or patents, models and designs (Article 473 of the Criminal Code), introduction into the State and trade of products with false signs (Article 474 of the Criminal Code).

[7] These include the crimes of disturbing the freedom of industry or commerce (Art. 513 of the Criminal Code), unlawful competition with threats or violence (Art. 513-bis of the Criminal Code), fraud against national industries (Art. 514 of the Criminal Code), fraud in the exercise of commerce (Art. 515 of the Criminal Code), sale of foodstuffs not genuine as genuine (Art. 516 of the Criminal Code), sale of industrial products with mendacious signs (art. 517 of the Criminal Code), manufacture and trade of goods made by usurping industrial property rights (art. 517-ter of the Criminal Code), counterfeiting of geographical indications or designations of origin of agri-food products (art. 517-quater of the Criminal Code)

[8] These are the offenses of false corporate communications and false corporate communications to the detriment of shareholders or creditors (Articles 2621 and 2622 Civil Code), minor acts (Art. 2621-bis Civil Code, i.e. conduct referred to in Art. 2621 c.c. characterized as minor taking into account the nature, size of the company and the manner and effects of the conduct), impeded control (Art. 2625, 2nd paragraph, c.c.), undue return of contributions (Art. 2626 c.c.), unlawful distribution of profits and reserves (art. 2627 civil code), unlawful transactions on shares or quotas of the company or its parent company (art. 2628 civil code), transactions to the detriment of creditors (art. 2629 civil code), failure to disclose conflict of interest (art. 2629-bis civil code), fictitious capital formation (Art. 2632 c.c.), undue distribution of corporate assets by liquidators (Art. 2633 c.c.), bribery among private individuals (Art. 2635 c.c.), incitement to bribery among private individuals (Art. 2635-bis c.p.), unlawful influence on the shareholders' meeting (Art. 2636 c.c.), market rigging (art. 2637 civil code), obstruction of the exercise of the functions of public supervisory authorities (art. 2638 civil code), as well as finally the crime of false or omitted declarations for the issuance of the preliminary certificate provided for in the implementing legislation of Directive (EU) 2019/2121.

[9] These cases are provided for through a general "open" reference to all current and future hypotheses of crimes committed for the purpose of terrorism or subversion of the democratic order, without indicating the individual provisions (most likely, these are the crimes of association for the purpose of terrorism including international terrorism or subversion of the democratic order (art. 270-bis c.p.); assistance to associates (art. 270-ter c.p.); enlistment for the purpose of terrorism including international terrorism (art. 270-quater c.p.); organization of transfers for the purpose of terrorism (art. 270-quater.1 c.p.); training for activities for the purpose of terrorism, including international terrorism (art. 270-quinquies c.p.); bombing for the purpose of terrorism or subversion (art. 280 c.p.); incitement to commit any of the crimes against the personality of the State (art. 302 c.p.); armed gang and formation and participation in and assistance to the participants of conspiracy or armed gang (Articles 306 and 307 of the Criminal Code); illegal possession of explosive precursors (Article 678-bis of the Criminal Code); omission of explosive precursors (Article 679-bis of the Criminal Code)).

[10] Article 25-quater.1 refers to the crime of female genital mutilation (Article 583-bis of the Criminal Code).

11, 2003)[11] ;

- market abuse (Article *25-sexies* of Decree 231 and Article *187-quinquies* T.u.f., introduced by Law No. 62 of April 18, 2005)[12] ;
- culpable homicide and serious or very serious injury committed in violation of accident prevention and occupational hygiene and health protection regulations (Article *25-septies* of Decree 231, introduced by Legislative Decree No. 81 of April 9, 2008)[13] ;
- Receiving stolen goods, money laundering and use of money, goods of utilities of illicit origin, and self-money laundering (Article *25-octies* of Decree 231, introduced by Legislative Decree No. 231 of September 21, 2007, and amended by Law No. 186 of December 15, 2014)[14] ;
- Crimes involving non-cash payment instruments (Article 25-octies *1*, introduced by Legislative Decree No. 184 of November 8, 2021, as amended by Law No. 137 of 2023)[15] ;
- copyright infringement crimes (Article *25-novies* of Decree 231, introduced by Law No. 99 of July 23, 2009)[16] ;
- Inducement not to make statements or to make false statements to judicial authorities (Article *25-decies* of Decree 231, introduced by Law No. 16 of August 3, 2009)[17] ;
- environmental crimes (Article *25-undecies* of Decree 231, introduced by Legislative Decree 121 of July

[11] These are the crimes of reduction or maintenance in slavery or servitude (art. 600 of the Criminal Code), crimes related to child prostitution (art. 600-bis of the Criminal Code), child pornography (art. 600-ter of the Criminal Code), possession of pornographic material produced through the sexual exploitation of minors (art. 600-quater of the Criminal Code), even when the pornographic material represents virtual images (art. 600-quater1 of the Criminal Code), tourist initiatives aimed at the exploitation of child prostitution (art. 600-quinquies of the Criminal Code), trafficking in persons (art. 601 of the Criminal Code), purchase and sale of slaves (art. 602 of the Criminal Code), illicit brokering and exploitation of labor (603-bis of the Criminal Code), solicitation of minors (art. 609-undecies of the Criminal Code).

[12] These are the crimes of insider trading (Art. 184 Legislative Decree 58/1998) and market manipulation (Art. 185 Legislative Decree 58/1998).

[13] These are the crimes of manslaughter and grievous or very grievous bodily harm committed in violation of accident prevention and occupational hygiene and health protection regulations (Articles 589 and 590, para. 3, Criminal Code)

[14] These are the crimes of receiving stolen goods (Article 648 of the Criminal Code), money laundering (Article 648-bis of the Criminal Code) and use of money, goods or utilities of illicit origin (Article 648-ter of the Criminal Code), as well as self-laundering (648-ter.1 of the Criminal Code).

[15] These are the new offenses of misuse and forgery of non-cash payment instruments (Article 493-ter of the Criminal Code); possession and dissemination of computer equipment, devices or programs aimed at committing crimes regarding non-cash payment instruments (Article 493-quater of the Criminal Code); computer fraud (Article 640-ter of the Criminal Code); and fraudulent transfer of valuables (Article 512-bis).

[16] These are offenses under Articles 171 first paragraph (a), third paragraph, 171-bis, 171-ter, 171- septies and 171-octies of Law No. 633 of April 22, 1941 on "Protection of copyright and other rights related to its exercise."

[17] It refers to the crime of inducing people not to make statements or to make false statements to judicial authorities (Article 377-bis of the Criminal Code).

7, 2011)[18] ;

- Employment of third-country nationals whose stay is irregular (Article *25-duodecies* of Decree 231, introduced by Legislative Decree No. 109 of July 16, 2012)[19] ;
- Crimes of racism and xenophobia (Article *25-terdecies* of Decree 231, introduced by Law No. 167 of November 20, 2017)[20] ;
- fraud in sports competitions, abusive gaming or betting and gambling exercised by means of prohibited devices (Article *25-quaterdecies* of Decree 231, introduced by Law No. 39 of May 3, 2019)[21] ;
- tax crimes (Article *25-quinquesdecies* of Decree 231, introduced by Law No. 157 of December 19, 2019, and Legislative Decree No. 75 of July 14, 2020)[22] ;
- smuggling (Article *25-sexiesdecies* of Decree 231, introduced by Legislative Decree No. 75 of July 14, 2020)[23] ;
- crimes against cultural heritage (Articles *25-septiesdecies* and *25-duodevicies* of Decree 231,

[18] These are criminal and contraventional offenses, in particular violations of Legislative Decree 152/2006 (Consolidated Environment Act) relating to the management of industrial wastewater discharges (Art. 137), unauthorized waste management (Art. 256), site remediation (Art. 257), reporting obligations, keeping of mandatory records, forms (Art. 258), illegal waste trafficking (Art. 259), computerized waste traceability system (art. 260-bis), exceeding the permitted values for emissions of pollutants (art. 279); violations of l.l. 202/2007 related to intentional pollution caused by ships (art. 8) and negligent pollution caused by ships (art. 9); violations of l. 549/1993 related to ozone and atmosphere crimes; violations of l. 150/1992 relating to crimes in the field of protection of endangered animal and plant species; and lastly, the crimes against the environment introduced by l. 68/2015 in the Criminal Code, in particular the crime of environmental pollution (art. 452-bis of the Criminal Code), environmental disaster (art. 452-ter of the Criminal Code), culpable crimes against the environment (art. 452-quater of the Criminal Code), trafficking and abandonment of highly radioactive material (art. 452-sexies of the Criminal Code), aggravating circumstance (Art. 452-octies of the Criminal Code), organized activities for the illegal trafficking of waste (Art. 452-quaterdecies of the Criminal Code), and the offenses of killing, destroying, capturing, taking, or possessing specimens of protected wild animal or plant species (Art. 727-bis of the Criminal Code) and destruction or deterioration of habitats within a protected site (Art. 733-bis of the Criminal Code).

[19] These are the crime of employment of third-country nationals whose stay is irregular (Art. 22, para. 12 and 12-bis of Legislative Decree No. 286/98 as amended by Decree Law No. 20 of March 10, 2023) and the crimes of the crimes of procuring illegal entry and aiding and abetting illegal immigration (Art. 12 paras. 3, 3-bis, 3-ter, 5, of Legislative Decree No. 286/98), as well as Art. 22 co. 12-ter, which concerns the ancillary administrative sanction of paying the average cost of repatriation of the illegally employed foreign worker.

[20] These are the crime of propaganda and incitement to commit racial, ethnic, and religious discrimination (Article 604-bis of the Criminal Code), introduced into the code by Legislative Decree No. 21/2018, and the aggravating circumstance provided by Article 604-ter of the Criminal Code, also introduced in 2018.

[21] These are the crimes of fraud in sports competitions (Art. 1, l. No. 401/1989) and illegal gambling or betting and games of chance exercised by means of prohibited devices (Art. 4, l. 401/1989).

