VERSION	DATE
6	09/01/2023
MOG 231	

COMPLIANCE PROGRAMME

PURSUANT TO LEGISLATIVE DECREE 231/2001 AS AMENDED

COMPANY:

STAR7 S.P.A.

VAT NUMBER: 01255170050

Registered office: Via Alessandria

37 b, 15122 Alessandria,

(PIEMONTE)

DOCUMENT STATUS – LIST OF VERSIONS

VERSION	DATE	DESCRIPTION
0	20/12/2017	First issue
1	25/02/2020	First version - *Extension of the catalogue of predicate offences (trafficking in unlawful influences; offences relating to fraud in sporting competitions and unlawful gaming; tax offences) and related addition of new Operational Protocols (OP-12, OP-13, OP-14, OP-15).*
2	29/06/2021	Second version - *Extension of the list of predicate offences (new offences against the public administration; additional tax offences; contraband offences) and changes related to the new organisational chart.*
3	06/12/2021	Third version - *Addition of new predicate offences:* Article 25-*octies.1 "Crimes relating to non-cash payment instruments".*
4	22/03/2022	Fourth *version - Extension of the list of predicate offences to include (i) new types of crimes of receiving stolen goods, money laundering, use of sums of unlawful origin and self-laundering referred to in Articles 648, 648-bis, 648-ter, 648-ter.1 of the Criminal Code; and (ii) revision of the types of crime referred to in Articles 600-quater and 609-undecies of the Criminal Code; (iii) revision of the crimes referred to in Articles 316-bis, 316 ter and 640 bis of the Criminal Code.*
5	07/06/2022	Fifth *version – revision of the MOG 231 following the listing on the Euronext Growth Milan (formerly AIM).*
6	09/01/2023	Sixth *version - revision of the MOG 231 following the merger, through incorporation, of the companies AD STUDIO Srl and STAR7 ENGINEERING Srl into STAR7 S.p.A.*

DOCUMENT	CREATED BY:	AUTHORISED BY
MO231 Version: 6 Date of issue: 09/01/2023	noverim company value management	**Lorenzo Mondo**

Contents

GENERAL SECTION

DESCRIPTION OF CORPORATE ASPECTS OF THE COMPANY'S GOVERNANCE MODEL AND ITS GENERAL ORGANISATIONAL STRUCTURE

STAR7 S.P.A. (the "Company"), is a company that offers editing, language translation, multimedia publishing, printing, distribution and after-sales services to customers.

In 2022, STAR7 S.P.A. was listed on the Euronext Growth Milan market.

With the merger deed dated 6 May 2022, the companies STAR ENGINEERING SRL and AD STUDIO SRL, already part of the STAR Group, were incorporated into the company STAR7 SPA.

Today the Company's business activities mainly consist of:

- the provision of services inherent to the life cycle of technical and commercial information, i.e.: information management services, technical and commercial authoring services, technical, commercial, legal and financial translation services, traditional and multimedia publishing, printing and logistics services;
- development and marketing of software and other technologies related to the services referred to above;
- interpreting;
- language courses;
- design and technical drawing services;
- graphics, advertising graphics, study and creation of logos and brands for promotional campaigns;
- all types of printing services,
- etc.

To date, the Company is managed by a Board of Directors made up of seven members. Management is supported by a Board of Statutory Auditors and an Auditor.

INTRODUCTION TO LEGISLATIVE DECREE 231/2001

Legislative Decree 231/2001 ("the Decree" or "Decree 231") introduced into the Italian legal system the principle of the administrative liability of entities arising from offences, adding the liability of the legal person to the criminal liability of the natural person who committed the offence.

The Decree applies to entities (companies, associations, foundations, etc.), including, therefore, joint-stock companies.

The administrative liability of Entities arises when one of the following subjects commits an offence:

- Top management, natural persons who hold functions of representation, administration,

management or control of the Entity, even if only de facto, or of their organisational areas with financial and managerial autonomy;

- Individuals subject to the management or supervision of the above-mentioned persons;
- Third parties operating in the name and on behalf of the entity under a mandate and/or collaboration agreement.

The scope of application of the new provisions, originally limited to Articles 24, 25 and 26 of the Decree, was subsequently extended, both by amending the same Decree (Article 6 of Decree Law 350 of 25 September 2001, Article 3 of Legislative Decree 61 of 11 April 2002, Article 3 of Law 7 of 14 January 2023, Article 5 of Law 228 of 11 August 2003, Article 187 quaterdecies of Law 62 of 18 April 2005, Article 31 of Law 262 of 28 December 2005, Article 63, paragraph 3 of Legislative Decree 231 of 21 November 2007, Article 300 of Legislative Decree 81 of 9 April 2008, Article 7 of Law 48 of 18 March 2008), Article 2, paragraph 29 of Law 94 of 15 July 2009, Article 15, paragraph 7 of Law 99 of 23 July 2009 and lastly by Article 4, paragraph 1 of Law 116 of 3 August 2009, and also through references to the Decree itself (Articles 3 and 10 of Law 146 of 16 March 2006 and Article 192 of Legislative Decree 152 of 3 April 2006). With Legislative Decree 121/2001, which implements the EEC directives on the protection of the environment through criminal law (Directive 2008/99/EC of the European Parliament and of the Council of 19.11.2008) and on ship-source pollution (Directive 2009/123/EC of the European Parliament and of the Council of 21.10.2009), a new catalogue of environmental offences was included in Decree 231/2001 (in Article 25 *undecies*), which can be used as a basis for the entity's liability. Legislative Decree 109 of 2012 introduced the crime of the "employment of illegally staying third-country nationals" (Article 25 *duodecies*). The so-called. "Anti-corruption" law (Law 190 of 6.11.2012), introduced "private-to-private bribery" (Article 25 *ter*, paragraph 1, letter s-*bis*, which refers to the crime of bribery among private individuals envisaged in the new third paragraph of Article 2635 of the Civil Code), and undue inducement to give or promise benefits (Article 25, paragraph 3), in which a reference is made to Article 319 *quater* of the Criminal Code). Through Law 186 of 15 December 2014, entitled "Provisions on the emersion and return of capital held abroad, and for strengthening the fight against tax evasion. Provisions on self-money laundering", significant amendments were made to Article 25 *octies*, including, under relevant cases, the crime of Self-laundering (Article 648 *ter*.1).

Law 68 of 22 May 2015, entitled "Provisions on crimes against the environment" provided (under Article 1, paragraph 8, letter a)) for the amendment of Article 25-*undecies*, paragraph 1, letters a) and b), the introduction of letters c) to g) to Article 25 *undecies*, paragraph 1 and paragraph 1 bis to Article 25 *undecies*, implementing the catalogue of predicate offences of an environmental nature.

Law 69 of 27 May 2015, entitled "Provisions on crimes against the public administration, mafia-type associations and false accounting", amended Article 25 ter (corporate crimes) increasing the financial penalty for the crime of false accounting, provided for by Article 2621 of the Civil Code, adding as a predicate offence

the new Article 2621 *bis* of the Civil Code (false accounting of a minor entity) and increasing the penalty for the crime provided for by Article 2622 of the Civil Code (false accounting of listed companies).

Subsequently, Law 199 of 29 October 2016 added the crime of "Illegal intermediation and exploitation of labour" through its introduction in Article 25-*quinquies*, paragraph 1, letter a) of Legislative Decree 231/2001 under crimes against the individual, with a financial penalty from 400 to 1000 units.

Legislative Decree 38 of 15 March 2017, entitled "*Implementation of Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector*", which eliminated the prerequisite of "harm to the company" from private-to-private bribery, contemplating a harsher financial penalty in Article 25-*ter*, letter s-bis (from 400 to 600 units) and ban (from 3 months to 24 months).

The same measure also introduced the new predicate offence of "incitement to private-to-private bribery" punished with a financial penalty of between 200 and 400 units and a ban from 3 months to 24 months.

Law 161 of 17 October 2017 on "*Amendments to the code of anti-mafia laws and prevention measures, as per Legislative Decree 159 of 6 September 2011, to the criminal code and to the implementation, coordination and transitional rules of the Code of Criminal Procedure and other provisions*. *Delegation to the Government for the protection of work in seized and confiscated companies*", which amended Article 25 duodecies of the Decree, adding paragraphs 1-*bis*, 1-*ter* and 1-*quater* which refer to the crimes envisaged in Article 12, paragraphs 3, 3-*bis*, 3-*ter* and 5 of the Immigration Act, Legislative Decree 286/1998.

Law 167 of 20 November 2017 containing "*Provisions for the fulfilment of obligations deriving from Italy's membership of the European Union - European Law 2017*" introduced Article 25 terdecies

in the Decree extending the liability of Entities to include the crimes of Racism and Xenophobia envisaged in and punished by Article 3 of Law 654 of 13 October 1975, which refers to the criminal cases sanctioned by the Statute of the International Criminal Court, ratified pursuant to Law 232 of 12 July 1999 (the Rome Statute).

Legislative Decree 107 of 10 August 2018 reformulated the crimes of market abuse "*Insider Trading*" and "*Market Manipulation*", providing for the alignment of national regulations on market abuse with the provisions in Regulation (EU) No 596/2014;

Law 3 of 9 January 2019 with *"Measures to combat crimes against the public administration, and on time barring for the prosecution of the crime and the transparency of political parties and movements*" further extended the catalogue of predicate offences, including, under crimes against the Public Administration, the trafficking of unlawful influences referred to in Article 346 *bis* of the Criminal Code; envisaging harsher financial penalties in the event of the commission of the offences referred to in Articles 318, 321, 322, paragraphs one and three, and 346-*bis* of the Criminal Code, up to 200 units; increasing the bans relating to the offences referred to in Article 25 of Legislative Decree 231/2001; furthermore, it introduced paragraph 5-*bis*, which establishes an extenuating circumstance "*if, before the sentence of first instance, the entity has*

effectively taken steps to prevent the criminal activity from having further consequences, to ensure the evidence of the crimes and the identification of the persons responsible, or to arrange for the seizure of the sums or other benefits transferred, and has eliminated the organisational deficiencies that determined the crime by adopting and implementing compliance programmes suitable for preventing crimes of the type that have occurred, the bans will have the duration established in Article 13, paragraph 2".

Laws 39 of 3 May 2019 and 43 of 21 May 2019 respectively *(i)* introduced into the system outlined by Legislative Decree 231/2001 the crimes of fraud in sports competitions, illegal gaming or betting and gambling undertaking using prohibited devices; *(ii)* amended the case provided for by Article 416-*ter* of the Criminal Code (mafia vote buying) according to the terms better specified in the Special Section of this Programme.

With the Decree Law of 26 October 2019, the tax crime referred to in Article 2 of Legislative Decree 74/2000 (fraudulent tax returns through the use of invoices or other documents for non-existent transactions) was included in the list of predicate offences. Lastly, with the law converting the aforementioned decree law (Law 157 of 19.12.2019), the catalogue of predicate offences was extended to include additional tax offences, and namely:

- fraudulent tax returns through the use of other artifices (Article 3 of Legislative Decree 74/2000);
- the issue of invoices/other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000);
- the concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000);
- the fraudulent evasion of tax payments (Article 11 of Legislative Decree 74/2000).

On 14 July 2020, Legislative Decree 75/2020 was published in the Gazzetta Ufficiale, which extended the catalogue of predicate offences to include embezzlement, abuse of office and additional criminal tax offences envisaged by Legislative Decree 74/2000 if committed transnationally (within the European Union), in order to evade VAT for an amount of no less than 10 million euros, implementing the so-called 'PIF Directive' (Directive (EU) 2017/1371.

The list of predicate offences was also expanded to include contraband, through the introduction of Article 25 *sexiesdecies*.

With Legislative Decree 184/2021, the catalogue of predicate offences was also extended to include the crimes referred to in Articles 493-*ter*, 493-*quater* and 640-*ter*, paragraph two, of the Criminal Code, with the introduction of Article 25-octies.1 of Legislative Decree 231/2001, entitled "*Crimes relating to non-cash payment instruments*".

Legislative Decree 195/2021, implementing Directive (EU) 2018/1673 on combating money laundering by criminal law, in line with the scheme already approved by the Council of Ministers, concerns the crimes of receiving stolen goods, money laundering, reuse and self-laundering, referred to in Articles 648, 648-*bis,* 648-*ter* and 648-*ter* 1 of the Criminal Code, already included in the catalogue of predicate offences

contemplated in Article 25-*octies* of Legislative Decree 231/2001. The important new aspect, in terms of the liability of the collective entity, coincides with the scope of these offences being extended to all proceeds deriving from this category of crime without distinction, with the consequence that the latter will no longer be limited to malicious conduct, but also includes crimes of negligence and even violations, if punished with a maximum prison sentence of more than one year and a minimum sentence of six months.

Article 20 of Law 238 of 23 December 2021 includes some criminal provisions for the repression of sexual abuse against minors and against child pornography, which led to the modification or integration of some criminal cases included in the list of predicate offences, and namely Articles 600 *quater*, 609-*quinquies* and 609-*undecies* of the Criminal Code.

Article 28-bis of Law 25 of 28 March 2022 amended the wording regarding some types of crimes included under predicate offences and in particular referred to in Articles 316, 316-*bis*, 316-*ter* and 640-*bis* of the Criminal Code.

On 23 March 2022, Law 9/2022 came into force, containing "Provisions regarding crimes against cultural heritage" which introduces two new predicate offences: Article 25-*septiesdecies* entitled “Crimes against cultural heritage” and Article 25- *duodevicies* entitled "Laundering of cultural assets and devastation and looting of cultural and landscape assets".

NATURE OF THE LIABILITY OF ENTITIES

With regard to the nature of the administrative liability of entities, the illustrative report of the Decree underlined that it is a "*tertium genus”, which combines the essential aspects of the criminal and administrative system in an attempt to reconcile the reasons of preventive effectiveness with those, which are even more unavoidable, of affording a maximum guarantee*".

The legislation in question is the result of a legislative technique which, by borrowing the principles of criminal and administrative offences, has introduced into the Italian legal framework a punishment for corporate offences which is integrated with existing systems of sanctions and penalties: the Criminal Judge assigned to judge the perpetrator of the act is required to judge the administrative responsibility of the Entity and apply the consequent penalty according to the subject matter and times of the criminal trial.

As established by Article 8 of the aforementioned Decree, the administrative liability of the Entity is independent from that of the natural person who commits the crime: the Entity, in fact, is not exempt from liability if the perpetrator of the offence has not been identified or cannot be charged or if the offence is dismissed for reasons other than an amnesty. In any case, the Entity's liability is in addition to and does not replace that of the individual perpetrator of the offence.

CRITERIA FOR ATTRIBUTING LIABILITY TO THE ENTITY AND EXEMPTIONS FROM LIABILITY

In the event that an offence is committed, the Entity is liable only if certain conditions are met, which are defined as criteria for charging the Entity with the offence, and which are divided into objective and subjective criteria.

The first condition implies that the predicate offence was committed by a person linked to the Entity by a qualified relationship.

