

Guidelines

for the adoption, implementation
and accomplishment of the Model of
organization, management and control

In accordance with art. 6, paragraph 3 of Legislative Decree no. 231 of 8th June 2001 “Regulation of the administrative liability of legal entities, companies and associations including those without legal status, according to article 11 of Law no. 300 of 29th September 2000”

**Updated version, approved by
the Board of Directors on 9th March 2017**



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DEFINITIONS

DECREE: Legislative decree no. 231 of 8th June 2001

MODEL: these Guidelines for the adoption, implementation and accomplishment of the Model of organization, management and control in accordance with Decree

TOP MANAGEMENT: persons who hold functions of representation, administration or direction of the Company or of one of its units with financial and functional autonomy, as well as persons who carry out the management or control of the Company, including de facto

DEPENDENT PERSONS: persons subjected to the direction or surveillance of one of the persons cited in the point above

SURVEILLANCE BOARD (SB): the board provided for in art. 6 of the Decree, regarding surveillance of the functioning and observance of the model and the relevant update, as governed by point 7 of part B of this Model

REGULATION OF THE SURVEILLANCE BOARD: the regulation of the Surveillance Board, in which its activity is organized and regulated

RELEVANT CRIMES: the crimes cited in articles 24 and 25, *24-bis*, *24-ter*, *25-bis.1*, *25-ter*, *25-quater*, *25-septies*, *25-octies*, *25-novies*, *25-decies*, *25-undecies* and *25-duodecies* of Legislative Decree no. 231 of 8th June 2001, and art. 10 of Law 146/2006, considered applicable based on the risk assessment activities conducted by the Company to date

COMPANY: Unichem S.p.A.

PARENT COMPANY: Lamberti S.p.A.

COMPANIES BELONGING TO THE GROUP: those companies directly controlled by Lamberti S.p.A., in accordance with art. 2359 of the civil code

Introduction

In the Italian legal order, Legislative Decree no. 231 of 8th June 2001 introduces and regulates the administrative liability for crime of legal entities, companies and associations, including those without legal status (so-called organizations).

This is a form of liability affecting the organization for crimes committed in its interest or for its benefit by persons functionally connected with it (persons in top management positions and persons subjected to direction and surveillance by top management).

The Decree was enacted to accomplish art. 11 of Delegated Law no. 300 of 29th September 2000, which assigned the government the task of defining an administrative liability penalty system for organizations in compliance with the obligations imposed by a number of important international documents, namely the European Communities financial protection Convention of 26th July 1995, the Convention related to the fight against corruption which involves officials of the European Community or member states of the European Union, decided in Brussels on 26th May 1997, and the OECD Convention of 17th September 1997 on the fight against bribery of foreign officials in international economic transactions.

Therefore, in order to align itself with many European countries' regulatory systems, the Italian legislator introduced liability for crimes of the *societas*, meaning "that independent centre of interests and legal relations, a reference point of precepts of various kinds, and a matrix of decisions and activities of the persons operating in the name of, on behalf of, or in all cases in the interests of the organization" (stated thus in the report on the preliminary project for criminal code reform).

The regulatory framework was thus renewed: before Legislative Decree 231/2001 an organization's liability for committing a crime was only indirect and limited solely to the civil obligation of payment of fines and penalties imposed on its legal representative (and only in the event of insolvency of the condemned person, art. 197 of the criminal code) and to the obligation for repayment and indemnification of the damage which the crime caused according to civil law (art. 185 of the criminal code).

Failure to comply with this regulation may lead to sanctions for the organization, which may go as far as prohibition to carry out its activity. The organization is not liable in accordance with Decree, however, if it shows that before committing the crime it had adopted and effectively implemented a Model of organization, management and control which was appropriate for preventing crimes of the same type as had occurred.

Unichem S.p.A., following the example of the guidelines issued by Confindustria¹ and Federchimica² and internal control best practices, has provided for the formulation of this Model of organization, management and control (henceforward “the Model”). The Model comprises the following parts:

GENERAL PART: a description of the essential contents of Legislative Decree 231/2001, as well as the purpose and structure of the Model, for which the recipients and the main components are specified, such as the Surveillance Board, the disciplinary system provided for in the event of violation, the communication and circulation obligations and training.

SPECIAL PART: identifies those instances of crime which may involve liability of the Company, the “sensitive” activities in which the committing of crime is theoretically possible and the protocols assigned to prevent the crimes under discussion. The special part is divided into thirteen sections: “Section A” related to crimes against the Public Administration (henceforward also “PA Crimes”); “Section B” related to information technology offences and the unlawful handling of data (henceforward also “Information technology crimes”); “Section C” related to organized crime offences; “Section D” related to industrial and trade offences; “Section E” related to corporate crimes; “Section F” related to offences with the aim of terrorism and the subversion of the democratic order; “Section G” related to crimes of manslaughter and serious or very serious bodily harm committed in violation of the health and safety workplace regulations (henceforward also “Manslaughter and serious or very serious bodily harm”); “Section H” related to crimes of receiving, laundering and the use of money, assets or other benefits of unlawful origin as well as self-laundering (henceforward also “Laundering crimes”); “Section I” related to copyright violation offences; “Section L” related to the crime of induction not to make statements or to make mendacious statements to the legal authorities; “Section M” related to environmental crimes; “Section N” related to the employment of foreign citizens with irregular residence status; “Section O” related to transnational crimes.

Those regulations, internal provisions, and Company documents and operating procedures which constitute accomplishment of this Model are also to be considered an integral part of the Model.

¹ Confindustria, “Guidelines for the construction of models of organization, management and control pursuant to Legislative Decree 231/2001” approved on 7th March 2002 and updated on 31st March 2008 and subsequent updates as of 31st March 2014.

² Federchimica - Collana Editoriale of the Legal Affairs Committee, “Introductory Guide to the Models of Organization provided for by Legislative Decree 231/01 for Health and Safety crimes”, December 2008.

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General Part

REGULATORY FRAMEWORK

1. AREA OF APPLICATION AND NATURE OF LIABILITY OF ORGANIZATIONS

In our order the Decree introduces and regulates the **liability of “organizations” for administrative criminal offences dependent on crime**. The organizations which the Decree applies to are all companies, associations with or without legal status, economic public bodies, and private corporations holding a public service concession. The Decree does not, however, apply to the State, regional public corporations, non-economic public bodies, organizations carrying out functions of constitutional importance (e.g. political parties and trades unions) and a series of other parties carrying out public functions. Organizations are liable for the committing or attempted committing of some crimes by persons who are functionally connected with them. The administrative liability of the organization is independent from that of the natural person committing the crime and therefore exists even if the perpetrator of the crime has not been identified or the crime has been cancelled for a reason other than amnesty. Liability of the organization does not replace the individual's personal liability for the crime committed, being additional to it.

2. LIABLE CRIMES

The organization may be liable only in relation to certain crimes and to specific “administrative criminal offences” (**the so-called “liable crimes”**) stated in the Decree, its subsequent integrations and also in the laws expressly referring to the regulation of the Decree.

Although originally provided for uniquely for crimes against the Public Administration (art. 25 of the Decree) or against assets of the Public Administration (art. 24), liability of the organization was extended to other instances of crimes through the regulatory provisions subsequent to the Decree.

The following table shows those crimes which may give rise to administrative liability of the organization.

| Liabile crimes as per Legislative Decree 231/2001 | Art. Decree |
|--|-------------|
| Crimes committed in relationships with the Public Administration | 24 and 25 |
| Information technology offences and unlawful handling of data | 24-bis |
| Organized crime offences | 24-ter |
| Crimes of counterfeiting money, public bonds, duty stamped papers, and identification marks or instruments | 25-bis |
| Industrial and trade offences | 25-bis.1 |
| Corporate crimes | 25-ter |

| | |
|---|----------------------------|
| Offences with the aim of terrorism or subversion of the democratic order | <i>25-quater</i> |
| Female genital mutilation practices | <i>25-quater.1</i> |
| Individual status offences | <i>25-quinquies</i> |
| Market abuse | <i>25-sexies</i> |
| Manslaughter and serious or very serious bodily harm, committed with violation of the health and safety workplace regulations | <i>25-septies</i> |
| Crimes of receiving, laundering and use of money, assets or benefits of unlawful origin as well as for self-laundering | <i>25-octies</i> |
| Copyright violation offences | <i>25-novies</i> |
| Induction to not make statements or to make mendacious statements to the legal authorities | <i>25-decies</i> |
| Environmental crimes | <i>25-undecies</i> |
| Employment of citizens of other countries whose stay is illegal | <i>25-duodecies</i> |
| Transnational crimes | art. 10 of law 146/2006 |

At the date of approval of this Model the liable crimes for which risk analysis activities have been conducted on the committing of crimes, both potential and de facto, and which are consequently considered in this Model come under the categories indicated below:

Crimes committed in relations with the public administration (articles 24 & 25 of the Decree amended by Law 6th November 2012, no. 190)

- Misappropriation to the detriment of the State (art. 316-*bis* of the criminal code);
- Undue receipt of disbursements to the detriment of the State (art. 316-*ter* of the criminal code);
- Fraud to the detriment of the State or another public body (art. 640 of the criminal code, paragraph 2, no. 1);
- Aggravated fraud for the obtaining of state disbursements (art. 640-*bis* of the criminal code);
- Computer fraud to the detriment of the State or another public body (art. 640-*ter* of the criminal code);
- Bribery of public official (art. 318 - art. 321 of the criminal code);
- Instigation of bribery (art. 322 of the criminal code);
- Extortion (art. 317 of the criminal code);
- Bribery by an action conflicting with official duties (art. 319 – art. 319-*bis* - art. 321 of the criminal code);
- Bribery in legal actions (art. 319-*ter*, paragraph 2 - art. 321 of the criminal code);

- Bribery to give or promise benefits (art. 319-*quater* of the criminal code);
- Bribery of a person responsible for a public service (art. 320 of the criminal code);
- Embezzlement, extortion, bribery and instigation of bribery of members of European Community bodies and officials of the European Community and foreign States (art. 322-*bis* of the criminal code).

Information technology offences and the unlawful handling of data (art. 24-*bis* of the Decree, introduced by Law 48 of 18th March 2008)

- Counterfeiting information technology documents (art. 491-*bis* of the criminal code);
- Unauthorized access to an information technology or data transmission system (art. 615-*ter* of the criminal code);
- Unauthorized keeping and circulation of information technology or data transmission system access codes (art. 615-*quater* of the criminal code);
- Diffusion of information technology equipment, devices or programmes aimed at damaging or shutting down an information technology or data transmission system (art. 615-*quinquies* of the criminal code);
- Wiretapping, hindrance or unlawful disruption of information technology or data transmission communications (art. 617-*quater* of the criminal code);
- Installation of equipment able to wiretap, hinder or shut down information technology or data transmission communications (art. 617-*quinquies* of the criminal code);
- Damaging of information technology information, data and programmes (art. 635-*bis* of the criminal code);
- Damaging of information technology information, data and programmes used by the State or another public body, or in all cases of public benefit (art. 635-*ter* of the criminal code);
- Damaging of information technology or data transmission systems (art. 635-*quater* of the criminal code);
- Damaging of information technology or data transmission systems of public benefit (art. 635-*quinquies* of the criminal code);
- Computer fraud by a person performing electronic signature certification services (art. 640-*quinquies* of the criminal code).

Organized crime offences (art. 24-*ter* of the Decree, introduced by Law 94 of 15th July 2009)

- Criminal conspiracy (art. 416 of the criminal code);
- Mafia association including when foreign (art. 416-*bis* of the criminal code);
- Offences committed making use of the conditions provided for by art. 416-*bis* of the criminal code (therefore all offences committed making use of the intimidating power of the membership commitment and the condition of subjection and of conspiracy of silence deriving from it) or offences committed in order to facilitate the activity of the associations provided for in that same article;
- Mafioso-political electoral exchange (art. 416-*ter* of the criminal code);
- Kidnapping for the purpose of extortion (art. 630 of the criminal code);
- Criminal conspiracy aimed at pushing drugs or psychotropic substances (art. 74 of Presidential Decree 309/90);

- Offences concerning the manufacture and traffic of arms for warfare, explosives and illegal arms (art. 407 of the criminal code).