[22] Article 25-quinquiesdecies introduced tax crimes among the predicate offenses. These are the crimes of fraudulent declaration through the use of invoices or other documents for non-existent transactions (Art. 2 Legislative Decree No. 74/2000), fraudulent declaration through other artifices (Art. 3 Legislative Decree No. 74/2000), false declaration (Art. 4 d.lgs. no. 74/2000, only if the crime was committed as part of cross-border fraudulent schemes and in order to evade value added tax for a total amount of not less than 10 million euros), omitted declaration (art. 5 d.lgs. no. 74/2000, only if the crime was committed as part of cross-border fraudulent schemes and for the purpose of evading value-added tax for a total amount of not less than ten million euros), issuance of invoices or other documents for nonexistent transactions (Art. 8 Legislative Decree No. 74/2000); concealment or destruction of accounting documents (Art. 10 L.D. No. 74/2000); undue compensation (Art. 10-quater L.D. No. 74/2000, only if the crime was committed as part of cross-border fraudulent schemes and for the purpose of evading value added tax for a total amount of not less than ten million euros), fraudulent evasion of tax (Art. 11 L.D. No. 74/2000).

[23] The reference is to crimes under Presidential Decree No. 43/1973.

introduced by Law No. 22 of March 9, 2022)[24] ;

- crimes specified in Article 12 of Law No. 9 of January 14, 2013, for entities operating within the virgin olive oil supply chain[25] ;
- crimes specified in Article 10 of Law No. 146 of March 16, 2006, if committed transnationally[26] .

The administrative liability of the entity, moreover, also extends to cases in which one of the listed crimes is committed in the form of attempt, subject to the reduction of penalties by one-third to one-half (Art. 26).

1.2. Crimes committed abroad

By virtue of Article 4 of Decree 231, the entity can also be held accountable in Italy for alleged crimes committed abroad.

Decree 231, however, makes this possibility subject to the following conditions:

- That the state of the place where the crime was committed does not prosecute;
- that the entity has its head office in the territory of the Italian state (i.e., it is the actual location where administrative and management activities are carried out, which may also be different from the location of the company or registered office or the place where the activity is carried out on a

[24] These are the crimes of theft of cultural property (Article 518-bis of the Criminal Code), embezzlement of cultural property (Article 518-ter of the Criminal Code), receiving of cultural property (Article 518-ter of the Criminal Code), forgery in private writing related to cultural property (Article 518-octies of the Criminal Code), violations in the matter of alienation of cultural property (Article 518-novies of the Criminal Code), illegal import of cultural property (Article 518-decies of the Criminal Code), unlawful exit or export of cultural goods (art. 518-undecies penal code), destruction, dispersal, deterioration, defacement, defacement and unlawful use of cultural or landscape goods (art. 518-duodecies penal codep.), forgery of works of art (Art. 518-quaterdecies c.p.), laundering of cultural property (Art. 518-sexies c.p.), devastation and looting of cultural and scenic property (Art. 518-terdecies c.p.).

[25] For the indicated categories of entities only, the following Criminal Code cases represent predicate offenses: art. 440 of the Criminal Code, art. 442 of the Criminal Code, art. 444-ter of the Criminal Code, art. 473 of the Criminal Code, art. 474 of the Criminal Code, art. 515 of the Criminal Code, art. 516 of the Criminal Code, art. 517 of the Criminal Code, and art. 517-quater of the Criminal Code.

[26] The following crimes are prerequisites for the administrative liability of entities if committed in a transnational manner: art. 377-bis of the Criminal Code (inducement not to make statements or to make false statements to judicial authorities), art. 378 of the Criminal Code (personal aiding and abetting), art. 416 of the Criminal Code (criminal association), art.416-bis c.p. (mafia-type association), crimes committed pursuant to Art. 416-bis.1 c.p. (aggravating and mitigating circumstances for crimes related to mafia activities), Art.12 paragraphs 3, 3-bis, 3-ter and 5 Legislative Decree 286/98 (provisions against illegal immigration), Art. 74. Presidential Decree 309/90 (association for the purpose of illegal trafficking in narcotic or psychotropic substances), art. 291-quater Presidential Decree 43/73 (criminal association for the purpose of smuggling foreign tobacco).

continuous basis);

- That the crime is committed abroad by a senior or subordinate person of the Italian entity;
- that the general conditions for prosecution provided for in Articles 7, 8, 9, 10 of the Criminal Code to be able to prosecute in Italy a crime committed abroad exist, that is-at least for a large part of the crimes-crimes attributable to entities-the specific request of the Minister of Justice.

Therefore, the risk of offence also potentially exists in relation to company activities carried out outside the territory of the state: think, for example, of relations of any kind with European or foreign public authorities (exposed to risks of corruption) or the management of production plants abroad (likewise subject to compliance with accident prevention and environmental regulations).

It should be recognized, however, that the widespread need for a specific request from the Minister of Justice, for the purpose of prosecution, could make prosecution more difficult.

1.3. The criteria for imputing liability to the entity

If one of the aforementioned predicate offenses is committed, the entity incurs punitive liability only if certain conditions are met, which are defined as objective criteria for imputing the offense to the entity.

(a) The first objective prerequisite is that the crime is committed by a person linked to the entity by a qualified relationship. There must, therefore, be a relevant connection between the individual-offender and the entity. Under Decree 231, the entity's liability may exist if the perpetrator of the crime belongs to one of these two categories of individuals:

- persons in "*top position*": those who have autonomous power to make decisions in the name and on behalf of the company. This category includes the legal representative, directors, general manager, director of an autonomous organizational unit, as well as persons who exercise, even de facto, the management of the entity. All delegated persons, endowed with financial and functional autonomy, who exercise partial management or direction of the entity or its branch offices are also considered to belong to this category. Even a plant manager if endowed by the Board of Directors with the

financial means to carry out his or her activities, is therefore considered to all intents and purposes an apex person. With this in mind, the structure of the system of delegation of powers and functions is of particular importance in the overall logic of defining this Model;

- "*Subordinate*" subjects: all those who are subject to the direction and supervision of the apical subjects; typically, employees, but also subjects not belonging to the personnel of the entity, who have been entrusted with a task to be carried out under the direction and supervision of the apical subjects. What counts for the purpose of belonging to this category is not the existence of an employment contract, but rather the activity actually performed. The law's need to prevent the entity from escaping liability by delegating to external collaborators activities within the scope of which an offense under Decree 231 may be committed is evident. Collaborators, agents/professionals or consultants, for example, who, on behalf of the company or by reason of contractual relations, act in the name, on behalf or in the interest of the entity, may be considered to belong to this category.

(b) The second objective condition requires that the offense be committed in the interest or to the benefit of the entity. The two conditions are alternatives, and it is sufficient that at least one of them exists:

- "*Interest*" exists when the perpetrator acted with the intent to favor the entity. The existence of interest is assessed by an *ex ante* judgment, at the time of the criminal conduct, and is therefore independent of whether the entity was then actually favored by the conduct of the individual. On the other hand, the entity is not liable if the criminal act was committed against its own interest or in the exclusive interest of the perpetrator or a third party;
- "*advantage*" exists when the entity has gained, or could have gained, a positive result, economic or otherwise, from the crime. This condition is assessed *ex post*, after the commission of the crime. Thus, Decree 231 does not require that the benefit obtained or hoped for by the entity necessarily be economic in nature; liability also exists in the event that, even in the absence of a pecuniary advantage for the entity, the crime finds its reason in an interest, even of an intangible nature, of the entity, such as, for example, the improvement of its market position, the concealment of a financial crisis situation,

the conquest of a new territorial area[27] .

It is debated whether the advantage requirement is endowed with a real ascriptive autonomy of the entity's liability: although a large part of the criminal doctrine doubts it, the jurisprudence is rather firm in upholding the alternative character and functional autonomy of the two objective criteria. On the other hand, the inherent functionality of advantage is concretely appreciable in relation to culpable offenses-presumable offenses (in the areas of occupational safety and the environment), with respect to which culpable misconduct could be carried out without a specific lucrative intention (an interest of the entity in the commission of the crime would therefore not be traceable), but nevertheless operating for the benefit of the legal person.

1.4. Sanctions against the entity

An entity found liable for committing one of the predicate offenses may be sentenced to four types of penalties, differing in nature and manner of execution.

The financial penalty

In case of conviction, a fine is always imposed through a graduation mechanism based on "quotas," corresponding to sums of money.

The unit value of each share can range from 258 euros to 1,549 euros and is determined from time to time by the judge on the basis of the entity's economic and patrimonial conditions (so as to make the financial penalty proportionate to the size of the entity and tend to have deterrent effectiveness).

Specifically, for each offense, Decree 231 sets the monetary penalty by identifying a minimum (not less than 100 quotas) and a maximum (not more than 1,000 quotas).

[27] In this sense, it should be noted that the most recent interpretative tendency of the jurisprudence of legitimacy is rather extensive of the concept, to the point of including even the mere "saving of time": in Criminal Cass. sect. IV, Jan. 31, 2022 No. 3299, it is expressly stated that, for the purposes of convicting the entity, "*the saving in favor of the company, in which the criteria of objective imputation represented by the interest and the advantage are realized, can also consist only in the reduction of processing time.*"

The concrete determination of the number of quotas, between the minimum and the maximum, is made by the judge, taking into account (*i*) the seriousness of the concrete fact, (*ii*) the degree of liability of the entity, and (*iii*) the activity carried out by the entity to eliminate or mitigate the consequences of the fact and to prevent the commission of further offenses.

Cases of reduction of the pecuniary penalty are provided for, when - alternatively the offender has committed the act in his or her own predominant interest or in the interest of third parties and the entity has not gained an advantage or has gained a minimal advantage, or when the damage caused is of particular tenuousness.

Disqualifying sanctions

Disqualification penalties may be applied in addition to monetary penalties but only if:

- expressly provided for the crime being prosecuted (such penalties are not provided for corporate crimes and market abuse crimes, for example);
- provided that at least one of the following conditions is met: (i) the entity has derived a significant profit from the crime and the crime was committed by a top person, or in the case where the crime was committed by a subordinate person only if the commission of the crime was made possible by serious organizational deficiencies; (ii) in the case of repetition of the offenses.

