

# IMA S.P.A.

## **ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001**

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**GENERAL SECTION**

**1. INTRODUCTION**

**1.1 DEFINITIONS**

For the purposes of this document and its appendices, the following expressions have the following meanings:

- **"Areas and activities at risk of offences"**: a process, operation or act or series of operations and acts that may expose the Company to the risk of an offence being committed.
- **"NCLA"**: the National Collective Labour Agreement (Contratto Collettivo Nazionale di Lavoro) applicable to Company employees, and specifically the National Collective Labour Agreement for private-sector metalworkers and fitters dated 20 January 2008 and subsequent amendments and supplements. The reference agreement for executives is the National Collective Labour Agreement dated 23 May 2000 for the managers of industrial enterprises, updated to include the text signed on 24 November 2004 with the corrections agreed on 2 and 3 December 2004 and subsequent amendments and integrations.
- **"Holding Company"**: IMA S.p.A.
- **"Code of Ethics"**: the document officially prepared and approved by the Company's top management as an expression of company policy. It sets out the principles of ethics and conduct, i.e. the recommendations, obligations and/or prohibitions which the Recipients must observe. Violations of the Code are subject to penalties.
- **"Legislative Decree 231/2001"** or **"Decree"**: the Legislative Decree No. 231 of 8 June 2001 containing the *"Rules on the administrative liability of legal persons, companies and associations including those without legal status, pursuant to art. 11 of law No. 300 of 29 September 2000"*, published in Official Gazette No. 140 of 19 June 2001, with subsequent amendments and integrations.
- **"Recipients"**: members of the corporate bodies, employees, agents, proxies, outsourcers, consultants, partners and other individuals acting for the benefit or in the interests of the Company.
- **"Employees"**: all the individuals employed on a permanent basis within the Company.
- **"Group"**: the new organisational structure headed by IMA S.p.A., responsible for coordinating and controlling the companies within the Group.
- **"Guidelines"**: the Guidelines for the preparation of the organisation, management and control model pursuant to legislative decree 231/2001, published by Confindustria, taken into account for the purposes of drafting and adopting the Model.
- **"Organisation, management and control model pursuant to legislative decree 231/2001"** or **"organisational model"** or **"Model"**: the organisation, management and control model which the Executive Bodies of the Company consider adequate to prevent the Offences, which is therefore adopted by the Company as required under articles 6 and 7 of the Legislative

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Decree, in order to prevent such offences from being committed by management or employees, as described in this document and its appendices.

- **"Executive Bodies"**: the Company's Board of Directors and Board of Auditors.
- **"Supervisory Committee"** or **"Committee"**: the Committee described in art. 6 of the Legislative Decree, with the task of supervising the efficiency and effectiveness of the organisation, management and control model, and updating it.
- **"PA"**: the Public Administration in the broad sense, including public officials and employees.
- **"Personnel"**: all the individuals employed by the Company including employees, temporary workers, project workers, trainees and freelance professionals engaged by the Company.
- **"Key Personnel"**: the persons referred to in article 5(1)(a) of the Decree, i.e. those holding positions of representation, administration or management of the Company or a unit of the Company with financial and functional autonomy; in particular, they include the members of the Board of Directors, the President, the CEO, the members of the Executive Committee, the Director General, the proxies and agents.
- **"Personnel subject to direction by others"**: the persons referred to in article 5(1)(b) of the decree, i.e. everyone working under the direction or supervision of the Key Personnel.
- **"Protocol"**: the organisational, physical and/or logical measure, as provided for in the Model, intended to prevent one or more Offences from being committed.
- **"Reorganisation"**: the process of organisational and corporate changes within the IMA Group, initiated on 2 January 2007 and still underway.
- **"Offences"** or an **"Offence"**: all of the offence(s) referred to in the decree (subject to any future amendments and integrations) through which a company may incur administrative liability.
- **"Disciplinary system"**: the series of disciplinary measures which apply in the event of violations of the procedural or behavioural rules provided for in the Model;
- **"Company"**: IMA S.p.A.

## **1.2 LEGISLATIVE DECREE NO. 231 OF 08.06.01 AND PREPARATION OF THE MODEL.**

Approval of the legislative decree No. 231 of 8<sup>th</sup> June 2001 marked the introduction in Italy of corporate administrative liability for criminal offences, as part of a process initiated by the European Union.

The decree came into force on 4 July 2001, introducing, for the first time in Italy, a particular form of corporate liability for offences committed in the company's interests by its own personnel (Key Personnel, employees etc.). This liability exists in addition to the liability of the individual who committed the offence.

The forms of liability provided for in the decree thus involve the assets of any company which benefited from the offence in the punishment of certain criminal offences. A fine is always levied if an offence is committed, and in more severe cases, harsher prohibitive measures are also applied. These measures may include the suspension or revocation of concessions or licences, disqualification from trading, a prohibition on entering into public contracts, being barred from receiving

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grants or finance (or having such finance revoked), a prohibition on publicising goods and services, and even the compulsory administration of the company.

The Model enacts the recent changes made to the Decree. As explained in more detail below, it reflects the current structure of the IMA Group in the wake of the Reorganisation that began on 2 January 2007 and is still ongoing.

The holding company Model requires that each company formed as a result of the Reorganisation must have its own Organisation, Management and Control Model as defined by legislative decree 231/2001, which must take into account the activities performed by each company under the current Group structure. Each company must also have its own supervisory committee (with its own regulations and by-laws).

This Model consists of a general section and a special section.

The general section describes the functions of the Model, the Supervisory Committee, and the Company. This description contains a brief outline of the current configuration of the IMA Group and the fundamental role of management and coordination exercised by the holding company, with particular emphasis on the ways in which these activities are carried out, and the corporate governance system. It also contains a map of the risk areas (sensitive processes). Finally, it deals with the information and training given to employees and third parties, and the guidelines of the disciplinary system.

The special section mainly defines the various offences for which a company can be liable, and the principles on which the protocols designed to prevent these offences should be based.

It should first be noted that as a general rule, under article 5 of the decree "*the company is liable for offences committed in its interest or to its benefit*"; i.e. the company is liable if it has benefited from the illegal activity. A company is not liable if the perpetrators of the offence acted solely in their own interest or that of third parties. In addition, again under the terms of article 5 of the decree, the offences in question must be committed:

- by individuals performing functions of representation, administration or management of the entity or a unit of the entity with financial or functional autonomy, or individuals exercising the management and control (including *de facto* management and control) of the entity;
- by individuals subject to management or supervision by one of the parties referred to in the above point.

However, the entity will not necessarily be liable for the offence. The legislator allows the company to prove that it is extraneous to the offence.

To prove this, it must adopt behavioural models which are specifically tailored to fit the risk of offence, i.e. which are designed to prevent certain offences from being committed by setting rules of conduct.

In order for the adoption of the Model to exempt the company from any liability, it must be effectively implemented.