Crimes of counterfeiting money, public bonds, duty stamped papers and identification instruments or marks (art. 25-bis of the Decree, introduced by decree Law no. 350 of 25th September 2001 and modified by Law no. 99 of 23rd July 2009, which made crimes of counterfeiting identification instruments or marks crimes relevant to the purposes of the Decree)

- Forgery of money, spending and introduction to the State of forged money, when acting in concert (art. 453 of the criminal code);
- Alteration to money (art. 454 of the criminal code);
- Spending and introduction to the State of forged money, without acting in concert (art. 455 of the criminal code);
- Spending of forged money received in good faith (art. 457 of the criminal code);
- Falsification of duty stamped papers, introduction to the State, purchase, keeping or placing in circulation of falsified duty stamped papers (art. 459 of the criminal code);
- Counterfeiting of watermarked paper in use for the manufacture of public bonds or duty stamped papers (art. 460 of the criminal code);
- Manufacture and keeping of watermarks or instruments intended for the falsification of money, duty stamped papers or watermarked paper (art. 461 of the criminal code);
- Use of counterfeited or altered duty stamped papers (art. 464 of the criminal code);
- Counterfeiting, alteration or use of trademarks or particularities, or of patents, models and designs (art. 473 of the criminal code);
- Introduction to the State and trade of products with counterfeit marks (art. 474 of the criminal code).

Industrial and trade offences (art. 25-bis 1 of the Decree, introduced by Law no. 99 of 23rd July 2009)

- Disturbed freedom of industry or trade (art. 513 of the criminal code);
- Fraud in trading (art. 515 of the criminal code);
- Sale of non-genuine foods as genuine (art. 516 of the criminal code);
- Sale of industrial products with mendacious marks (art. 517 of the criminal code);
- Manufacture and trade of goods realized by usurping industrial property deeds (art. 517-ter of the criminal code);
- Counterfeiting of geographical indications or designation origins of food-farming products (art. 517-quater of the criminal code);
- Unlawful competition with threats or violence (art. 513-bis of the criminal code);
- National industries fraud (art. 514 of the criminal code).

Corporate crimes (art. 25-ter of the Decree no. 231/2001) [article added by Decree no. 61/2002, modified by Law no. 190/2012 and by Law 69/2015]

- False or misleading corporate notices (art. 2621 of the civil code);
- False or misleading corporate notices of little significance (art. 2621-*bis* of the civil code);
- False or misleading corporate notices to the detriment of shareholders or creditors (art. 2622 of the civil code);
- Prevented control (art. 2625 of the civil code);
- Undue repayment of contributions (art. 2626 of the civil code);
- Illegal sharing of profits and reserves (art. 2627 of the civil code);
- Unlawful transactions involving shares or stock or of the parent company (art. 2628 of the civil code);
- Transactions to the detriment of creditors (art. 2629 of the civil code);
- Omitted communication of conflict of interest (art. 2629-*bis* of the civil code);
- Factitious formation of share capital (art. 2632 of the civil code);
- Undue distribution of company assets by liquidators (art. 2633 of the civil code);
- Private corruption (art. 2635 of the civil code);
- Unlawful influence over shareholders' meetings (art. 2636 of the civil code);
- Stock manipulation on non-quoted financial instruments (art. 2637 of the civil code);
- Hindrance of the exercising of the functions of the public surveillance authorities (art. 2638 of the civil code).

Offences with the aim of terrorism or subversion of the democratic order (art. 25-*quater* of the Decree, introduced by Law no. 7 of 14th January 2003)

- Crimes provided for by the criminal code and special laws;
- Offences carried out in violation of the provisions of article 2 of the international convention for the repression of terrorism financing decided in New York on 9th December 1999.

Life and individual safety offences (art. 25-*quater*.1 of the Decree, introduced by Law no. 7 of 9th January 2006)

- Female genital mutilation practices (art. 583-*bis* of the criminal code).

Individual status offences (art. 25-*quinquies* of the Decree, introduced by Law no. 228 of 11th August 2003)

- Reduction to slavery (art. 600 of the criminal code);
- Underage prostitution (art. 600-*bis* of the criminal code);
- Underage pornography (art. 600-*ter* of the criminal code, paragraphs 1 and 2);
- The keeping of pornographic material (art. 600-*quater* of the criminal code);
- Tourism initiatives aimed at the exploitation of underage prostitution (art. 600-*quinquies* of the criminal code);
- Slave trade and trading of slaves (art. 601 of the criminal code);
- Alienation and purchase of slaves (art. 602 of the criminal code).

- Illegal intermediation and exploitation of employment (art. 603-*bis* of the criminal code).

Market abuse (art. 25-*sexies* of the Decree and art. 187-*quinquies* of the Consolidated Finance Law (TUF), introduced by Law no. 62 of 18th April 2005)

- Abuse of privileged information (art. 184 and art. 187-*bis* TUF);
- Market manipulation (art. 185 and art. 187-*ter* TUF).

Manslaughter and serious or very serious bodily harm (art. 25-*septies* of the Decree, introduced by Law no. 123 of 3rd August 2007)

- Manslaughter (art. 589 of the criminal code);
- Negligent personal injury (art. 590 of the criminal code).

Trans-national offences (art. 10 Law 146/2006)

- Criminal conspiracy (art. 416 of the criminal code);
- Mafia-type conspiracy (art. 416-*bis* of the criminal code);
- Criminal conspiracy aimed at foreign tobacco smuggling (art. 291-*quater* D.P.R. 43/1973);
- Conspiracy aimed at illegal trafficking of drugs and psychotropes (art. 74 D.P.R. 309/1990);
- Provisions against clandestine immigration (art. 12, paragraphs 3, 3-*bis*, 3-*ter*, 5 Legislative Decree 286/1998);
- Trafficking of migrants (art. 12 paragraphs 3, 3-*bis*, 3-*ter* e 5 of Consolidation Act as per Decree n. 286 of 1998);
- Induction not to make declarations or to make mendacious declarations to the Legal Authorities (art. 377-*bis* of the criminal code);
- Aiding and abetting (art. 378 of the criminal code).

Crimes of receiving, laundering and use of money, assets or benefits of unlawful origin, self-laundering (art. 25-*octies* of the Decree, introduced by Legislative Decree 231/2007)

- Receiving (art. 648 of the criminal code);
- Laundering (art. 648-*bis* of the criminal code);
- Use of money, assets or benefits of unlawful origin (art. 648-*ter* of the criminal code);
- Self-laundering (art. 648-*ter*/1 of the criminal code)

Copyright violation offences (art. 25-*novies* of the Decree, introduced by Law no. 99 of 23rd July 2009)

- Articles 171, paragraph 1, subparagraph a-*bis*) and paragraph 3, 171-*bis*, 171-*ter*, 171-*septies*, 171-*octies* of Law 633/1941.

Induction not to make statements or to make mendacious statements to the legal authorities (art. 25-*decies* of the Decree, introduced by Law no. 116/2009)

- Induction not to make statements or to make mendacious statements to the legal authorities (art. 377-*bis* of the criminal code).

Environmental crimes (art. 25-*undecies* of the Decree, introduced by Law 121 of 7th July 2011)

- Killing, destruction, capture, removal, keeping of examples of wild protected animal or plant species (art. 727-*bis* of the criminal code);
- Destruction or damage of habitats within a protected site (art. 733-*bis* of the criminal code);
- Crimes connected to the discharging of industrial waste waters containing hazardous substances (art. 137, paragraphs 2, 3, 5, 11 and 13 Law 152/2006);
- Crimes connected to waste management (art. 256, paragraphs 1, 3, 5 and 6 Law 152/2006);
- Pollution of the soil, subsoil, surface and underground waters (art. 257, paragraphs 1 and 2 Law 152/2006);
- Drafting or utilisation of a false waste analysis certificate (art. 258, paragraph 4, second sentence Law 152/2006);
- Illegal trafficking of waste (art. 259, paragraph 1 Law 152/2006);
- Activities organised for the illegal trafficking of waste, including high radio-active waste (art. 260, paragraphs 1 and 2 Law 152/2006);
- Falsification of a waste analysis certificate used in the system for monitoring waste traceability, utilisation of a fraudulently altered certificate or a paper copy of the SISTRI form (art. 260-*bis*, paragraphs 6, 7 and 8 Law 152/2006);
- Breach of the top emission limits in the running of factories (art. 279, paragraph 5 Law 152/2006);
- Crimes connected to the international trading of endangered species of flora and fauna and to the keeping of dangerous animals (articles 1, paragraphs 1 and 2, 2, paragraphs 1 and 2, 3-*bis* and 6, paragraph 4 Law 150/1992);
- Crimes connected to protection of the ozone layer (art. 3, paragraph 6 Law 549/1993);
- Fraudulent pollution caused by ships (art. 8, paragraphs 1 and 2 Law 202/2007);
- Culpable pollution caused by ships (art. 9, paragraphs 1 and 2 Law 202/2007).
- Environmental pollution (art. 452-*bis* of the criminal code);
- Environmental disaster (art. 452-*quater* of the criminal code);
- Intentional crimes against the environment (art. 452-*quinquies* of the criminal code);
- Trafficking and abandonment of highly radioactive material (art. 452-*sexties* of the criminal code);
- Criminal conspiracy or mafia-type conspiracy to commit environmental crimes (art. 452-*octies* of the criminal code).

Employment of foreign citizens with irregular residence status (art. 25-duodecies of the Decree, introduced by Law 109 of 16th July 2012)

- Employment of foreign citizens with irregular residence status (art. 22, paragraph 12-*bis* Law 286/1998).

In the Special Part below, this document identifies for each category of crime applicable to the Company, the activities denominated “sensitive” due to the inherent risk of the committing of crimes of the types listed here, and for each of the sensitive activities it provides for prevention principles and protocols.

The above-stated list of crimes is susceptible to future additions both by the Company, based on further risk analysis activities concerning the committing of crimes, and by the legislator. Hence the necessity for constant checks of the appropriateness of that system of rules which constitutes the Model provided for by the Decree and is functional for the prevention of crimes.

3. CRITERIA FOR ATTRIBUTION OF LIABILITY TO THE ORGANIZATION

The necessary conditions for the new liability are stated in art. 5 of the Decree:

“The organization is liable for crimes committed in its interest or for its benefit:

- a) by persons who hold functions of representation, administration or direction of the organization or one of its organization units with financial and functional independence, in addition to persons who carry out its management and control, including de facto;*
- b) by persons subjected to the direction or surveillance of one of the persons cited in subparagraph a).*

The organization is not liable if the persons specified in paragraph 1 have acted in their own exclusive interest or that of third parties”.

The first condition requires that the crime be committed by a person connected to the organization by a qualified relationship. Therefore, a significant connection must exist between the person perpetrating the crime and the organization. Administrative liability of the organization may exist under the Decree only if the perpetrator of the crime belongs to one of the two categories below:

- *persons in “top management positions”* e.g. such as the legal representative, director, general manager or manager of an independent organizational unit, in addition to those persons who carry out the management of the organization, including de facto. They are essentially those persons with autonomous power to make decisions in the Company’s name and behalf of it. All persons commissioned by the directors to carry out activities of management or direction of the Company are also considered to belong to this category. Thus the structure of the delegation of powers and functions system has particular importance in the overall logic of definition of this Model of organization, management and control.

- “*dependent*” persons, all those subjected to the direction and surveillance of top management; typically these are employees but they also include persons not belonging to the staff of the organization, who have been entrusted with an assignment to be carried out under the direction and surveillance of the top management. What counts regarding their belonging to this category is not the existence of a salaried employment contract but instead the activity which is carried out in concrete terms. For example, the external persons concerned include freelancers, agents and consultants who carry out activities in the interest of the Company and on its mandate.