The disqualifying sanctions under Decree 231 are:

- disqualification, temporary or permanent, from engaging in the activity;
- The suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
- The prohibition of contracting with the public administration, except to obtain the performance of a public service;
- exclusion from benefits, financing, contributions or subsidies and the possible revocation of those already granted;
- A temporary or permanent ban on advertising goods or services.

Disqualification penalties affect the specific activity or branch of activity within which the crime was committed.

They are normally temporary, ranging from three months to two years.

They can also be applied as a precautionary measure, during the investigation and prior to conviction, at the request of the Public Prosecutor, if there are serious indications of the entity's liability and a real danger that offenses of the same nature as the one being prosecuted will be committed.

Disqualifying sanctions, however, do not apply (or are revoked, if already applied during the investigation) if the entity - prior to the declaration of the opening of the first-degree hearing - has compensated or repaired the damage and eliminated the harmful or dangerous consequences of the crime (or, at least, has made efforts to do so), has made the profit of the crime available to the judicial authority, and - most importantly - has eliminated the organizational deficiencies that led to the crime, adopting organizational models suitable for preventing the commission of new crimes.

According to the provisions of Article 15 of Decree 231, if the conditions exist for the application of a disqualification penalty that results in the interruption of the entity's activity, the judge, instead of applying the penalty, may order the continuation of the entity's activity by a commissioner for a period equal to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions is met:

(i) the entity performs a public service or a service of public necessity, the interruption of which may cause serious harm to the community;

(ii) the interruption of the institution's activity may cause, taking into account its size and the economic conditions of the area in which it is located, significant employment repercussions;

(iii) the activity is carried out in industrial plants or parts thereof declared to be of national strategic interest pursuant to Article 1 of Decree Law No. 207 of December 3, 2012, converted, with amendments, by Law No. 231 of December 24, 2012.

In the case of enterprises that after the occurrence of the crimes giving rise to the application of the sanction have been admitted to extraordinary administration, including on a temporary basis pursuant to

Article 1 of Decree-Law No. 187 of December 5, 2022, the continuation of the activity is entrusted to the commissioner already appointed under the extraordinary administration procedure.
In the judgment ordering the continuation of the activity, the judge indicates the duties and powers of the commissioner, taking into account the specific activity in which the offense was committed by the entity. Within the scope of the tasks and powers indicated by the judge, the commissioner shall see to the adoption and effective implementation of organizational and control models suitable for preventing crimes of the kind that occurred. He may not perform acts of extraordinary administration without authorization from the Judge.

Confiscation

It consists of the acquisition by the state of the price or profit of the crime or, when it is not possible to execute confiscation directly on the price or profit of the crime, the apprehension of sums of money, property or other utilities of equivalent value to the price or profit of the crime. Confiscation is always applied upon conviction.

The publication of the judgment of conviction

It consists of the publication of the judgment of conviction, either in excerpt or in full and at the expense of the entity, in one or more newspapers specified by the court or the posting of the judgment in the municipality where the entity has its principal office.

All the sanctions specified in Decree 231 are administrative in nature, even if they are applied by a criminal court. The sanction framework established by Decree 231 is very severe, both because the fines can be very high and because the disqualifying sanctions can limit in whole or in part the normal exercise of activities. Administrative sanctions against the entity are prescribed, except in cases of interruption of the statute of limitations, within five years from the date of consummation of the crime.

1.5. The modifying events of the entity

The fundamental principle that informs the entire sanctioning apparatus against the entity establishes that only the entity is liable for the obligation to pay the pecuniary penalty imposed on the entity, with its assets or common fund.

The rule, therefore, excludes direct patrimonial liability of partners or associates.

Decree 231 specifically regulates the entity's liability regime in the event of transformation, merger, demerger and transfer of business.

The legislature has adopted, as a general criterion, that the principles of civil laws on the liability of the entity undergoing transformation for the debts of the original entity be applied to the pecuniary sanctions imposed on the entity; correlatively, for the disqualification sanctions, it has been established that they remain the responsibility of the entity in which the branch of activity under which the crime was committed has remained (or merged).

In case of transformation of the entity, liability for crimes committed prior to the date on which the transformation took effect remains unaffected.

The new entity will then be subject to the penalties applicable to the original entity for acts committed prior to the transformation.

In the case of a merger, the merged entity, including by incorporation, is liable for the crimes for which the merging entities were responsible.

If the merger took place before the conclusion of the trial to establish the liability of the entity, the court must take into account the economic conditions of the original entity and not those of the merged entity.

In the case of a partial demerger, the liability of the demerged entity for crimes committed prior to the demerger remains unaffected.

However, the entities benefiting from the split, whether partial or total, are jointly and severally obligated to pay the fines owed by the split entity for crimes prior to the split. The obligation is limited to the value of the transferred assets.

In the event of the sale or transfer of the business within the scope of which the crime was committed, except for the benefit of prior enforcement of the transferor entity, the transferee is jointly and severally obligated with the transferor entity to pay the financial penalty, within the limits of the value of the transferred business and within the limits of the financial penalties that result from the mandatory books of accounts, or of which the transferee was otherwise aware. In any case, disqualification penalties apply to entities to which the branch of business within which the crime was committed remained or was transferred, even in part.

2. THE EXEMPTING ROLE OF THE MODEL

The liability of the entity is further subject to a subjective criterion of imputability of the crime, which can be identified in the so-called "organizational fault."

In essence, it can be said that the liability of the entity is traced back to the failure to adopt or to comply with dutiful *standards* pertaining to its organization and the conduct of its business activities: a defect that can be traced back to a faulty business policy or to structural *deficits* in the business organization.

In this respect, the entity can only be blamed for the commission of the crime-whether it was perpetrated in its interest or to its advantage-if it failed to set up an effective organizational system directed at the prevention-management of the risk-offense.

Turning the normative dictate in a positive direction, Decree 231 excludes the liability of the entity if it - prior to the commission of the crime - has adopted and effectively implemented an "Organization and Management Model" suitable for preventing the commission of crimes of the kind that were committed.

More specifically, in order for the culpability of the entity to be excluded, Decree 231 requires the following conditions to operate jointly:

- the management body has adopted and effectively implemented, prior to the commission of the act, organization, management and control models suitable to prevent crimes of the kind that occurred;
- the task of supervising the operation of and compliance with the models and taking care of their updating has been entrusted to a body of the entity endowed with autonomous powers of initiative and control (so-called "Supervisory Body," henceforth also 'O.d.V.');
- there has been no or insufficient supervision by the aforementioned body of the operation and observance of the models.

The Model operates as a cause of exclusion of culpability both when the predicate offense is committed by an apical person and when the same is committed by a subordinate person.

However, Decree 231 is much stricter about the culpability of the entity when the crime is committed by an

apical person.

In this hypothesis, there is a kind of presumption of guilt of the entity, which moves from the consideration that the crime committed by a top person is the crime of the entity, in the sense that the will of the top expresses the will of the entity.

By a mechanism of reversal of the burden of proof, Decree 231 allows the entity to disassociate itself from its top management and the crime committed by them by proving not only the existence of the three conditions above, but also that the top person committed the crime by fraudulently circumventing the Model.

In essence, the entity is not guilty if it proves that the crime was committed outside of any possibility of control.

In the case of crimes committed by subordinates, on the other hand, the entity is guilty only if the prosecution finds that the commission of the crime was made possible by the failure to comply with management or supervisory obligations.

Failure to comply with management or supervisory obligations is excluded if the entity, prior to the commission of the crime, adopted and effectively implemented a Model suitable for preventing crimes of the kind that occurred: in this hypothesis-unlike the previous one-it is therefore up to the prosecution to prove the inadequacy of the Model (and the resulting "organizational fault" of the entity).

In light of the aforementioned imputation criteria, the Model is the tool available to the entity to prove its extraneousness to the crime and, ultimately, to avoid suffering the sanctions established by Decree 231.

2.1. Characteristics and suitability assessment of the Model

Decree 231 does not regulate analytically the nature and characteristics of the Model, but merely dictates some general principles and some minimum contents. The mere adoption of the Model is not a sufficient

condition in itself to exclude the liability of the entity[28] .

In fact, the Model operates as a cause for the exclusion of culpability only if:

- **effective,** that is, if reasonably suitable to prevent the crime or crimes committed.

To this end, Decree 231 requires the Model to have the following minimum content:

- activities of the entity in the scope of which crimes may be committed are identified;
- there are specific protocols aimed at planning the formation and implementation of the entity's decisions, in relation to the crimes to be prevented;
- methods of managing financial resources suitable for preventing the commission of crimes are identified;
- an appropriate disciplinary system is introduced to punish non-compliance with the measures specified in the model;
- there are obligations to provide information to the Supervisory Board, which is able to oversee the operation of and compliance with the Model;
- are provided, pursuant to the Legislative Decree implementing Directive (EU)2019/1937 of the European Parliament and of the Council of October 23, 2019, the internal reporting channels, the prohibition of retaliation and the disciplinary system adopted in accordance with Legislative Decree 24/2023;

- **implemented**, i.e., whether the contents of the Model are effectively implemented in the company's procedures and internal control system.

To this end, Decree 231 specifically provides:

- the need for periodic verification and updating or revision of the Model when significant violations of its requirements emerge or when changes occur in the organization or activity of the Company;
- The introduction of an appropriate disciplinary system to punish non-compliance with the measures

[28] In this sense, the jurisprudence on the point is unanimous: "*it is up to the judge of merit, invested by specific deduction, to ascertain preliminarily the existence of an organizational and management model of Legislative Decree no. 231 of 2001, ex art. 6; then, in the event that the model exists, that the same is in compliance with the rules; finally, that it was effectively implemented or not in the preventive perspective, before the commission of the fact*," (Cass. pen., sez. IV, Oct. 28, 2019, no. 43656).

specified in the Model;

- The introduction, pursuant to the legislative decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, of internal reporting channels, accompanied by the requirements inherent in the prohibition of retaliation and the disciplinary system, in accordance with the latest requirements of Legislative Decree 24/2023.