In other words, the company is found to be specifically at fault if the offence committed by one of its bodies or subjects was part of a decision taken by the company, if the offence is a result of the fact that the company does not have a Model capable of preventing such offences, or if the bodies responsible for exercising control either failed to do so, or did so inadequately ("*fault of organisation*").

In this regard, article 6 of the Decree establishes that the company will not be called to answer for the offence if it can prove that "*organisation and management*

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*models capable of preventing such offences*” were put in place before the offence was committed.

The same provision also requires that an “*internal supervisory body*” be set up within the company with the task of supervising the functioning, efficiency and observance of the Model, and ensuring that any updates are made.

The organisational models must meet the following requirements:

- they must identify the areas at risk of offences;
- they must include specific protocols designed to prevent the offences;
- they must identify the ways in which financial resources are managed in order to prevent offences;
- they must provide for an obligation to inform the designated control body concerning the functioning and observance of the Models;
- they must introduce a system of internal disciplinary measures intended to sanction non-compliance with the rules of the Model.

In conclusion, in the case of offences committed by Key Personnel, the company will not be liable if it can prove that:

- (i) prior to the offence being committed, the executive body had effectively implemented an organisation and management model intended to prevent such offences;
- (ii) a body with independent decision-making and control powers (the Supervisory Committee) had been entrusted with the task of supervising the functioning, observance and updating of the Model;
- (iii) the Supervisory Committee has correctly supervised the Model;
- (iv) the perpetrators committed the offence by using fraudulent means to circumvent the Model.

However, if the offence was committed by persons subject to management or supervision by Key Personnel, the company will only be liable for the offence if it failed in its obligations of management and supervision. This failure will however be excluded if, prior to the offence being committed, the company had adopted an organisation, management and control model capable of preventing the offences in question. There is thus no reversal of the burden of proof upon the Key Personnel: in this case the public prosecutor must prove that the company failed to implement the necessary model in time.

### **1.3 GUIDELINES ISSUED BY TRADE ASSOCIATIONS**

Article 6 of the decree provides that organisational models can be adopted on the basis of codes of conduct drawn up by the associations representing companies and submitted to the Ministry of Justice.

In the light of the above, the Company took into account the Confindustria guidelines when drafting this document.

Any discrepancies in the company’s Model compared to the specific indications of the guidelines will not affect its basic accuracy or validity. By their very nature, these guidelines are generic, while the Model is to be drafted with reference to the context in which the Company operates.

### **1.4 LIABILITY AND DECISION-MAKING POWERS IN RELATION TO THE ORGANISATION, MANAGEMENT AND CONTROL MODEL**

Under the terms of article 6(1)(a) of the Decree, the company’s executive body is responsible for adopting and implementing the Model effectively.

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The Board of Directors (the central body in the company's corporate governance system) is responsible for defining, implementing and updating the corporate governance rules in accordance with existing legislation, determining the strategic direction of the Group companies, and verifying the system of controls required in order to monitor company performance.

The Board of Directors is thus liable for approving, supplementing and amending (through a specific decision), the fundamental principles of this document and its appendices, which form an integral although preliminary part of the Company Model.

Consequently, decisions relating to amendments and integrations to the Model are also the responsibility of the Board of Directors, albeit at the initiative of the Supervisory Committee, in accordance with the following.

The Board of Directors is responsible for implementing the Model by evaluating and approving the actions required in order to put in place its fundamental elements. To identify these actions, the Board will rely on the support and information given by the Supervisory Committee.

The Board of Directors must also guarantee the implementation and compliance with preventive procedures in the at-risk areas, also in relation to any future adaptations. For this purpose the Board of Directors relies on the following:

- the heads of each department in the Company, in relation to the at-risk activities performed by each unit;
- the Supervisory Committee, which is granted independent decision-making and control powers in respect of the at-risk activities.

The complete framework of the ways in which the Company has put in place the legal requirements for effective implementation of the Model will be outlined below.

## **2. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL**

### **2.1 CHARACTERISTICS OF THE MODEL AND ACTIVITIES DIRECTED AT ASSESSING THE EXISTING MODEL AND MAKING ANY NECESSARY ADAPTATIONS**

With reference to the "requirements" identified in the decree and detailed further below in the above mentioned Guidelines of the trade associations, the methods adopted by the Board of Directors in order to evaluate the Model are the following:

- identification of the sphere of operations to be included in the Model, and a detailed map of the at-risk activities to be subjected to analysis and monitoring;
- analysis of the existing procedures relating to the at-risk activities and a definition of any implementations designed to ensure that the Decree is complied with. In this regard, particular attention is paid to the following:
  - the definition of ethical principles in relation to any conduct that may constitute one of the offences covered by the Decree;
  - definition of the processes of the Company that may, in theory, generate the conditions, opportunities or means to commit offences;
  - definition of staff training procedures;
  - definition of the information to be provided to outsourcers and other third parties with whom the Company has dealings;

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- definition and application of disciplinary measures designed to sanction non-compliance with the Model, and suitable deterrents;
- identification of the Supervisory Committee and the attribution of specific supervision duties over the proper and correct functioning and updating of the Model;
- definition of the flows of information to and from the Supervisory Committee.

As suggested in the trade association guidelines, the organisational model formally clarifies the allocation of responsibilities, hierarchies and the descriptions of duties, making specific provision for the principles of control such as the opposition of functions.

In particular, the manual and IT procedures (SAP and all information systems in general) must regulate the conduct of activities and provide for appropriate control points (such as reconciliations and checks on the work of third parties and peripheral suppliers) and adequate security levels. Where possible, processes have also been designed to incorporate the separation of duties between individuals performing key activities in an at-risk process. They also include the principles of transparency and traceability (all transactions, operations and actions must be able to be verified, documented, consistent and appropriate).

As regards financial management, where procedural controls are based on consolidated methods, preventive procedures have been adopted. These procedures include joint signatures (for amounts exceeding the sums strictly needed for day to day transactions), frequent reconciliations, supervision and levels of authorisation, the separation of duties and the above mentioned opposition of functions (for example between the purchasing, accounting and treasury functions).

The Model also provides for a management control system under which any anomalies, critical issues relating to Incoterms, locations, terms of payment or product returns can be promptly reported.

Specific attention has also been given to employee bonus systems to ensure that bonuses are stimulating but achievable, and avoid any clearly demotivating or impossible targets which might constitute an incentive to commit an offence.

With specific reference to powers of authorisation and signature, these are allocated in accordance with the defined organisational and managerial responsibilities. Where required, a specific limit is set for the approval of expenses. The limits of powers of authorisation and signature are incorporated into the SAP system as blocking procedures. In any event, under the current Model nobody is granted unlimited powers. Suitable measures have been put in place to ensure that powers and responsibilities are clearly defined and known throughout the organisation. Nobody is able to manage an entire process independently, and adequate documentary support is required for all transactions (or computer records for SAP-led processes). Checks can be implemented at any time in order to verify the characteristics and reasons for the transaction, and to verify who authorised, completed, recorded or checked the transaction.