The second condition requires the crime to have been committed in the organization's interest or for its benefit. The criterion of “interest” exists when the perpetrator of the crime has acted with an intention to benefit the Company, independently of the objective having been achieved, whereas the criterion of “benefit” exists when the Company could obtain or has effectively obtained a favourable result from the committing of the crime.

The law does not require that the benefit obtained by or hoped for by the organization is necessarily economic in nature: liability also exists with the supposition that the fact is in the interest of the Company even when a concrete result is absent.

The organization is not liable if the fact of crime was committed independently and at times even against the Company's interest or in the exclusive interest of the perpetrator of the crime or that of third parties.

Should the above-described conditions be met, the organization can be punished for the crime committed. However, in articles 6 and 7 the Decree introduces a form of exemption from liability for the crime when:

- prior to the committing of the fact the executive body has adopted and effectively accomplished **models of organization, management and control** appropriate for preventing crimes of the type that has occurred;
- the task of monitoring the functioning of the models, compliance with them and their updating has been entrusted to a board of the organization which has autonomous powers of initiative and control (named the “Surveillance Board”, henceforward also “SB”);
- there has not been omitted or insufficient surveillance by the aforesaid board, which must have autonomous powers of initiative and control.

The above-listed conditions must contribute jointly for the liability of the organization to be excluded. Therefore the organization's exemption from liability depends on its adoption and effective accomplishment of a Model appropriate for prevention of the crimes and its establishment of a Surveillance Board with precise tasks concerning the effective fitness and accomplishment of the Model. The organization must demonstrate that it has done everything in its power to organize and manage itself and to control that in the carrying out of its business activities none of the crimes provided for in the Decree may be committed.

The Model acts as a reason for the non-punishability ability of the organization whether the liable crime has been committed by a “top management” person or a “dependent” person. However, if the crime is committed by a “top management” person the Decree introduces a sort of related presumption of the liability of the

organization: in addition to the three above-stated conditions the organization must also demonstrate that the person has committed the crime by fraudulently eluding the Model. Therefore in this case the Decree requires a stronger proof of the organization's non-involvement in the crime, as the organization must also prove that the top management person has fraudulently violated the rules contained in the Model.

However, regarding crimes committed by "dependent" persons, the organization may be punished only if it is ascertained that the committing of the crime was rendered possible by failure to comply with the direction or surveillance obligations. In this case it is a question of veritable organizational negligence: by not presiding over its activities and dependent persons the Company has consented indirectly to the committing of the crime.

The adoption and accomplishment of the Model do not constitute an obligatory fulfilment in accordance with the law. The Model is, however, the only instrument available for demonstrating one's own non guilt and finally for not being subjected to the sanctions set out in the Decree. It is thus in the Company's interest to equip itself with an effective Model and have it complied with.

4. THE MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL

If effectively accomplished, the Model acts as an exemption of liability. Without prejudice to the specifics cited in offences against the person and in particular in accomplishment of art. 30 of Legislative Decree 81/08, the Decree does not analytically indicate the Model's characteristics and content but rather limits itself to dictating some general principles and essential elements of its content.

More particularly, according to the Decree the Model must:

- identify those activities in which crimes can be committed (the so-called sensitive activities);
- provide for specific protocols – procedures – behavioural principles aimed at planning the formation and accomplishment of the organization's decisions pertaining to the crimes to be prevented;
- identify financial resources management procedures appropriate for preventing the committing of crimes;
- provide for information obligations for the board which is delegated to monitor the functioning of the Model and compliance with it;
- introduce a disciplinary system appropriate for punishing any failure to comply with the measures stated in the Model;
- in relation to the organization's nature and size, in addition to the type of activity it carries out, provide for appropriate measures to ensure that its activity is carried out in compliance with the law and to pinpoint risk situations and promptly remove them.

As regards the effective accomplishment of the Model, the Decree provides for the necessity of a periodic check and for its updating, when significant violations of the requirements contained in it have been identified or when organizational changes or changes in the organization's activity take place.

5. CRIMES COMMITTED ABROAD

By virtue of art. 4 of the Decree the organization may also be liable in Italy for crimes committed abroad, provided that the objective and subjective indictment criteria set out in the Decree be met.

The Decree does, however, condition the possibility of prosecuting the organization for crimes committed abroad to the existence of additional necessary conditions:

- the State of the place where the crime was committed will not proceed;
- the organization's headquarters are situated in Italian national State territory;
- the crime is committed abroad by a person functionally connected with the Organization;
- the prosecutability conditions provided for in articles 7, 8, 9 and 10 of the criminal code exist.

6. SANCTIONS

The sanctions for administrative criminal offences dependent on crime are as follows: pecuniary penalties, prohibitory sanctions, confiscation, and publication of the conviction.

Such sanctions are administrative in nature even if they are applied during proceedings of a criminal nature conducted by a criminal judge.

a) Pecuniary penalties

The judge establishes pecuniary penalties by means of a system based on "prescribed units". The amount of the pecuniary penalty will depend on the seriousness of the crime, the Company's degree of liability, and the activity it has carried out to remove or mitigate the consequences of the crime or prevent other criminal offences from being committed. The Judge takes the Company's economic and financial conditions into account when determining the *quantum* of the penalty.

b) Prohibitory sanctions

Prohibitory sanctions may be applied in addition to pecuniary penalties but only if they are expressly provided for in relation to the crime for which there are proceedings, and on condition that recourse be made to at least one of the following conditions:

- the organization has gained a significant advantage from the crime and it was committed by a "top management" or "dependent" person, but only when serious organizational deficiencies made the committing of the crime possible;
- in the case of reiteration of the criminal offences.

The prohibitory sanctions provided for by the Decree are as follows:

- temporary or permanent prohibition from carrying out the activity;
- the suspension or revocation of permits, licences or concessions which are functional to the committing of the criminal offence;
- prohibition from negotiating with the Public Administration except in order to obtain the performance of a public service;

- disqualification from facilitations, funding, aid or grants, and the possible revocation of any already granted;
- temporary or permanent prohibition from advertising goods or services.

Prohibitory sanctions have as their object the specific activity which the organization's criminal offence involves. They are normally temporary, for a three month to two year period, but may exceptionally be applied with permanent effect. They may also be applied as a precaution prior to conviction on the request of the Public Prosecutor, when there are serious clues to the liability of the organization as well as founded, specific elements for deducting a concrete risk that criminal offences of the same nature as that for which there are proceedings could be committed.

c) Confiscation

This constitutes of State acquisition of the value or advantage derived from the committing of the crime, or of an equivalent value.

d) Publication of the conviction

This consists of one single publication of the conviction, as an abstract or in full at the organization's expense, in one or more newspapers stated by the Judge in the sentence, and also by means of posters in the municipality where the organization's headquarters are situated.

Fines are prescribed within a deadline of 5 years from the date of the committing of the crime, except in cases of suspension of the limitation.

The final conviction of the organization is inscribed in the national register of fines for crimes of organizations.

7. ALTERATIONS TO THE ORGANIZATION

The organization is solely liable regarding the obligation to pay a **pecuniary penalty** imposed on it, with its assets or mutual fund. The regulations therefore exclude its shareholders' or partners' direct financial liability, independently of the corporate organization's legal status.

For **prohibitory sanctions** a principle is in force based on which these remain chargeable to the organization in which the field of activity in whose area the crime was committed has remained (or has been merged with).

The Decree also expressly regulates the organization's regime of liability in the case of alterations to it i.e. in the event of company transformation, merger, splitting and transfer.

In particular, in the case of **transformation** of the organization, liability shall remain in force for crimes committed prior to the date when the transformation took effect. The new organization will therefore be the recipient of sanctions applicable to the original organization for facts committed prior to the transformation.

In the case of **merger**, the organization resulting from the merger, including a corporate merger, shall be liable for crimes for which the organizations taking part

in the merger were liable. If the merger should occur before the conclusion of the investigation proceedings for the liability of the organization, the judge will take the economic conditions of the original organization into account and not those of the organization which results from the merger.

In the event of **partial splitting**, the liability of the split organization for crimes committed before the splitting shall hold. However grantee organizations of a partial or total splitting shall be jointly liable for the payment of pecuniary sanctions owed by the split organization within the limits of the value of the net shareholders' equity transferred to each organisation, unless it is an organisation to which the business activity in whose area the crime was committed has been even partially transferred; the **prohibitory sanctions** apply to the organisation (or organisations) in whose area the crime was committed has remained (or has been merged with). If the partial splitting should occur before the conclusion of the investigation proceedings for the liability of the organization, the judge will take the economic conditions of the original organization into account and not those of the organization which results from the merger.

In the case of **transfer** or **sale** of the company in whose area the crime was committed, without prejudice to the grantor organization's right of prior discussion, the grantee is jointly liable with the grantor organization for payment of the pecuniary penalty, within the limits of the value of the ceded company and within the limits of the pecuniary sanctions that result from the accounting registers, or of which the grantee was in any case aware. In any case, the prohibitory sanctions are applied to the organizations to which the field of activity within which the crime was committed has remained, or to which it has been transferred or partially transferred.

The background is a solid orange color with several large, overlapping, curved lines in a lighter shade of orange, creating a sense of motion and depth. The lines are smooth and fluid, curving from the top left towards the bottom right.

The Unichem S.p.A. Model

This Model of organization, management and control accomplishes art. 6, paragraph 3 of the Decree and to all effects constitutes the Company's internal regulations. In compliance with the provisions of the Decree, with a Board of Directors resolution dated 9th March 2017, the Company adopted a subsequent, updated version of its Model of organization, management and control (this Model).

The Model was formulated taking into account the structure and the activity concretely carried out by the Company, the nature and size of its organization, and an analysis of the risk of the committing of the liable crimes, as specified below.

For the purpose of preparing this Model, the Company has progressed:

- a **mapping of the activities at risk** (the so-called "sensitive activities"): by means of interviews with the managers of the company functions and an analysis of the company organization charts and the system for the distribution of responsibilities, the areas have been identified in which it is most likely that the liable crimes stated in the Decree will be committed;
- **identification of the existing control procedures**: through interviews with the managers of the company functions, supplemented with self-assessment questionnaires, the existing control procedures in the previously individuated sensitive areas were identified;
- calculation of the **residual risk** for each sensitive activity: the risk of committing the crimes was estimated, following a consideration of the internal control system characterising the activity in question;
- **identification of prevention principles and rules**: based on the results of the two previous stages, an individuation was made of the prevention principles and rules which must be accomplished to prevent the committing of liable crimes relevant to the Company, as far as is reasonably foreseeable and possible.

1. PURPOSE AND CONTENTS OF THE UNICHEM S.p.A. MODEL

The main objective of the Model is to set up a structured and organic organizational and control procedure system aimed at preventing, as far as is reasonably foreseeable and possible, the committing of behaviour able to constitute the crimes contemplated by the Decree, and at rendering the existing system of controls and governance more effective.

The Model constitutes a valid instrument for making all employees and all stakeholders (suppliers, customers, trade partners etc.) aware, such that they will all adopt proper, transparent behaviour in line with the ethical values inspiring the Company in the pursuit of its business purpose and in all cases such to prevent the risk of the committing of the crimes contemplated by the Decree.

The Model proposes the diffusion and achievement of a **legality-based business culture**: the Company therefore punishes all behaviour which is against the law, and in particular against the provisions of the Model and the Code of Ethics, including when that behaviour is carried out in the Company's interest or with the intention of bringing it a benefit.

The Model also aims to **diffuse a control culture** which must govern all the decision-making and operative stages of the Company's activity. The achieving of the aforesaid aims is made concrete through adoption of appropriate measures for improving effectiveness in the carrying out of the business activities and creating

an efficient and balanced organization of the company, with particular emphasis being placed on the formation of decisions and their transparency and on preventive and subsequent controls, and also on internal and external information, in constant compliance with the law and the rules and in order to promptly identify and eliminate risk situations.