In fact, Article 5 of the Decree identifies the individuals that give rise to the Entity's administrative liability in the event of an offence:

- individuals who hold positions of representation, administration, management or control of the Entity or of organisational areas with financial and functional autonomy or individuals who actually exercise the management and control of the Entity (so-called *senior officers*);
- natural persons subject to the management or supervision of the above-mentioned persons (so-called *subordinates or subordinate persons*);
- persons who operate in the name of and on behalf of the Entity by virtue of a mandate and/or a collaboration agreement.

The second objective condition is that the unlawful conduct must have been carried out by the persons indicated above "*in the interest and to the advantage of the company*". Moreover, the legislation requires an interest to exist in the moment when the perpetrator of the offence acted in order to benefit the Entity, regardless of whether or not the established objective was achieved. The advantage, on the other hand, exists when the Entity has gained, or could have gained, a positive result of any kind from the offence. Moreover, the Entity is not liable for the offence if the individual (senior officer or subordinate) acted "*in his/her own exclusive interest or in the interest of third parties*".

The subjective criteria for charging the Entity with the offence establish the conditions under which the Entity may be considered as “carrying the blame”.

In order for the Entity to not be charged with the crime in subjective terms, it must demonstrate that it has done everything in its power to organise, manage and control the company in such a way as to prevent the perpetration of the predicate offences contemplated in the Decree.

Therefore, the Decree foresees the possibility to exclude the Entity's liability in the event that, prior to the commission of the offence:

- compliance programmes suitable for preventing the commission of offences have been prepared and implemented;

- a control body (Supervisory Board) has been set up, with powers to act independently and tasked with supervising the functioning of the compliance programmes.

The Entity's liability will be considered as alleged, in the event that the offence is committed by a natural person who holds a top position, since this person expresses, represents and puts in place the management policy of the Entity itself. In this case, the Entity has to demonstrate its non-involvement in the unlawful act, by proving that the act was committed by fraudulently circumventing the existing Compliance Programme and that there was no omitted or insufficient control by the Supervisory Board, specifically appointed to supervise the correct functioning of and effective compliance with the Compliance Programme. In this hypothesis, therefore, the Decree requires a stronger proof of non-involvement in the crime, so the Entity must prove a sort of internal fraud regarding the Compliance Programme committed by senior officers.
In the event that the offence, instead, has been committed by a subordinate, the Entity will be liable only if the commission of the offence was made possible due to a failure to comply with management and supervision obligations, and the burden of proof will lie with the prosecution.
The Entity's exoneration from liability is, therefore, subject to the adoption of adequate behavioural protocols, for the type of organisation and activity carried out, in order to guarantee that activities are performed in compliance with the law and to discover and promptly eliminate risk situations.
In this case, there is actual organisational liability, since the Entity is deemed to have indirectly consented to the commission of the offence, by failing to adequately supervise the activities and subjects at risk of a predicate offence being committed.

TERMINOLOGY

- "**At-Risk Activities**": activities at risk of offences being committed, i.e. activities in the context of which there is a risk of a predicate offence envisaged in Legislative Decree 231/2001 being committed; these are activities during which conditions, occasions or means could arise, even instrumentally, for the type of crime to be actually committed;
- "**CCNL**": National Collective Bargaining Agreement applied by the Company;
- **Code of Ethics**: document containing the general principles of conduct to which the recipients must adhere with reference to the activities defined by this Programme;
- "**Consultants**": individuals acting in the name and/or on behalf of STAR7 S.P.A. by virtue of an agency agreement or other contractual relationship of collaboration;
- **"Legislative Decree 231/2001" or the "Decree"**: Legislative Decree 231 of 8 June 2001;
- **Target Audience**: partners, directors, officers, auditors, employees, suppliers, subcontractors, customers and any other persons with whom the Company may come into contact in the course of

business;

- "**Guidelines**": Guidelines for the creation of compliance programmes pursuant to Legislative Decree 231/01;
- "**Programme**" or "**Programmes**": the Compliance Programme or Programmes envisaged by Legislative Decree 231/2001 and adopted by the Company, which includes a map of the Company's at-risk activities, i.e. activities at risk of the predicate offence being committed, an outline of organisational and management procedures, with consequent control actions (type, responsibility and frequency) to monitor the risk, a cross reference between the predicate offences and the set of documentation present in the entity, supporting the Programme;
- "**At-Risk Transaction**": a transaction or act that falls within the scope of At-Risk Activities;
- "**Supervisory Board**" or "**SB**": the internal control body, responsible for supervising the functioning of and compliance with the Compliance Programme;
- "**PA**": the public administration and, with reference to offences against the public administration, public officials and public service officers;
- "**Partner**": contractual counterparties of STAR7 S.P.A., such as suppliers, contractors, subcontractors, lessors, distributors, both natural persons and legal entities, with whom the Company enters into any form of contractually regulated collaboration, if they are to cooperate with the company within the scope of At-Risk Activities;
- **Staff**: all natural persons who have an employment relationship with the Company, including employees, temporary workers, external workers, interns and freelancers who have received an assignment from the Company;
- **Senior Officers:** the individuals referred to in Article 5, paragraph 1, letter a) of Legislative Decree 231/2001, i.e. persons who hold positions of representation, administration or management of the Company or of one of its organisational units with financial and functional autonomy;
- **Staff under the management of others:** the individuals referred to in Article 5, paragraph 1, letter b) of Legislative Decree 231/2001, or all personnel managed or supervised by Top Management;
- **General principles of conduct**: the physical and/or logical measures foreseen by the Code of Ethics [CE] in order to prevent the commission of the Offences, subdivided by type of Recipient;
- **Specific rules of conduct**: the physical and/or logical measures foreseen by the main document of the Compliance Programme [MO] in order to prevent the commission of the Offences and subdivided according to their different types;
- **Procedures**: formalised documents designed to govern a specific business process or a series of activities that make up the process;

- **Protocols**: appropriately formalised documents for the prevention of risk with the task of defining the conduct of personnel, i.e. regulating At-Risk Activities to avoid the commission of the offences in question;
- "**Offences**" or "**Predicate Offences**": the types of offences to which the regulations set out in Legislative Decree 231/2001 apply, also following subsequent amendments and additions;
- **Disciplinary system**: a set of sanctions and penalties applicable in case of violation of the main document of the Compliance Programme [MO] and the Code of Ethics [CE];
- "**Company**": STAR7 S.P.A., with registered office in Alessandria, Frazione Valle San Bartolomeo, via Alessandria 37 B, 15122.

ADOPTION OF THE PROGRAMME

In order to guarantee and ensure conditions of compliance with the law, fairness, clarity and transparency in the conduct of all business activities, STAR7 S.P.A. has adopted a Compliance Programme (hereinafter the Programme) in line with the provisions and content of Legislative Decree 231/01.

Despite the fact that the adoption of the Compliance Programme is considered and indicated by Legislative Decree 231/01 as an option and not as an obligation, STAR7 S.P.A., considers it as an opportunity to be an effective tool for those who work inside and outside the company. The purpose of the above is to guarantee and ensure compliance with the general and specific principles of conduct that can prevent the risk of committing predicate offences, as identified in the "Compliance Risk Assessment" [RA 231].

The identification of At-Risk Activities, i.e. activities which are exposed to the risk of offences being committed, and their management, through an effective system of controls, aims to:

- make all those who operate in the name and on behalf of STAR7 S.P.A. fully aware of the risks of committing an offence liable to criminal and administrative sanctions, not only against themselves but also against the Company itself;
- reiterate that forms of unlawful conduct are strongly condemned by STAR7 S.P.A. because (even if the Company were apparently in a position to benefit from them) they are contrary not only to the provisions of the law, but also to the ethical and social principles to which STAR7 S.P.A. adheres in carrying out its corporate mission;
- allow STAR7 S.P.A., thanks to the monitoring of at-risk activities, to intervene promptly to prevent or counteract the commission of crimes. One of the aims of the Compliance Programme is, therefore, to make the recipients of the Programme aware of the need to observe the roles, operating methods, procedures and, in other words, the Compliance Programme adopted, and also make them aware of

the social value of this Programme in order to prevent crimes from being committed.

STAR7 S.P.A. believes that the adoption of a Compliance Programme, created according to the requirements of Legislative Decree 231/01 is a valid and effective tool to raise the awareness of the Chair of the Board of Directors, employees and all those third parties who have relationships with STAR7 S.P.A.: the aforementioned recipients of the Programme are required to carry out their activities through fair and transparent behaviour that follows the ethical and social values inspiring the actions of STAR7 S.P.A. and that can thus prevent the risk of committing predicate offences.

THE STRUCTURE OF THE PROGRAMME

The Compliance Programme consists of the following parts:

- **the General Section**, which contains the main principles of the Compliance Programme, the Supervisory Board and the system for providing Training on and Disseminating the Compliance Programme to Recipients;
- **the Special Section**, which in turn is divided into Sections. In particular, each Section examines a separate category of offences contemplated by the Decree and which are considered as possible to commit in the interest or to the advantage of the Company. The various Sections are aimed at outlining the principles that must inspire the corporate protocols adopted (or that will be adopted in the future) by the Company. Specifically, each Special Section:
  - describes the criminal offences;
  - identifies at-risk processes in relation to the types of Offence;
  - defines general principles of conduct;
  - identifies operating principles.
- **the Code of Ethics**, containing the ethical principles that the Company and all Recipients follow in carrying out their activities;
- **the Disciplinary system** [SD231];
- **the Supervisory Board** [OV231];
- **the Information Flows to and from the Supervisory Board** [FI231];
- **the Company's Organisational Chart** [ORG231];

In addition, the **Annexes** to the individual Sections of the Programme are an integral part.

PROGRAMME OBJECTIVES

This Programme has been prepared on the basis of the identification of the organisational units at possible risk, for which the likelihood of crimes being committed is deemed to be higher.

The purpose of this Programme is to:

- describe the prevention and control system aimed at reducing the risk of committing offences related to the company's activities;
- make all those who work in the name and on behalf of STAR7 S.P.A., and in particular those engaged in At-Risk Areas, aware that in the event of violation of the provisions contained therein, they may commit an offence liable to criminal and administrative sanctions;
- inform all those who work with STAR7 S.P.A. that violation of the provisions contained in this Programme will result in the application of appropriate sanctions/penalties or termination of the contractual relationship.

RECIPIENTS OF THE COMPLIANCE PROGRAMME

As stated previously, the rules contained in this Programme apply to:

- **Senior officers;**
- **Subordinates;**
- **External staff** who carry out, directly or indirectly, activities related to the company's
- business;
- **Commercial and operational partners** of STAR7 S.P.A., who have a role in Group projects and operations.

Unless otherwise specified below, in this Programme and in the Code of Ethics, reference will be made to the **Recipients** of the Compliance Programme, a category that includes all the subjects indicated above.

Recipients shall behave in such a way that they comply with the rules of conduct - both general and specific - contemplated in this Programme and in the Code of Ethics, also fulfilling their duties of loyalty, fairness and diligence that arise from the legal relationship established with STAR7 S.P.A.

In addition, the directors and managers of the Company have the duty to behave diligently in identifying violations or any shortcomings of the Compliance Programme or the Code of Ethics, as well as supervise compliance with the same by persons under them.

CHARACTERISTICS OF THE COMPLIANCE PROGRAMME

1. METHODOLOGICAL APPROACH

Pursuant to Article 6, paragraph 2, letter a) of Legislative Decree 231/2001, the Compliance Programme must, as a preliminary step, identify the activities within the scope of which the crimes considered by the Decree may be committed.

The mapping of “at-risk" areas requires continuous updates over time in relation to organisational, regulatory or market changes faced by STAR7 S.P.A. in the context of its business, institutional and corporate activities.

The Compliance Programme was therefore created in various steps, based on the fundamental principles of documentation and the verifiability of all activities, so as to allow for the understanding and reconstruction of every act and operation carried out as well as consistency with the requirements of Legislative Decree 231/2001.

Step 1: Collection and Analysis of all essential documentation

Firstly, all available official documentation of STAR7 S.P.A. was collected:

- the organisational chart/corporate structure;
- the integrated management system manual (the Consolidated Occupational Health and Safety Act, Legislative Decree 81/2008);
- delegations and powers of attorney;
- relevant contracts;
- relevant regulations.

These documents were then examined in order to set up an information platform for the structure and operations of STAR7 S.P.A., as well as the distribution of powers and responsibilities.

Step 2 - Identification of at-risk activities

All of the Company's activities were identified and analysed in order to verify the precise contents, the actual operating methods, the division of responsibilities, and the possibility that the types of offences indicated in Legislative Decree 231/2001 might be committed.

The areas at risk of the commission of offences pursuant to Legislative Decree 231/2001 being committed were therefore identified and shared, in interviews conducted with a number of individuals with different and specific skills, identified as having responsibilities and the best knowledge of company operations, in order to jointly review their contributions.

Details of the activities analysed within each area, by type of crime, are given in the special section.

Step 3 - Identification and analysis of current risk controls

During the interviews with the people responsible for activities identified as at-risk, the interviewees were asked to illustrate the operating procedures and the actual controls in place, suitable for monitoring the identified risk; on the basis of these assessments, the level of criticality (high, medium, low) was determined within each process, in terms of the actual risk profile pursuant to Legislative Decree 231/2001.

Step 4 - Gap Analysis

The risk situation was compared with the needs and requirements of Legislative Decree 231/2001 in order to identify the shortcomings of the existing system. It was therefore decided to identify the most effective measures to prevent the identified risks, also taking into account the existence of operating rules and practices.

Step 5 - Definition of behavioural guidelines for operational procedures

For each operating unit in which a risk hypothesis was found to exist, the consistency of existing operating procedures was verified and, where necessary, the need to define appropriate guidelines for configuring new procedures suitable for governing the identified risk profile was determined. Each procedure has been formally implemented by the relevant operating unit, thus making the rules of conduct contained therein official and mandatory for all people who carry out an activity in the context of which a risk has been identified.

PROTOCOLS, PROCEDURES AND CONTROL PRINCIPLES

Article 6 of Legislative Decree 231/2001 states that, in order to be considered suitable and effective, compliance programmes must "*provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to potential offences*".

The preparation and/or formation of these protocols is therefore an integral part of the programme; in this regard, in the absence of specific instructions regarding their definition by the legislation in question, reference should be made to the indications given by main trade associations.

The Italian Association of Internal Auditors also considers that the content of the protocols should include the

Code of Ethics and formalised procedures, in order to carry out the following:

- ensure the transparency, traceability and recognisability of decision-making and operational processes;
- provide for binding control mechanisms (checks, authorisations, etc.) that are capable of limiting arbitrary or inappropriate decision-making;
- facilitate the supervisory work of the company's supervisory board, and of any other
- external and internal control bodies.

The protocol, in general, represents the primary behaviour patterns to be followed in executing a given process and consequently in the activities that relate to the process itself. The protocol can therefore be interpreted as a set of general principles and specific control procedures aimed at preventing the commission of one of the offences envisaged by Legislative Decree 231/2001.