The Model covers every aspect of the Company's activities, through the clear distinction made between operational and control duties. The aim is to manage at-risk activities and potential conflicts of interest correctly. In particular, the checks involve the Board of Directors, the Board of Auditors, the Management Committee, the Supervisory Committee, the executives and all personnel (with different roles and at different levels), and represents an essential attribute of the Company's day to day activities.

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As regards control, the Model not only provides for the establishment of an autonomous Supervisory Committee but also guarantees that the work of this committee is coordinated with the existing system of internal controls, drawing on the experience acquired. The Model does not vary the functions, duties or objectives of the existing control system. It is intended to provide greater guarantees that the company's practices and activities comply with the Code of Ethics and company regulations which set out the principles for regulating at-risk activities. Finally, again on the subject of controls, the Model provides for an obligation to document any inspections and checks, possibly by means of reports.

### **3. CURRENT STRUCTURE OF THE IMA GROUP**

As stated above, the new organisational model reflects the current structure of the IMA Group.

An updated prospectus can be viewed on the website [www.ima.it](http://www.ima.it) (Investor Relations section).

During 2001, IMA S.p.A. satisfied the transparency and corporate governance requirements and was listed on the STAR (*Segmento Titoli ad Alti Requisiti*) segment of the Italian Stock Exchange. This segment is dedicated to medium-sized companies whose capitalization does not exceed 1,000 million euro and which undertake to abide by strict requirements concerning transparency of information, liquidity and corporate governance.

The following are the key characteristics of these requirements, in relation to greater transparency in communications, liquidity and corporate governance rules.

- Greater transparency in communications involves:
  - publication of the four quarterly reports within 45 days;
  - an obligation to provide all the information as to the company in both Italian and English on the website;
  - the appointment of an Investor Relations manager.
- The liquidity requirements are stricter, as the initial floating capital is 35% of ordinary shares for newly-listed companies, and 20% for companies already listed. The figure of 20% also represents the limit for inclusion within the segment. A specialist must also be appointed, who must ensure that purchase and sale offers are presented to the market in accordance with the guidelines set down by Borsa Italiana (Italian Stock Exchange).
- The Corporate Governance principles cover three main points:
  - the appointment of non-executive, independent members of the Board of Directors whose number and influence are such as to make a significant contribution to the decisions taken by the Board;
  - the establishment of an Internal Audit Committee formed mainly of independent directors;
  - the creation of a motivating bonus system for managers and directors.

## **4. CORPORATE GOVERNANCE**

As regards corporate governance, the Model complies with the principles of the new version of the Code of Conduct for the Corporate Governance Committee for listed companies published in March 2006 (hereinafter referred to as the "Code"). The Company has chosen to adopt this Code by formally aligning its own corporate governance system with the contents of this Code.

Full details of the Company's adaptation to the system provided for in the Code are illustrated in the Corporate Governance Report, the annual report in which the companies specify which recommendations have been effectively applied, and how. In particular, the obligation to provide information refers to the principles and criteria contained in each article of the Code.

If a company which has chosen to adapt to the Code has not incorporated all or part of any of the recommendations, it is obliged to provide adequate information about the reasons for these failings.

In particular, the Code redefines the principles of Corporate Governance according to changes in best practice, and the experience gained by the issuers (i.e. the companies it is aimed at), taking into account changes in national, Community and international legislation (Community Action Plan, law No. 262/2005 on Savings). The Code also reflects the various types of listed companies, also taking into account the "two-tier" and "single-tier" administration and control systems which the reforms to company law introduced as an alternative to the traditional system.

The most important new developments relate to the following: the role and composition of the Board of Directors, the role of independent directors, the setting up of committees within the Board of Directors, new principles concerning directors' appointments and fees, the internal audit system, recommendations concerning directors' interests and transactions with related parties, the auditors, relations with shareholders, the companies adopting the single-tier or two-tier system being asked to apply the recommendations of the Code of Governance by adapting them to the chosen system, providing extensive details of the adaptations made, and the reasons for the decision.

The following is a brief summary of the ways in which the Company has implemented the principles of the Code.

### **4.1 THE BOARD OF DIRECTORS**

In accordance with the recommendation set out in art. 1.C.1 of the Code, the Board of Directors has passed a resolution concerning the size, composition and functioning of the Board and its Committees, confirming that the Company's corporate governance system is adequate and functions in a transparent and correct manner.

In particular, with more specific regard to the activities, functioning and composition of the Board of Directors, the main adaptations put in place by IMA in response to the strict corporate governance requirements provided for in the Code are the following:

- as required by art. 3.P.1, 3.P.2 and art. 3.C.4 of the Code, the Board of Directors has assessed the independence of non-executive directors by adopting, among other things, the criterion of substance over form (art. 3.C.1 and 3.C.2 of the Code), and by relying not only on the information provided by the interested parties but also the other information available to the Company;

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- in compliance with criterion 2.C.3., a **Lead Independent Director** has been appointed and granted the powers to address the departments of the company in order to exercise his duties and convene meetings of the independent directors;
- in order to improve the efficiency of operations, the Board has made an operational decision under which broad powers are given to the Managing Director (separately from the other directors), including all the powers of ordinary and extraordinary administration, legal representation and the power of signature, with the exception of the powers reserved expressly for the Board of Directors. This is subject to the obligation for the Managing Director to provide, at least on a quarterly basis, adequate information about atypical or unusual transactions or those with related parties not required to be reviewed and approved by the Board, and the obligation to report to the Board of Auditors, when meetings of the Board of Directors are held, concerning the most significant transactions;
- as required under art. 2391-bis of the Italian Civil Code, IMA's Board of Directors adopted the **Internal Regulations for Related Party Transactions** on 12.5.2006. These regulations set out the guidelines according to which the Company's directors must always act with as much information and in as fair a manner as possible, by illustrating the following to the Board of Directors at least once every three months: (i) transactions with the greatest significance from an economic, financial or equity point of view, conducted by the Company or its subsidiaries; (ii) related party transactions and (iii) transactions involving a conflict of interest;
- as required by articles 4.P.1 and 4.C.1, the Board of Directors has adopted a **Procedure for the Management of Privileged Information**<sup>1</sup>. The Company has also set up a register of individuals with access to privileged information;
- IMA has approved the **Internal Dealing Code** for the "Key Figures" (as identified in art. 152-*sexies* of the Issuers' Regulations) in order to guarantee the transparency of any transactions carried out by individuals who are most likely to possess privileged information about the Company<sup>2</sup>.

#### **4.2 INTERNAL AUDIT AND REMUNERATION COMMITTEES**

In accordance with the guidelines of the Code of Governance, IMA has also set up an Internal Committee within the Board, intended to increase the level of efficiency of the Board.

This Committee is responsible for making suggestions and consulting the Board in relation to Remuneration and Internal Control.