The jurisprudence[29] and Confindustria have then further clarified the requirements of suitability and effectiveness of the Model, specifying in particular that it should be inspired by the following canons:

- *specificity*: the Model must take into account the type, size, activity carried out by the entity and its history (including judicial history);
- *topicality*: the Model must be constantly updated and adapted to the changing organizational needs produced in the corporate structure, as well as to regulatory and jurisprudential developments;
- *Dynamism*: the Model must be subject to continuous monitoring of the prevention system, through the use of systematic research procedures, identification of risks, and periodic checks on sensitive company activities.

In particular, according to the most recent indication contained in the Confindustria Guidelines[30] , without prejudice to the need for each company to construct the system most consistent with its internal organization, the Model construction approach must be so-called integrated *compliance.*

The main stages into which the 231 risk prevention system should be divided are as follows:

1. ***Identification of potential risks***: analysis of the company context to identify which areas and sectors of

[29] Recently, for example, the Court of Cassation (Cass. pen. sect. IV, May 25, 2023, no. 22683) confirmed the pecuniary and interdictory sanction of the prohibition to contract with the Public Administration for two months against the company, as it was held liable under Art. *25-septies* co. 3 of Legislative Decree 231/2001, in relation to the crime under Art. 590 c.p. co. 3, because despite the presence of the organization document, "it (had) *not effectively implemented it in relation to the work carried out by the injured person*, *it being evident that the entity had an advantage in relation to the offence committed by its sole director, an offence determined by the poor care of the workplaces and entail*(ing) an *obvious saving of time and money.*" In the grounds, the Court of legitimacy emphasized that the adoption of the Model per se is not functional for the exoneration of liability, but it is necessary that, in addition to the analysis of the sensitive macro-activities under the case of risk occurred, there is also "*a constant monitoring activity on the preventive measures prepared in the company and adaptation of the specific work procedure to the risks proper to the activity*"; again, the Court (Cass. pen. sez. V, ud. 02 March 2023, dep. 19 May 2023, no.21640) annulled a judgment on the merits recognizing a motivational deficiency with regard to the assumption of the "*suitability*" of Model 231 and its "*adequacy*" with respect to the specific case of crime that occurred; in the case in point, the Court stressed the need to ascertain that the natural person's crime was the concretization of the risk that the specific organizational measure laid down in the Model aimed to avoid or at least make minimal, evaluating in concrete terms its effectiveness and updating also with respect to the ordinary dynamics of the consummation of the case of crime.

[30] See Guidelines for the Construction of Organization, Management and Control Models-June 2021, available at *www.confindustria.it.*

activity and in what manner events detrimental to the objectives indicated by Decree 231 could abstractly occur;

2. ***evaluation of the existing system*** within the entity for the prevention of crimes and its possible adaptation, in terms of its ability to effectively counteract, that is, reduce to an acceptable level, the identified risks;
3. ***Design of the new*** control ***protocols*** integrated with the existing *compliance* setup.

   The system outlined must translate-in order to operate effectively-into a continuous or at least periodic process, to be reviewed with particular attention in the presence of corporate changes (opening of new offices, acquisitions, changes in organizational structure) or the introduction of new crimes that are prerequisites for the entity's liability under the law.

The last phase, that of the elaboration of the new protocols necessary for the adaptation of the Model to the regulations, is only of an eventual nature: indeed, in the event that the area of *residual risk* highlighted by the *map risk* (but left unprotected by an already operational control system) qualifies as an *acceptable risk*, the Model is considered already complete for the purposes of the exemption of liability provided for in the Decree; in the opposite hypothesis, on the other hand, the system will need further and innovative adaptation.

The definition of *acceptable risk* therefore becomes - in the construction of the compliance system - the junction for calibrating compliance obligations. For the latter, the trade association uses three distinct concepts, stating that "*risk is deemed acceptable when additional controls cost more than the resource to be* protected. "[31] , thus incorporating a purely economic logic of cost; then it invokes the general criminal law principle of the so-called unreasonableness of conduct, holding that the determination of acceptable risk must take into account the concrete "business *operations*"[32] ; finally, it pegs the definition to the textual tenor of the norm, arguing that - since the prevention system must be such that it cannot be circumvented except fraudulently (Art. 6(1)(c) for the purposes of excluding the entity's liability - acceptability (at least

[31] Page 40, *Guidelines for the Construction of Organization, Management and Control Models,* cited.
[32] Ibid.

for intentional crimes[33]) must be assessed in light of the ability of existing protocols to prevent circumvention or forcing of security measures.

For the purposes of this Model, the definition of so-called *Acceptable Risk,* as given in the glossary *supra*, is accepted, i.e., functional to coordinate on the one hand the need for a preventive management response to an area of high and medium risk assessment, and on the other hand that of efficient management of resources: the threshold of acceptability of risk must vary in consideration of the type of process, the type of measure implemented with respect to business costs, the quantification of risk estimation, and the entity's past history with respect to that specific area of criminal potential.

[33] "*The conceptual threshold of acceptability, for the exempting effects of Decree 231, should be differently modulated in relation to the crimes of manslaughter and culpable personal injury committed in violation of occupational health and safety regulations, as well as environmental crimes punishable by fault. Fraudulent circumvention of organizational models, in fact, appears incompatible with the subjective element of culpable offenses in which there is a lack of intent for the event injuring the physical integrity of workers or the environment. In these hypotheses, the acceptable risk threshold is represented by the realization of conduct in violation of the preventive organizational model (and, in the case of health and safety offenses, of the underlying mandatory requirements prescribed by preventive regulations) despite the timely observance of the supervisory obligations under Decree 231 by the Supervisory Board,*" p. 40-41, *Guidelines for the Construction of Organization, Management and Control Models,* cit.

3. THE MODEL OF S.G.I. S.P.A.: THE INTEGRATED RISK MANAGEMENT SYSTEM

With the adoption and effective implementation of the Model, S.G.I. S.p.A. intends to prevent the risk of commission of crimes and ensure the construction of an efficient system of integrated management of risk business processes.

The general principles to which the construction of the Model of S.G.I. S.p.A. conforms can be briefly summarized as follows[34] :

- **every operation, transaction, and action must be verifiable, documented, consistent, and congruous**: for each operation there shall be adequate documentary support on which checks can be made at any time to attest to the characteristics and reasons for the operation and identify who authorized, performed, recorded, and verified the operation;
- **no one can independently manage an entire process**: the system ensures the application of the principle of separation of functions, whereby authorization 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;
- **authorizing powers must be defined**: the system ensures that no one is given unlimited powers; that powers and responsibilities are clearly defined and known within the organization; and that authorizing and signing powers are consistent with assigned organizational responsibilities and appropriately documented so as to ensure that they can be easily reconstructed *ex post* if necessary.
- **controls must be documented**: the control system provides for a *reporting* system (in some cases by taking minutes, in others orally) suitable for documenting the performance and outcomes of controls, including supervisory controls.

[34] Page 58, *Guidelines for the Construction of Organization, Management and Control Models,* cited.

- ***the Model is subject to ex-post* control***:* the activity of verifying the functioning of the Model includes a subsequent periodic update;
- **all levels of the company are involved in raising awareness and dissemination of** the established behavioral rules and procedures.

The purposes of the Model can therefore be stated as follows:

- develop awareness in all persons who internally or externally to S.G.I. S.p.A. operate on behalf of or in the interest of S.G.I. S.p.A. in the context of operational processes considered sensitive, that they may incur, in the event of violation of the provisions *therein*, in the commission of offenses punishable by criminal sanctions that may be imposed on them and administrative sanctions that may be imposed on the Company;
- reiterate that such forms of unlawful behavior are strongly condemned by S.G.I. S.p.A., since the same (even if the Company were apparently in a position to take advantage of them) are in any case contrary not only to the provisions of the law, but also to the principles of ethics and behavior to which the Company intends to refer in the exercise of its business;
- enable S.G.I. S.p.A., thanks to a monitoring action on the areas of activity at risk, to intervene to prevent or counteract the commission of the crimes themselves, intervening promptly on the criticalities and weaknesses of the system;
- Strengthen the internal control system, improving *corporate governance* overall.

Concurrently with the adoption of the Model, S.G.I. S.p.A. has already provided itself with a **Code of Ethics,** which incorporates the principles with which all persons - who, in whatever capacity, act in the name of or on behalf of the Company - are required to comply. This Model, therefore, does not replace, but rather complements the system of controls with which the Company is already equipped and the Code of Ethics, which is an integral part of it and completes it: the overall set of safeguards directs the Company to the goal of legality and transparency that S.G.I. S.p.A. intends to make its own in every sphere of activity.

On the one hand, the Model constitutes a separate and autonomous document from the Code of Ethics, however much both documents are intended to ensure that the Company operates internally and externally in full compliance with the principles of legality and fairness. They are complementary: the Code of Ethics can also be seen as a further operational modality for the application and implementation of the provisions *of* Decree 231, as it clarifies what is required and what is prohibited in order to avoid the commission of any crime provided for or not by the Decree itself. Indeed, the Code of Ethics contains the set of ethical principles that the Company recognizes and respects. The related rules of conduct that guarantee its implementation regulate in concrete terms the behavioral principles to be observed in the performance of the Company's activities in order to ensure the good functioning, reliability and good reputation of the Company and constitute an effective tool for the prevention of unlawful conduct by all those who find themselves acting in the name and on behalf of the same.

On the other hand, looking at the overall structure of the control systems set up by the Company, consider that it is now a given how the management of the numerous *compliance* obligations risks exposing the company to a potential of non-optimized controls, resulting in redundancy in activities and loss of efficiency.

S.G.I. S.p.A., in order to cope with this danger, has adopted an efficient **so-called integrated risk management** system, rationalizing activities in terms of resources, people and systems and improving the effectiveness and efficiency of *compliance* burdens.