The fundamental principles used in the construction of the Model are as follows:

- mapping of the activities at risk i.e. those activities within which the committing of the crimes provided for in the Decree is most likely (the so-called “sensitive activities”);
- checking and documentation of each significant operation in the activities at risk for the committing of liable crimes;
- application of and compliance with the principle of separation of functions, according to which no-one may manage an entire process autonomously;
- the attribution of powers consistent with organizational responsibilities;
- ex-post checking of company behaviour in addition to the proper functioning of the Model, such to allow its periodic updating;
- diffusion and involvement of all company levels in the accomplishment of rules of conduct, procedures and company policies compliant with the principles set out in the Model;
- the assignment to the Surveillance Board of specific surveillance tasks for the effective and proper functioning of the Model.

2. CONNECTION BETWEEN THE MODEL AND THE CODE OF ETHICS

The Code of Ethics of the Parent company, adopted with a Board of Directors resolution on 30th December 2010, contains the principles of behaviour and the ethical values inspiring the Company in the pursuit of its business purpose and objectives. Everyone who interacts with the Company must comply with these principles and values.

The Code of Ethics is therefore an essential foundation for the Model. The regulations contained in the Model require compliance with the provisions of the Code of Ethics, forming together with it a corpus of internal rules aimed at the diffusion of a culture based on ethics and corporate transparency. The Code of Ethics, which is understood to be fully referred to herein, constitutes an integral part of the Model.

3. ADOPTION OF THE UNICHEM S.P.A. MODEL AND CHANGES AND ADDITIONS TO IT

The Board of Directors has sole jurisdiction for the adoption, modification and integration of the Model.

The Board of Directors shall promptly modify or integrate the Model, including on the Surveillance Board’s request, whenever:

- significant changes to the regulatory framework, organization or activity of the Company have occurred; or
- violations or avoidance of its requirements have occurred, which have demonstrated their ineffectiveness or inconsistency for the purpose of prevention of the crimes.

In all cases the Surveillance Board must promptly notify the Chairman of the Board of Directors in writing of any facts which evidence the need to change or update the Model. In such cases the Chairman of the Board of Directors shall convene the Board of Directors in order that it adopts the resolutions within its jurisdiction. Changes, updates and additions to the Model shall always be communicated to the Surveillance Board.

Should purely formal changes to the Model be necessary, the Managing Director may provide for them autonomously after consulting the Surveillance Board. Subsequent communication of such changes must be given to the entire Board of Directors.

Changes to company procedures necessary for the accomplishment of the Model shall be made by the company functions concerned. The Surveillance Board shall constantly be informed of the updating and implementation of new operative procedures and can give its opinion on the proposed changes. Should the approval of new company procedures render it necessary to make changes to the Model, the Managing Director may proceed with this subject to Board of Directors ratification during the first appropriate meeting.

4. CRIMES RELEVANT TO THE COMPANY

In the light of the analysis carried out to date by the Company for the preparation of this Model, the following liable crimes provided for in Legislative Decree 231/2001 are considered relevant: those cited in articles 24 and 25 (crimes committed in relations with the Public Administration), *24-bis* (information technology offences and the unlawful handling of data), *24-ter* (organized crime offences), *25-bis* (public faith crimes), *25-bis.1* (industrial and trade offences), *25-ter* (corporate crimes), *25-quarter* (offences with the aim of terrorism and the subversion of the democratic order), *25-septies* (manslaughter and serious or very serious bodily harm, committed with violation of the health and safety workplace regulations), *25-octies* (receiving, laundering and use of money, assets or benefits of unlawful origin and self-laundering), *25-novies* (copyright violation offences), *25-decies* (induction not to make statements or to make mendacious statements to the legal authorities), *25-undecies* (environmental crimes), *25-duodecies* (employment of foreign citizens with irregular residence status) and art. 10 of law 146/2006 (transnational crimes). As regards possible means of carrying out the liable crimes relevant to the Company, the sensitive activities in whose area the aforesaid crimes may be committed are identified in the Special Parts of the Model.

The relevant crimes for the Company have been identified on the basis of the analysis carried out up to the date of adoption of this Model by the Board of Directors:

- analysis of the main activity carried out by the Company;
- analysis of the socio-economic context that the Company operates in;
- analysis of the relationships and legal and economic relations which the Company sets up with third parties;
- analysis of the talks with the Company's top management and interviews conducted with its function managers, and of these persons' perception of the level of risk of the committing of crimes, given the internal control system which is in existence in the Company.

Any changes made to the elements constituting the basis for the aforesaid analysis may result in the need to enlarge or reduce the number of liable crimes listed below. To this end, the Company undertakes within the framework of the constant monitoring of the Model and in collaboration with the Surveillance Board, to maintain the list of liable crimes constantly updated, including in the light of the risk assessment carried out and periodically updated and which forms the basis for the preparation and updating of the Model.

Crimes committed in relations with the Public Administration (articles 24 & 25 of the Decree)

- *Misappropriation to the detriment of the State* (art. 316-bis of the criminal code) constitutes the conduct of a person extraneous to the Public Administration who, having obtained from the State or another public body or the European Community, aid, grants or funding intended to favour initiatives directed at the realization of work or the carrying out of activities of public interest, does not appropriate it to the aforesaid purposes.
- *Undue receipt of disbursements to the detriment of the State* (art. 316-ter of the criminal code) constitutes the conduct of a person who, unless the fact constitutes the crime provided for by art. 640-bis of the criminal code, by means of the use or presentation of statements or documents which are false or attest untrue things, or by means of the omission of due information, unjustly obtains for himself or others, aid, funding, subsidized loans or other disbursements of the same type, however they be named, granted or allocated by the State, other public bodies or the European Communities.
- *Fraud to the detriment of the State or another public body* (from art. 640 of the criminal code paragraph 2, no. 1) constitutes the conduct of a person who, with tricks or deceit and by misleading someone, secures for himself or others an unjust advantage with damage to others, if the fact is committed to the detriment of the State or another public body or with the pretext of obtaining exoneration from military service for someone.
- *Aggravated fraud for the obtaining of state disbursements* (art. 640-bis of the criminal code) constitutes the same conduct as the point above, when it is carried out to obtain aid, funding, subsidized loans or other disbursements of the same type, however they be named, granted or allocated by the State, other public bodies or the European Communities.
- *Computer fraud to the detriment of the State or another public body* (art. 640-ter of the criminal code, paragraph 2) constitutes the conduct of a person who, by altering in any way whatsoever the functioning of an information technology or data transmission system, or by interfering without the right to do so in any way whatsoever, on data, information or programmes contained in an information technology or data transmission system or pertinent to one, secures for himself or others an unjust advantage with damage to the State or another public body.
- *Bribery of public official* (art. 318 of the criminal code) constitutes the conduct of a public official or a public service officer who has the capacity of public employee, who has the capacity of public employee, who in order to carry out an act of his office, receives or accepts the promise for himself or a third party of remuneration

in money or in another benefit not due to him. The same punishment is applied to the person who gives or promises the money or other benefit.

- *Bribery for an action conflicting with official duties* (art. 319 of the criminal code) constitutes the conduct of a public official or public service officer who has the capacity of public employee, who to omit or delay or as he has omitted or delayed an act of his office, or to carry out or as he has carried out an act conflicting with official duties, receives or accepts the promise of money or another benefit for himself or a third party. The same punishment is applied to the person who gives or promises the money or other benefit.
- *Bribery in legal actions* (art. 319-ter of the criminal code, paragraph 2) constitutes facts of bribery when committed to favour or damage a party in a civil, criminal or administrative trial.
- *Bribery to give or promise benefits* (art. 319-quater of the criminal code) constitutes conduct of a public official or a public service officer who has the capacity of public employee, who, unless the fact constitutes a more serious crime, in abusing his capacity or powers, induces someone to illegally give or promise, to him or to others, money or other benefits, and by the conduct of the person who gives or promises the money or other benefit.
- *Bribery of person responsible for a public service* (art. 320 of the criminal code): constitutes the fact cited in art. 319 of the criminal code when committed by a public service officer.

In compliance with art. 321 of the criminal code (penalties for the briber) the penalties established in articles 318, paragraph 1, 319, 319-bis, 319-ter and 320 of the criminal code in relation to the hypotheses of articles 318 and 319 of the criminal code, also apply to those who give to or promise the public official or a person assigned to carry out a public service, money or other benefits.

- *Instigation of bribery* (art. 322 of the criminal code) constitutes the conduct of a person who offers or promises money or another benefit not due, to a public official or public service officer who has the capacity of public employee to carry out his functions or powers, or to induce him to omit or delay an act of his office, or to perform an act contrary to his duties, if the offer or promise is not accepted, and the conduct of the public official or public service officer who has the capacity of public employee who solicits a promise or donation of money or another benefit for exercising his functions or his powers or who solicits a promise or donation of money or another benefit from a private individual for the ends indicated art. 319 of the criminal code.
- *Bribery, extortion, corruption, bribery to give or promise benefits and instigation of bribery of members of the European Community bodies and European Community and foreign State officials* (art. 322-bis of the criminal code) constituted by the facts of corruption cited in articles 314 and 316, articles 317 to 320 and article 322, paragraphs 3 and 4 of the criminal code also apply to:
 - members of the Commission of European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
 - to officers and agents hired by contract in compliance with the statute of officers of the European Communities or the regime applicable to agents of the European Communities;

- to persons hired by the member States or by any public or private body at the European Communities, who exercise functions corresponding to those of officers or agents of the European Communities;
- to members and those assigned to bodies established on the basis of the Treaties which created the institutes of the European Communities;
- to those who, within the sphere of other members States of the European Union, carry out functions or activities corresponding to those of public officials or public service officers;
- the provisions as per articles 319-*quater*, paragraph 2, 321 and 322, paragraphs 1 and 2 of the criminal code, also apply if money or other benefits are given, offered or promised;
- to the persons indicated in paragraph one of this article;
- to persons exercising functions or activities corresponding to those of public officials and public service officers within the sphere of other foreign States or public international organisations, if the fact is committed in order to obtain for themselves or for others an undue advantage in international economic transactions or in order to obtain or maintain an economic or financial activity.

The persons indicated in paragraph one are considered to be the same as public officials, if they exercise corresponding functions, and public service officers in the other cases.

Information technology offences and the unlawful handling of data (art. 24-bis of the Decree)

- *Counterfeiting information technology documents* (art. 491-bis of the criminal code): the offence extends the criminal punish ability of the crimes provided for within Book II, Paragraph VII, Subparagraph III of the criminal code, or to be more precise the hypothesis of material or ideological counterfeiting committed with regard to official documents, certificates, permits, private deeds or private documents, by a Public Administration representative or a private individual, when the subject is an “information technology document which has evidential effectiveness” i.e. an information technology document provided with at least an electronic signature, through which there is identification of the author and the fixed date requirement.

“Information technology document” means the information technology representation of acts, facts or legally significant data (art.1, para.1, subparagraph p of Legislative Decree 82/2005).

- *Unauthorized access to an information technology or data transmission system* (art.615-ter of the criminal code): this provision punishes the conduct of a person who illegally enters, i.e. by eluding any form whatsoever of access barrier even if minimal, an information technology or data transmission system protected by security measures, or remains in it against the will of a person who has the right to exclude him. It is important to emphasise that this crime does not subsist if security measures are not provided for, as only by means of arranging security measures (and not by pointing out their fitness) is the administrator’s will to prevent access to the information technology system made evident.
- *Unauthorized possession and diffusion of access codes to information technology*

or data transmission systems (art. 615-*quater* of the criminal code): the offence under consideration punishes the conduct of a person who illegally obtains, duplicates, spreads, communicates or hands over codes, keywords or other means appropriate for accessing an information technology or data transmission system protected by security measures, or who in all cases provides indications or instructions to this effect, for the purpose of obtaining an advantage for himself or others or causing damage to others.