**- Remuneration.**

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<sup>1</sup> The procedure for handling privileged information is available to shareholders at the company offices and may also be viewed on the website: [www.IMA.com](http://www.IMA.com) - Investor Relations/ Corporate Governance/ Codes and Reports

<sup>2</sup> The Board of Directors has provided a copy of the Internal Dealing Code of Conduct to all members of the executive bodies of the company, who have been reminded of the procedures to be followed when making the relative communications.

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The Remuneration Committee is formed of non-executive, mainly independent directors.

The Committee only has the powers to make recommendations. The power to determine directors' remuneration still belongs to the Board of Directors.

In accordance with art. 7.C.3 of the Code, the Committee has the following main functions:

- to submit proposals to the Board of Directors concerning the remuneration of the Managing Director and the other directors holding particular roles, and monitor the implementation of any resolutions passed by the Board;
- to periodically assess guidelines for the remuneration of directors with strategic responsibility, supervise the application of these guidelines on the basis of information supplied by the Managing Director, and formulate general recommendations to the Board in this respect;
- to submit recommendations to the Board concerning the use of stock option and other share-based bonus plans, and all other significant technical aspects related to the formulation and application of such plans; in particular, the Committee submits proposals to the Board concerning the bonus system considered to be most appropriate (stock option and other share-based plans). It also monitors changes in the plans approved by the Shareholders' Meeting at the proposal of the Board.

**- With reference to the Internal Audit Committee**

In accordance with principle 8.P.4, the Board of Directors ensures that its assessments and decisions relating to the internal control system, the approval of financial statements and half-yearly reports, and relations between the issuer and the external auditors, are supported by adequate investigations. The Board of Directors has set up an Internal Audit Committee for this purpose, formed of non-executive, mainly independent directors.

Under the terms of art. 8 of the Code of Governance, the company's Internal Audit Committee is responsible, among other things, for the following:

- helping the Board of Directors to set guidelines and verify the internal control system in order to identify and manage the main risks facing the company;
- evaluating, together with the director responsible for preparing the company's accounts, and the auditors, the correct application of accounting standards and ensuring that they are consistent for the purposes of preparing the consolidated accounts;
- assessing, at least once a year, the work carried out by the internal auditors;
- evaluating the proposals formulated by the external auditors in respect of their appointment and duties;
- reporting to the Board at least once every six months concerning the adequacy of the work done by the internal auditors.

### **4.3 INTERNAL AUDIT SYSTEM**

The internal audit system is a collection of rules, procedures and departments intended to identify, measure, manage and monitor the main risks, and ensure the sound, correct and coherent management of the company in relation to its set

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objectives. An efficient internal audit system helps to safeguard the company's assets, the efficiency and effectiveness of the company's operations, the reliability of its financial information, and its compliance with laws and regulations (principles 8.P.1. and 8.P.2. of the Code of Governance).

**- Internal Auditor**

The internal auditor is the head of the Internal Auditing department (principle 8.C.7. of the Code), who is hierarchically independent of the managers of operational departments and who reports directly to the Managing Director, who reports periodically to the Internal Audit Committee.

**5. MAP OF ACTIVITIES AT RISK OF OFFENCES**

When implementing a programme of systematic, rational measures designed to adapt the organisational and control model, it is necessary to analyse every department in the company in order to identify the main factors connected to the risk of offences, and how such offences may be committed.

To identify the at-risk activities, it is first necessary to determine the scope of application of the subjective assumptions of the decree. In particular, it is necessary to identify those persons whose illegal conduct may lead to liability for the Company.

These are:

- Key Personnel;
- Personnel subject to direction by others.

With reference to the subjective requirements for application of the above provision against persons external to the organisation with whom the Company maintains stable, continuous relations, checks must be conducted to establish whether such persons have:

- powers of direction, i.e. the Company's right to give orders and specific, binding instructions relating to execution of the mandate granted, and its terms and conditions;
- powers of control over the various phases in which the work is performed;
- disciplinary and censure powers.

The issue must be resolved separately, with regard to the specific by-laws of each partner (outsourcer, professionals, consultants and suppliers).

As far as outsourcers are concerned, as they are individuals that provide services in the interests of the Company, it is considered that their inclusion in the map of at-risk areas provides a full reconstruction of the Company's actual operations. It would not be appropriate to exclude from the map of operational functions the work done by external agents who act in close cooperation with the Company in pursuit of a single business strategy. It is thus considered that their inclusion in the map should only be limited to the reconstruction of the Company's operational mechanisms, in order to assess the possibility of offences being committed via or in concert with its external agents.

With regard to the services provided to external entities, the Board of Directors considers that, in order to rule out the Company's involvement in proceedings against the companies to whom these services are rendered, these activities and related processes should be monitored with the same attention paid to the monitoring of sensitive "internal" areas. Specific termination clauses should also be

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included in the related contracts. This is with the aim of "sterilising" the risk of the Company being involved as collaborators in offences committed by others.

In the light of these considerations, the company's Board of Directors considers that the mapping of at-risk activities should be extended to include within the Model the outsourcers whose work is directly linked to the Company's production cycle, while actions taken by these outsourcers as part of their own organisational activities connected to their status as self-employed businessmen should be excluded.

Therefore, the exclusion of these last individuals from the group of direct recipients of the Model does not exclude the Board of Directors' commitment towards ensuring that such persons comply with the procedures and the Code of Ethics, by means of appropriate contracts and through regular information about the basic contents of the Model.

The results of the mapping activities have enabled:

- a preliminary identification of the business units whose duties and responsibilities may involve them in at-risk activities;
- an identification of the ways in which the risk of offence materialises;
- an assessment of the risks of offence and therefore the organisation of a plan of actions structured on the basis of an awareness of the current risks.

## **6. SENSITIVE PROCESSES**

The mapping of the at-risk areas and activities has defined the sensitive processes during which, in theory, the conditions, circumstances or means for the offences may occur, or become instrumental to the committing of such offences.

With reference to said processes, the Board of Directors considers it a priority that all sensitive processes follow the general principles listed below (to be interpreted as general protocols):

- the separation of tasks by means of proper allocation of responsibilities and the provision of suitable levels of authorisation, in order to avoid overlapping of functions or allocations in which critical activities are concentrated on a single person;
- the clear, formal allocation of powers and responsibilities, with an express indication of the limits of action, in line with the duties allocated and the positions held within the organisation;
- the existence of behavioural rules designed to guarantee that activities are exercised in accordance with the laws and regulations, and preserving the integrity of company assets;
- "proceduralisation" of at-risk activities in order to:
  - define and govern the terms and conditions under which these activities are carried out;
  - ensure that the actions, operations and transactions can be traced by means of adequate documentary support certifying the characteristics and motivations of each transaction, and identifying all the individuals involved (authorisation, execution, registration and checking);
  - guarantee, where necessary, the "objectivisation" of decision-making powers and limit the number of decisions based on subjective choices;

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- set up, execute and document the control and supervision of at-risk processes and activities;
- set up safety mechanisms to ensure adequate protection of information against physical or logical access, and that the company's digital assets are adequately protected (with particular regard to management and accounting systems).