The Guidelines of Confindustria, the General Confederation of Italian Industry, identify three fundamental elements that must characterise protocols:

- the principle of traceability, which states that "*every operation, transaction, action must be verifiable, documented, consistent and appropriate*". Each initiative must, therefore, have adequate documentary support to facilitate controls and guarantee the appropriate evidence of operations;
- the principle of the segregation of duties, which states that "*no one person can manage an entire process independently*". The activities that make up the process must, in fact, be properly divided among several players to avoid a single person managing them entirely. On the basis of this principle, the operating procedures must therefore be structured in such a way as to guarantee the separation between the decision-making, authorisation, execution, registration and control phases of operations concerning the activity considered to be subject to the risk of crime;
- the principle of supervision, which particularly concerns the Supervisory Board. The supervision carried out by the Supervisory Board and the controls which it is responsible for must, in fact, be documented and certified by the control system.

The procedure, on the other hand, represents the part of the protocol that sets out in detail the operational methods with which a given operation is to be carried out, based on predetermined basic criteria contained in the protocol.

THE CODE OF ETHICS

A fundamental element in the implementation of a programme aimed at reducing the risk of crime is the development, within the organisation, of a cultural climate that deters the commission of crimes. To this end, the drafting of the Code of Ethics is an important activity, setting out the commitments and moral responsibilities in the performance of activities by people who work within the organisation or who come into contact with it, with the aim of:

- maintaining and extending the relationship of trust with stakeholders, whether corporate bodies, staff, customers, suppliers, public bodies and/or trade associations;
- dissuading unethical behaviour.

The Code of Ethics also sets out the values which all directors, employees, associates and external staff and partners in various capacities must observe, accepting responsibilities, roles and rules for the violation of which they are personally responsible to the organisation.

The Code of Ethics is an integral part of this Programme and is available on the STAR7 S.P.A. website (**www.star-7.com**).

THESANCTIONS/PENALTIES SYSTEM

The effective implementation of the Compliance Programme requires an adequate sanctions/penalties system. Pursuant to Articles 6, paragraph 2, letter *e*), and 7, paragraph 4, letter *b*) of the Decree, the Compliance Programme can only be considered effectively implemented if it provides for a disciplinary system capable of sanctioning failure to comply with the measures contained therein. The essential requirements of the sanctions/penalties system are:

- **Specificity and autonomy:** *specificity* means the configuration of an internal system of sanctions and penalties within the Company to impose sanctions and penalties in the case of any violation of the Compliance Programme. *autonomy* refers to the self-sufficiency of the operation of the internal disciplinary system. STAR7 S.P.A. is obliged to impose sanctions/penalties for violations, regardless of the course of any external criminal proceedings.
- **Compatibility:** the procedure to assess and impose a sanction/penalty, as well as the sanction/penalty itself, may not be in conflict with the law or with the contractual rules governing the employment relationship with STAR7 S.P.A.;
- **Suitability:** the system must be efficient and effective in preventing the commission of offences;
- **Proportionality:** the sanction or penalty must be proportionate to the violation detected and the type

of employment relationship established with the employee (employee, external worker, managerial staff, etc.);

- **Preparation in writing and appropriate circulation:** the system of sanctions/penalties must be drawn up in writing and recipients must receive due information and training.

RECIPIENTS AND THEIR DUTIES: PROCEDURES

The recipients of this disciplinary system must be the recipients of the 231 Compliance Programme. Recipients are obliged to behave in line with the principles set out in the Code of Ethics and with all principles and measures of organisation, management and control of company activities defined in the Compliance Programme.

Any violation of the aforementioned principles, measures and procedures represents, if ascertained:

- in the case of top management, failure to comply with the duties imposed on them by law and the articles of association pursuant to Article 2392 of the Civil Code;
- in the case of subordinates, a breach of contract in relation to the obligations arising from the employment relationship pursuant to Article 2104 of the Civil Code, with the consequent application of Article 2106 of the Civil Code;
- in the case of third parties, a breach of contract that could justify termination of the contract, without prejudice to compensation for damages.

The **procedure** for implementing the sanctions and penalties listed below therefore takes into account the specific aspects arising from the legal status of the person against whom proceedings are being taken.

GENERAL PRINCIPLES REGARDING SANCTIONS AND PENALTIES

The sanctions and penalties for offences that have been committed must respect the principle of gradualness and proportionality with respect to the severity of the violations. The determination of the type, as well as the amount of the sanction/penalty must consider:

- the severity of the violation;
- the position held by the perpetrator within the company organisation, especially considering the responsibilities associated with his/her duties;
- any aggravating and/or extenuating circumstances that may be found in relation to the recipient's

conduct.

SANCTIONS/PENALTIES FOR EMPLOYEES

Disciplinary offences relating to employees arising from:

- failure to comply with the procedures and/or requirements of the Compliance Programme aimed at ensuring that the activity is carried out in compliance with the law and at discovering and promptly eliminating risk situations, pursuant to the Decree;
- the violation and/or circumvention of internal control systems, carried out by removing, destroying or altering the documentation of the procedure or by preventing responsible parties, including the SB, from controlling or accessing information and documentation;
- failure to comply with the rules contained in the Code of Ethics;
- failure to comply with the obligations to inform the SB and/or the direct superior;
- failure to supervise, in a capacity as “line manager", compliance with the procedures and requirements of the Compliance Programme by subordinates, functional to the monitoring their conduct within areas at risk of crime and, in any case, in the performance of activities instrumental to operational processes at risk of crime;
- failure to inform, in a capacity as "functional manager" the hierarchical manager and/or the SB about the failure of functionally assigned subjects to comply with the procedures and requirements of the Compliance Programme;
- failure to comply with obligations of conduct regarding occupational health and safety as governed by law (Article 20 of Legislative Decree 81/2008), regulations and/or other company provisions;
- the violation or omission through gross negligence, inexperience or recklessness of any provision aimed at preventing pollution or environmental damage.

The sanctions that can be imposed on employees come under those provided for by the company disciplinary system and/or by the sanctions system of the CCNL, in compliance with procedures in Article 7 of the Workers' Statute and any special, applicable regulations.

The following sanctions and penalties are envisaged for employees, in accordance with the National Collective Bargaining Agreement:

- **verbal reprimand**: in cases of negligent violation of the procedures and requirements in this Section and/or procedural errors due to employee negligence having external significance; repeat violations of the procedures and requirements referred to in the previous point, not having external relevance, over a two-year period.
- **written warning**: in cases of repeat violations of the procedures and/or requirements referred to in

this Section having external relevance, and/or procedural errors due to employee negligence having external reference, over a two-year period.

- **a fine not exceeding 3 hours' hourly pay calculated on the minimum pay scale**: as well as in cases of repeat violations which may lead to a written warning, in cases where, due to the level of hierarchical or technical responsibility, or in the presence of aggravating circumstances, the negligent and/or neglectful behaviour may undermine, even if only potentially, the effectiveness of the Compliance Programme (failure to comply with an obligation to inform the SB and/or the direct hierarchical or functional superior; repeated failure to comply with the obligations envisaged in the procedures and requirements of the Compliance Programme, in the event were they concerned or concern a relationship and/or a procedure in which one of the parties is the Public Administration).
- **suspension from work and from pay for up to a maximum of 3 days**: as well as in cases of repeat violations which may lead to a fine, in cases of a serious violation of the procedures and/or requirements indicated in this section, such as to expose the Company to the risk of sanctions and liability (failure to comply with the provisions relating to powers of signature and the system of delegated powers assigned with regard to acts and documents concerning relations with the Public Administration and/or the activities of corporate bodies; failure of hierarchical and/or functional superiors to supervise compliance with the procedures and requirements of the Compliance Programme by their subordinates in order to verify their conduct in areas at risk of crime and, in any case, in the performance of activities instrumental to operational processes at risk of crime; unfounded reports of violations of the Compliance Programme and the Code of Ethics, made with malicious intent; failure to comply with provisions regarding occupational health and safety issued by the employer, managers and supervisors for the purposes of individual protection, or the inappropriate use of protective devices, or failure to participate in education and/or training programmes organised by the employer).
- **dismissal with notice**: in the event of repeated serious violations of the procedures and/or requirements indicated in this Section having external relevance when carrying out activities in the areas at risk of crime identified in the Special Section of the Compliance Programme.
- **dismissal without notice**: for failings that are so serious that they do not permit the continuation, even provisional, of the employment relationship (so-called **just cause**, such as: the violation of rules, procedures, the requirements of the Compliance Programme, or of the Code of Ethics, having external relevance and/or fraudulent evasion carried out through a behaviour unequivocally aimed at committing one of the offences contemplated in the Decree, regardless of whether or not the offence is committed, such as to undermine the relationship of trust with the employer; the violation and/or circumvention of the internal control systems, carried out by removing, destroying or altering the

documentation of the procedure or by preventing control or access to the information and documentation by the parties responsible, including the Supervisory Board, in such a way as to prevent the transparency and verifiability of the same; failure to comply with provisions regarding occupational health and safety issued by the employer, managers, the Health and Safety Officer, and by supervisors for the purposes of collective protection or the unauthorised removal or modification of safety devices or signalling or control devices, or carrying out dangerous operations or manoeuvres on one's own initiative that may compromise one's own safety or that of other workers or, also failure to report to any conditions of serious and imminent danger to the employer, manager, Health and Safety Officer or supervisor).

SANCTIONS AGAINST EXECUTIVE EMPLOYEES

The executive relationship is based on trust. Indeed, the executive's conduct is reflected not only within the Company, but also externally. Any violations committed by Company executives may be sanctioned through disciplinary measures appropriate to each case.
Sanctions against STAR7 S.P.A. executives will be applied in the event of a violation of the provisions contained in the Compliance Programme and Code of Ethics.

Considering that the disciplinary system is applicable by the Company to executives regardless of whether or not a criminal investigation or proceeding has been initiated, and regardless of the outcome of such an investigation or proceeding, in the event that violations of the Compliance Programme by executives may constitute a criminal offence, STAR7 S.P.A. reserves the right to apply the following alternative provisional measures against those responsible and pending the criminal trial:

- precautionary suspension of the executive from the relationship, with the right, however, to full pay;
- assignment of the executive to different roles, on a provisional and precautionary basis for a period not exceeding three months,

  in compliance with Article 2103 of the Civil Code.

Should STAR7 S.P.A. consider that the facts ascertained are such as to constitute a just cause for withdrawal from the employment relationship, it may dismiss the executive regardless of the conclusion of the criminal proceedings in progress.

MEASURES AGAINST DIRECTORS

STAR7 S.P.A. evaluates with extreme severity violations of this Programme by individuals who represent the top management of the Company and project its image to employees, customers, creditors and the Supervisory Authorities. The liability of directors towards the Company is, to all intents and purposes, governed by Article 2392 of the Civil Code. The Chair of the Board is responsible for evaluating violations and taking appropriate action against the supervisor(s)/delegated person(s) who committed them. In this evaluation, the Chair of the Board is assisted by the SB. The sanctions applicable to the supervisor(s)/delegated person(s) are the revocation of powers or the assignment and, if the supervisor/delegated person is linked to the Company by an employment relationship, dismissal.

MEASURES AGAINST EXTERNAL STAFF

Any behaviour adopted by third parties (external staff, agents and representatives, consultants and, in general, self-employed workers, as well as suppliers and partners, including temporary associations of

companies and joint ventures) that is in contrast with the conduct guidelines indicated in this Programme and which entails the risk of committing an offence provided for in the Decree, may determine, in accordance with the provisions of the specific contractual clauses included in the letters of appointment or in the contracts, the termination of the contractual relationship, or the right to withdraw from it.

To this end, the contracts stipulated by STAR7 S.P.A. with the aforementioned external parties must contain a specific declaration of knowledge of the existence of the Code of Ethics and Compliance Programme and the obligation to comply with it, or, if the party in question is a foreigner or operates abroad, to comply with international and local regulations for the prevention of risks that may determine the Company's liability resulting from the commission of crimes.

SUPERVISORY BOARD

1. GENERAL CHARACTERISTICS AND FUNCTIONS OF THE SB

Article 6, paragraph 1, letter b) of Legislative Decree 231/2001 assigns functions to supervise the operation of and compliance with the Programme to a body of the Entity that has autonomous powers of initiative and control - the Supervisory Board.

The following requirements must be met by the Supervisory Board:

- **autonomy**, understood as freedom of action and self-determination. To this end, it is considered that the Supervisory Board should not have operational duties that would compromise its judgment. The SB must be able to carry out its functions in the absence of any form of interference and conditioning on the part of the organisation and the management board. In fact, the SB must also be able to carry out controls on the management board that appointed it. Compliance programmes include the obligation to provide information to the body responsible for supervising the functioning of and compliance with the programmes. Autonomy is, therefore, also to be understood as the power to access all useful information for the purposes of carrying out control activities;
- **independence**, which is not expressly referred to in regulations relating to the Decree, but identifies a necessary condition of not being subject to the company and its management. Independence is, therefore, one of the essential requirements to ensure that the SB makes choices that are not objectively questionable;
- **professionalism**, i.e. suitability for carrying out the functions assigned by law to the supervisory board. To this end, the SB must have a combination of both corporate and legal knowledge, since the supervision of the programmes and their periodic updating require multidisciplinary expertise. From a legal point of view, it is believed that the exercise of supervisory and control activities, since they are aimed at preventing the crimes listed in the Decree, includes having specific knowledge of criminal,

civil and corporate law;

- **continuity of action**, in the sense of the uninterrupted operation of the supervisory board. The codes of conduct drawn up by trade associations require the exclusive and full-time monitoring of the compliance programme, especially with regard to medium and large companies.

In addition to their professional skills, the members of the SB must meet formal requirements such as good standing and the absence of conflicts of interest, so as to ensure autonomy and independence in the performance of their duties. The choice of SB members must take into account the specific context in which the Board will operate.

2. TASKS, RULES AND POWERS OF THE SUPERVISORY BOARD

The functions and tasks of the SB are as follows:

- evaluate the suitability and adequacy of the Compliance Programme, in relation to the specific activities carried out by the Entity and its organisation, in order to avoid the commission of the categories of crimes for the prevention of which the Compliance Programme was introduced;
- monitor conduct within the Entity to ensure it is in line with the Compliance Programme, highlighting deviations, in order to make any adjustments to activities actually carried out.

In order to carry out these tasks, the SB must:

- monitor and interpret relevant legislation and check the Programme's compliance
- with this legislation, reporting possible areas of action to the Chairman of the Board of Directors;
- formulate proposals concerning the need to update and adapt the Compliance Programme adopted;
- process the findings of control activities based on audits; report to the Chair of the Board of Directors any information about violations of the Compliance Programme;
- prepare periodic reports for the Chair of the Board of Directors and the Board of Statutory Auditors;
- monitor initiatives aimed at disseminating and raising awareness of the Compliance Programme, and at training Recipients.