- *Diffusion of equipment, devices or information technology programmes aimed at damaging or shutting down an information technology or data transmission system* (art. 615-*quinquies* of the criminal code): this law punishes the conduct of a person who, to unlawfully damage an information technology or data transmission system, or information, data or programmes contained in it or pertinent to it, or to promote the disruption or alteration of its functioning, obtains, produces, duplicates, imports, spreads, communicates, hands over or in all cases makes available to others, equipment, devices or information technology programmes.
- *Wiretapping, hindrance or unlawful disruption of information technology or data transmission communications* (art. 617-*quater* of the criminal code): this law punishes the conduct of a person who fraudulently wire taps communications related to an information technology or data transmission system or those existing between several systems, hinders or disrupts them, or wholly or partially reveals the content of these communications to the public by any means of information whatever.
- *Installation of equipment able to wiretap, hinder or shut down information technology or data transmission communications* (art. 617-*quinquies* of the criminal code): the provision under consideration punishes the conduct of a person who, except for the cases allowed by law, installs equipment able to wiretap, hinder or shut down communications related to an information technology or data transmission system, or communications existing between several systems.
- *Damaging of information, data and information technology programmes* (art. 635-*bis* of the criminal code): this provision punishes the conduct of a person who destroys, damages, cancels, alters or discontinues information, data or information technology programmes of others, unless the fact constitutes a more serious crime.
- *Damaging of information, data and information technology programmes used by the State or another public body, or in all cases of public benefit* (art. 635-*ter* of the criminal code): this law punishes the conduct of a person who commits a fact aimed at destroying, damaging, cancelling, altering or discontinuing information, data or information technology programmes used by the State or another public body or pertinent to them, or in all cases of public benefit, unless the fact constitutes a more serious crime.
- *Damaging of information technology or data transmission systems* (art. 635-*quater* of the criminal code): the provision under consideration punishes the conduct of a person who, through the behaviour cited in article 635-*bis* or with the introduction of the transmission of data, information or programmes, destroys, damages, or wholly or partially renders information technology or data transmission systems of others useless or seriously impedes their functioning, unless the fact constitutes a more serious crime.

- *Damaging of information technology or data transmission systems of public benefit* (art. 635-*quinquies*): the law under discussion charges the conduct described in the previous article 635-*quater*, when it is aimed at destroying, damaging, wholly or partially rendering information technology or data transmission systems of public benefit useless or seriously impeding their functioning.

Organized crime offences (art. 24-*ter* of the Decree)

- *Criminal conspiracy* (art. 416 of the criminal code): punishes those who promote, constitute or organize an association of three or more persons for the purpose of committing several offences, as well as those who participate in them.
- *Mafia association including when foreign* (art. 416-*bis* of the criminal code): punishes anyone who is part of a Mafia association made up of three or more persons, as well as those who promote, lead or organize it. The association is Mafioso when those who are part of it make use of the intimidating power of the membership commitment and the condition of subjection and conspiracy of silence deriving from it to commit offences, to directly or indirectly acquire the management or in all cases the control of economic activities, concessions, permits, contracts and public services or to gain unjust profit or benefits for themselves or others, or to prevent or hinder free voting or secure votes for themselves or others on the occasion of elections. The association is considered armed when the participants have arms or explosives available for the achievement of the association's aim, including when they are hidden or kept in a repository. The provisions of art. 416-*bis* of the criminal code also apply to the Camorra and other associations, however they be named locally and including foreign associations, which by availing themselves of the intimidating power of the membership commitment pursue aims equivalent to those of Mafia associations.
- *Offences committed making use of the conditions provided for by art. 416-bis of the criminal code, or to facilitate the activity of the associations provided for by that same article.*

Industrial and trade offences (art. 25-*bis*.1 of the Decree)

- *Fraud in trading* (art. 515 of the criminal code): this punishes whoever, in the running of a business or in a shop open to the public, delivers to the purchaser one mobile thing for another i.e. a mobile thing other than that stated or agreed in terms of its origin, source, quality or quantity. The law refers to the delivery of a mobile thing, and the keeping for sale of a good other than that stated or agreed in terms of its origin, source, quality or quantity, but adds the hypothesis of attempted fraud in trading, punished according to articles 56 and 515 of the criminal code with the same punishment provided for the crime of fraud in trading, but reduced by one third. Moreover, the hypothesis of contracts, which does not provide for the delivery of a good but rather the realization of a work, is excluded. The discrepancy of the mobile thing may concern its origin (e.g. preparation place or system), source (e.g. manufacturer), quality (e.g. non-essential qualifications

such as degree or method of preservation), and quantity (e.g. weight).

- *Sale of industrial products with mendacious marks* (art. 517 of the criminal code): this punishes whoever offers for sale or otherwise places in circulation intellectual property or industrial products with domestic or foreign names, trademarks or particularities which are able to mislead the buyer regarding the origin, source or quality of the work or product. This law also concerns the mere offering for sale (not the delivery) of products in this case bearing mendacious marks i.e. misleading marks able to mislead the average buyer, without resulting in counterfeiting or alteration (punished on the contrary by art. 474 of the criminal code).
- *Manufacture and trade of goods realized by usurping industrial property deeds* (art. 517-ter): excepting application of articles 473 and 474, it punishes whoever:
 - with the awareness of the existence of an industrial property deed, manufactures or industrially uses objects or other goods realized by usurping an industrial property deed or in violation of one;
 - in order to make profit, introduces to the State territory, possesses in order to sell, offers for sale directly to consumers or in all cases places in circulation the goods cited in the point above.

The provision punishes a person who uses without the right to do so (i.e. usurps) a valid industrial property deed (e.g. a licensee who distributes products outside the established territory or realizes them outside the limits set by the patent holder).

Corporate crimes (art. 25-ter of the Decree)

- *False or misleading corporate notices* (art. 2621 of the civil code) constitute the conduct of directors, general managers, executives in charge of drafting corporate accounting documents, auditors and liquidators, who with the intention of obtaining unjust profit for themselves or others, in balance sheets, notes or other corporate notices provided for by law and addressed to shareholders or the public, knowingly represent material facts not corresponding to the truth or omit significant material facts whose communication is required by law, on the economic, balance sheet or financial situation of the Company or Group which it belongs to, in a manner intended to mislead others.
- *False or misleading corporate notices of an insignificant extent* (art. 2621-bis of the civil code) constitutes the conduct of those who commit the facts provided by article 2621 of the civil code to an insignificant extent, taking into account the nature and dimensions of the companies and the procedures or effects of the conduct.
- *Prevented control* (in art. 2625 of the civil code) constitutes the conduct of directors who, by concealing documents or with other appropriate tricks, prevent or in all cases impede the carrying out of control or auditing activities legally assigned to shareholders, other corporate bodies or the auditing firms.
- *Undue repayment of contributions* (art. 2626 of the civil code) constitutes the conduct of directors who, except for cases of legitimate reduction of share capital, repay, including with simulation, contributions to shareholders or free them of the obligation to effect them.
- *Illegal sharing of profits and reserves* (art. 2627 of the civil code), constitutes the conduct of directors who share profits or part payments on profits not effectively earned or which are appropriated by law to a reserve, or share reserves, including

- when not formed with profits, which cannot be distributed by law.
- *Unlawful transactions of shares or stock or the parent company* (art. 2628 of the civil code) constitute the conduct of directors who, except for those cases allowed by law, buy or underwrite shares or stock, damaging the integrity of the share capital or reserves which cannot be distributed by law; or by directors who, except for those cases allowed by law, buy or underwrite shares or stock issued by the parent company, damaging the share capital or reserves which cannot be distributed by law.
 - *Transactions to the detriment of creditors* (art. 2629 of the civil code) constitute the conduct of directors who, in violation of legal provisions which protect creditors, perform reductions in share capital, mergers with another company or splitting operations, causing damage to creditors.
 - *Factitious formation of capital* (art. 2632 of the civil code) constitutes the conduct of directors and contributing shareholders who factitiously form or increase the share capital, including partially, by means of the assignment of shares or stock to a degree overall higher than the amount of share capital, the mutual underwriting of shares or stock, or the significant overestimation of contributions of assets in kind or debts, or of the assets of the company in the event of a transformation.
 - *Private corruption* (art. 2635 paragraph 3 of the civil code) constitutes the conduct of a person who promises money or other benefits to directors, managing directors, executives responsible for drafting company accounting documents, auditors and liquidators, and to those subject to the management or supervision of said subjects, so that they will carry out or omit, on his behalf or for others, acts in breach of the obligations pertaining to their office or obligations of trust causing harm to the company.
 - *Stock manipulation*, provided for in art. 2637 of the civil code, constitutes the conduct of whoever spreads false news or carries out simulated transactions or other tricks concretely able to cause an appreciable alteration in the price of non-quoted financial instruments or those for which an application for admission to dealing in a regulated market has not been submitted, or affects the trust which the public places in the financial stability of banks or banking groups in a significant manner.
 - *Hindrance to the exercising of the functions of public surveillance authorities*, provided for in art. 2638 of the civil code, constitutes the conduct of directors, general managers, and executives in charge of drafting corporate accounting documents, auditors and liquidators of companies or organizations and other persons subjected by law to the public surveillance authorities or required to have obligations to them, who in communications to the aforesaid authorities provided for according to the law, in order to hinder the exercising of the surveillance functions, represent material facts not corresponding to the truth even if they are judgements, on the economic, balance sheet or financial situation of those subjected to surveillance, or for that same purpose wholly or partially conceal by other fraudulent means facts which they should have communicated concerning the same situation, including in the event that the information pertains to assets owned or managed by the company on behalf of third parties; or the fact committed by directors, general managers, auditors and liquidators of companies, or organizations and other persons subjected by law to public

surveillance authorities or required to have obligations to them, who in any form whatsoever, including by omitting the communications due to the aforesaid authorities, knowingly hinder their functions.

Offences with the aim of terrorism and the subversion of the democratic order (art. 25-*quater* of the Decree)

Art. 25-*quater* of the Decree does not specifically list the crimes for which liability of the organization is provided for, but limits itself to referring in the first paragraph to the offences provided for by the criminal code and the special laws on the subject of terrorism or the subversion of the democratic order (including art. 270-*bis* of the civil code, associations with the aim of terrorism and the subversion of the democratic order) and in the third paragraph to offences carried out in violation of the provisions of art. 2 of the New York convention of 9th December 1999.

Manslaughter and serious or very serious bodily harm (art. 25-*septies* of the Decree)

- *Manslaughter* (art. 589 of the criminal code) constitutes the conduct of a person who causes by negligence the death of a person, with violation of the workplace accident prevention regulations.
- *Negligent personal injury* (art. 590 of the criminal code) constitutes the conduct of a person who causes by negligence serious or very serious personal injury to others, with violation of the workplace accident prevention regulations.

Death or serious or very serious negligent personal injury must be committed with violation of the workplace health and safety regulations.

Laundering crimes (art. 25-*octies* of the Decree)

- *Receiving* (art. 648 of the criminal code) constitutes the conduct of a person who, except for the cases of concurring in crime, in order to obtain an advantage for himself or others, purchases, receives or conceals money or things originating from any offence whatsoever, or in all cases meddles in having them purchased, received or concealed.
- *Laundering* (art. 648-*bis* of the criminal code) constitutes the conduct of a person who, except for the cases of concurring in crime, replaces or transfers *money*, assets or other benefits originating from an offence with criminal intent, or carries out other transactions in relation to them, in such a way as to hinder the identification of their felonious origin.
- *Use of money, goods or benefits of unlawful origin* (art. 648-*ter* of the criminal code) constitutes the conduct of a person who, except for the cases of concurring in crime and the cases provided for in articles 648 and 648-*bis*, uses money, goods or other benefits originating from an offence, in economic or financial activities.
- *Self-laundering*, (art. 648-*ter.1* of the criminal code) constitutes the conduct of a person who, having committed or contributing to committing a non-intentional crime, uses, substitutes or transfers into economic, financial, entrepreneurial or speculative activities, money, assets or other benefits coming from the committing

of such a crime, so as to concretely hinder the identification of their criminal provenance.