In order to implement this integrated management, it has defined specific and continuous mechanisms of coordination and collaboration among the main corporate stakeholders including, but not limited to, the Executive in Charge, the *audit* function, the Supervisory Board, and the Employer: in fact, the Model envisaged by Decree 231 often crosses other systems of risk prevention and management already provided for and implemented in the corporate organization.

These include that of occupational safety management provided in accordance with current occupational health and safety prevention legislation and certification systems.

Under the first profile, the legislation dictates mandatory principles and organizational fulfillments for the

purpose of risk management: S.G.I. S.p.A., adapting to these regulatory obligations, has set up a prevention system that on the whole already meets the requirements imposed by Decree 231 (to reduce to an "acceptable" level the risk of conduct deviating from the rules set by the Model).

In addition, the Company has obtained the ISO 45001:2018 Occupational Health and Safety Management System Certificate and the ISO14001:2015 Environmental Management System Certificate, which ensures- as clarified by case law-the "abstract" assessment of the Model's preventive suitability with respect to the risk offenses.

On the implementation plant, the possession of the quality certifications indicated by the standards is in fact not in itself sufficient to exempt the entity from liability for crime in the event of any occupational injuries and illnesses, or environmental crimes: this is why in adopting the Model, S.G.I. S.p.A. has incorporated the requirements of the certifications into appropriate protocols, the implementation and dissemination of which is referred to the control mechanisms prepared in accordance with Decree 231. Thus, guaranteed the compliance and quality of safety principles by the certification system, the implementation complex of the Model ensures its effective and concrete operation.

3.1. Structure and organization of the institution

Governance model, structure and corporate purpose

Società Gasdotti Italia is a joint-stock company established in 2004 from the merger of Edison T&S S.p.A. and its subsidiary SGM S.p.A., with its registered office in Milan, Via Della Moscova 3. As of July 5, 2021, the majority share of the sole shareholder of S.G.I. S.p.A - the company Rubicon BidCo S.p.A. - is held by the Canadian pension fund Ontario Teachers Pension Plan (OTPP). Swiss Life GIO II EUR Holding is a shareholder for the remainder.

The object of the Company is the transportation, dispatching, distribution and storage of liquid and gaseous hydrocarbons of any kind and other gases and gas mixtures of renewable origin; as well as the design, construction and operation of transportation facilities, or other water infrastructure and the

provision of services related to the indicated activities.

It has a branch office in Rome, Via Toscana 10, and multiple operating centers, one in Frosinone (FR), Via dei Salci 25, one in Chieti (CH), Via Padre Ugolino Frasca, 204, and one in Larino (CB), Via Contrada Monte Arcano.

As of the date of approval of the Model, the Company is managed by a Board of Directors appointed by the Shareholders' Meeting and composed of seven members. The administrative body has elected a Chairman from among its members. The Chairman has the power to represent the Company, severally with the Chief Executive Officer, in Italy and abroad, with all the powers necessary in the exercise of his or her powers, at all public and private administrations, oversees relations of an institutional nature of the Company, and takes care, with the help of the secretary of the administrative body, of the suitability, completeness, and timeliness of information between corporate bodies.

The Board of Directors is vested with, among others, the power to determine the company's objectives and strategic directions, as well as the company's risk profile and levels by defining its corporate policies; to approve and verify the organizational and corporate governance structure; to approve any extraordinary transactions; and to approve the system of internal controls. It also has the power to appoint one or more General Managers, delegate powers to the Managing Director and other Directors. Likewise, the Managing Director may appoint special attorneys for certain acts or categories of acts within the limits of his power.

The Board of Statutory Auditors is appointed by the Shareholders' Meeting and is composed of three regular members and two alternate members who meet the requirements of honorability and professionalism required by current regulations.

The statutory audit function is exercised by an auditing firm registered in the Register of Statutory Auditors. The requirements, functions, granting, revocation and termination of the appointment are regulated by law.

Activities and ways of working

For the activities carried out by S.G.I. S.p.A., the following categories can be identified:

- **Business administration and services activities**, involving the following functions:
  - Financial Management - CFO;
  - Legal Affairs and *Compliance* - ALC;
  - Safety, Health, Quality, Environment and Corporate Sustainability - SISQ;
  - Digital transformation;
  - Human Resources and Organization - RUO;
  - External Communication and Institutional Relations - CORI;
  - Administration and Treasury - AMM;
  - Planning, control, reporting and finance - AMM;
  - Information Systems- SINF;
  - Procurement - APPR;
  - General Services - SEGE;
  - Leadership Support - SEGR;
  - Quality Safety and Environment - QSA.

- **Technical activities of design, engineering, network and site surveys, network operation and maintenance,** involving the following functions:
  - Technical direction - CTO;
  - Network Management - GEST;
  - Implementation and project management - REAL;
  - Engineering - INST;
  - Quality, Safety and Environment - QSA;
  - Technical Support and Dispatch - STED;
  - Measure - MISU;
  - Operation and Maintenance West Area and East Area - ESMAO/ESMAE;

- **Permitting activities, permit management, concessions,** involving the following functions:
  - Permitting and authorization - PERM;

- **Corporate planning, regulatory affairs and innovation activities**, involving the following functions, involving the following functions:
  - Business development, strategy, regulatory affairs and innovation;
  - Origination and Innovation - ORI;
  - Commercial Management - GECO;
  - Regulatory Affairs and Development Project Support - REG.

Organizational structure

The organizational structure of S.G.I. S.p.A., as described by the corporate organizational chart (see Appendix A), has the CEO at its top and is divided into several functions.

Corporate duties and responsibilities can be summarized as follows:

[omissis]

3.2. Recipients of the Model

The Model and the provisions contained and referred to *therein* must be complied with by company representatives, all S.G.I. S.p.A. personnel and, in particular, by those who are involved in sensitive activities.

In order to ensure the effective and efficient prevention of offenses, the Model is also intended for external parties (meaning self-employed workers, professionals, consultants, agents, suppliers, business *partners,* etc.) who, by virtue of contractual relationships, lend their cooperation to the Company for the

implementation of its activities.

Personnel training and internal information on the content of the Model are continuously ensured in the manner described below in this General Section.

3.3. Adoption, implementation and amendments to the Model

The adoption and effective implementation of the Model constitute, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree No. 231 of June 8, 2001, acts of competence and issuance of the Board of Directors, which approves it, by means of a special resolution, upon the proposal of the Managing Director.

It is the responsibility of the Board of Directors to ensure the effective implementation of the Model, through evaluation and approval of the actions necessary to implement or modify it.

For the identification of such actions, the administrative body relies on the support of the Supervisory Board (see Ch. 4 *below*).

The Supervisory Board retains, in any case, duties and powers regarding the care, development and promotion of the constant updating of the Model.

To this end, also using the advice of external professionals, it may make comments and proposals for changes pertaining to the organization and the control system at any time.

The Managing Director may make changes to the Model of a purely formal or procedural nature, for which a mere formal amendment to be annexed to this Model is deemed sufficient, without the need for a resolution of the Board of Directors; structural changes to the Model, on the other hand, including the inclusion of new risk management protocols or new *compliance* assessments, are resolved by the Board of Directors, and the Supervisory Board subsequently monitors regarding their actual implementation and the dissemination of their contents within the Company and, to the extent necessary, outside the Company.

Audits of the Model-solicited by the Board of Directors or the Supervisory Board-will be of two types: *legal* and *factual.* The former involve not only regulatory updates relevant to *compliance* (tax, 231, occupational safety), but also corporate acts and contracts of major significance concluded by the Company. The second

ones consist of a *review* of any reports received during the year, actions taken by the Supervisory Board and other stakeholders, events considered risky, and staff awareness of corporate responsibility issues with sample interviews. The audits may also be conducted by third parties other than those assigned to control and supervisory functions to ensure their impartiality. Of the outcome of these activities, a *report is* shared with the Board of Directors on an annual basis that is prepared by the internal *audit* function.

4. THE SUPERVISORY BODY

4.1. Introduction

Pursuant to Decree 231, the task of supervising the functioning, effectiveness and observance of the Model, as well as ensuring that it is constantly and promptly updated, is assigned to a special Body, endowed with autonomous powers of initiative and control (see art. 6, co. 1, lett. b).

This Body must base its actions on the following principles:

- Control over the effectiveness of the Model;
- Supervision of the adequacy of the Model;
- continuity of action.

It shall:

- Have powers to acquire and request information from and to every level and area of operation of the Company;
- Have access to dedicated financial resources to carry out its functions;
- Report any violations of the Model;
- Be independent of corporate management responsibilities and autonomous from top management;
- To be designated pursuant to Articles 29 of the Regulations and *2-quaterdecies* of Legislative Decree 101/2018, as an Authorized subject for the processing of data to which it has access in the performance of its functions by the Data Controller and to comply with the instructions provided by the Data Controller in the management of the information flows of which it is the recipient;

- ***Appointment, term, replacement of members***

The Supervisory Board of S.G.I. S.p.A. is a collegial body composed of two professionals from outside the corporate structure, chosen on the basis of requirements of competence and proven experience regarding the tasks assigned to the O.d.V. and a person included in the Company's staff with attribution of control functions internal.

Members of the Supervisory Board are appointed by the Board of Directors of the Company, which, for this purpose, must ensure compliance with the following requirements:

- **professionalism**, understood as "possession of appropriate specialized skills." The external members of the Supervisory Board should preferably be chosen from professionals with experience gained in inspection, consulting and/or criminal law (lawyers, accountants, auditors, labor lawyers, etc.) or in any case from individuals who have already gained experience in similar supervisory bodies in the economic sector;
- **Honorability**, understood as the absence of grounds for ineligibility, provided for individuals who perform administrative, management and control functions;
- **autonomy** and **independence**, understood as (*i*) possession of autonomous powers of initiative and control; (*ii*) absence of kinship ties, within the fourth degree, with the Directors of S.G.I. S.p.A. and the Board of Statutory Auditors; (*iii)* absence of ties with the Company deriving from significant economic or other interests that could generate conflicts or condition the duties of control to be exercised pursuant to Decree 231; (*iv*) possibility of relating directly with top management and the control bodies;
- **continuity of action**, to be achieved also through the support of a dedicated internal structure; the O.d.V. is a body dedicated exclusively to the performance of the functions assigned to it and, therefore, no further functions can be attributed to it. The professionals elected, who constitute the Supervisory Board must, at the time of accepting the appointment, issue a formal declaration of the existence, in their person, of the above-mentioned requirements of honorability, autonomy and independence.