The Chair of the Board annually approves estimated expenditure for the current year as well as final expenditure for the previous year. To be able to carry out its duties in full, the SB must:

- have the power to request and acquire data, documents and information from and to every level and sector of STAR7 S.P.A.;
- have the power to investigate, inspect and ascertain conduct (also by questioning personnel with a guarantee of secrecy and anonymity), and propose possible sanctions against individuals who have not complied with the provisions contained in the Compliance Programme. All documentation

concerning the activities carried out by the SB (alerts, information, inspections, assessments, reports, etc.) is kept for a period of at least 5 years (without prejudice to any further retention obligations of specific regulations) in a special archive, which may only be accessed by members of the SB.

3. APPOINTMENT AND TERMINATION

The members of the Board are appointed by a reasoned resolution of the Chair of the Board of Directors, who decides on whether members meet requirements of autonomy, independence, good standing and professionalism.

The term of office of the SB is, as a rule, no longer than three years and members may only be revoked for just cause. Members are eligible for re-election for additional terms of office.

The appointment of the members of the SB, as well as their termination, must be made known to all Recipients of the Compliance Programme by, or at the instigation of, the Chair of the Board of Directors via the company intranet and/or in any other form deemed appropriate.

The members of the SB will have the status of Data Processors pursuant to Article 29 of Legislative Decree 196 of 30 June 2003 in relation to the processing of personal data carried out in performing the tasks assigned to them pursuant to the Compliance Programme.

4. REGULATIONS OF THE SUPERVISORY BOARD

For the purposes of its own functioning (including but not limited to the planning of activities, the minuting of meetings and the regulation of information flows from corporate entities as well as the determination of the time frames of controls, the identification of analysis criteria and the exercise of any other activity assigned to it), the SB - if a collective body, by a majority of members - draws up and approves its own Regulations which, as well as any subsequent updates, are made known to the Chair of the Board of Directors of STAR7 S.P.A. and the Board of Statutory Auditors.

5. REMUNERATION, EQUIPMENT AND OPERATIONS

The annual remuneration of the members of the SB is determined by the Chair of the Board of Directors at the time of appointment and remains unchanged for their entire term of office.

In order to carry out its functions, the SB is given an annual expenditure budget, approved by the Chair of the Board of Directors, and reports annually on the use of this budget to the Chair of the Board of Directors. The SB may directly dispose of this budget for any requirement necessary for the proper performance of its duties. This budget may be supplemented, at the justified request of the SB, to meet unforeseen and unmanageable needs.

The SB will have access to the company information system (network, applications, etc.) as a whole and will be provided with its own direct e-mail address (odv@star-7.com), in order to better operate, also with a view to protecting personal data and safeguarding confidentiality, and cataloguing and sending/receiving communications/reports.

COMMUNICATION AND TRAINING ACTIVITIES

1. COMMUNICATIONS TO THE SUPERVISORY BOARD

In order to guarantee the effectiveness of the Compliance Programme, the Company ensures wide dissemination of the Compliance Programme itself and adequate basic training for all the recipients concerned with regard to the application of the protocols as instruments for preventing the commission of the offences referred to in Legislative Decree 231/01 and subsequent amendments and additions.

The Supervisory Board must be informed, in specific reports from the Recipients of the Compliance Programme, of any event that could give rise to the Company's liability pursuant to the Decree.

All Recipients of the Compliance Programme have the duty to report the commission of Offences as well as any conduct and/or practices that are not in line with the rules of conduct in the Compliance Programme, and in the Code of Ethics, which are under their responsibility, to the SB. Failure to comply with this duty may be subject to disciplinary action.

For these purposes, the following general requirements apply:

- the SB must be informed of any proceedings and/or acts concerning criminal, inspection and/or tax matters notified to the Chair of the Board of Directors, Employees, Consultants of the Company or subjects that involve or may involve the Company;
- any Reports relating to the commission of Offences or, in any case, to behaviour in general that is not in line with the rules of conduct set out in the Compliance Programme, must be forwarded to the SB;
- the Chair of the Board of Directors and the Board of Statutory Auditors must then forward the following Relevant Information to the SB:
  - *a)* measures and/or information from the judicial police or any other authority from which ongoing investigation activities in relation to crimes can be inferred,
  - *b)* reports forwarded to the Company by Employees in the event of legal proceedings being initiated against them for an Offence;
  - *c)* reports prepared by company entities as part of their control activities, from which facts, acts, events or omissions may emerge that are critical with respect to the provisions of the Decree;
  - *d)* information on the start of investigations aimed at ascertaining, and possibly sanctioning, failure to comply with the principles of conduct and the protocols provided for by the Compliance

Programme, as well as information on any sanctions/penalties imposed;

e) violations of the Code of Ethics;

f) news of any investigation or disciplinary proceedings initiated in relation to violations of the Compliance Programme and/or the Code of Ethics, the sanctions/penalties and/or measures in general imposed, as well as any measures to dismiss such proceedings with the relative reasons;

g) news of organisational changes;

h) updates to the system of delegations and powers;

i) declarations that the information contained in corporate communications is truthful and complete. The foregoing is without prejudice to the possibility for each Head of Department or Employee to forward any reports relating to the commission of Offences or, in any case, to behaviour in general that is not in line with the rules of conduct set out in the Compliance Programme.

2. THE MANAGEMENT OF REPORTS BY THE SB

The Supervisory Board evaluates the reports received and the consequent inspection, reporting and notification activities to be carried out.

Any sanctions shall, in any case, be adopted by the competent bodies and departments of the Company. In any event, except as provided for in the SB Regulations:

- incoming reports must be redirected to the Supervisory Board, which assesses the reports received and the initiatives to be implemented, possibly listening to the author of the report as well as the alleged perpetrator of the violation. The Board must provide written reasons for any denial of the investigation or dismissal;
- reports must be submitted in writing;
- the SB shall handle reports in such a way as to guarantee the reporting parties against any form of retaliation, discrimination or penalisation, ensuring, where possible, the confidentiality of the identity of the reporting party, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused in bad faith.

3. REPORTING BY THE SUPERVISORY BOARD

As already mentioned above, in order to guarantee full autonomy and independence in the performance of its functions, the Supervisory Board communicates directly with the Chair of the Board of Directors. Similarly, the Supervisory Board reports to the Corporate Bodies on the status of the Compliance Programme's implementation and on the results of its supervisory activities, directly informing the Chair of the Board of Directors on a six-monthly basis and the Board of Statutory Auditors on an annual basis, in a written report

describing the monitoring activities carried out by the Supervisory Board, as well as the critical points that have emerged and any corrective or improvement measures that may be appropriate for the implementation of the Compliance Programme.

The above reporting activities will be documented in minutes and kept on file by the Board, in compliance with the principle of the confidentiality of the data and information contained therein. In order to ensure the smooth and effective flow of information and to completely and properly carry out its duties, the Supervisory Board may request clarifications and information directly from staff with operating responsibilities.

4. STAFF TRAINING AND DISSEMINATION OF THE PROGRAMME

The company STAR7 S.P.A. will provide thorough training for personnel on the Compliance Programme adopted, disseminating information on the same to all those who work within the organisation, differentiating activities based on the roles covered by the recipients of the programme and their degree of involvement in processes at risk of crime.

The training of subordinates is the responsibility of the Human Resources manager (or another person previously identified) in close cooperation with the Supervisory Board. The tools used for training purposes, specifically referred to in the Programme, include the provision of training courses and subsequent CPD and/or compulsory training programmes.

Top management oversees the dissemination of the Compliance Programme, which must reach the entire organisation in order to make known the principles of conduct, standards and procedures adopted. A clear, authoritative and concrete communication process is absolutely necessary in large organisations, where established rules and procedures must be unequivocally adopted, even in different operating sectors and geographical areas.

The content of the document must also be communicated to stakeholders outside the Entity adopting it, also for operational purposes.

STAR7 S.P.A. will communicate the adoption of the Compliance Programme to customers and suppliers, consultants and partners and the obligation to comply with the principles established, by introducing a special contractual clause.

CROSS REFERENCE

The Cross Reference, between specific offences and the set of documents created to prevent the commission of such offences, is kept constantly updated and is an integral part of the Compliance Programme.

Legislative Decree 231/2001	Predicate offence	Company documents supporting the MODEL
Article 24	Article 316-bis, Criminal Code; Article 316-ter, Criminal Code; Article 640, paragraph 2 no.1, Criminal Code; Article 640-bis, Criminal Code Article 640-ter, Criminal Code, Article 356, Criminal Code Article 2, Law 898/1986	CE;
Article 24-bis	Article 491-bis, Criminal Code; Article 615-ter, Criminal Code; Article 615-quater, Criminal Code Article 615-quinquies, Criminal Code, Article 617-quater, Criminal Code; Article 617-quinquies, Criminal Code; Article 635-bis, Criminal Code; Article 635-ter, Criminal Code; Article 635-quater, Criminal Code; Article 635-quinquies, paragraph 3, Criminal Code; Article 640-quinquies, Criminal Code;	231 CP; CE;
Article 24-ter	Article 416, paragraphs 1-5 Criminal Code; Article 416, paragraph 6, Criminal Code; Article 416-bis, Criminal Code; Article 416-ter, Criminal Code; Article 630, Criminal Code; Article 74, Presidential Decree 309/90 Article 407, paragraph 2 letter a) no. 5 Code of Criminal Procedure;	CE;

Article 25	Article 317, Criminal Code; Article 318, Criminal Code; Article 319, Criminal Code; Article 319-bis, Criminal Code; Article 319-ter, Criminal Code; Article 319-quater, Criminal Code; Article 320, Criminal Code; Article 321, Criminal Code; Article 322, paragraphs 1 and 3, Criminal Code; Article 322, paragraphs 2 and 4, Criminal Code; Article 322-bis, Criminal Code; Article 346-bis, Criminal Code; Article 314, Criminal Code; Article 316, Criminal Code; Article 323, Criminal Code;	MO 231; CE; OP-02; OP-03; OP-04; OP-05; OP-06; OP-08; OP-10; OP-11; OP-13
Article 25-bis:	Article 453, Criminal Code; Article 454, Criminal Code; Article 455, Criminal Code; Article 457, Criminal Code; Article 459, Criminal Code; Article 460, Criminal Code; Article 461, Criminal Code; Article 464, paragraphs 1 and 2, Criminal Code; Article 473, Criminal Code; Article 474, Criminal Code;	MO 231; CE; OP-02;
Article 25-bis.1	Article 513, Criminal Code; Article 513-bis, Criminal Code; Article 514, Criminal Code; Article 515, Criminal Code; Article 516, Criminal Code; Article 517, Criminal Code; Article 517-ter, Criminal Code; Article 517-quater, Criminal Code;	MO 231; CE; OP-09;

Article 25-ter	Article 2621, Civil Code; Article 2621-bis, Civil Code;; Article 2622, Civil Code; Article 2625, paragraph 2, Civil Code; Article 2626, Civil Code; Article 2627, Civil Code; Article 2628, Civil Code; Article 2629, Civil Code; Article 2629-bis, Civil Code;; Article 2632, Civil Code; Article 2633, Civil Code; Article 2635, paragraph 3, Civil Code; Article 2635-bis, Civil Code;; Article 2636, Civil Code; Article 2637, Civil Code; Article 2638, paragraphs 1 and 2, Civil Code;	MO 231; CE; OP-02; OP-03; OP-04; OP-08; OP-11; OP-13
Article 25-quater	Article 3 Law 7/2003	CE;
Article 25-quater 1	Article 583-bis, Criminal Code;	MO 231; CE; OP-03; OP-05; OP-10;
Article 25-quinquies	Article 600, Criminal Code; Article 600-bis, Criminal Code; Article 600-ter, Criminal Code; Article 600-quater, Criminal Code; Article 600-quater 1, Criminal Code; Article 600 quinquies, Criminal Code; Article 601, Criminal Code; Article 602, Criminal Code; Article 609-undecies, Criminal Code;	CE;
Article 25-sexies	Article 184, Legislative Decree 58 of 24 February 1998 Article 185, Legislative Decree 58 of 24 February 1998	MO 231; CE; OP-02; OP-10;
Article 25-septies	Article 589, Criminal Code; Article 590, Criminal Code;	MO 231; CE; OP-03; OP-12; OP-13

Article 25-octies	Article 648, Criminal Code; Article 648-bis, Criminal Code; Article 648-ter, Criminal Code, Article 648-ter 1, Criminal Code	CE 231
Article 25-octies.1	Article 493-ter, Criminal Code; Article 494 quater,Criminal Code; Article 640, second paragraph, Criminal Code	MO 231; CE; OP-09;
Article 25-novies	Article 171, paragraph 1, letter a-bis), Law 633 of 22 April 1941, as amended by Law 2/2008 Article 171, paragraph 3, Law 633 of 22 April 1941, as amended by Law 2/2008 Article 171-bis, paragraph 1, Law 633 of 22 April 1941, as amended by Law 2/2008 Article 171-bis, paragraph 2, Law 633 of 22 April 1941, as amended by Law 2/2008 Article 171-ter, Law 633 of 22 April 1941, as amended by Law 2/2008 Article 171-septies, Law 633 of 22 April 1941, as amended by Law 2/2008 Article 171-octies, Law 633 of 22 April 1941, as amended by Law 2/2008	MO 231; CE; OP-08;
Article 25-decies	Article 377-bis, Criminal Code;	CE;
Article 25-undecies	Article 452-bis, Criminal Code; Article 452-quater, Criminal Code; Article 452-quinquies, Criminal Code; Article 452-sexies, Criminal Code; Article 452-octies, Criminal Code; Article 727-bis, Criminal Code; Article 733-bis, Criminal Code; Article 137, paragraphs 2, 3, 5 and 11 pursuant to Legislative Decree 152 2006; Article 256, paragraph 1 pursuant to Legislative Decree 152/2006; Article 256, paragraphs 3 and 5 pursuant to Legislative Decree	MO 231; CE; PO-05

	152/2006; Article 257, paragraphs 1 and 2 pursuant to Legislative Decree 152/2006; Article 258, paragraph 4 pursuant to Legislative Decree 152/2006; Article 259 pursuant to Legislative Decree 152/2006; Article 260 pursuant to Legislative Decree 152/2006; Article 260-bis, paragraphs 6 and 8 pursuant to Legislative Decree152/2006; Article 260-bis paragraph 7 pursuant to Legislative Decree 152/2006; Article 279, paragraph 2 pursuant to Legislative Decree 152/2006; Article 1, Law 150/1992; Article 2, Law 150/1992; Article 3-*bis,* Law 150/1992; Article 6, Law 150/1992; Article 3, paragraph 6, pursuant to Law 549/1993; Article 8, Legislative Decree 202/2007; Article 9, Legislative Decree 202/2007;	
Article 25-duodecies	Article 22, paragraph 12-*bis*, Legislative Decree 286/1998	MO 231; OP-03; OP-04; OP – 09.
Article 25 - terdecies	Article 3, Law 654 of 13 October 1975	CE;
Article 4	Article 416, Criminal Code; Article 416-bis, Criminal Code; Article 291-quater, Presidential Decree 43 of 23 January 1973; Article 74, Presidential Decree 309 of 9 October 1990; Article 12, paragraph 3, paragraph 3-*bis*, paragraph 3-*ter* and paragraph 5 of Legislative Decree 286/98; Article 377-bis, Criminal Code; Article 378, Criminal Code;	N.A
Article 25-quaterdecies	Article 1 Law 401/1989 Article 4 Law 401/1989	CE, MO 231,

		OP- 02, OP-03, OP-04, OP-12, OP-13
Article 25-quinquiesdecies	Article 2, Legislative Decree 74/2000, Article 3, Legislative Decree 74/2000, Article 8, Legislative Decree 74/2000, Article 10, Legislative Decree 74/2000, Article 11, Legislative Decree 74/2000, Article 5, Legislative Decree 74/2000 Article 10-quater, Legislative Decree 74/2000	N. A.
Article 25-sexdecies	Article 282 and following, Presidential Decree 43/1973	N.A.
Article 25- septiesdecies	Article 518-bis, Criminal Code Article 518-ter, Criminal Code Article 518-quater, Criminal Code Article 518-octies, Criminal Code Article 518-novies, Criminal Code Article 518-decies, Criminal Code Article 518-undecies, Criminal Code Article 518-duodecies, Criminal Code Article 518-quaterdecies, Criminal Code	N.A.
Article 25-duodevicies	Article 518-sexies, Criminal Code Article 518-terdecies, Criminal Code	N.A.