Copyright violation offences (art. 25-novies of the Decree)

- *art. 171, paragraph 1, subparagraph a bis) of Law 633/1941*: constitutes the conduct of a person who inputs protected intellectual property, or part of it, to data transmission networks at the disposal of the public.
- *art. 171-bis of Law 633/1941*: constitutes the conduct of a person who illegally copies processing programmes in order to make profit, or for the same purposes imports, distributes, sells, possesses for commercial or business purposes, or leases programmes contained in supports not marked by the *Società italiana degli autori ed editori* (SIAE); uses any means whatsoever intended to allow or facilitate the arbitrary removal or avoidance of software protection; in order to make profit, on non SIAE marked supports, duplicates, transfers to another support, distributes, communicates, presents or shows in public the content of a database, effects the extraction or reuse of a database, distributes, sells or leases a database.
- *art. 171-ter of Law 633/1941*: constitutes the conduct of a person who – among other things – illegally duplicates, copies or broadcasts in public, literary, drama, scientific or educational, musical or drama-musical and multimedia works.

Induction not to make statements or to make mendacious statements to the legal authorities (art. 25-decies of the Decree)

- *Induction not to make statements or to make mendacious statements to the legal authorities* (art. 377-bis of the criminal code): punishes a person who, unless the fact constitutes a more serious crime, with violence or threat or with the offer or promise of money or other benefits, induces a person called upon to make before the courts statements usable in criminal proceedings, not to make statements or to make mendacious statements, when the person has the right to remain silent.

Environmental crimes (art. 25-undecies of the Decree)

- *Killing, destruction, capture, removal, keeping of wild protected animal or plant species* established by art. 727-bis of the criminal code: this arises when a person causes the killing, capture or keeping of a significant quantity of examples of wild protected animal species, or the destruction, removal or keeping of a significant quantity of examples of wild protected plant species.
- *Destruction or damage of habitats within a protected site, established by art. 733-bis* of the criminal code: this arises when, in the performance of company activities, the destruction is caused of a habitat within a protected site or if damage is caused to it which compromises its state of conservation.
- *Crimes connected to the discharging of industrial waste waters containing hazardous substances* established by art. 137, paragraphs 2, 3, 5, 11 and 13 Law 152/2006: this occurs when industrial waste waters containing specific hazardous substances are discharged:

- in the absence of authorisation or with suspended or repealed authorisation (paragraph 2);
- without observing the prescriptions of the authorisation or the other prescriptions of the relevant authority (paragraph 3);
- over the top limits established by the law or more restrictive limits established by the regions, by the autonomous provinces or by the relevant authority (paragraph 5).

The responsibility of the authority, moreover, can derive from discharging:

- onto the soil, into the surface layers of the sub-soil, into underground waters and into the sub-soil in breach of articles 103 and 104 Law 152/2006, except for the exceptions and derogations provided therein (paragraph 11);
 - into the waters of the sea by ships or aircraft when the discharge contains substances or materials for which an absolute ban exists on discharging pursuant to the provisions contained in international agreements in force concerning the matter and ratified by Italy (paragraph 13).
- *Crimes connected to waste management* established by art. 256, paragraphs 1, 3 and 5 Law 152/2006: this occurs in the following cases:
 - activities involving the collection³, transportation⁴, recovery⁵, disposal⁶, commerce and brokerage of both hazardous and non-hazardous waste – in the absence of the prescribed authorisation, registration or communication (paragraph 1);
 - creation or management of an unauthorised rubbish dump, or a rubbish dump possibly destined for the disposal of hazardous waste (paragraph 3);
 - the carrying out of non-permitted waste mixing activities (paragraph 5);
 - temporary storage at the production site of hazardous medical waste with breach of the provisions as per article 227, paragraph 1, letter b), Law 152/2006⁷ (paragraph 6, first sentence).
 - *Pollution of the soil, sub-soil, surface or underground waters*, established by art. 257, paragraphs 1 and 2 Law 152/2006: constituted by the conduct of those causing the pollution of the soil, sub-soil, surface or underground waters with exceeding of the risk threshold concentrations, with failure to notify the relative authorities within the established deadlines or with failure to reclaim the site according to the project approved by the relevant authority.
 - *Drafting or utilisation of a false waste analysis certificate*, established by art. 258, paragraph 4, second sentence of Law 152/2006: it punishes anyone who, in drafting a waste analysis certificate, provides false information on its nature, composition and the chemical-physical characteristics of the waste, or who uses a false certificate during transportation.

³ By "collection" we mean "the picking up of waste, including the preliminary sorting and storage, including therein the management of the collection centres (...) for the purpose of its transport to a treatment plant" (art. 183, paragraph 1, letter o) Law 152/2006).

⁴ "Transportation", in the absence of a legal definition, may mean the moving, using any means, of waste from one place to another, except for moving operations carried out inside private areas (see art. 193, paragraph 9 Law 152/2006).

⁵ By "recovery" we mean "any operation the main result of which allows waste to perform a useful role, substituting other materials which would otherwise be used for performing a particular function or preparing it to perform such a function, inside the plant or in the economy in general" (art. 183, paragraph 1, letter t) Law 152/2006).

⁶ By "disposal" we mean "any operation different from recovery, also when the operation has as a secondary consequence the recovery of substances or energy" (art. 183, paragraph 1, letter z) Law 152/2006.

⁷ This provision refers to D.P.R. 15th July 2003 n. 254.

- *Illegal trafficking of waste*, established by art. 259, paragraph 1 Law 152/2006: it punishes anyone who carries out a shipment of waste constituting illegal trafficking according to art. 26 of EEC regulation no. 259 of 1st February 1993, i.e. if such a shipment treats the waste products listed in Annex II of the mentioned regulation in breach of art. 1, paragraph 3, letters a), b), e) and d) of the same regulation.
- *Activities organised for the illegal trafficking of waste*, established by art. 260, paragraph 1 Law 152/2006: it punishes anyone who carries out, with several operations and through the setting up of means and on-going organised activities, the transfer, receipt, transportation, exportation or importation or, in any case, the abusive management of significant quantities of waste.
- *Falsification of a waste analysis certificate used in the control system of the traceability of the same*, utilisation of a certificate or of a paper copy of the fraudulently altered copy of the SISTRI form, established by art. 260-bis, paragraphs 6, 7 and 8 Law 152/2006: this occurs if:
 - in the drafting of a waste analysis certificate, used in the control system of the traceability of waste, false information is provided on the nature, the composition and chemical-physical characteristics of waste and a false certificate is entered in the data to be provided for the purposes of the traceability of the waste (paragraph 6);
 - the carrier fails to accompany the waste transportation with the paper copy of the SISTRI – Handling Area form and, where necessary on the basis of applicable legislation, with the copy of the analytical certificate that identifies the characteristics of the hazardous waste (paragraph 7);
 - during transportation a waste analysis certificate is used containing false information about its nature, composition and the chemical-physical characteristics of the transported waste (paragraph 7);
 - the carrier accompanies the waste transportation (hazardous or non-hazardous with a paper copy of the fraudulently altered SISTRI – Handling Area form (paragraph 8).
- *Breach of the top emission values in running a plant*, established by art. 279, paragraph 5 Law 152/2006: this occurs when emissions⁸ into the atmosphere produced, exceeding the top emission limits, also exceed the top quality limits of the air established by applicable legislation.
- *Fraudulent pollution caused by ships*, established by art. 8, paragraphs 1 and 2 Law 202/2007: this occurs when the captain of a ship, flying any flag, and the members of the crew, the owner and the shipping company of the ship fraudulently release specific polluting substances into the sea.
- *Culpable pollution caused by ships*, established by art. 9, paragraphs 1 and 2 Law 202/2007: this occurs when the captain of a ship, flying any flag, and the members of the crew, the owner and the shipping company of the ship culpably release specific polluting substances into the sea.

⁸ By "emission" we mean "any solid, liquid or gaseous substance introduced into the atmosphere that may cause atmospheric pollution" (art. 268, paragraph 1, letter b) Law 152/2006). By top emission limit we mean "the emission factor, the concentration, percentage or general flow of polluting substances in the emissions that must not be exceeded. The top emission values expressed as a concentration are established with reference to the running of the plant in the most heavy running conditions and, unless provided otherwise [by title I of part V of Law 152/2006] or by authorisation, they are established as the hourly average" (art. 268, paragraph 1, letter q) Law 152/2006).

- *Environmental pollution* (art. 452-*bis* of the criminal code) constitutes the conduct of a person who causes significant and measurable compromise or deterioration: 1) of waters or the air, or of extensive or significant portions of the soil or subsoil; 2) of an ecosystem, of biodiversity, even agrarian, of flora or fauna. When the pollution is produced in an area where nature is protected or subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or if it damages protected animal or vegetable species, the penalty is increased.
- *Environmental disaster* (art. 452-*quater* of the criminal code) and except for cases provided for by article 434, constitutes the conduct of a person who causes an environmental disaster. Alternatively an environment disaster is constituted by: 1) irreversible alteration of the balance of an ecosystem; 2) alteration of the balance of an ecosystem the elimination of which is particularly onerous and achievable only with exceptional measures; 3) injury of public safety due to the importance of the fact because of the extent of the compromise or its harmful effects or because of the number of people injured or exposed to danger. When the disaster is produced in an area where nature is protected or subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or if it damages protected animal or vegetable species, the penalty is increased.
- *Unintentional crimes against the environment* (art. 452-*quinquies* of the criminal code) which arises in the case in which the activities may compromise or significantly damage (environment pollution) or significantly change (environmental disaster) the waters, air, and portions of the soil and subsoil: in particular where this occurs in areas subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or if it damages protected animal or vegetable species, the penalty is increased.
- *Aggravating circumstances* (art. 452-*octies* of the criminal code) which occur when activities are carried out in an association regime, also with exponents of the Public Administration, designed to cause pollution or environmental disaster.

Employment of foreign citizens with irregular residence status (art. 25-*duodecies* of the Decree)

- *art. 22, paragraph 12-bis Law 286/1998*: constituted by the conduct of those who, in the capacity of employer, employ foreign workers without a residence permit or whose permit has expired and for which, within the deadlines allowed by the law, they have not requested its renewal, or whose residence certificate has been repealed or cancelled if the employed workers are (alternatively):
 - more than three in number;
 - minors not old enough to work;
 - subjected to other working conditions of particular exploitation, as per paragraph three of art. 603-*bis* of the criminal code, i.e. exposed to situations of grave danger, with reference to the performances to be carried out and to the working conditions.

Transnational crimes (art. 10 – Law 146/2006)

In addition to organized crime offences with transnational elements, the following transnational crimes have been identified as being applicable to the Company:

- *Trafficking of Migrants* (art. 12 paragraphs 3, 3-bis, 3-ter and 5 of the Consolidation Act as per Decree n. 286 of 1998) constitutes the conduct of a person who promotes, manages, organises, finances or carries out the transportation of foreigners into the territory of the State or who carries out acts aimed at illegally obtaining their entry to the territory of the State in which the person is not a citizen or does not have a certificate of permanent residency; aggravating circumstances arise if such facts are committed in order to recruit people to be destined to prostitution or in any case to sexual or working exploitation or concerning the entry of juveniles to be employed in illegal activities for the purpose of fostering their exploitation or are committed for the purpose of obtaining from them an unjust profit from the condition of the illegality of the foreigner.
- *Induction not to make statements or to make mendacious statements to the legal authorities*, provided for in art. 377-bis of the criminal code, constitutes the conduct of whoever, with violence or threat or with the offer or promise of money or other benefits, induces a person called upon to make before the courts statements usable in criminal proceedings, not to make statements or to make mendacious statements, when the person has the right to remain silent.
- *Aiding and abetting*, provided for in art. 378 of the criminal code, constitutes the conduct of whoever, following the committing of an offence for which the law establishes the death penalty, life imprisonment or imprisonment, and except for cases of concurring in the same, aids someone to elude the investigations of the authorities or to escape their searches. Such a person will be sentenced to imprisonment of four years. When the crime committed is that provided by article 416-bis, in any case the penalty of imprisonment for a minimum period of two years is applied. If crimes for which the law establishes a different penalty are involved, i.e. fines, the penalty is a fine of up to 516 euros. The provisions of this article also apply when the aided person is not chargeable or it appears that he or she has not committed the offence (379, 384).