The BoD must guarantee autonomy and independence for the Supervisory Board through:

- Compliance with the nomination criteria set forth above;
- The allocation of powers that will be listed below;
- The annual approval of the expenditure budget;
- The provision of suitable tools to be able to carry out the activity, including the use of specialized external aids where appropriate.

It is the responsibility of the Board of Directors to periodically evaluate the adequacy of the Supervisory Board, in terms of its organizational structure and conferred powers, making, by board resolution, any changes and/or additions deemed necessary.

The subjective requirements of honorability, absence of conflicts of interest and kinship relations with corporate bodies and top management must be attested by the Supervisory Board in a statement made to the B.o.D. every year, pursuant to Article 46 of Presidential Decree No. 445/2000.

In particular, the Supervisory Board will endeavor to give timely notice to the Company's Board of Directors of any changes from what has been declared.

Specifically:

1. the Supervisory Board remains in office from one to three years, with the possibility of renewing the term of office for a maximum of two times, by special resolution of the Board of Directors, which establishes at the appointment meeting the remuneration due for the assigned tasks;
2. the Supervisory Board lapses if it loses the requirements of eligibility, honorability, professionalism and independence;
3. the Body is also understood to be forfeited if the Company incurs a conviction for violation of Decree 231 as a result of ascertained inadequacy or omission of supervisory activities;
4. the Supervisory Board cannot be dismissed by the Board of Directors except for just cause.

Just cause for revocation may also mean, but is not limited to:

a. Gross negligence in the performance of assigned duties;

b. An unwarranted failure to report with the Board of Directors;

c. termination of employment where the member is also an employee of the Company;

d. The determination of the existence of conflict of interest.

Waiver may be exercised at any time by notification to the Board of Directors or the CEO.

- ***Compensation and spending capacity***

The compensation of the Supervisory Board is set by the Board of Directors.

The Body must be endowed with autonomous spending capacity, based on the *budget* assigned to it by the Board of Directors on an annual basis at the proposal of the SB itself, commensurate with the tasks to be performed.

This capacity may be exercised for the needs derived from the performance of the assigned tasks and whenever the Supervisory Board decides to make use of external services or professionals in order to supervise the functioning, effectiveness and observance of the Model, as well as to take care of its constant and timely updating, as part of the implementation of the provisions of Decree 231.

4.4. Rules of operation and convocation

Regulations

The Supervisory Board reports to the Board of Directors and, once established, is required to have its own rules of organization and operation. The rules must prescribe when and how the meetings of the board are to be held, with the obligation to take minutes.

The Body may be convened at any time by the Board of Directors or the Managing Director to report on the functioning of the Model or specific situations. Annually, in conjunction with the approval of the Company's financial statements, or more frequently in agreement with the Administration and in accordance with the internal regulations, the Supervisory Board prepares a report that it delivers to the Board of Directors, which must summarize the activity carried out during the year and any critical issues that have emerged; account for the expenditure budget; and highlight the non-structural changes made by the Company to the Model during the year.

On the other hand, semi-annually, the Supervisory Board exchanges an information flow with the internal *audit* function in the forms and manner specified in the regulations approved by the Supervisory Board for monitoring the application of 231 protocols.

4.5. Functions and powers

The Supervisory Board is assigned the task of supervision with autonomous powers of control and initiative:

- **On the activity of disseminating the Model** within the Company and providing information to external parties (suppliers, consultants, collaborators, etc.).

  In particular, the SB must promote suitable initiatives for the dissemination, information and understanding of the Model;

- **on training activities** on the contents of Decree 231 and the Model for all employees and freelance contract staff of the company, as better described in Chapter 5 below.

  To this end, it must:

  - define, together with the management body and the internal *audit* function *(i) the* training programs for employees and freelance contract personnel and *(ii)* the content of periodic communications to corporate bodies, employees and external collaborators, aimed at providing them with the necessary awareness and basic knowledge of the regulations under Decree 231;
  - Verify the full implementation of training plans on Decree 231 and the Model;

- **On the observance and operation of the requirements of the Model by** its Recipients:

  More specifically, it must-with the support of the *audit* or internal control function:

  - activate control procedures and verify that they are adequate and meet the requirements for compliance with the requirements of Decree 231;
  - Arrange periodic audits of specific operations, processes or acts carried out within the areas of sensitive activities;
  - Coordinate with other corporate functions for the best monitoring of sensitive activities.

  To this end, the Supervisory Board has free access to all company documentation that it deems relevant; it must be kept constantly informed by corporate bodies and heads of business units about aspects of the company's activities that may expose the Company to the risk of crimes being committed;

- Carry out checks regarding the degree of knowledge acquired by employees with respect to the crime hypotheses provided for in Decree 231 and the adopted Model, including through sample interviews;
- Activate internal investigations, also with the possible cooperation of corporate structures, for the collection, processing and storage of relevant information regarding compliance with the Model and for the investigation of alleged violations of the requirements of the Model;
- Report any ascertained violation of the Model to the head of the Human Resources Department;

- **on the actual effectiveness and adequacy of the Model** in relation to the corporate structure and the actual ability to prevent the commission of the crimes referred to in Decree 231, as well as on the appropriateness of updating the Model and related procedures, where it is found to be necessary to adapt it in relation to changed corporate and/or regulatory conditions.

  To this end, the SB must:
  - receive updates regarding developments in the company's business activities and mapping of "crime risk" activities and related sensitive processes;
  - periodically express an assessment of the adequacy of the Model with respect to the requirements of Decree 231, as well as its effective implementation (by submitting a special annual report to the Board of Directors);
  - Periodically verify the implementation and effective functionality of proposed corrective solutions/actions;
  - Collaborate with the other organizational units concerned, proposing to the relevant bodies (B.o.D.) any corrections and adjustments.

It is understood that in the performance of its activities, the Supervisory Board may take information from any structure and/or person of the Company, access all company documents, also making use of internal functions, in order to carry out investigations and checks at any organizational unit.

4.6. Information flows and reporting by the Supervisory Board and relations with the Corporate Bodies

The Supervisory Board has two *reporting* lines:

- the first, on an ongoing basis, directly to the Chief Executive Officer and the internal *audit* function, having as its object the summary of the activities carried out in the course of its functions (e.g., all checks on operations and processes within the area of sensitive activities; on the training activities carried out by personnel; on the operation of the Model's control garrisons, etc.) and an assessment of the adequacy and effective implementation of the Model with respect to the requirements of Decree 231, proposing, if necessary, adjustment or corrective actions;
- the second, on an annual basis, to the Board of Auditors and the Board of Directors. with a written report that must contain information: on the activity carried out and on the financial management of the assigned *budget*, giving reasons for any deviations; on any proposals for changes to be made to the Model and the procedures that form an integral part of it; on the reports received during the year, breaking them down by each activity at risk and indicating the structures involved, together with a summary of the outcomes; on the possible presence of ascertained violations of the Model; on the adoption of an annual program of audits pursuant to Decree 231, also based on the spending plan for the following year.

Meetings with corporate bodies to which the SB reports must be minuted, and copies of the minutes must be kept by the SB in the manner specified in the regulations adopted by the body.

Board members have the power to convene the O.d.V. at any time, which, in turn, has the power to request, through the relevant functions or individuals, the formal convocation of the aforementioned bodies for urgent reasons.

4.7. Information flows and reports to the Supervisory OrganizxA1sm.

The Supervisory Board has the task of monitoring potentially sensitive operations and for the purpose of

carrying out the supervisory activity referred to in Article 6, paragraph 2, letter d), is the recipient of specific information flows from the Recipients of the Model. Such information flows are collected by forwarding them to the Supervisory Board's e-mail address: odv@sgispa.com.

Reports to the O.d.V. may concern all violations of the Model, even if only alleged, and facts, ordinary and extraordinary, relevant to its implementation and effectiveness.

As for general reporting requirements, at least every six months, reports concerning:

(i) the pendency of criminal proceedings against employees and reports or requests for legal assistance forwarded by personnel in the event of the initiation of legal proceedings for one of the offenses set forth in Decree 231. In this regard, the Recipients of the Model are obliged to notify the O.d.V. regarding the pendency of criminal proceedings against them for offenses committed in the performance of their professional duties or otherwise for offenses one of the offenses covered by Decree 231;

(ii) reports prepared by the heads of other corporate functions and/or operating units as part of their control activities from which news may emerge regarding the effective implementation of the Model, as well as facts, acts, events or omissions with profiles of criticality with respect to compliance with the rules of Decree 231;

(iii) news of disciplinary proceedings carried out and any sanctions imposed, in relation to offences provided for in Decree 231, or the measures to dismiss such proceedings with the reasons for them;

(iv) violations or suspected violations of the Code of Ethics and the rules set forth in the Model, including any Prevention Protocols. This obligation falls on all Recipients who, in the course of their activities, become aware of the aforementioned violations. Each report must be sufficiently circumstantiated and must highlight all the information necessary and sufficient to identify the terms of the violation, in order to enable the Supervisory Board to promptly and effectively take action in its investigative activities. Reports may be received by the Supervisory Board either in paper form or in electronic form; in this regard, the (*password-protected*) e-mail address of reference of the Supervisory Board

shall be disclosed to all managers, employees, collaborators, consultants and suppliers of the Company. The Supervisory Board shall promptly evaluate the reports received and any measures that may be necessary. Any decision not to initiate the conduct of internal investigations must be justified, documented and kept with the records of the O.d.V. itself.