The main acronyms used in the above Cross-reference are defined below.

ACRONYM	COMPANY DOCUMENT
MO 231	Compliance Programme
CE 231	Code of Ethics
OP-01	Operational Protocol - Identification of Key Persons
OP-02	Operational Protocol - Monetary and financial flows
OP-03	Operational Protocol - Supplier Selection
OP-04	Operational Protocol - Consultant Selection
OP-05	Operational Protocol - Personnel Selection
OP-06	Operational Protocol – Audits
OP-07	Operational Protocol - Use of company assets
OP-08	Operational Protocol - Litigation Management
OP-09	Operational Protocol - Translation Management
OP-10	Operational Protocol - Requirements for environmental protection and occupational safety
OP-11	Operational Protocol - Entertainment expenses
OP-12	Operational Protocol - Monitoring of taxation
OP-13	Operational Protocol - Accounting and Financial Reporting Management
OP-14	Operational Protocol - Monitoring pursuant to Article 2086, paragraph 2, Civil Code
OP-15	Operational Protocol - 231 Training Project

SPECIAL SECTION

INTRODUCTION

In the following **special section**, the offences included in the Decree that are most relevant in relation to the type of activity carried out by STAR7 S.P.A. are recalled and analysed. For anything not specified in this Special Section, reference is made to the text of Decree 231/2001 and the articles of law referred to therein.

RECIPIENTS OF THE SPECIAL SECTION

This Special Section refers to conduct by directors, executives and employees of STAR7 S.P.A. in at-risk areas, as well as external staff and consultants, already defined in the General Section and in the Code of Ethics.
The purpose of this Special Section of the Compliance Programme is twofold: to illustrate the types of offences that may potentially be committed through the activities carried out at STAR7 S.P.A. and to provide general indications to guide the work of the Recipients of the Compliance Programme, in order to prevent the occurrence of offences that may involve the liability of STAR7 S.P.A.

CRIMES AGAINST THE PUBLIC ADMINISTRATION

RELEVANT CRIMES

Pursuant to **Article 24 of the Decree** ("*Undue receipt of disbursements, fraud against the State or a public body or to obtain public grants or computer fraud against the State or a public body*"), the following are relevant:

- Article 316-*bis*, Criminal Code: misappropriation of public funds;
- Article 316-*ter*, Criminal Code: undue receipt of publicfunds;
- Article 640, paragraph 2, no. 1, Criminal Code: fraud against the State or other public body or the European Union;
- Article 640-*bis*, Criminal Code: aggravated fraud to obtain public funds;
- Article 640-*ter*, Criminal Code: computer fraud.

A "*Public Administration Entity*" shall be deemed to be any legal entity having public interests in its care and carrying out legislative, jurisdictional or administrative activities by virtue of public law and authorising acts, such as:

- Central and peripheral administrations, State Agencies (Ministries, Departments, House, Senate, Prime Minister's Office, Revenue Agencies, etc.);
- Authorities (Competition and Market Authority, Communications Authority, Electricity and Gas Authority, Personal Data Protection Authority, etc.);
- Regions, Provinces, Municipalities;
- Chambers of Commerce, Industry, Crafts and Agriculture and their associations;
- Non-economic public entities;

- EU public institutions (Commission of the European Communities, European Parliament, Court of Justice and Court of Auditors of the European Communities).

ARTICLE 316 *BIS*, CRIMINAL CODE: MISAPPROPRIATION OF PUBLIC FUNDS.

"*Anyone who is not a member of the public administration, having obtained from the State or from any other public body or from the European Communities contributions, grants, funding, subsidised loans or other disbursements of the same type, however called, intended for the achievement of one or more purposes, that does not allocate them for their intended purposes, shall be liable to imprisonment for a term of six months to four years*".

This case is aimed at repressing fraud following the attainment of public services by subjects entitled to the sum paid.

The objective element of the offence consists of the failure to use the sums obtained for the objectives and purposes in relation to which they were allocated.

In particular, the notion of works or activities in the public interest to which the legislation refers must be understood in a broad sense, with regard to the public origin of the outright or subsidised funds.

Given that the crime is omissive by nature, it is committed at the moment when the term by which the funding had to be used and intended for a public purpose expires. Therefore, the commission of the offence may vary depending on the expiry, since the offence can also be committed in relation to funding already obtained in the past and which is not subsequently used for the purposes for which it was granted.

The subjective element required by law is represented by general intent, and namely the knowledge and intent of removing the contributions, subsidies or funding received from the public obligation, allocating said for a different purpose from that for which they were received.

The Decree establishes a financial penalty of up to 500 units, while the ban is from 3 to 24 months.

ARTICLE 316 *TER*, CRIMINAL CODE: UNDUE RECEIPT OF PUBLIC FUNDS

"Unless the offence constitutes the crime envisaged in Article 640-bis, anyone who – by using or submitting false statements or documents or stating things that are not true, or by omitting information required – unduly obtains, for themselves or for others, contributions, grants, funding, subsidised loans or other disbursements of the same type, however called, granted or issued by the State, by other public bodies or by the European Communities without being entitled to them, shall be liable to imprisonment for a term of six months to three years.

When the sum unduly received is equal to or less than 3,999.96 euros, only the administrative sanction of the payment of a sum of money ranging from 5,164 to 25,822 euros is applied. This sanction cannot, however, exceed three times the benefit obtained".

The case in question has a subsidiary or residual nature with respect to the case of fraud against the State

(Article 640 *bis*, criminal code), as it is committed only in cases where the conduct does not constitute the act of fraud against the State

Contrary to what was said in the previous point (Article 316 *bis,* criminal code), in order for the crime to be committed, the use of the funds is irrelevant, since the crime takes place at the time of obtaining the funding.

The conduct can refer to both an act that has been committed (the use and presentation of statements or documents that are false or certify things that are not true) and to an omission (failure to provide information that is due) and even an attempted act or omission may also be punished.

The person must act with knowledge and intent of obtaining the undue sum of money.

The Decree establishes a financial penalty of up to 500 units, while the ban is from 3 to 24 months.

ARTICLE 640, CRIMINAL CODE: FRAUD.

"Anyone who, by artifice or deception, inducing someone into error, procures for himself or others an unjust profit to the detriment of others, shall be liable to a term of imprisonment from six months to three years and a fine from 51 to 1,032 euros.

1. *The penalty is imprisonment from one to five years and a fine ranging from 309 to 1,549 euros:*

   1) if the act is committed against the State or another public body or under the pretext of having someone exempted from military service;

   2)[...].

   3[…].”

This offence is committed when, in order to obtain an unfair profit for oneself or others, artifices or deception are used that are likely to mislead and, consequently, cause damage to the State (or to another public body or to the European Union).

By way of example, this offence may occur when, in the preparation of documents or data for participation in tender procedures, the Public Administration is provided with information that does not correspond to the truth (for example, by using artificial documentation that also represents reality in a distorted manner), in order to obtain the award of the tender.

The crime of fraud may also be committed if information is withheld that the party is obliged to provide and which, if known by the Entity, would necessarily have conditioned in a negative way its willingness to negotiate.

The crime of fraud is a necessary cooperative crime, and consists of four elements:

- a particular fraudulent conduct adopted by the perpetrator that takes the form of using so-called artifices or deceptions, which must aim to mislead someone but do not necessarily have to be suitable to mislead;
- the inducement in error of the person subject to the conduct as a result of artifices or deceptions on the part of the person engaging in the conduct;
- the performance of an act of asset disposition by the person who has been misled;
- financial damage to the person subject to the offence from which an unfair profit is derived for the

person committing the offence or for others.

The subjective element of the crime is general intent: the person engaging in the conduct intends misleading the person subject to the conduct and aims, through deception, to have the latter make available assets from which a profit is derived for himself or others.

The Decree establishes a financial penalty of up to 500 units, while the ban is from 3 to 24 months.

ARTICLE 640 *BIS,* CRIMINAL CODE: AGGRAVATED FRAUD TO OBTAIN PUBLIC FUNDS

"*The penalty is imprisonment from two to seven years if the act referred to in Article 640 covers contributions, grants, funding, subsidised loans or other disbursements of the same type, however named, granted or paid by the State, other public authorities or the European Communities.*"

This offence is committed when the fraud is carried out in order to unduly obtain public funds. The qualifying element with respect to the crime previously examined is the material object of the fraud in that "public disbursement" is to be understood as "*any facilitated economic attribution provided by the State, Public Bodies or the European Union*".

The object of the criminally relevant conduct is: contributions, funding, subsidised loans or other disbursements of the same type, however named.

The offence is only committed if the object of the criminally relevant conduct comes from the State, other public bodies (institutions with legal personality through which the administrative activity is carried out) or the European Union.

The subjective element required by law is the knowledge or intent of carrying out the fraud and the crime is committed at the time when the payments are received. In this regard, it should be pointed out that the offence in question is not committed simply by presenting untrue data and information, but requires "*a fraudulent operation capable of thwarting or making less easier controls of the funding application undertaken by the competent bodies*".

The Decree establishes a financial penalty of up to 500 units, while the ban is from 3 to 24 months.

ARTICLE 640 *TER,* CRIMINAL CODE: COMPUTER FRAUD

"Whoever, by altering in any way whatsoever the operation of a computer or telematics system or by unduly interfering in any way with data, information or the programmes contained in a computer or telematics system or relevant to it, procures for himself or for others unfair profits that cause damage to others, shall be liable to imprisonment for a term of six months to three years and a fine ranging from 51.00 to 1,032 euros."

The penalty is imprisonment for a period of between one and five years and a fine ranging from 309 to 1,549 euros if one of the circumstances envisaged in no. 1) of the second paragraph of Article 640 applies, or if the act is committed abusing the position of system operator.

The crime can be punished upon complaint by the injured party, unless any of the circumstances referred to in

paragraph two or another aggravating circumstance occur".
This offence differs from the offence of fraud, as the fraudulent activity is carried out on the computer system and does not involve the person and may be concurrent with the offence of "unlawful access to a computer or telematics system" provided for by Article 615 *ter* of the Criminal Code.

The objective element occurs with the modification of the material consistency and/or the modification of the data or programmes of a computer or telematics system and the mere attempt is also punishable.

The necessary subjective element consists of the knowledge and intent of modifying the material consistency and/or the data or programmes of a computer or telematics system in order to obtain a profit to the detriment of others.

The financial penalty established by the Decree ranges up to 500 units, while the ban is from 3 to 24 months.

Pursuant to Article 25 of the Decree, entitled "Extortion, undue inducement to give or promise benefits and corruption", the following are relevant:

- Article 317 Criminal Code: Extortion;
- Article 318, Criminal Code: Bribery in the performance of duty;
- Article 319, Criminal Code: Bribery for an act contrary to official duties;
- Article 319-*bis*, Criminal Code: Aggravating circumstances.
- Article 319-*ter*, Criminal Code: Corruption in judicial proceedings;
- Article 319-*quater*, Criminal Code: Illegal inducement to give or promise benefits;
- Article 320, Criminal Code: Bribery of a public service officer;
- Article 321, Criminal Code: Penalties for the corruptor;
- Article 322, Criminal Code: Incitement to bribery;
- Article 322-*bis,* Criminal Code: Embezzlement, extortion, undue inducement to give or promise benefits, corruption and incitement to corrupt members of the bodies of the European Communities and of officials of the European Communities and of foreign States.
- Article 346-bis: Trafficking in unlawful influences;
- Article 314, paragraph 1 Criminal Code: Embezzlement;
- Article 316, Criminal Code: Embezzlement by profit from the error of others;
- Article 323, Criminal Code: Abuse of office.

In order to understand the risks of extortion and corruption and bribery and to better assess the areas of the company's organisation in which these offences may be committed, the following Memorandum should be compared.

MEMORANDUM

The criterion for distinguishing **extortion** from *direct* **bribery** is the relationship between the intentions of the individuals. Specifically:

- in **bribery**, the relationship is equal and implies that intentions freely converge towards a common illicit objective to the detriment of the Public Administration;
- in **extortion**, the public agent expresses a coercive or inductive intention that conditions the free

expression of that of the private individual, who, to avoid greater harm, must submit to the unjust demands of the former.

A necessary element which is common to both cases is an **undue disbursement** made by the private individual to the public agent. The **fundamental difference** lies in the circumstance that extortion cannot, even in the abstract, be committed by the private individual; the latter is, in fact, merely the person subject to the unlawful conduct of the public official, as said person is limited to suffering the unjust claims of the person acting as the public official.

Public Officials:

Article 357, Criminal Code (Notion of public official): *"For the purposes of criminal law, public officials are those who perform a public legislative, judicial or administrative function.*

For the same purposes, public functions are administrative functions governed by provisions of public law and by authorising acts, characterised by the formation and manifestation of the will of the public administration or by its implementation through governing or certifying powers."

It should be noted that:

- *provisions of public law* are provisions intended for the attainment of a public purpose and the protection of a public interest.
- *governing power* is the power that allows the PA to achieve its purposes through actual commands, *which the private individual is subject to.* This is the activity in which the so-called governing power is expressed, that includes powers of coercion (arrest, search, etc.) and powers to challenge violations of the law (assessment of fines, etc.), as well as powers of hierarchical supremacy within public offices.
- *Certifying power* is the power that gives the certifying body the power to certify a fact providing proof, until such a fact is legally proven to be false.

The qualification of **public official** must be recognised for persons who, whether public employees or simply private individuals, regardless of their subjective position, can or must, within the scope of a power governed by public law, form and manifest the will of the public administration, or exercise, independently of formal investiture, governing, decision-making or certifying powers.

Public function means the thoughts, will and actions, which are expressed, with attributes of authority, in the contexts of legislative, administrative and judicial bodies.