In the Special Part below, this document identifies those activities of the Company named sensitive due to the inherent risk of the committing of crimes of the types of those listed here, and provides for prevention principles and protocols for each of the sensitive activities.

The Company undertakes to constantly assess the importance of any additional present and future crimes for the purposes of the Model.

5. RECIPIENTS OF THE MODEL

The recipients of the Model are as follows:

- a) all directors and those who carry out, including de facto, functions of representation, management, administration, direction or control in the Company or in any organizationally independent unit of it;
- b) Company employees with executive, middle manager, office worker or labourer status or due to para-salaried employment relations (for the purposes of example but not limited to the following: project workers, contract workers, temporary workers), including when they are seconded to other premises of the Company in Italy or abroad for the carrying out of their activity;
- c) external freelancers, understood to be those who, although not functionally linked to the Company by salaried or para-salaried employment relations, according to contractual relations do act under the direction and surveillance of the Company's corporate management and/or in the Company's name or in its interest (for the purposes of example but not limited to these: procurers, holders, third-party firm consultants and suppliers in general);
- d) members of the Board of Statutory Auditors.

After consulting with the Surveillance Board, the Management of the Company shall assess the types of legal relations which may come within the category of persons cited in subparagraph c) in the light of the type of activity they carry out on behalf of the Company or in its interest. When it is considered appropriate, the contracts regulating the relations with these persons must provide for special clauses (including express termination clauses) which regulate the legal consequences due for non-compliance with the Company's business policies, the Code of Ethics and this Model, as well as any obligation to comply with requests for information or the showing of documents made by the Company's Surveillance Board.

In all cases, at the time of stipulation of contracts or agreements with all third parties, including those which do not fall within the recipients of the Model according to the above provisions, the Company shall take steps to send its Code of Ethics, in order to make the counter-party aware of the principles which the Company follows in the pursuit of its activity, and consequently to request compliance with them.

All recipients of the Model are required to comply with the regulations contained in the Model and their accomplishment procedures, using the utmost diligence.

6. CONNECTIONS WITH THE LAMBERTI S.P.A. MODEL

In accordance with the provisions of the Model of organization and management as per Legislative Decree 231/2001 of Lamberti S.p.A., for the defining of this Model Unichem S.p.A. has followed the principles and content of its Parent company's organizational Model, integrating it in the event that specific peculiarities pertaining to the nature, size and type of activity and the structure of its internal delegation and powers have led to the implementation of different organizational principles and rules.

This Model shall be communicated to the Surveillance Board of Lamberti S.p.A. All subsequent significant modifications made to this Model shall be communicated by the Surveillance Board to the Surveillance Board of Lamberti S.p.A.

7. SURVEILLANCE BOARD

7.1 Role and powers

For the accomplishment of the Decree, the Company has established a special board ("Surveillance Board", henceforward also "SB") with the task of continuously monitoring the effective functioning of the Model and compliance with it, in addition to proposing updates of it.

For the exercising of its functions, the SB is provided with autonomy and independence, as well as adequate professionalism concerning control of the risks connected with the specific activity which the Company carries out and the related legal profiles.

The Surveillance Board has the task of constantly monitoring:

- **compliance** with the Model by all the recipients defined in paragraph 5 above;
- **appropriateness** of the Model in relation to the effective capacity to prevent the committing of the crimes cited in the Decree;
- **effective accomplishment** of the requirements of the Model within the scope of the carrying out of the Company's activities;
- **updating** of the Model, accomplishment and effective functionality of the proposed solutions (**follow-up**) if the need noted to adjust the Model to changes in the corporate structure and organization, the regulatory framework of reference or other important events is noted.

The Surveillance Board has autonomous powers of initiative and control, such to allow the effective exercising of the functions provided for in the Model as well as subsequent provisions or procedures taken on for its accomplishment. Powers of management, decision-making, organizational or disciplinary intervention concerning the carrying out of Company activities are not within the Surveillance Board's jurisdiction nor may the Board be attributed with them, including in substitute form. In coordination with the various competent corporate functions, the Surveillance Board has the task of:

- periodically checking the correctness and completeness of the mapping of the activities at risk in order to adjust it to changes in the business activities and/or the company structure;
- assuring that the corrective actions which are necessary to render the Model adequate and effective are undertaken promptly;
- gathering, formulating and storing all relevant information received from the function managers as a privileged source of information regarding the degree of accomplishment of the Model;
- performing periodic inspections aimed at the verification of the provisions of the Model, or taking steps to have them performed, with its own direct responsibility and surveillance;
- updating the list of information which is necessary for the proper carrying out of its surveillance activities;
- promoting initiatives for the training of personnel regarding the purposes and content of the Model.

The Surveillance Board has autonomous expense powers based on an annual budget approved by the Board of Directors after a proposal put forward by the Surveillance Board itself; for the year 2011 the budget was authorised by the board meeting of 30th December 2010 at which the SB was appointed. In exceptional and urgent situations the Surveillance Board may commit resources which exceed its expense powers but has the obligation to inform the Board of Directors of this at the first subsequent meeting.

7.2 Requirements

Each member of the Surveillance Board must have the professionalism, honourableness, independence, functional autonomy and jurisdiction necessary for carrying out the tasks assigned by the Decree, and must be able to assure continuity of action.

The autonomy and independence of the individual Surveillance Board members are determined according to the function carried out and the tasks attributed, identifying from whom and what they must be autonomous and independent in order to be able to carry out their tasks. Consequently the members must not have decision-making, operational and management roles which would compromise the autonomy and independence of the SB as a whole. In all cases these autonomy and independence requirements require that the members should not find themselves in a position of conflict of personal interest with the Company, including potentially so.

In more detail, the SB members' independence requirements must comply with the following principles:

- the members shall not be linked to the Company with a continuing relation of remunerated provision of services unless they are Company employees, or with other relations of a financial nature which could reasonably compromise their independence;
- the members shall not have, nor have had, financial or family relations with the Company or persons linked with it, such to bias their independent judgement;
- the members shall not be in any other situation of evident or potential conflict of interest.

Through its members, the Surveillance Board must have adequate technical-professional skills for the functions which it is called upon to perform. It is therefore necessary that the SB comprises persons with adequate professionalism in terms of economics, law and analysis, control and management of corporate risks. More particularly, the Surveillance Board must have the specialised technical capacities necessary for carrying out control and consulting activities.

Finally, the Surveillance Board shall carry out in a continuing manner those activities necessary for the surveillance of the Model, with adequate commitment and the necessary powers of investigation.

This continuity of action shall not be understood to be "incessant efficiency", as such an interpretation would necessarily call for a Surveillance Board solely internal to the organization, when, on the contrary, such a situation would result in a reduction of the indispensable independence which must typify that same Board. Continuity of action implies that the SB's activity shall not be limited to periodic meetings of its members but must be organized in line with an activity plan and the constant carrying out of actions for the monitoring and analysis of the organization's preventive control system.

All Surveillance Board members are required not to have any of the conditions of ineligibility and/or incompatibility stated below:

- a) to have been subjected to preventive measures ordered by the courts pursuant to Law 1423 of 27th December 1956 (“Preventive measures towards high risk persons for security”) or Law 575 of 31st May 1965 (“Provisions against the Mafia”);
- b) to have been convicted, including with a not yet final sentence or one passed as per art. 444 et seq. of the code of criminal procedure, even with a conditionally suspended sentence, except in the event of rehabilitation:
 - for one or more of the criminal offences peremptorily provided for in Legislative Decree 231/2001;
 - for any offence whatsoever with criminal intent;
- c) to be prohibited, incapacitated or bankrupt or to have been convicted, even with a non-final sentence, to a punishment entailing prohibition (including temporary) from public offices or unfitness to exercise managerial offices.

The existence of a single one of the aforesaid conditions shall entail ineligibility for the office of SB member.

7.3 Appointment, replacement and termination of members of the Surveillance Board

The SB is appointed by the Board of Directors with a justified action which acknowledges the existence of the eligibility and independence, autonomy, honourableness, professionalism and jurisdiction requirements of each member.

To ensure the real autonomy and independence of the Surveillance Board of the Company, it is composed in collective form by a minimum of three members, of whom:

- one belongs to the Company personnel and is not responsible for operative functions;
- two do not belong to the Company personnel; if they are directors, only if they are not responsible for operative functions and hold the requirements in accordance with paragraph 7.2.

If not already expressly suggested by the Board of Directors which appoints the SB, the Surveillance Board itself shall appoint from within itself a Chairman, to whom it may in all cases delegate specific functions.

When it has been formally accepted by the appointed person, the assignment shall be made known to all corporate levels by means of a special internal communication.

The SB shall remain in office until the termination of the Board of Directors which provided for its appointment. SB members may be re-elected.

In the event of just cause, impossibility to carry out its functions, or an arisen lack of the typical requirements of an SB member, the Board of Directors shall terminate the appointment giving an adequate reason for doing so, and at the same time shall provide for the replacement of the member who has become unsuitable. The following conditions legitimize termination for just cause:

- loss of the eligibility requirements cited in paragraph 7.2 above;
- non-fulfilment of the obligations connected with the assigned task, including the absence of good faith in exercising of the assignment;

- unjustified absence at more than two SB meetings.

As well as loss of the eligibility requirements, the following shall constitute causes of forfeiture of the position:

- renunciation;
- death, arisen incapacity or impossibility to exercise the assignment.

Each member of the Board may withdraw from the position at any date by giving the Board of Directors written, justified notice. Any member who resigns shall remain in office until the date on which the Board of Directors provides for the appointment of a replacement member, whose assignment will expire at the same time as all other members.

The Chairman of the Surveillance Board is obliged to promptly notify the Board of Directors of the occurrence of any of the hypotheses resulting in the need to replace a Board member.

7.4 Information flows to and from the Surveillance Board

The Surveillance Board shall report to the Board of Directors on the accomplishment of the Model, the emerging of any critical situations, the requirement for any updates and adjustments of the Model, and the reporting of violations which have been ascertained.

In urgent cases the SB shall also report to the Chairman of the Board of Statutory Auditors.

In particular, it shall promptly inform the Board of Directors of facts relevant to its office or of any urgent critical situations related to the Model which have emerged from its surveillance activity.

The Board of Directors and the Board of Statutory Auditors have the power to convene the SB at any time in order to request information under their respective jurisdiction.

The SB has the obligation of periodically drafting, once a year at the minimum, a written report for the Board of Directors which shall contain the following information at the minimum:

- a summary of the activities and controls carried out by the SB during the year, with the express indication of any critical situations noted;
- any problems related to the lack, incompleteness or difficulty of implementation of the operating procedures for the accomplishment of the regulations of the Model;
- new sensitive activities not provided for in the Special Part of this Model, in which one of the crimes provided for by the Decree may be committed;
- an account of reports received from internal and external persons on alleged violations of the Model and the outcome of the checks of said reports;
- all disciplinary procedures and sanctions applied by the Company for violations of the Model or the procedures for its accomplishment;
- an overall assessment of the functioning and effectiveness of the Model with the possible proposals of additions, corrections or changes to its form and content;
- any changes to the regulatory framework requiring an updating of the Model;
- an account of the sustained expenses;
- an expense budget for the following year.

The Board of Directors may request from time to time that the report contain additional information to that listed above.