In particular, then, S.G.I. S.p.A., without prejudice to the possibility for the Supervisory Board to request additional information, has identified some of the information that must be mandatorily transmitted semi-annually and kept available to the Supervisory Board by the relevant corporate functions in line with the organizational structure and sensitive activities carried out by the Company,:

(i) Decisions related to the application for, disbursement, and use of public funds;

(ii) Summary schedules of contracts awarded as a result of procurement procedures falling within the scope of Legislative Decree 36/2023 (Public Contracts Code) at least for amounts exceeding the thresholds of European significance;

(iii) news related to orders, concessions, permits and authorizations awarded by public agencies or entities performing public utility functions;

(iv) Schedules summarizing the acts pertaining to corporate transactions carried out by the Company;

(v) Fact sheets, minutes and, in general, documents evidencing how the budget (including consolidated) was established and prepared;

(vi) tax calculation schedules and mandatory tax returns;

(vii) S.G.I. S.p.A.'s system of proxies.

Periodically, the Supervisory Board will propose, if necessary, to the AMM and SEGE functions any changes to the above list, to be agreed with the CEO and to be applied, without a necessary fromal amendment of this General Part and/or approval by the BoD.

Finally, consider that the Company has complied with the requirements introduced by Legislative Decree no. 10 March 2023, no. 24, which transposed into Italian law to Directive (EU) 2019/1937, on the "*protection of persons who report breaches of Union law and laying down provisions concerning the protection of*

persons who report breaches of national laws," by adopting a system of channels for internal reports, which allow the reporter to forward the communication to the O.d.V. either in *open* or *confidential form*, or *anonymously*, in accordance with the current regulations. For the exhaustive outline of the information flow referred to herein, please refer to the relevant protocol (see Protocol for reporting wrongdoing c.d. *whistleblowing* adopted by the Company on November 30, 2023) to which we refer.

5. THE DISCIPLINARY SYSTEM

5.1. Introduction

The definition of disciplinary measures, applicable in case of violation of the rules set forth in the Model, makes the action carried out by the Supervisory Board efficient and aims to ensure the effectiveness of the Model itself.

The application of the disciplinary system, which will be widely disseminated through publication in the company's sharing files, presupposes violation of the Model and is irrespective of the conduct and outcome of any criminal/civil/administrative proceedings initiated by the judicial authorities.

S.G.I. S.p.A. proceeds to a graduation of the applicable sanctions, with reference to the different degree of dangerousness and/or seriousness that the behaviors may present with respect to the commission of crimes.

Specifically, the type and amount of penalty will vary depending on the following factors:

1. subjective element of the conduct, depending, that is, on whether the conduct was marked by intent, fault, negligence or inexperience;
2. Objective relevance of the violated obligations;
3. level of hierarchical responsibility and/or technical role held by the perpetrator of the behavior, which is subject to sanction;
4. possible sharing of responsibility with other individuals who have participated in the violation of the rules set forth in the Model;
5. presence of aggravating or mitigating circumstances, with special regard to professionalism, previous job performance, disciplinary record, and the circumstances under which the act was committed;
6. Possible recurrence of sanctionable conduct.
7. Pursuant to the combined provisions of Articles 6, co. 2, letter e) of Decree 231, the sanctions set forth in the following paragraphs will be applied, depending on the severity, against S.G.I. S.p.A. personnel

who have engaged in disciplinary offenses arising from:

8. failure to comply with the provisions set forth in the Model (which is understood, in any case, to include any relevant protocols, procedures or *policies*, contained both in the Special Part and in the annexes to the Model) or the Code of Ethics;
9. Failure to comply with the standards stipulated under the Occupational Safety regulations;
10. Failure and unjustified participation in training meetings organized by the Company on the functioning of the Model and, in general, on Decree 231;
11. Failure to comply with the methods of documentation, storage and control of records (minutes, reports, etc.) required by the Model;
12. Failure of hierarchical superiors to supervise their subordinates regarding the application of the Model;
13. violations and/or circumvention of the control system put in place through the removal, destruction or alteration of the documentation provided for in the Model or by preventing control or access to information and documentation to the responsible parties, including the Supervisory Board.

Any substantial violations of the individual rules of conduct contained in the Model and related company procedures, constitute *(a)* in the case of employees, including managers, a breach of contract in relation to the obligations arising from the employment relationship pursuant to Articles 2104 Civil Code and 2106 Civil Code.; disciplinary offence; as well as fact detrimental to the recognition of any variable parts of remuneration and/or bonuses and/or incentives and will be regulated as specified below; *(b)* in the case of directors and members of the Board of Statutory Auditors, failure to comply with the duties imposed on them by the regulations and/or by the articles of association; *(c) in the case of* third parties, breach of contract such as to legitimize, in the most serious cases, the termination of the contract by right pursuant to Article 1456 of the Civil Code without prejudice to the possibility of acting to obtain compensation for any damages suffered.

5.2. Measures against directors, auditors and/or members of the SB

The Company evaluates with absolute rigor non-compliance or possible violations of Model 231 put in place by those who are placed at the top of the Company and represent its image to public institutions, employees, shareholders and the general public. The consolidation of corporate ethics sensitive to the values of fairness and transparency presuppose, first and foremost, that they are respected by those who define corporate choices and stretegies, so as to set an example and stimulate those who, at any level, work for the Company.

Outside the cases governed by the Whistleblowing Protocol, in the event of a violation by one or more Directors, not linked to the Company by an employment relationship, and/or members of the Board of Statutory Auditors and/or members of the SB, of which the Chairman of the SB has become aware in the performance of his or her duties the latter shall inform the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors, who shall carry out the preliminary investigation to ascertain the possible non-compliance and violations and take the most appropriate initiatives, in accordance with the powers granted to them by the regulations and/or the Bylaws. If the person concerned by the report is the Chairman of the Board of Directors and/or the Chairman of the Board of Statutory Auditors and/or the Chairman of the Supervisory Board, the most senior member of the collegiate body to which they belong participates in the preliminary investigation in place of the person concerned and takes the initiatives in accordance with the above.

For the purpose of the adoption of any disciplinary measures (which may also consist of the partial or total revocation of organizational proxies or offices, in the most serious cases), the Shareholders' Meeting is convened for the adoption of the relevant measures against the individuals responsible for the violation and the exercise of legal action aimed at the recognition of liability against the Company and the compensation of any damages suffered and to be suffered.

5.3. Measures against employees placed in the executive category

In the event of a report of a violation ascertained by the Supervisory Board, committed by managers, of the procedures laid down in the Model or the adoption, in the performance of sensitive activities, of a behavior that does not comply with the requirements of the Model itself, without prejudice to the application of the Protocol for whistleblowing the Chairman of the Supervisory Board shall inform the Chief Executive Officer, who shall initiate the investigation for the purpose of ascertaining the same for the possible opening of the relevant disciplinary proceedings, consistent with the provisions of the law, the Collective Agreement and the internal disciplinary system of the Company.

The Company, in implementation of the principle of gradualness and proportionality of the sanction with respect to the seriousness of the violations committed, reserves the right - in compliance with the rules indicated in par. 5.1. *supra* - to apply against managers the measures deemed appropriate, it being understood that the termination of the employment relationship requires compliance with the principle *of* justification only as provided by the reference CCNL.

Failure to comply with or violations of Model 231 may result in the application of the disciplinary system adopted by the Company including the following sanctions:

a. Warn

In the case of:

- Non-serious non-compliance with the provisions of the internal procedures set forth in the Model;
- Adoption of negligent behavior that does not comply with the requirements of the Model itself;
- Failure of proposed employees to report or tolerate wrongdoing by other employees.

In addition to any damages to which the manager may be liable, pecuniary sanctions may be applied in addition, depending on the severity of the noncompliance and/or failure to report and tolerate.

b. Dismissal* under *Article 2118 of the Civil Code.

In the case of:

- Serious failure to comply with the provisions of the internal procedures set forth in the Model or serious negligence with respect to the requirements of the Model;
- Failure to report or tolerate serious wrongdoing by other employees;
- violation of the prescriptions of the Model with behavior such as to configure a possible hypothesis of an offense sanctioned by Decree 231 of such a seriousness as to expose the Company to an objective situation of danger or such as to determine negative repercussions for the Company itself, meaning a notable failure to comply with the obligations to which the worker is bound in the performance of his or her employment relationship.

c. Dismissal for cause

In the case of:

- adoption of a behavior in blatant serious violation of the prescriptions of the Model and such as to determine the possible concrete application against the Company of the measures provided for in Decree 231, attributable to misconduct of such gravity as to undermine the trust on which the employment relationship is based and not to allow in any case the continuation, even temporary, of the relationship itself.

Pending resolution of the final disciplinary sanction, the Company may order the executive's temporary removal from duty for the time strictly necessary to conduct all required investigations.

As for the investigation and evaluation of infractions and the consequent imposition of sanctions, the powers already granted, within the limits of their respective competencies, to the Corporate Bodies and corporate functions for ordinary disciplinary proceedings remain unchanged.

All provisions, provided for by law and the Collective Agreements applied, concerning the procedures and obligations to be observed in the application of sanctions are referred to here.

The provisions of this paragraph are also fully applicable in the event that the violation of the requirements

of Model 231 is attributable to a Director, who is nevertheless linked to the Company by an employment relationship.

5.4. Measures against employees

With regard to non-managerial employees, it is necessary to comply with the limits related to the sanctioning power imposed by Article 7 of Law No. 300 of May 20, 1970 (the so-called "Workers' Statute") and the CCNL, both with regard to the applicable sanctions and the form of exercise of this power. The sanctions that can be imposed on employees fall within those provided for in the sanctions system outlined in the CCNL and referred to in the Company's internal disciplinary system currently in force.