## **7. TRAINING AND INFORMATION FOR EMPLOYEES**

The Company is aware of the importance of training and information as a primary procedure, and works to ensure that all Personnel are aware of the contents of the Decree and the ensuing obligations, and also the Model.

For the purpose of implementing the Model, training, awareness-raising and information given to Personnel are managed by the competent department in close collaboration with the Supervisory Committee, and together with the heads of other departments involved in applying the Model.

Training, awareness raising and information relates to all Personnel, including Key Personnel.

Information and training is given when new employees start work or when there are changes in a person's duties, changes to the Model or any other factual or legal circumstances that require training in order to ensure the correct application of the provisions of the Decree.

In particular, the following must take place once this document has been approved:

- all Personnel currently employed must be informed that this document has been adopted;
- subsequently, new employees will be given an information pack containing not only the material required under other policies or procedures (such as privacy, confidentiality, health and safety) but also the National Collective Labour Agreement, this "*Organisation, management and control model pursuant to decree 231/2001*" and the Code of Ethics. This information is intended to provide employees with the information considered to be of primary importance;
- employees must sign a special form confirming acceptance of the documents handed to them, and that they have read the text of legislative decree 231/2001 as published on the company's intranet;
- specific, ongoing training is to be organised as class-based learning or provided via e-learning tools (in a format that guarantees a response to the training received).

The communication and training initiatives relate not only to the Code of Ethics but also to other instruments such as powers of authorisation, hierarchy, procedures, information flows and anything else which can help to improve transparency in daily operations.

All communication and training initiatives are instigated by the Board of Directors, which requires the recipients to collaborate fully in this regard.

To ensure that the Model is distributed effectively and that personnel receive sufficient information about the Decree and the ensuing obligations, a specific section of the company's intranet must be set aside for this topic, to be updated by the Supervisory Committee. This section will contain not only the information pack described above, but also the forms and instruments through which reports can be

made to the Supervisory Committee, and any other documentation that may be relevant.

## **8. INFORMATION FOR THIRD PARTIES**

The departments in contact with any other Recipients (suppliers and consultants in particular), in collaboration with the Supervisory Committee, will provide them with specific information concerning the Company's policies and procedures deriving from the Model and Code of Ethics. They will also be given information about the consequences which any violations of the Model or Code of Ethics may have on their contracts.

If possible, the contracts will include specific clauses intended to regulate these consequences, such as termination clauses or the right of cancellation in the event of violations of the Code of Ethics and/or Model Protocols.

## **9. GUIDELINES OF DISCIPLINARY SYSTEM**

A prerequisite for the efficiency of the Model and effective action by the Supervisory Committee is the definition of a system of penalties to sanction any violations of Protocols or other rules of the Model or Code of Ethics. Under the terms of art. 6(1)(e) of decree 231/2001, this constitutes an essential requirement for the exemption of the Company's liability.

The disciplinary system must include sanctions for all Recipients, depending on the type of contract. Like the Model, the system is aimed at the Key Personnel, all employees, collaborators and third parties acting on the Company's behalf. It provides for adequate disciplinary measures in some cases, and contractual measures in others.

The application of the disciplinary system and related measures is independent of the outcome of any legal proceedings commenced in the event that the offence in question constitutes an offence with significance under the terms of Decree 231/2001.

In order to clarify in advance the relationships between poor conduct by employees and the disciplinary measures adopted, the Board of Directors has classified the actions of directors, employees and other third parties as follows:

1. conduct which constitutes a failure to execute the written or verbal orders of the Company in connection with at-risk activities, such as:
  - the violation of procedures, regulations, and written or verbal internal instructions;
  - violations of the Code of Ethics;
2. conduct which constitutes a serious violation of regulations or discipline which fundamentally undermines the Company's trust in the director or employee, such as employing the conduct referred to in (1) above when performing an at-risk activity, with the unequivocal purpose of committing an Offence;
3. conduct which causes serious moral or material damage to the Company such that the contract cannot be continued even on a temporary basis, such as acting in a way that constitutes one or more

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Offences or relating to illegal acts that form the basis for said Offences, or deliberately acting in the ways described in (1) above.

**9.1 SANCTIONS AGAINST EMPLOYEES**

With reference to employees, it is necessary to respect the limits connected to the disciplinary powers imposed by article 7 of law 300/1970 ("Workers' Statute") and the National Labour Collective Agreement, both in terms of the applicable penalties (generally speaking these are typified in relation to their connection to specific disciplinary offences) and in respect of the way in which this power is exercised.

The Board of Directors considers that the disciplinary system currently applied by the Company, in line with the provisions of the NCLA, has the required characteristics of efficiency and deterrence.

Employees' failure to comply with and/or violation of the general principles of the Model, the rules of conduct imposed by the Code of Ethics and company procedures, regulations or instructions, is thus a breach of their contractual obligations and constitutes a disciplinary offence (such as insubordination, negligence, causing prejudice to company discipline or morals within the meaning of article 9 – Section Four – Title VII – Company relations concerning the NCLA and its amendments; violations of regulations and/or diligence more serious than those under article 9, pursuant to article 10 - Section Four – Title VII – Company relations concerning the NCLA and its amendments).

The applicable penalties will be adopted and applied in full compliance with the procedures applicable to contracts of employment under the relevant national collective agreements. In particular, for non-executive personnel, the penalties referred to in the above mentioned article 9 will be applied (written warnings, fines and suspension), for the cases described in 9(1) above, and 10 (dismissal for breach of duty) of the NCLA, for the cases described in (2) and (3).

Subject to the link between the applicable disciplinary measures and the related offences, the disciplinary measure must necessarily reflect the principle of proportionality between the offence and the penalty.

The Supervisory Committee is responsible for ensuring that the disciplinary system reflects the provisions of the Decree at all times.

**9.2 SANCTIONS AGAINST EXECUTIVES**

In the event that executives violate the general principles of the Model, the rules of conduct imposed by the Code of Ethics or other protocols, the Company will take the action considered to be most appropriate in relation to the type and seriousness of the offence, also in consideration of the particular relationship of trust between the Company and an employee classified as an executive.

In the cases referred to in 9(2) above, the Company may terminate the contract of employment early or apply any other penalty considered appropriate in relation to the seriousness of the offence. If the executive acts in one of the ways described in 9(3) above, the Company will immediately terminate his contract without prior notice pursuant to article 2119 of the Italian Civil Code. This is because the act in itself must be considered as having been committed against the will of the Company to the benefit of or in the interests of the executive and/or a third party.

**9.3 SANCTIONS AGAINST DIRECTORS**

In the event that directors of the Company violate the general principles of the Model, the rules of conduct imposed by the Code of Ethics or other protocols, the

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Supervisory Committee will inform all the members of the Board of Directors and Board of Auditors, who will take the appropriate action.