Public service officers:

Article 358, Criminal Code (Notion of a public service officer): *"Public service officers are those who, for any purpose, perform a public service. The term public service means an activity governed in the same forms as the public function, but characterized by the absence of typical powers of the latter, and with the exclusion of the performance of simple duties of order and the provision of merely material work".*

It should be noted that:

- "*in any capacity*" must be understood to mean that a person is exercising a public function, even without formal or regular investiture (in charge of a public service "de facto"). In fact, the existing relationship between the Public Administration and the party providing the service is not relevant.
- "*Public Service*" means an activity governed by rules of public law and authorising acts, but characterised by the absence of governing and certifying powers.

"De facto" official :

A de facto official is referred to when:

- the formal act of directly assigning powers to a public official exists in the legal domain, but is flawed, and therefore null and void; or:
- the legal system attributes to the PA, through hypotheses peremptorily provided for, the effects of the work of persons who interfere in the exercise of public functions, thus remedying, in this way at the origin, what would otherwise be a situation of a lack of power in the abstract and, therefore, of usurpation.

Public administration entities:

For the purposes of criminal law, a "Public Administration Entity" is commonly considered to be any legal entity which has public interests in its care and which carries out legislative, jurisdictional or administrative activities by virtue of rules of public law and authorising acts.
The articles of the Criminal Code governing the offences listed above, accompanied by a brief illustration of the offence and a description of the potentially at-risk activities, are presented below.

Article 317 Criminal Code: Extortion.
"A public official or public service officer who abuses their powers, compelling or inducing someone to give or unduly promise money or other benefits to them or to a third party, shall be liable to imprisonment for a term of four to twelve years."
The criminally relevant conduct is that of the public official and/or the person in charge of a public service who compels or induces someone (abusing their position) to behave in a certain way.
The financial penalty provided for by the Decree ranges from 300 to 800 units, while the ban ranges from 12 to 24 months.
The fines envisaged apply to the Entity also when the crimes are committed by individuals indicated in Articles 320 and 322-bis of the Criminal Code.

Article 318 Criminal Code: Bribery in the performance of duty.

"A public official who, in exercising their functions or powers, unduly receives, for themselves or for a third party, money or other benefits, or accepts a promise thereof, shall be liable to imprisonment for a term of one to six years."

This offence occurs when a public official unduly receives, for himself or for others, money or other benefits or accepts a promise of such benefits in order to exercise his/her functions or powers. The exercise of the "functions or powers" of the public official is relevant, enabling the repression of the public function's subjugation to private interests, where the giving of money or other benefits is not related to the completion or omission or delay of a specific act, but to the generic activity, generic powers and generic function for which the qualified person is responsible. With the law, any reference to "remuneration", presupposing a proportionate reciprocal relationship between the parties to the *pactum sceleris*, where the giving or promising of a benefit must necessarily correspond to a counter-performance represented by the act, determined or determinable, by the qualified party, no longer applies.

Today, the law also provides for the criminal prosecution of subsequent acts of indirect bribery, which were previously not punishable. In fact, the new wording of Article 318 of the Criminal Code, referring to the exercise of functions or powers, and no longer to the specific act, represents a general provision of criminal law regarding acts of corruption and bribery.

As indicated by the new Article 320 of the Criminal Code. (*Bribery of a public service officer*), following the reform of 2012, the provisions of Articles 318 and 319 of the Criminal Code also apply to a public service officer.

In any case, in accordance with paragraph two, the penalties are reduced by no more than one third.

The financial penalty provided for by the Decree may be applied up to a maximum of 200 units.

Article 319 Criminal Code: Bribery for an act contrary to official duties.

"A public official who receives money or other benefits (or accepts a promise thereof) for themselves or for a third party, in order to omit or delay (or for having omitted or delayed) an official act, or in order to perform (or for having performed) an act contrary to official duties, shall be liable to imprisonment for a term of six to ten years."

The offence is committed when a public official, in exchange for the payment of money or other benefits, omits or delays the performance of an act that is due or performs an act that is not due, even if apparently and formally lawful and therefore contrary to the principles of good conduct and impartiality of the Public Administration (for example, a public official who accepts money to ensure the award of a tender or even limiting himself to the mere promise of receiving a benefit, money or other benefits - without the immediate material provision).

Such an undue act may be ascribed to an illegitimate or unlawful act or an act carried out contrary to the observance of the duties of the public official.

The financial penalty provided for by the Decree ranges from 200 to 600 units, while the ban ranges from 12 to 24 months.

The fines envisaged apply to the Entity also when the crimes are committed by individuals indicated in Articles 320 and 322-bis of the Criminal Code.

Article 319 *bis* Criminal Code: Aggravating circumstances.

"The penalty is increased if the offence referred to in Article 319 relates to the allocation of public jobs, salaries or pensions or to the stipulation of contracts involving the public administration to which the public official belongs or the payment or reimbursement of taxes."

An aggravating circumstance is that the act referred to in Article 319 regards the granting of public positions, salaries or pensions or the stipulation of contracts in which the administration to which the public official belongs is involved (Article 319-*bis* of the Criminal Code).

The financial penalty provided for by the Decree ranges from 300 to 800 units, while the ban ranges from 12 to 24 months.

The fines envisaged apply to the Entity also when the crimes are committed by the individuals indicated in Articles 320 and 322-*bis* of the Criminal Code.

Article 319-*ter* Criminal Code: Corruption in judicial proceedings.

If the offences identified in Articles 318 and 319 are committed to favour of or damage a party in civil, criminal or administrative proceedings, the penalty shall be imprisonment for a term of four to ten years.

If the offence results in the unjust conviction of another individual to imprisonment of not more than five years, the penalty shall be imprisonment for a term of five to twelve years; if it results in the unjust conviction to imprisonment for more than five years or a life sentence, the penalty shall be imprisonment for a term of eight to twenty years."

The offence (which constitutes an autonomous case) occurs when the Company is party to judicial proceedings (civil, criminal or administrative) and, in order to obtain an advantage in the proceedings (civil, criminal or administrative trial), bribes a public official (not only a magistrate, but also a clerk or other official).
The financial penalty provided for by the Decree, for paragraph 1, ranges from 200 to 600 units with a ban from 12 to 24 months; while for paragraph 2, the financial penalty ranges from 300 to 800 units and the ban from 12 to 24 months.
The fines envisaged apply to the Entity also when the crimes are committed by individuals indicated in Articles 320 and 322-bis of the Criminal Code.

Article 319-quater Criminal Code: Illegal inducement to give or promise benefits.
"Unless the offence constitutes a more serious crime, a public official or public service officer who abuses their powers, inducing someone to give or unduly promise money or other benefits to them or to a third party, shall be liable to imprisonment for a term of six to ten years and six months.
In the cases envisaged in the first paragraph, those who give or promise money or other benefits, shall be liable to imprisonment for a term of up to three years."
Following the adoption of the Anticorruption Law 190/2012, this offence constitutes a separate and autonomous case from that envisaged in Article 317 of the Criminal Code.
It differs from extortion because only the conduct of inducement to obtain or be promised money or other benefits is punished, and because the person giving or promising money or other benefits is also punishable.
Pursuant to Article 319 quater, inducement includes the conduct of a public official who envisages unfavourable consequences deriving from the application of the law in order to obtain the undue payment or promise of money or other benefits.
Pursuant to Article 322 bis of the Criminal Code, the new crime of undue inducement to give or promise benefits will be considered as perpetrated even if committed by members of bodies of the European Communities and by officials of the European Communities and of foreign States.
The financial penalty provided for by the Decree ranges from 300 to 800 units while the ban ranges from 12 to 24 months.
The fines envisaged apply to the Entity also when the crimes are committed by individuals indicated in Articles 320 and 322-bis Criminal Code.

Article 321 Criminal Code: Penalties for the corruptor.
"The penalties established in the first paragraph of Article 318, Article 319, Article 319-bis, Article 319-ter and Article 320 in relation to the aforementioned hypotheses of Articles 318 and 319, are also applied to those who give or promise to give money or other benefits to the public official or the public service officer".
In the crime of **bribery** there is an **agreement** between the bribed person and the briber, aimed at achieving a

mutual advantage, while in **extortion,** the private individual is subjected to the conduct of the public official or the public service officer.

In the case of bribery for the exercise of a function, the financial penalty may be imposed up to 500 units.

With reference to bribery for acts contrary to official duties and corruption in judicial acts, the financial penalty envisaged for the private individual amounts to a maximum of 500 units, while the ban ranges from 12 to 24 months.

In the case of extortion, including aggravated extortion, and corruption in judicial proceedings which has resulted in an unjust conviction of imprisonment, the administrative financial penalty is from 300 to 800 units, and the ban ranges from 12 to 24 units.

The fines envisaged apply to the Entity also when the crimes are committed by the individuals indicated in Articles 320 and 322-*bis* of the Criminal Code.

Article 322 Criminal Code: Incitement to bribery.

"Anyone who offers or unduly promises money or other benefits to a public official or a public service officer, for exercising their functions or powers, shall be liable, when the offer or promise is not accepted, to the penalty established in the first paragraph of Article 318, reduced by one third.

If the offer or promise is made to induce a public official or a public service officer to omit or delay an official duty, or to perform an act contrary to his/her duties, the perpetrator is subject, where the offer or the promise is not accepted, to the penalty indicated in Article 319, reduced by one third. The penalty specified in the first paragraph shall apply to a public official or a public service officer who solicits a promise or transfer of money or other benefit for exercising their functions or powers. The penalty specified in the second paragraph applies to a public official or a public service officer who solicits a promise or transfer of money or other benefits from a private individual for the purposes indicated in Article 319 of the Criminal Code".

The term offer means the actual and spontaneous provision of money or other benefits, while the promise is the commitment to a future performance. In order for the crime of incitement to bribery to be committed, the simple offer or promise is sufficient, provided that it is characterised by adequate seriousness and is able to psychologically disturb the public official (or the public service officer), so that the possibility arises that the same accepts the offer or promise: therefore, it is not necessary for the offer to have a justification, nor for the promised benefit to be specified, nor for the sum of money to be quantified, since it is sufficient for the agent to propose the illicit exchange.

The administrative financial penalty provided for by the Decree for the first paragraph amounts to a maximum of 500 units. For the subsequent paragraphs, the financial penalty ranges from 200 to 600 units, while the ban is between 12 and 24 months.

The fines envisaged apply to the Entity also when the crimes are committed by individuals indicated in Articles 320 and 322-bis of the Criminal Code.

Article 346 bis Criminal Code Trafficking in unlawful influences

"Anyone who, aside from the cases of aiding and abetting the crimes set forth in Articles 318, 319, 319-ter and in the crimes of bribery set forth in Article 322-bis, exploiting or boasting of existing or alleged relationships with a public official or a public service officer or one of the other persons set forth in Article 322-bis, unduly causes to give or promise, to himself or others, money or other benefits, as the price of his own unlawful mediation with a public official or a public service officer or one of the other persons set forth in Article 322-bis, or to remunerate him in relation to the exercise of his functions or powers, shall be liable to imprisonment from one year to four years and six months.

The same penalty applies to anyone who unduly gives or promises money or other benefits.

The punishment is increased if the person who unduly causes money or other benefits to be given or promised to himself or to others is a public official or a public service officer.

The punishments are also increased if the facts are committed in relation to the carrying out of judicial activities or to remunerate the public official or the public service officer or one of the other persons set forth in Article 322-bis in relation to the carrying out of an act contrary to the duties of his/her office or the omission or delay of an act of his/her office.

If the facts are particularly tenuous, the punishment is reduced".

This case was introduced by Article 1, paragraph 75, of Law 190 of 6 November 2012 to protect the legality, good performance and impartiality of the public administration. It punishes the person who acts as a mediator between the bribed person and the briber, incriminating the exercise of undue pressure on public officials, as well as the unlawful enrichment of the intermediary.

The offence is a common one, since no particular subjective qualification is required of the principal and/or the mediator. However, in the event that the mediator assumes the status of public official or public service officer, there is an aggravated penalty.

This is a necessarily a multi-offender crime, since both the principal of the mediation and the mediator are punished. Compared to bribery cases, Article 346 *bis* of the Criminal Code provides for an earlier protection, since the case punishes the intermediary before the corruptive agreement between the private party and the Public Administration can be finalised.

From an objective point of view, the offence is committed by an agreement between a private individual and an intermediary whose object is the donation of an asset in exchange for the exercise of an influence by the latter on a public official, precisely in order to steer administrative decisions in a direction favourable to the initial instigator.

Article 346-bis of the Criminal Code provides for two different hypotheses of trafficking in unlawful influences: a first case is represented by the so-called traffic of free influences, in which the client gives or promises money or other benefits, in the form of assets, to the mediator so that the latter pays the public agent for the

performance of an act contrary to the duties of office or for the omission or delay of an official act.

The second hypothesis refers to the so-called traffic of influences for a consideration, which takes place when the money or the benefits in the form of assets given or promised by the client to the mediator serve to remunerate him for the influence that the latter undertakes to exert over the public agent.

The relationships that the mediator undertakes to enforce must be real and must constitute the reason for the client to give or promise the benefits in the form of assets.

The duration and intensity of the relationship with the public agent is completely irrelevant, but it is sufficient that they are such as to influence, in concrete terms, the action of the latter.

The financial penalty provided for by the Decree is applicable, with reference to the first paragraph, up to 200 units. For the subsequent paragraphs, the financial penalty ranges from 200 to 600 units, while the ban is between 12 and 24 months.

The financial penalties envisaged apply to the Entity also when the crimes are committed by the individuals indicated in Articles 320 and 322-bis of the Criminal Code.

***Example of relevant conduct*:** Marco, CEO of a limited company, pays a sum of money to a 'wheeler dealer' who has relations with qualified officials of the Internal Revenue Agency, as the price for mediation in tax assessment proceedings.

Article 314 Criminal Code paragraph 1 - Embezzlement if committed against the financial interests of the EU

"The public official or the public service officer, who, having for reason of his office or service, the possession or in any case the availability of money or other movable property of others, appropriates it, shall be punished […]"

Example of relevant conduct: see Article 323 of the Criminal Code

Article 316 criminal code - Embezzlement through profit from the error of others if committed against the financial interests of the EU

"A public official or a public service officer who, in the exercise of his or her function or service, takes advantage of the error of others in order to unduly receive or retain - for him/herself or for a third party - money or another benefit, shall be punished […]"

Example of relevant conduct: see Article 323 of the Criminal Code

Article 323 criminal code - Abuse of office if committed against the financial interests of the EU

"Unless the act constitutes a more serious offence, a public official or a public service officer who, in the performance of his functions or service, in violation of the law or regulations, or by failing to abstain in the presence of his own interest or that of a close relative or in the other prescribed cases, intentionally procures for himself or others an unjust financial advantage or causes others unjust damage, shall be punished [...]"

Examples of relevant conduct: the three aforementioned cases are not - not even in the abstract - applicable to STAR7 S.p.A., since, as is clear from the provisions of the law, they can only be carried out by persons with public status (public officials or public service officers).

AT-RISK ACTIVITIES PURSUANT TO ARTICLES 24 AND 25 OF DECREE 231/2001.