Without prejudice to the criteria for assessing the seriousness of the non-compliance or infraction set forth in par. 5.1. *supra,* with reference to the applicable sanctions, it should be noted that they will be adopted in full compliance with the procedures set forth in the national and company collective regulations applicable to the employment relationship. In particular, for non-managerial employees, the sanctions set forth in Article 30 (verbal warning; written warning; fine up to a maximum of 3 hours' pay; suspension up to a maximum of 3 days; dismissal) of the CCNL will be applied in the following terms.

a. Verbal warning

In the case of:

- Slight non-compliance with the rules of conduct of the company's Code of Ethics, the company procedures set forth in the Model and/or the system of internal controls;
- tolerance of minor non-compliance or irregularities committed by their subordinates or other personnel under the Model, company procedures and the system of internal controls.

Mild noncompliance occurs in cases where the conduct is not characterized by willful misconduct or gross negligence and has not generated a risk of penalty or damage to the Company.

b. Written warning

In the case of:

- culpable failure to comply with the rules of conduct of the company's Code of Ethics and the company's procedures set forth in the Model and/or the system of internal controls;
- tolerance of culpable non-compliance committed by their subordinates or other personnel under the Model, company procedures and the system of internal controls;
- Failure to comply with requests for information or production of documents by the Supervisory Board, unless justified;
- Repetition of behaviors representing minor noncompliance.

Culpable noncompliance occurs in cases where the conduct is not characterized by malice and/or has not generated potential risks of sanctions or damage to the Company.

c. Fine

In the case of:

- culpable violation concerning a procedure related to areas/activities at risk of commission of crimes under Decree 231, such that the overall effectiveness of the Model to prevent the specific predicate crimes is compromised.

The imposition of the fine, which shall be in an amount not exceeding three hours of basic pay, shall be in accordance with the limits stipulated in the relevant collective bargaining agreement.

d. Suspension from work and pay up to a maximum of 3 days

In the case of:

- Repeated or serious non-compliance with the rules of conduct in the company's Code of Ethics and the procedures set forth in the Model;
- Failure to report or tolerate serious non-compliance by one's subordinates or other personnel with the Model, Code of Ethics and company procedures;

- Repeated failure to comply with requests for information or production of documents by the Supervisory Board, unless justified.

e. Suspension from service with retention of pay for workers subject to criminal proceedings under Decree 231

With respect to workers under preliminary investigation or subject to criminal prosecution for a crime, the Company may order, at any stage of the ongoing criminal proceedings, the removal of the person concerned from service for precautionary reasons.

The removal from service must be notified in writing to the worker/worker concerned and may be maintained by the Company for the time it deems necessary but not beyond the time when the decision of the criminal court has become irrevocable. The worker/employee removed from service shall retain for the relevant period the right to full pay and the period itself shall be considered active service for all other purposes provided for in the CCNL.

f. Dismissal for cause (ex art. 2119 civil code).

For noteworthy violations (malicious or with gross negligence) of the rules of conduct set forth in the Model, the Code of Ethics and the relevant Company Procedures, such as to cause serious moral or material harm to the Company and such as not to allow the continuation of the relationship even temporarily, such as the adoption of behaviors that integrate one or more illegal acts that represent prerequisites of crimes, i.e. by way of example:

- wilful infringement of the company regulations issued pursuant to Decree 231 of such seriousness, either because of the wilfulness of the act or because of the criminal or pecuniary repercussions or because of its recidivism or its particular nature, as to undermine the trust on which the working relationship is based, and not to allow in any case the continuation, even provisional, of the relationship itself;
- wilful performance of acts not due or omission of acts due under the Model or related procedures, which has caused, at the end of a judicial process, the Company to be sentenced to pecuniary penalties and/or

disqualification for having committed the crimes provided for in Decree 231;

- wilful breach of company procedures and/or the system of internal controls of such seriousness, either because of the wilfulness of the act or because of its technical, organizational, legal, economic or reputational repercussions or because of its recidivism or its particular nature, as to undermine the trust on which the working relationship is based, and in any case not to allow the continuation, even provisional, of the relationship itself.

It is understood that the procedures, provisions and guarantees provided for in Article 7 of the Workers' Statute, regarding disciplinary measures, will be respected.

Specifically,

- no disciplinary action may be taken against the employee without having first notified him of the charge and hearing the latter's defense or assigning him a period of five days to present and justification;
- for disciplinary measures, a written notice shall be made to the employee specifically stating the facts constituting the offense;
- the disciplinary measure may not be issued unless five days have elapsed since such notice, during which the employee may present his justifications. If the measure is not issued within the following fifteen days, such justifications shall be deemed accepted;
- the order shall be issued within fifteen days after the expiration of the period allotted for justification even if the worker fails to submit any justification;
- in the event that the infraction complained of is of such gravity that it may result in dismissal, the employee may be cautiously suspended from work until the measure is imposed, without prejudice to the right to remuneration for the period in question, except in the case of subsequent disciplinary dismissal;
- the imposition of any disciplinary action must be justified and communicated in writing;
- the worker may also present his or her justifications verbally.

The investigation of the above-mentioned infractions (possibly on the report of the Supervisory Board

and/or the Employer in the case of violations of the occupational health and safety system), the management of disciplinary measures and the imposition of the sanctions themselves are the responsibility of the Human Resources Department with the support of the relevant *management.*

Every act related to the disciplinary procedure must be communicated to the Supervisory Board for its evaluations and monitoring.

Where the above-mentioned employees have power of attorney with authority to represent the Company externally, the imposition of the sanction may result in the revocation of the power of attorney.

5.5. Measures against external collaborators

Violation of the Model by external collaborators of the Company may result, in accordance with the provisions of the specific contractual clauses contained in the letters of appointment or agreement agreements, in the early termination of the contractual relationship, pursuant to Article 1456 of the Civil Code, without prejudice to the right to claim compensation if the aforementioned violations may cause concrete damage to the Company.

Consequently, in all dealings with such parties, specific termination clauses should be included, where possible, within supply and collaboration contracts or letters of assignment, as well as damage and indemnity clauses.

To this end, this General Part of the Model and the Code of Ethics shall be delivered to all external collaborators of the Company, with appropriate accompaniment signed for receipt and acknowledgement.

The Company shall assess, based on the content of the contract, the sharing of the section of the Special Part relevant to the sensitive activity.

5.6. Measures towards suppliers

Violation of the Model by the Company's suppliers may result in early termination of the contractual relationship, pursuant to Article 1456 of the Civil Code. The Company provides, for the purpose of the

fulfillment of the commitments provided for in the "231 clauses" included in the contracts, the sharing of the Code of Ethics, this General Part of the Model and the protocol for reporting offenses, so-called *whistleblowing*, with appropriate accompanying signed for receipt and acknowledgement. Evaluates, based on the content of the contract, the sharing of the section of the Special Part relevant to the sensitive activity.

The rules of conduct must be considered binding for the conduct engaged in by all Recipients of the Model and are subject to amendment and/or supplementation due to the evolution of legal regulations and changing business needs.

6. DISSEMINATION AND TRAINING ON THE MODEL

The Model will be guaranteed maximum dissemination and publicity through the publication of the General Part thereof (except for the obscuring of sensitive data relating to the organization of the corporate structure and related job description) and the Code of Ethics on the website of S.G.I. S.p.A.

All personnel must be informed about the contents of Decree 231 and the entire Model by sending the Model itself through e-mail or through internal circulars informing about its adoption and its availability in the shared folder uploaded on the company *server.*

Documents in this space should be updated as appropriate in relation to changes in external regulations and the Model itself.

The Disciplinary and Sanctions System component of the Model must also be displayed on company bulletin boards, as required by Article 7 of the Workers' Statute, Law No. 300 of May 20, 1970.

New employees must be given an information *set*, with which to assure them of the knowledge considered of primary importance. This information *set* must contain directions for immediate retrieval of the Code of Ethics and the Model (consisting of both the General and Special Sections and their annexes) in electronic format.

Employees are required to give a signed statement where they acknowledge receipt of the information *set* as well as a commitment to comply with its requirements.

It is, moreover, necessary to provide for similar disclosure and publicity of the Code of Ethics and the Model, (but limited to the General Part) for external collaborators (e.g., consultants), as well as for contract collaborators, so-called para-subordinates, and *outsourcers*, and those internal procedures (contained in Annex B), as well as the section of the Special Part of the Model, relevant in relation to the type of contractual relationship and the type of activity carried out in relation to the risks of offenses presupposed by Decree 231.

In order to ensure effective knowledge of the Model, once it has been disseminated and delivered, and to

raise staff awareness of compliance with the regulations and observance of the principles and protocols contained therein, specific training activities defined within a specific and organic training plan must be provided. This training plan must be articulated through specific activities (e.g., courses, seminars, etc.) in which participation is mandatory.

Participation in the training activities envisaged in the training plan is an essential condition not only to ensure the effective implementation of the Model, but also for the purposes of its proper observance, also in relation to the provisions of the sanctions system (referred to in Chapter 5 of this Model).

Training is mandatory for all company levels.

Attendance certification of the courses must be noted and it is the task of the Supervisory Board to adequately plan, with the responsible corporate function, the training activities of employees, and the management body of S.G.I. S.p.A. on the contents of the Code of Ethics, the Model and any operational protocols, the implementation methods related to them, the risk level of each individual corporate area and the system of sanctions provided for non-compliance with the above corporate *governance* documents.

The training should include the following content:

1. a common part for all Recipients, covering the relevant regulations, the Model in its General Part, in the Special Part transversally applicable to all functions, including the annexes, and the Company's Code of Ethics;
2. a specific part intended to cover individual sensitive activities and the relevant functions, with indications of sectorized protocols based on operational areas: it must be aimed at spreading knowledge of the offenses, the cases that can be configured and the specific safeguards of the areas of competence of individual operators (so-called *skill-based learning*).
3. a final part relating to the functioning of the protocol for reporting offences (so-called *whistleblowing*). The training content must be appropriately updated in relation to developments in the legislation and the Model; in the case of significant updates to the relevant legislation, the training must include the necessary additions.

The Supervisory Board may request feedback from the Company regarding the full implementation of

training plans, collect evidence regarding actual participation in courses as well as conduct periodic checks on the degree of employees' knowledge of Decree 231, the Model and company procedures.

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