In the event of serious violations not justified by the Board of Directors, the event may be considered fair grounds for the revocation of the director's mandate. A serious unjustified violation is the committing of an act included in the list of Offences.

#### **9.4 MEASURES AGAINST SUPPLIERS AND OTHER THIRD PARTIES**

A prerequisite for the valid execution of any contract with the Company, in particular supply, outsourcing, mandate, agency, business procurement, association or consulting agreements, is the acceptance by the counterpart of an obligation to comply with the Code of Ethics and/or applicable Protocols.

These contracts must include termination clauses or rights of cancellation in the Company's favour without any penalty being incurred, in the event that Offences or related actions are committed, or in the case of breaches of the rules of the Code of Ethics, the Model and/or the related Protocols.

The Company reserves the right to demand compensation if such conduct causes damage to the Company, for example if the courts enforce the measures provided for in the Decree.

### **10. SUPERVISORY COMMITTEE**

#### **10.1 IDENTIFICATION OF THE SUPERVISORY COMMITTEE**

Article 6(b) of decree 231/2001 stipulates, as a prerequisite for the exemption from administrative liability, that the task of supervising the functioning, observance and updating of the Model must be assigned to a body within the Company which has independent powers of action and control.

The autonomy required under the above provision means that the Supervisory Committee, when carrying out its functions, must be "external" to the production processes, on the staff of the Board of Directors and the Board of Auditors.

In consideration of the specific nature of the duties of the Supervisory Committee (supervision and control as required under the Model) the task is assigned to a body which, this document having been approved by the Board of Directors, is specifically formed on the staff of the Board of Directors and the Board of Auditors, detached from any hierarchical relations with the heads of individual operational departments.

When carrying out its supervision and control duties, the Supervisory Committee of IMA S.p.A. is generally supported by all the departments of the company and may also rely on other external consultants if necessary from time to time.

#### **10.2 MEMBERS OF THE SUPERVISORY COMMITTEE**

Various theoretical and practical solutions relating to the possible structure and composition of the Supervisory Committee have been elaborated, both in consideration of the size of the company, the related Corporate Governance rules, and the need to achieve a fair balance between costs and benefits.

In this regard, the Board of Directors of IMA S.p.A. has analysed various possible solutions in order to identify the pros and cons of each one. In particular, the Board has analysed the following options of assigning the tasks and responsibilities provided for in art. 6(1)(b) of the Decree:

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- to the head of the Internal Audit function only (as an internal resource with experience in organisational affairs, processes, inspections and interpretation of laws);
- to a panel set up specifically for this purpose, formed of a non-operational independent director, a substitute auditor and the head of the Internal Audit function;
- to a panel set up specifically for this purpose, formed of external consultants (a lawyer and accounts auditor), and the head of the Internal Audit function;
- to a panel set up specifically for this purpose, formed of the heads of certain company departments (in particular the heads of Internal Audit, Administration & Finance, Human Resources and Legal departments);
- to a panel set up specifically for this purpose, formed of a member of the Company's Board of Auditors, an accounts auditor with an in-depth knowledge of the governance of IMA S.p.A., and the head of the Internal Audit function.

In this regard the Board of Directors firmly believes that the following aspects should be evaluated when selecting the Supervisory Committee:

In relation to the overall functions of the Supervisory Committee:

- the autonomy of the body, in the sense of:
  - the functional and autonomous subjectivity;
  - autonomous powers of action and control;
  - the absence of operational duties;
  - the position on the staff of the Board of Directors;
  - the possibility of reporting directly to the Board of Auditors;
- professionalism, in the sense of the acquired knowledge, instruments and techniques required by the body:
  - suitable specialist expertise in the field of audits and consulting (statistical sampling, risk analysis and assessment, risk limitation measures, flow charting of procedures and processes, knowledge of the law and administration/accounting techniques etc);
- continuity of action, to be achieved through the presence within the body of a person who is part of IMA's internal structure.

In relation to each member of the Supervisory Committee:

- Honour and moral standing are interpreted as follows:
  - not having been prohibited, disqualified or made bankrupt, not having been convicted for offences against the public administration, the administration of justice or public faith, the political economy, industry or commerce, or for the offence of culpable manslaughter, theft, robbery, extortion, fraud, embezzlement, handling stolen goods or any other non-culpable offence for which the law inflicts a minimum of two years' and a maximum of five years' imprisonment;
  - not having been subjected to preventive measures within the meaning of the anti-Mafia laws;
  - not having been convicted for violations of laws on narcotic or psychotropic substances within the meaning of article 72(1) of law 685/75;
  - not having been subjected to criminal proceedings for offences pursuant to decree 231/2001.

In consideration of the above, and with specific regard to the Company's structure and operations, the Board of Directors considers that entrusting the Supervisory

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Committee's duties solely to the *Internal Audit* function would not fully reflect the requirements stipulated in the Decree. While guaranteeing professionalism and continuity of action, this solution would have the following limitations:

- the size of the Company requires a panel format, in line with the early decisions of the courts on this matter;
- the organisational position of the IA function might prejudice the powers of action and control, as well as its autonomy;
- the typical mission and attributes of this function, and its current structure, do not seem to be sufficient to fulfil the task of updating the Model and taking the necessary corrective action.

The Board of Directors also considers that entrusting the Supervisory Committee's duties to a panel set up specifically for this purpose, formed of the heads of certain company departments (in particular the heads of *Internal Audit, Administration & Finance, Human Resources and Legal departments*) would not fully reflect the requirements stipulated in the Decree. While guaranteeing professionalism and continuity of action, this solution would have the following limitations:

- the increase in the duties allocated may prejudice the efficient conduct of the original duties of these departments, and the duties allocated under the terms of the Model;
- the involvement of employees with purely operational duties may prejudice the independence and unimpeded judgement of the Committee when conducting its audits;
- the combination of operational functions (the subject of audits) and control functions not only violates a basic principle of the concept of audits but would also create a continual conflict of interest and a clear lack of autonomy (in this case to be seen as a requisite for judgement and evaluation).

The Board of Directors also considers that entrusting the Supervisory Committee's duties to a panel set up specifically for this purpose, formed only of external consultants (specifically, lawyers, accountants and auditors etc.) would not fully reflect the requirements stipulated in the Decree. While guaranteeing professionalism and possibly the autonomy of the Committee, this solution would have the following limitations:

- the text of the law, which seems to interpret this committee as "internal" to the company (article 6);
- the lack of continuity of action, as a deterrent in itself and a means to guarantee the effectiveness of the Model;
- the difficulty in guaranteeing access to all the information required for the conduct of the duties envisaged under the Decree.

In consideration of the above factors, the Board of Directors considers that the solution which best reflects the requirements of the Decree would be to attribute the powers of the Supervisory Committee as defined in decree 231/2001 to a specific panel formed of:

- an independent professional with an economic background and specific competence in controlling cash flows;
- a professional corporate consultant with specific experience in supervisory committees and expertise in protocols and procedures;
- a professional with a legal background with particular knowledge of the company's organisational and corporate structure that would

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facilitate the activities of the Supervisory Committee, as provided for in the Decree.