The analysis carried out in relation to the activities of STAR7 S.p.A. revealed the following areas of risk:

- management of institutional relations with local authorities; management of relations with public bodies to obtain authorisations or licences; management of relations with the National Social Security Institute, INPS, with the National Institute for Insurance against Accidents at Work, INAIL, with the Fire Brigade, Inland Revenue, Guardia di Finanza (Financial Police), Judicial Police Officers, in case of audits and/or requests from them; management of relations with public bodies regarding the hiring of personnel belonging to protected categories or whose hiring is facilitated;
- management of relations with the provincial labour office and the courts for disputes with employees;
- management of relations with the judicial authorities during criminal, civil, tax or voluntary jurisdiction disputes;
- cash flow management; payments in cash or through bank transfer etc.;
- supplier indication, selection and management;
- HR recruitment;
- selection and management of consultants;
- payment of contributions.

GENERAL PRINCIPLES OF CONDUCT "DO's"

All at-risk activities must be carried out in compliance with the laws and regulations in force, with the principles of Corporate Governance of the Company, with the provisions of the Code of Ethics, with the general principles of conduct set out in both the General Section and the Special Section of this Programme, as well as with the protocols and other existing organisational procedures put in place to protect against the risks/offences identified.

The Company, aware of the importance of commitments to the Public Administration and Public Institutions being undertaken in strict compliance with the laws and regulations in force, in order to enhance and maintain its integrity and reputation:

- reserves the exclusive right to have the aforementioned activities carried out by appointed and authorised company functions;
- establishes the obligation to collect and keep documentation relating to any contact with the Public Administration. Statements made to Institutions and the Public Administration must contain only absolutely truthful elements, must be complete and based on valid documents in order to guarantee their correct evaluation by the Institution and Public Administration concerned;
- establishes that the use of any disbursement obtained from the Public Administration must be brought to the attention of the administration as well as the Company's accounting department, which verifies the correct use of the sums;
- ensures that financial transactions are carried out in accordance with established powers of signature;
- regulates computer system access, through methods for the control and monitoring of operations carried out on existing content;
- regulates in detail the granting of company assets and the use of the same by employees;
- requires each employee to provide the Company with supporting documentation for any business entertainment expenses incurred;
- provides for a system of delegated powers whereby there are two persons negotiating with the Public Administration, one of whom is the Chair of the Board of Directors;
- has a system of delegated powers in place whereby the only person with the possibility of making withdrawals from company accounts is the Chair of the Board of Directors.

DONT'S.

In relations with Public Officials or Public Service Officers or with employees in general of the Public Administration or other Public Institutions it is prohibited to:

- promise or offer them (or their relatives, relatives-in-law or related parties) money, gifts or gratuities or other benefits which may be economically valued;
- accept gifts or gratuities or other benefits which may be economically valued;
- promise or give them (or their relatives, relatives-in-law or related parties) employment and/or business opportunities or any other opportunities that may benefit them personally;
- incur unjustified expenditures for purposes other than the mere promotion of the corporate

image;

- favour, in purchasing processes, suppliers and sub-suppliers or consultants in general indicated by them as a condition for the subsequent performance of activities pertaining to the execution of their duties;
- promise or provide them (or their relatives, relatives-in-law or related parties), including through third party companies, with work or services of personal benefit;
- produce or provide false or altered documents or data or omit due information in order to obtain contributions, grants, funding or other benefits of various kinds, provided by the State or other public bodies or the European Union, in favour of STAR7 S.P.A.;
- allocate the disbursements received from the State, other public bodies or the European Community for purposes other than those for which they were obtained;
- access in an unauthorised manner the information systems used by the Public Administration or other Public Institutions, alter their functioning in any way or intervene in any way to which one is not entitled on data, information or programmes in order to unduly obtain and/or modify information for the benefit of the Company or third parties;
- take (directly or indirectly) any unlawful action during civil, criminal or administrative proceedings, that might favour or damage one of the parties involved.

Relations with representatives of the Public Administration.

Relations with representatives of the Public Administration, in the performance of operations pertaining to At-Risk Activities, shall be maintained only by the Manager of the function concerned or by a person specifically delegated by the Chair of the Board of Directors of STAR7 S.P.A.

Negotiations with the Public Administration must always be conducted by the delegated party jointly with the Chair of the Board of Directors.

It is forbidden for anyone else to have relations, on behalf of the Company, with representatives of the Public Administration.

Relations with audit bodies.

With regard to relations with inspection bodies, the Company's employee must comply with the specific protocol attached to the model.

HR management.

The personnel selection and management procedure adopted by STAR7 S.P.A. guarantees the application of criteria for evaluating candidates that meet the requirements of objectivity and transparency:

- the recruitment of candidates must take place in strict compliance with the specific procedure adopted
- by the Company;

- The outcome of the assessment of candidates must be formalised by means of appropriate documentation to be filed in accordance with the requirements of the specific procedure;
- The assessment to be made of the candidate must also address the existence of possible conflicts of interest.

Protocols to protect against the risks of offences pursuant to Articles 24 and 25 of the Decree:

- Monetary and financial flows protocol; OP-02
- Supplier selection protocol; OP-03
- Consultant Selection Protocol; OP-04
- Audit Protocol; OP-06
- Protocol for the use of company assets; OP-07
- Entertainment Expenses Protocol; OP-11

CYBERCRIME AND UNLAWFUL DATA PROCESSING

RELEVANT CRIMES

Based on **Article 24 *bis* of the Decree**, **the following are relevant**:

a) falsehoods:

- Article 491 *bis*, Criminal Code: Electronic documents;

b) Crimes against the inviolability of the home:

- Article 615 *ter*, Criminal Code: Malicious hacking of a computer or telematics system;
- Article 615 *quater*, Criminal Code: Unauthorised possession or dissemination of access codes of computer and telematics systems;
- Article 615 *quinquies,* Criminal Code: Distribution of computer equipment, devices or computer programmes for the purpose of damaging or blocking a computer or telematics system.

c) Crimes against the inviolability of secrets:

- Article 617 *quater*, Criminal Code: Wiretapping, blocking or illegally interrupting computer or information technology communications;
- Article 617 *quinquies*, Criminal Code: Installing devices aimed at wiretapping, blocking or interrupting computer or information technology communications.

d) Crimes against property through violence to objects or persons:

- Article 635 *bis*, Criminal Code: Damaging computer information, data and programmes;
- Article 635 *ter*, Criminal Code: Damaging computer information, data and programmes used by the State or any other public entity or by an entity providing public services;

- Article 635 *quater*, Criminal Code: Damaging computer or telematics systems;
- Article 635 *quinquies*, Criminal Code: Damaging public utility computer or telematics systems.

a) Crimes against property through fraud:

- Article 640 *quinquies*, Criminal Code: Computer fraud by providers of electronic signature certification services.

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a) Falsehoods.

Article 491 *bis*, Criminal Code: Electronic documents.

"If some of the falsehoods envisaged by this chapter [II of Title VII of Book II of the Criminal Code] *concern a public electronic document which may be used as evidence, the provisions of the same chapter concerning, respectively, public acts shall apply".*

This provision, added by Article 3 of Law 547 of 23/12/1993, as amended by Law 48 of 18/3/2008, was most recently amended by Article 2 of Legislative Decree 7/2015 ("Provisions on the repeal of crimes and the introduction of offences with civil financial penalties pursuant to Article 2, paragraph 3 of Law 67 of 28 April 2014), which eliminated the reference to the "private electronic document", with the consequence that falsehoods in electronic documents will only occur if relating to public acts.

The financial penalty provided for by the Decree can be applied up to 400 units, while the ban ranges from 3 to 24 months.

b) Crimes against the inviolability of the home.

Article 615 *ter*, Criminal Code: Malicious hacking of a computer or telematics system.

"Anyone who gains unauthorised access to a computer or telematics system protected by safety measures or remains in that system against the express wishes of those who have the right to deny such access, shall be liable to imprisonment for a term of up to three years.

The penalty is imprisonment for a term of one to five years if:

a. the offence is committed by a public official or a public service officer, in abuse of their powers or in breach of the duties arising from the function or service, or by someone who is exercising the profession of private detective, either lawfully or unlawfully, or is abusing their status as system operator;

b. if the offender uses violence against property or people to commit the offence, or is clearly armed;

c. the offence results in the destruction of or damage to the system or the total or partial interruption of its operation, or the destruction or corruption of data, information or programmes contained within it.

When the offences referred to in the first and second paragraphs concern information and computer systems of military interest or relating to public order or public safety or health or civil defence or that are otherwise in the public interest, the penalty is imprisonment for a term of one to five years or three to eight years,

respectively.

In the case referred to in the first paragraph the crime is punishable upon complaint by the injured party; all other circumstances are prosecuted directly by the authorities."

The legal asset protected by the provision in question is the confidentiality of communications and/or information, the exchange of which takes place, today, for the most part, via computer systems.

A "computer system" is a set of equipment designed to perform useful human functions through the use (even partial) of information technology.

The criminally relevant conduct is twofold and takes the form of unlawful access to a protected computer system or the permanence in said system despite the expression of a contrary will by those who have the right to exclude it.

The necessary subjective element is general intent, understood as the knowledge and intent of entering a system and remaining in it against the will of the entitled person;

In order for the offence to be committed, it is not necessary for the system to be damaged or for the access to be carried out with the aim of violating the confidentiality of authorised users.

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 24 months.

Article 615 *quater*, Criminal Code: Unauthorised possession and dissemination of access codes of computer and telematics systems.

"Anyone who, in order to procure a profit for themselves or for others or to cause damage to others, unlawfully procures, reproduces, distributes, communicates or provides codes, passwords or other means of access to a computer or telematics system, protected by security measures, or in any case provides indications or instructions for that purpose, shall be liable to imprisonment for a term of up to one year and a fine of up to 5,164 euros.

The penalty is imprisonment for a term of one to two years and a fine of 5,164 euros to 10,329 euros if any of the circumstances described in points 1) and 2) of the fourth paragraph of Article 617-quater of the Criminal Code apply."

This is a crime of danger, aimed at preventing the commission of more serious crimes against privacy or against property.

The crime is committed when the conduct described in the regulation is carried out in order to procure a profit for oneself or others or to cause damage.

The second paragraph of the provision under review provides for two aggravating factors: the first concerns the nature of the computer system, the other concerns the person committing the violation.

The financial penalty envisaged by the Decree is applicable up to 300 quotas, while the disqualification sanction ranges from 3 to 24 months.

Article 615 *quinquies*, Criminal Code: Distribution of computer equipment, devices or computer programmes for the purpose of damaging or blocking a computer or telematics system.

"Whoever, with the aim of illicitly damaging a computer or telematics system, the information, data or programmes contained therein or pertinent to it or to favour the total or partial interruption or alteration of the functioning, procures, produces, reproduces, imports, disseminates, communicates, delivers or, in any case, makes other equipment, devices or computer programmes available to others, is punished with a term of imprisonment of up to two years and a fine of up to 10,329 euros".

The case in question is a crime of abstract danger with no relevance to the achievement of the harmful purpose.

The subjective element required by law is that of specific intent, that is, the knowledge and intent of carrying out one of the described behaviours in order to damage the system.

The financial penalty provided for by the Decree ranges up to 300 units, while the ban ranges from 3 to 24 months.

c) Crimes against the inviolability of secrets.

Article 617 *quater*, Criminal Code: Wiretapping, blocking or illegally interrupting computer or information technology communications.

"Anyone who fraudulently intercepts communications relating to a computer or telematics system or between several systems, or prevents or interrupts such communications, shall be liable to imprisonment for a term of six months to four years.

Unless the offence constitutes a more serious crime, the same penalty shall also be applied to anyone who reveals part or all of the content of the communications referred to in the first paragraph.

The crimes referred to in the first and second paragraphs are punishable upon complaint by the injured party. However, the offence is prosecuted directly by the authorities, with a penalty of imprisonment for a term of one to five years, if it is committed:

1. *to damage an information or computer system used by the State or other public authority or by enterprises providing public services or services in the public interest;*
2. *by a public official or a public service officer, in abuse of their powers or in breach of the duties arising from the function or service, or by someone abusing their status as system operator;*
3. *by someone exercising the profession of private detective unlawfully."*

The legal asset protected by the regulation is the secrecy of communications which, in addition to being telephonic (Article 617 Criminal Code) and telegraphic (Article 617 *bis* Criminal Code), are, especially nowadays, computerised.

The interception of communications must be by fraudulent means.

The subjective element consists of general intent, understood as the knowledge and intent of carrying out one of the above described behaviours.

Special aggravating factors are, finally, provided for in the third paragraph of the provision under review:

- the nature of the state, public or belonging to a company exercising activities of public service or public utility of the system to the detriment of which the criminally relevant conduct is carried out;
- the perpetrator's status as a public official or public service officer if he or she commits one of the types of conduct described with abuse of power, violation of the duties inherent in the service or function or with abuse of the status of system operator;
- the unlawful exercise of the profession of private investigator.

The occurrence of the above-mentioned aggravating circumstances implies that the crime can be prosecuted ex officio, and that a penalty of imprisonment from one to five years may be imposed.

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 24 months.

Article 617 *quinquies*, Criminal Code: Installing devices aimed at wiretapping, blocking or interrupting computer or information technology communications.

"Anyone, except in the cases permitted by law, who installs equipment designed to intercept, prevent or interrupt communications relating to a computer or telematics system or between several systems, shall be liable to imprisonment for a term of one to four years.

In the cases identified in the fourth paragraph of Article 617-quater, the penalty is imprisonment for a term of one to five years".

The purpose of the offence in question is to punish activities that are prior to the interception, obstruction or interruption of communications.

The crime is committed with the installation of the computer equipment. The subjective element of the case is general intent, understood as the knowledge and intent of installing equipment suitable for the interception, impediment or interruption of communication.

The special aggravating circumstances of the fourth paragraph of Article 617 quater of the Criminal Code are applicable.

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 24 months.

d) Crimes against property through violence to objects or persons.

Article 635 *bis*, Criminal Code: Damaging computer information, data and programmes.

"Unless the offence constitutes a more serious crime, anyone who destroys, damages, deletes, alters or removes someone else's information, data or computer programs shall be liable, upon complaint by the injured party,

to imprisonment for a term of six months to three years.

If one of the circumstances envisaged in point 1 of the second paragraph of Article 635 applies, or if the offence is committed by abusing the status of operator of the system, then prosecution is automatic and the penalty is imprisonment for a term of one to four years".

The crime has been redefined by Law 48/2008, which has remedied some criticisms made by jurisprudence, as the case in point blindly reproduced the case constructed for the crime of "damage", not taking into account the specificities relating to IT assets.

The crime is committed with the occurrence of the event of damage and the subjective element is general intent, understood as the knowledge and intent of carrying out the described conduct with the awareness of the altruistic aspect of the material object of the crime.

An aggravating circumstance is that the offence was committed with violence or threats to the person or with the abuse of the status of system operator.

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 24 months.

Article 635 *ter*, Criminal Code: Damaging computer information, data and programmes used by the State or any other public entity or by an entity providing public services.