All **recipients of the Model**, as stated above in paragraph 5, are required to cooperate for the full and effective accomplishment of the Model by immediately reporting any information on an alleged crime or alleged violation of the Model or the procedures established for its accomplishment.

In compliance with the provisions of the Decree (art. 6, paragraph 2, subparagraph d), in particular the following obligatory information flows to the SB are provided for:

- the **corporate bodies** are required to provide the Surveillance Board with all the information useful for carrying out the control and checking of compliance with the Model to guarantee its functioning and proper accomplishment;
- the **managers of the functions** affected by sensitive activities are required to communicate to the Surveillance Board, with a **periodic or at minimum six-monthly report**, all the information useful for carrying out the control and checking of compliance with the Model, the degree of accomplishment of prevention protocols for those activities at risk for which they have jurisdiction, as well as the justified indication of any need for changes to the aforesaid protocols. The SB may request from time to time that the report contain additional information to that stated;
- the Human Resources manager of Lamberti S.p.A. is always required to communicate the following information to the SB, within the limits to which he or she has become aware of it when carrying out his or her activity:
 - any violations and/or reports of anomalous facts or actions committed by Company personnel, which he or she has become aware of;
 - sanctions and disciplinary procedures initiated for all violations;
 - filing provisions for such procedures with their related reasons;
 - any changes to the corporate activity or organization;
 - any problems which have arisen regarding the means of accomplishment of the procedures provided for in the Model or adopted in its accomplishment or in the light of it and the Code of Ethics;
 - the results of any inspections and controls carried out;
 - requests for information or clarification made to the function by the Board of Statutory Auditors, the auditing company or the company management, which may have importance for the proper application of the Model;
 - an overall assessment of the functioning of the Model with any indications on additions, corrections or changes.
- the **employees** and all **external freelancers** who are recipients of the Model under the provisions of paragraph 5 above, are required to report, preferably non-anonymously and directly to the SB, any violations of the Model or the procedures established for its accomplishment, in addition to all other information useful for carrying out of the control and checking of the appropriateness of the Model.

Reports of alleged violations, in addition to all other communications concerning the Model (e.g. requests for updating, the sending of reports etc.) shall be made by means of confidential internal mail or via the special dedicated e-mail address (OdvUnichem@lamberti.com). If access to the information technology system is not possible or not available, the communication may be made by means of the internal mail, addressed to a member of the Surveillance Board.

The Surveillance Board, in addition to those persons which the Board avails itself of in any capacity, are required to treat as confidential all the information they have become aware of in the exercising of their functions or activities.

The Surveillance Board, in agreement with the Company, shall adopt appropriate measures to ensure the confidentiality of the identity of anyone who conveys information to the SB. Any form whatsoever of retaliation, discrimination or penalization of those persons who make reports to the SB in good faith is prohibited. The Company reserves the right to take any action against anyone who should make untruthful reports in bad faith, however.

The Surveillance Board shall keep all communications in a special file, such that access to them is guaranteed solely for SB members. For this purpose the SB may request the Company to make equipped and protected areas and cupboards available for the storage of relevant documents on the Company.

8. INFRAGROUP RELATIONS

Services received by the Company and supplied by the Parent Company and/or other companies which belong to the Lamberti Group, which may concern the sensitive activities listed in the Special Part of the Model or add the risk of the committing of crimes relevant under the Decree, shall be regulated by a written contract communicated to the Surveillance Board of the Company.

The contract for provision of the services cited in the point above must provide for:

- the obligation for the company providing the service to ensure its realization in accordance with the principles of the Code of Ethics of the Company and in all cases without any behaviour which may give rise to the integration of crimes relevant under the Decree;
- the obligation for the company providing the service to ensure the truth and completeness of the documentation or information which is communicated to the Company, for the purposes of carrying out the requested services;
- the power of the Surveillance Board of the Company to request information from the Surveillance Board of the company supplying the service, for the purposes of the proper carrying out of its functions;
- the power of the Surveillance Board of the company which is the beneficiary of the service to request information from the Surveillance Board of the Company, or – subject to the latter's consent – from the functions of the Company, for the purposes of the proper carrying out of its surveillance function;
- express termination clauses which punish possible breaches of contract of the company supplying the service, regarding the principles cited in the Decree and in the Code of Ethics of the Company.

When supplying the services the Company shall follow not only the Code of Ethics but also the provisions of the Model and the procedures established for its accomplishment. Should the services supplied come under sensitive activities not contemplated by this Model, following an SB proposal the Company shall equip itself with adequate and appropriate rules and procedures for preventing the committing of crimes.

9. PENALTY SYSTEM

9.1 General principles

The Company punishes any behaviour dissimilar not only to the law but also to the Model, the Code of Ethics and the company protocols and procedures, including when the behaviour is carried out in the Company's interest or with the intention of causing a benefit for it.

In compliance with the provisions of the Decree, the Company shall provide for the adoption of a disciplinary system able to punish recipients' non-compliance with the Model, the Code of Ethics and the company protocols and procedures. As detailed below, the sanctions provided for shall be imposed for the application of the provisions of the Model, in compliance with the disciplinary system already provided for by the internal disciplinary regulations and the applicable collective national labour contracts.

Together with the provisions of the Code of Ethics, the penalty system constitutes an independent system of sanctions aimed at strengthening compliance with and the effective accomplishment of this Model and all internal regulations which constitute its accomplishment.

The application of disciplinary measures for the violation of the corporate rules of conduct shall be regardless of the outcome of any criminal trial or other civil, administrative or tax proceedings for the same crime.

For the purposes of example, the following behaviour constitutes disciplinary infraction:

- violation of the principles and procedures provided for by this Model or established for its accomplishment, including with omission behaviour and in concert with others;
- the drafting of untruthful documents, including when in concert with others;
- facilitation of the drafting of untruthful documents by others;
- omission to draft the documents required by this Model or the procedures established for its accomplishment;
- removal, destruction or alteration of documents pertaining to the procedure, in order to escape the control system provided for by the Model;
- hindrance of the surveillance activity of the SB or those persons which it avails itself of;
- prevention of access to the information and documents requested by the persons in charge of controls of the procedures and decisions;
- realization of any other conduct whatsoever to elude the control system provided for by the Model.

All violations of the Model or the procedures established for its accomplishment, by whoever committed, must be immediately communicated to the Surveillance Board in writing, subject to the procedures and the provisions within the jurisdiction of the holder of disciplinary power.

All recipients of this Model have the duty to report such violations.

In the event that reports of alleged violations be made, the Surveillance Board shall immediately begin the necessary checks to assess the truth of what has been stated.

The Board shall gather information using methods which guarantee the subsequent confidential and classified handling of the report contents. The Board shall in no event communicate names or circumstances which may spread knowledge of the source of the information it has received. The Board shall make every effort to store documents related to the reporting in secure, inaccessible places.

After assessing the violation the SB shall immediately inform the holder of disciplinary power, who shall begin the ordinary disciplinary procedure for the notification and possible application of sanctions.

Sanctions for violations of the regulations of this Model shall be adopted by the corporate bodies or functions which have jurisdiction for them by virtue of the powers and assignments conferred on them by law, the Articles of Association, the internal regulations of the Company and the collective national labour contracts.

9.2 Recipients of sanctions and disciplinary measures

Compliance with the regulations of the Model applies in the context of employment contracts of any type and nature, including those with executives, project workers and part-time workers, as well as collaboration contracts which come under so-called para-salaried employment.

The Model constitutes a set of rules which salaried personnel must conform with, including in accordance with the provisions of the respective collective national labour contracts on rules of behaviour and disciplinary measures. Violation of the provisions of the Model and its accomplishment procedures therefore implies application of the disciplinary procedure and related sanctions, in accordance with the law and the aforementioned collective national labour contracts. Specific sanctions are provided for members of the corporate bodies, however.

The disciplinary system is delineated in the following way, according to the status or position held in the Company or in the case of third parties or contractual counter-parties:

- *Employees with the status of labourer, office worker or middle manager:* the disciplinary system is applied in compliance with art. 7 of law no. 300 of 20th May 1970 (Workers' Statute) and the collective national labour contracts in force for employees.
- *Executives:* the disciplinary system is applied in compliance with the law and the applicable collective national labour contract. Revocation of possible proxies assigned to the person concerned may be decided, with notification.
- *Directors:* the Surveillance Board must give immediate written communication of any violation of the Model committed by members of the Board of Directors, to the Board of Directors and the Board of Statutory Auditors. In relation to Directors who have committed a violation of the Model or the procedures established for its accomplishment, the Board of Directors may apply any appropriate action permitted by law, including the following sanctions established according to the seriousness of the fact and the awareness of it, in addition to the resultant consequences for the Company:
 - formal written warning;
 - pecuniary penalty amounting to a maximum of five times the remuneration calculated on a monthly basis;
 - total or partial revocation of powers granted.

Should a Director's violation be such to compromise the Company's trust in him or her, the Board of Directors shall convene a Meeting and propose revocation from the office of Director for just cause.

- *Auditors:* the Surveillance Board must give the Board of Directors immediate written communication of any violations committed by a member of the Board of Statutory Auditors. In the case of a violation constituting just cause for revocation, the Board of Directors shall convene a Meeting and propose revocation from office.
- *External persons and contractual counter-parties who are recipients of the Model:* relations with third parties are governed by appropriate contracts formalized in writing, which must provide for clauses requiring these external persons' compliance with the fundamental principles of the Model and the Code of Ethics. In particular, non compliance with these principles may entail the cancellation of the relations for just cause, without prejudice to a possible claim for damages should such behaviour result in concrete damage for the Company. After consulting with the Managing Director and the manager of the department to which the contract or relations make reference for the identification of relations with external persons relevant for the purposes of the Model, the Surveillance Board shall assess the proposed penalty measures to apply to such persons in cases of violation of the provisions of the Model or the procedures established for its accomplishment. The Surveillance Board shall be promptly informed when facts which can constitute violation of the Model by these persons occur, provided that they had bound themselves to comply with the Model by means of contractual obligations.
- With specific reference to contracts with third parties with the purpose of activities or performance relevant to the health and safety of Company workers or those third parties' workers, contracts stipulated by the Company shall provide for its specific powers concerning i) mechanisms for detection of violation of the health and safety workplace regulations as applied by the Company; ii) consequences related to such violations, including the application of specific fines and express termination clauses by the Company on the reaching of pre-established thresholds of fines applied; iii) the Company's right to suspend performance by such third parties in cases of violation of the health and safety workplace regulations. Records of the Company's application of such measures shall be kept, including during the qualification and assessment of suppliers.

10. COMMUNICATION AND TRAINING

External communication of the Model and its inspiring principles is the responsibility of Managing Director, which by means of the methods it considers most appropriate (e.g. the company web site, special brochures etc.) shall ensure diffusion to and the awareness of the recipients cited in paragraph 5 which are external to the Company and to the community in general.

In addition, for the purposes of effectiveness of this Model, the Company aims to ensure its proper awareness and its disclosure to all employees and all persons with a management, administration, direction and control function. This applies both to resources already present in the company and those which will be part of it in the future.

The Model shall be communicated by Human Resources Management of Lamberti S.p.A., using the methods it considers most appropriate, on condition that they be suitable for attesting the actual receipt of the Model by the recipients of the communication.

The Company also undertakes to carry out training programmes in order to ensure that there is effective awareness of the Decree, the Code of Ethics and the Model among all employees and the members of the Company's corporate bodies. Training shall be structured according to the status of the persons concerned and their degree of involvement in the sensitive activities stated in the Model. There shall be specific training for Surveillance Board members.

The training initiatives may also be carried out by means of the use of information technology systems. The training of personnel for the purposes of accomplishment of the Model is managed by Human Resources Management of Lamberti S.p.A in close cooperation with the Surveillance Board. It is mandatory for recipients to take part in the training courses and their participation and comprehension shall be subjected to verification by the Surveillance Board.





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