This solution reflects all the requirements of the Decree in terms of autonomy, professionalism and continuity of action. From this point of view, with reference to the issues with significance for the purposes of the Decree, the Internal Audit function would report directly to the Supervisory Committee.

In order to ensure that the duties envisaged under the Decree are carried out as efficiently as possible, the Supervisory Committee may stipulate specific functions and activities depending on the specific expertise of its members.

Taking into account the special features of the responsibilities attributed to the Supervisory Committee, and the specific professional content required when conducting its supervision and control activities, the Committee is supported by all the departments of the Company. It may also rely on the support of external consultants if necessary from time to time.

In turn, the Committee will stipulate rules for its functioning, and for the ways in which the required information is organised (please see the contents of the following paragraphs below).

The Board of Directors undertakes to provide the Supervisory Committee (at its justified request) with the financial resources it needs to carry out its function.

The Board of Directors will establish the Supervisory Body by issuing specific **by-laws (attached)**.

**11. THE OFFENCES COVERED BY THE DECREE**

The offences covered by the decree, i.e. those which may generate the administrative liability of a company, are currently those listed in **Annex 1** of this Model.

**THE OFFENCES COVERED BY THE LEGISLATIVE DECREE 231/2001**

- ❖ **Misappropriation of payments, fraud against the State or public entity or for obtaining public funds and computer fraud against the State or a public body (Article 24):**
  - Misappropriation of grants, loans or other payments from the state or other public body or the European Communities (Article 316-ter Italian Criminal Code);
  - Embezzlement from the State or other public body (Article 316-bis Italian Criminal Code);
  - Fraud against the State or other public body or the European Communities (Article 640, paragraph 2, 1, Italian Criminal Code);
  - Aggravated fraud for obtaining public funds (Article 640-bis Italian Criminal Code);
  - Computer fraud against the State or other public body (Article 640-ter Italian Criminal Code).
  
- ❖ **Computer crimes and unlawful processing (Article 24-bis)** [Article added by Law No of 03.18.2008]:
  - Unauthorized access to a computer or telematic system (Article 615-ter Italian Criminal Code);
  - Detention and unfair distribution of access codes to computer systems or computer (Article 615-quater Italian Criminal Code);
  - Broadcast equipment, devices or computer programs designed to damage or disrupt a computer system or electronic (Article 615-quinquies Italian Criminal Code);
  - Interception, unavailability or interruption of illicit computer or electronic communications (Article 617-quater Italian Criminal Code);
  - Installation of equipment designed to intercept, prevent or disrupt computer or electronic communications (Article 615-quinquies Italian Criminal Code);
  - Corruption of information, data and computer programs (Article 635-bis Italian Criminal Code);
  - Corruption of information, data and software used by governments or other public utilities or otherwise (Article 635-ter Italian Criminal Code);
  - Damage to computer systems or computer (Article 635-quater Italian Criminal Code);
  - Damage to computer systems or computer utilities (Article 635-quinquies Italian Criminal Code);
  - Computer fraud in the certification of electronic signature (Article 640 Italian Criminal Code)

Law 18 March 2008 Nohas further expanded the range of so-called offences pursuant by providing article the cases of falsification of documents relating to electronic documents in accordance with the definition provided by Article and therefore cover the following offenses:

- Article 476 - False material breach committed by public officials at public events
- Article 477 - False material breach committed by public officials or administrative authorizations in certificates
- Article 478 - False material breach committed by the public official or certified copies of public acts and private statements by the content of documents
- Article 479 - False ideology committed by public officials at public events
- Article 480 - False ideology committed by public officials or administrative authorizations in certificates
- Article 481 - False statements in certificates ideological committed by persons carrying on a public service need
- Article 482 - False material breach committed by private
- Article 483 - False ideology committed by private instrument
- Article 484 - False statements in records and notifications
- Article 485 - False statements in writing under
- Article 486 - False signed blank sheet. Private act
- Article 487 - False signed blank sheet. Public act
- Article 488 - Other forgery signed blank sheet. Applicability of the provisions on false materials

- Article 489 - Using false document
- 490 - Removal, destruction and concealment of true acts

❖ **Crimes of organized crime (Article 24-ter):**

- Criminal association (Article 416 Italian Criminal Code);
- Conspiracy to reducing or maintaining slavery, trafficking in persons, the purchase and sale of slaves and offenses relating to violations of the provisions of Article on illegal immigration Article Decree 286/1998 (Article 416, sixth paragraph, Italian Criminal Code);
- Mafia-type association (Article 416 bis Italian Criminal Code);
- Exchange-election political mafia (Article 416-ter Italian Criminal Code);
- Kidnapping for extortion (Article 630 Italian Criminal Code);
- Association aimed at illicit trafficking in narcotic drugs or psychotropic substances (Article 74 DPR October 9, 1990, No. 309);
- Illegal manufacture, introduction into the State, offering for sale, sale, possession and port in a public place or open to the public of military weapons or war type or parts thereof, explosives, firearms and illegal weapons more common gun (\*) (Article 407, co. 2 points. a), number 5), Italian Criminal Procedure Code).

(\*) Excluding those denominated "by the target from a room, or gas emissions, as well as air weapons or gas, whether long or short bullets which deliver a kinetic energy exceeding 7.5 Joules, and instruments launchers, except for arms or arms for fisheries and instruments for which the "Advisory Commission for Central Control Arms impedes in relation to their characteristics, the ability to offend the person.

❖ **Crimes of corruption and bribery (Article 25):**

- Corruption, for an official act (Article 318 and 321 Italian Criminal Code);
- Incitement to corruption (Article 322 Italian Criminal Code);
- Corruption, for an act contrary to the duties of office (Articles 319 and 320 and 322 bis Italian Criminal Code);
- Corruption in judicial proceedings (Article 319-ter Italian Criminal Code);
- Bribery (Article 317 Italian Criminal Code).

❖ **False coins in public credit revenue stamps and tools or identifying marks (Article 25-bis):**

- Counterfeiting, spend and introduction in the State, following consultation, of counterfeit money (Article 453 Italian Criminal Code);
- Alteration of coins (Article 454 Italian Criminal Code);
- Spent and introduction in the state, without concert, counterfeit money (Article 455 Italian Criminal Code);
- Spent counterfeit money received in good faith (Article 457 Italian Criminal Code);
- Falsification of revenue stamps, introduced in the state, purchase, possession or circulation of counterfeit revenue stamps (Article 459 Italian Criminal Code);
- Counterfeit watermarked paper used for the manufacture of public credit or revenue stamps (Article 460 Italian Criminal Code);
- Manufacture or possession of watermarks or instruments for counterfeiting, of revenue stamps or paper filigree (Article 461 Italian Criminal Code);
- Use of revenue stamps counterfeited or altered (Article 464 Italian Criminal Code);
- Forgery, alteration or use of trademarks or patents, designs and drawings (Article 473 Italian Criminal Code);
- Introduction in the state and the market of products with false signs (Article 474 Italian Criminal Code).

❖ **Crimes against the industry and trade (Article 25-bis.1.)** [Article added by Law No of 07.23.2009]

- Obstructing of industry or commerce (Article 513 Italian Criminal Code);
- Fraudulent trading (Article 515 Italian Criminal Code);
- Sale of foodstuffs not genuine as genuine (Article 516 Italian Criminal Code);
- Sales of industrial products with misleading signs (Article 517 Italian Criminal Code);
- Manufacture and sale of goods made by usurping industrial property (Article 517-ter Italian Italian Criminal Code);

- Counterfeiting of geographical indications or appellations of origin food products (Article 517-quater Italian Criminal Code);
  - Illegal competition with threats or violence (Article 513 bis Italian Criminal Code);
  - Domestic industries against fraud (Article 514 Italian Criminal Code).
- ❖ **Corporate crime (Article 25-ter)** [Article added by Decree. April 11, 2002 No Article
- False corporate communications (Article 2621 Italian Civil Code);
  - False corporate communications at the expense of shareholders and creditors (Article 2622, paragraph 1 and 3, Italian Civil Code);
  - False prospectus (Article 2623, paragraph 1 and 2, Italian Civil Code), then repealed by Act 28/12/2005 No. ;
  - False statements in reports or communications of audit firms (Article 2624, paragraph 1 and 2, Italian Civil Code);
  - Prevented control (Article 2625, paragraph 2, Italian Civil Code);
  - Fictitious capital making (Article 2632 Italian Civil Code);
  - Wrongly refund of duty (Article 2626 Italian Civil Code);
  - Unlawful distribution of profits and reserves (Article 2627 Italian Civil Code);
  - Illegal transactions involving shares or shares or the parent company (Article 2628 Italian Civil Code);
  - Operations to the detriment of creditors (Article 2629 Italian Civil Code);
  - Unlawful distribution of corporate assets by the liquidators (Article 2633 Italian Civil Code);
  - Unlawful influence over (Article 2636 Italian Civil Code);
  - Insider trading (Article 2637 Italian Civil Code);
  - Hindrance to the supervisory functions of public authorities (Article 2638, paragraph 1 and 2 Italian Civil Code).
- ❖ **Offenses for purposes of terrorism or subversion of the democratic order (Article 25-quater):**
- Article 3 of Law 14 January 2003 No included in Legislative Decree No Article 25-quater, which extended the administrative liability of entities including the realization of the crimes established for the purposes of terrorism or subversion of democracy, under the Italian Criminal Code and special laws", and the crimes "that were still in place in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism done at New York December 9, 1999".
- ❖ **Practice of female genital mutilation (Article 583-bis Italian Criminal Code) (Article 25-quater.1)** [Article added by Law January 9, 2006 No Article .
- ❖ **Crimes against individuals (Article 25-quinquies)** [Article added by Law No Article
- Reduction or maintenance in slavery or servitude (Article 600 Italian Criminal Code);
  - Child prostitution (Article 600-bis Italian Criminal Code);
  - Child pornography (Article 600-ter Italian Criminal Code);
  - Possession of pornographic material (Article 600-quarter Italian Criminal Code);
  - Virtual pornography (Article 600-quater.1 Italian Criminal Code) [added in Article. 10, L. February 6, 2006 No
  - Tourism initiatives for the exploitation of child prostitution (Article 600-quinquies Italian Criminal Code);
  - Trafficking in persons (Article 601 Italian Criminal Code);
  - Purchase and sale of slaves (Article 602 Italian Criminal Code).
- ❖ **Market abuse (Article 25-sexies)** [Article added by Law April 18, 2005 No
- Insider dealing (Decree 24.02.1998, No. 58, Article 184);
  - Market manipulation (Decree 24.02.1998, No. 58, Article 185).
- ❖ **Manslaughter and negligent injury or serious, committed in violation of the rules on hygiene and health protection at work (Article 25-septies)** [Article added by L. August 3, 2007 No and subsequently amended. Legislative Decree 30 April 2008 No:

- Manslaughter (Article 589 Italian Criminal Code);
- Personal injury negligence (Article 590 Italian Criminal Code).
  
- ❖ **Receiving, recycling and use of money, property or benefits of illegal origin (Article 25-octies)** [Article added by Decree November 21, 2007 No

  - Stolen goods (Article 648 Italian Criminal Code)
  - Money laundering (Article 648-bis Italian Criminal Code);
  - Use of money, property or benefits of illegal origin (Article 648-ter Italian Italian Criminal Code).

  
- ❖ **Offences relating to breach of copyright (Article 25-novies)** [Article added by Law No 99 of 07.23.2009]:

  - Available to the public, in a system of computer networks through connections of any kind of inventive and protected, or a part thereof (Article 171, paragraph 1 letter a) Law 633/1941) ;
  - Offences committed in the previous paragraph on others' works not intended for publication if it would hurt the honor or reputation (Article 171, paragraph 3 Law 633/1941);
  - Unauthorized duplication, for profit, computer programs, import, distribution, sale or possession for commercial purposes or business of leasing or concession programs in the media not covered by SIAE, provision of means to remove or circumvent the protection devices computer programs (Article 171-bis Law 633/1941 paragraph 1);
  - Reproduction, transfer to another medium, distribution, communication, display or in public, the contents of a database, extraction or reuse of the database, distribution, sale or rental of concession in databases (Article 171-bis Law 633/1941 paragraph 2);
  - Unauthorized duplication, reproduction, transmission or public dissemination by any means, in whole or in part, of intellectual works for the circuit television, film, sale or rental of records, tapes or similar media or any other media containing phonograms videograms or musical works, cinematographic or audiovisual or similar sequences of moving images, literary, dramatic, scientific or educational, musical or dramatic music, multimedia, even if included in collective works, or composite or databases; reproduction, duplication, transmission dissemination or misuse, sale or trade, import or sale in any way abuse of more than fifty copies or copies of works protected by copyright and related rights, placing in a system of computer networks through connections of any kind, a 'intellectual work protected by copyright, or part thereof (Article 171-ter Law 633/1941);
  - Failure to notify the SIAE data media identification are not subject to marking or false declaration (Section 171-seties Law 633/1941);
  - Fraudulent production, sale, import, promotion, installation, modification, public and private use of equipment or parts of equipment suitable for decoding, conditional aItalian Civil Codeess audiovisual transmissions made by wireless, satellite, cable, in both analogue and digital (Section 171-octies Law 633/1941).

  
- ❖ **Induction does not make statements or to make false statements to the court (Article 25-novies)** [Article added by Law August 3, 2009 No Article

  - Induction does not make statements or to make false statements to the court (Article 377-bis Italian Criminal Code).