"Unless the offence constitutes a more serious crime, anyone who commits an offence aimed at destroying, damaging, deleting, altering or removing information, data or computer programmes used by the State or by another public authority or by connected entities, or public utility entities, shall be liable to imprisonment for a term of one to four years.

If the offence results in the destruction, deletion, alteration or removal of information, data, or computer programmes, the penalty is imprisonment for a term of three to eight years. If one of the circumstances envisaged in point 1) of the second paragraph of Article 635 applies, or if the offence is committed by abusing the status of system operator, the penalty is increased."

The structure of the crime is similar to that described in Article 635 *bis* of the Criminal Code, both from the point of view of the relevant conduct and from the point of view of the material object of the crime, as well as the subjective element. The peculiarity of this case lies in the fact that the information, data and computer programmes are used by the State or other public body or pertinent to them, or in any case, are of public utility. When damage to the information, data or programmes is sustained, the penalty is greater.

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 24 months.

Article 635 *quater*, Criminal Code: Damaging information or computer systems.

"Unless the offence constitutes a more serious crime, anyone who – by acting in the manner stated in Article

635-bis, or by introducing or transmitting data, information or programmes, destroys – damages someone else's computer or telematics systems or renders them partly or completely inoperable or serious impedes their functioning, shall be liable to imprisonment for a term of one to five years.
If one of the circumstances envisaged in point 1) of the second paragraph of Article 635 applies, or if the offence is committed by abusing the status of system operator, the penalty is increased."
The financial penalty foreseen by the Decree ranges from 100 to 500 units, while the ban is between 3 and 24 months.

Article 635 quinquies, Criminal Code: Damaging public utility computer or telematics systems.
"If the offence referred to in Article 635-quater is aimed at destroying or damaging public utility computer or telematics systems or seriously impeding their functioning, the penalty is a term of imprisonment of one to four years.
If the offence results in the destruction or damage to the public utility computer or telematics system, or if the system is rendered partly or completely inoperable, the penalty is imprisonment of three to eight years. If one of the circumstances envisaged in point 1 of the second paragraph of Article 635 applies, or if the offence is committed by abusing the status of system operator, the penalty is increased."
The case in point is similar, in terms of structure, to that of Article 635 *ter* of the Criminal Code. The peculiarity of the case lies in the fact that the information, data and computer programmes are used by the State or other public body or pertinent to them, or in any case, are of public utility. When the damage to information, data, or programmes is incurred, applicable penalties are increased.
The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 24 months.

e) Crimes against property through fraud.

Article 640 quinquies, Criminal Code: Computer fraud by providers of electronic signature certification services.
"Anyone providing electronic signature certification services, who, in order to gain unfair profit for themselves or others or to cause damage to others, breaches the obligations imposed by law for the issue of an authorised certificate, shall be liable to imprisonment for a term of up to three years and a fine of 51 euros to 1,032 euros.
The criminally relevant conduct is to be identified in the violation of regulations relating to accredited and qualified certifiers (see Legislative Decree 82 of 7 March 2005);
In order for this offence to be committed, specific intent is required, which is to be found in the additional aim of the certifier to procure an unjust profit for himself or to cause damage to others.
The financial penalty provided for by the Decree ranges from 100 to 400 units, while the ban ranges from 3 to 24 months.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 24 BIS OF THE DECREE.

Following the risk assessment activities carried out, it appears that STAR7 S.P.A., although not equipped with a policy document on information security, has high security standards.

The at-risk activity assessed is the access to and residence in the computer system by senior management and employees, as well as the distribution and installation of computer equipment.

The monitoring adopted by STAR7 S.P.A. allow the Company to also control the log files and the modifications made to documents present in the management system.

GENERAL PRINCIPLES OF CONDUCT "DO's"

All activities related to information technology are inspired by the principles set out in the Code of Ethics of STAR7 S.P.A., and by compliance with current regulations.

All recipients of this Programme are required to comply with the following specific **rules of conduct** for their respective activities:

- company tools must be used in accordance with traditionally accepted company rules;
- user credentials must be periodically modified in order to prevent incorrect access to application systems;
- internet browsing and the use of electronic mail on the company's information systems, both through fixed machines and mobile devices (portable PCs, smart phones, tablets) must be carried out exclusively for the performance of own work activities. Access to the Internet for personal use is granted only for a reasonable and limited use. However, it is absolutely prohibited to access and participate in forums and chats, except for use for professional reasons. Access to paid websites, pornographic content, or online casinos is prohibited.
- Individual user passwords on various applications must be updated regularly;
- business principles and rules must be followed in order to protect data security;
- control activities carried out on devices and the destruction of hard disks must be recorded;
- the work of the "IT infrastructure" division should be subject to scrutiny;
- the Company uses a system to trace changes made to documents in the management system;
- a report on the activity carried out in the management system is sent daily to the Chair of the Board of Directors and to the Head of IT Infrastructure.

DONT'S

In any case, **it is prohibited to**:

- leave your personal computer unlocked and unattended;
- disseminate on the Internet, or view, images having as their object the performance of sexual acts;

- use the computer equipment provided to threaten others with unjust damage, to cause harassment or disturbance, to arbitrarily exercise own reasons, to offend the honour or decorum of others, to defame and/or commit any crime.
- carry out conduct, also with the help of third parties, aimed at accessing the information systems of others with the objective of:
  - unlawfully acquire information contained in such information systems;
  - alter, damage, destroy data contained in the above information systems;
  - unlawfully use codes to access computer and telematic systems as well as proceed to disseminate the same.
- install or use on a company PC/Server programmes other than those authorized;
- spread through the company network illegal programmes or viruses with the aim of damaging public or private entities;
- intercept communications of public or private entities in order to acquire confidential commercial or industrial information;
- install devices for telephone and radio interception of public or private entities in order to acquire confidential commercial or industrial information;
- abusively hold and disseminate access codes to computer or telematic systems of third parties or public bodies;
- make unauthorized changes to programmes in order to damage public or private entities;
- bypass or attempt to bypass company security mechanisms(Antivirus programmes, Firewalls, Proxy Servers, etc.);
- disclose authentication credentials (username and password) to anyone on the corporate network;
- enter the company network and programmes with a different user identification code than the one assigned;
- alter, by using someone else's electronic signature or in any way, computer documents.

The Chair of the Board of STAR7 S.P.A., also with the help of external companies, ensures the necessary actions to:

- verify the security of the network and corporate information systems;
- identify potential vulnerabilities in the system of controls;
- monitor and carry out the necessary activities to manage access to third-party information systems parties in the context of signed contractual relationships;
- monitor the correct application of all necessary actions in order to deal specifically with computer crimes.

ORGANISED CRIME

Law 94 of 15 July 2009, containing provisions for the development and internationalization of businesses, introduced Article 24 ter to Legislative Decree 231 of 8 June 2001. The inclusion of offences against organised crime among the predicate offences envisaged by Legislative Decree 231/01 is not entirely new. In fact, Article 10 of Law 146/2006 "*Ratification of the UN Convention on the fight against transnational organised crime*" had already included some crimes of association among predicate offences of a cross-border nature.

If the Entity or one of its organizational units is permanently used for the sole or prevalent purpose of allowing or facilitating the committing of the crimes indicated in Article 24 *ter* of the Decree, the sanction of a permanent ban from exercising the activity is applied pursuant to Article 16 paragraph 3 of the Decree.

The relevant crimes are:

- Article 416, Criminal Code: Criminal association;
- Article 416 *bis*, Criminal Code: Mafia-type associations, including foreign ones;
- Article 416 *ter*, Criminal Code: Mafia vote-buying;
- Article 630, Criminal Code: Kidnapping for the purpose of extortion;

Article 416, Criminal Code: Criminal association.

"When three or more persons conspire to commit several crimes, those who promote or constitute or organise the association shall be liable, for that reason alone, to imprisonment for a term of three to seven years.

For merely participating in the association, the penalty is imprisonment for a term of one to five years. The heads of the association are liable to the penalty established for the promoters.

If the members of the association use weapons in the countryside or in public thoroughfares the penalty is imprisonment for a term of five to fifteen years.

The penalty is increased if the association has ten or more members".

If the association is aimed at committing one of the crimes identified in Articles 600, 601 and 602, as well as Article 12, paragraph 3 bis, of the Italian Immigration Act (Legislative Decree 286 of 25 July 1998), a term of imprisonment of five to fifteen years will be imposed in the cases envisaged in the first paragraph and of four to nine years in the cases envisaged in the second paragraph.

If the association is aimed at committing one of the crimes envisaged in Articles 600-bis, 600-ter, 600-quater, 600-quater(1), 609-quinquies, and 600-bis, when the offence is committed to the detriment of a person under eighteen years of age, 609-quater, 609-quinquies, 609-octies, when the offence is committed to the detriment of a person under eighteen years of age, and 609-undecies, a term of imprisonment is imposed of four to eight years in the cases envisaged in the first paragraph and of two to six years in the cases envisaged in the second paragraph."

This offence is a common one as it can be committed by anyone who engages in the described behaviours. The

offending conduct is characterized by the agreement between several persons to form a stable structure, with a personality formally distinct from that of the individual participants and, in practice, capable of carrying out a specific and predetermined social programme.

The objective element consists of conduct that takes place by: *(i*) expressing the intention to create the association and disclosing its programme; *(ii)* materially giving life to the association, procuring the means necessary for the exercise of the activity for which it was created and proceeding to find memberships from third parties; *(iii)* preparing the structure necessary to execute the social plan.

The subjective element required by the case is specific intent, i.e. the knowledge or intent of setting up a prohibited association, with the further purpose of carrying out an indeterminate number of crimes.

The financial penalty foreseen by the Decree for the offence governed by paragraph 6 ranges from 400 to 1000 units, while the ban ranges from 12 to 24 months.

The financial penalty foreseen by the Decree for the hypotheses governed by the remaining paragraphs of Article 416 of the Criminal Code ranges from 300 to 800 units, while the ban ranges from 12 to 24 months.

Article 416 *bis*, Criminal Code: Mafia-type associations, including foreign ones:

"Anyone who is part of a Mafia-type association consisting of three or more persons, shall be liable to imprisonment for a term of seven to twelve years.

Persons who promote, manage or organise the organisations shall be liable, for that reason alone, to imprisonment for a term of nine to fourteen years.

The organisation is a mafia-type organisation when those who belong to it use the intimidating power of membership and the situation of subjugation and conspiracy of silence to commit crimes, to directly or indirectly acquire the management or control of economic activities, concessions, authorisations, contracts and public services or to obtain unfair profits or advantages for themselves or others, or in order to prevent or obstruct the free exercise of the vote, or to procure votes for themselves or for others during elections.

If the organisation is armed, the penalty is imprisonment for a term of seven to fifteen years in the cases envisaged by the first paragraph and twelve to twenty-four years in the cases envisaged in the second paragraph.

The organisation is considered armed when its members have access, for the achievement of the association's aims, to weapons or explosives, even when hidden or held in storage areas.

If the economic activities the organisation members intend to take over or maintain control of are financed in whole or in part with the proceeds, product or profit from crime, the penalties established in the paragraphs above are increased by a third to a half.

The offender shall always be subject to compulsory confiscation of the property that helped or was used to commit the crime and the property constituting the proceeds, product and profit from the crime or constitute use thereof.

The provisions of this article shall also apply to the Camorra and other associations, whatever their local names, including foreign organisations, that use the intimidating power of organisation membership to pursue the goals of mafia-type organisations."

This offence is a common one as it can be committed by anyone who engages in the described behaviours.

The criminal conduct is of an associative type and is characterized not only by the commission of the crimes but also by the management and control of sectors of economic activities, concessions, authorizations, contracts and public services, the pursuit of profits and unfair advantages for oneself or others and, finally, the disturbance of the free exercise of the vote.

A "mafia-type association" is defined as one that uses intimidating force externally and to the detriment of the offended parties to carry out the criminal programme and in turn the offended parties themselves find themselves in a condition of subjugation and silence towards the association itself, by virtue of the intimidation exercised by it.

The applicability of the law is also extended to those criminal organisations nominally different from mafia associations, but substantially and structurally similar.

The subjective element is represented by the knowledge and intent of participating or forming a mafia-type association, with the further aim of pursuing the criminal purposes described by the law.

The financial penalty provided for by the Decree ranges from 400 to 1000 units, while the ban ranges from 12 to 24 months.

Conviction for the offence in question entails the compulsory confiscation of the items pertaining to the offence.

Article 416 *ter*, Criminal Code: Mafia vote-buying

"Anyone who accepts a promise to secure votes in the manner described in the third paragraph of Article 416-bis of the Criminal Code in return for the delivery or promise of the payment of money or other benefits, shall be liable to imprisonment for a term of four to ten years.

The same penalty applies to those who promise to buy votes in the manner specified in the first paragraph."

The financial penalty provided for by the Decree ranges from 400 to 1000 units, while the ban ranges from 12 to 24 months.

Article 630, Criminal Code: Kidnapping for the purpose of extortion

"Anyone who kidnaps a person in order to obtain an unfair profit, for themselves or for others, as the price for freeing that person, shall be liable to imprisonment for a term of twenty-five to thirty years.

If the kidnapping results in death of the kidnapped person, as an unintended result of the offence, the offender shall be liable to imprisonment for a term of thirty years.

A penalty of life imprisonment is imposed if the offender causes the death of the kidnapped person.

The penalties established in Article 605 shall be imposed on co-offenders who, by dissociating themselves from the others, act so that the victim regains their freedom, without this being the result of price for freeing them. However, if the victim dies as a result of the kidnapping, after being freed, the penalty is imprisonment for a term of six to fifteen years.

The penalty of life imprisonment shall be replaced by imprisonment for a term of twelve to twenty years and the other penalties shall be reduced by a third to two thirds for the co-offenders who, by disassociating themselves from the others, act, other than in the case specified in the paragraph above, to prevent the criminal activity from leading to further consequences or to help the police or legal authorities to gather decisive evidence for identifying or capturing the co-offenders.

When there is a mitigating circumstance, the penalty established in the second paragraph is replaced by imprisonment for a term of twenty to twenty-four years; the penalty established in the third paragraph is replaced by imprisonment from twenty-four to thirty years. If there are several extenuating circumstances, the penalty to be applied as a result of the reductions cannot be less than ten years, in the case envisaged in the second paragraph, and fifteen years, in the case envisaged in the third paragraph.

The penalty limits envisaged in the previous paragraph may be exceeded if the mitigating circumstances referred to in the fifth paragraph of this article apply.

The financial penalty provided for by the Decree ranges from 400 to 1000 units, while the ban ranges from 12 to 24 months.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 24 TER OF THE DECREE.

From the analysis carried out, no concrete risks of the commission of the offences indicated in Article 24 ter of the Decree have been identified, which would expose the company STAR7 S.p.A. to administrative liability pursuant to the Decree, precisely in consideration of the typical activity carried out by it.

GENERAL PRINCIPLES OF CONDUCT

In relation to this type of offence, all recipients are in any case required to comply with the principles contained in the Group's Code of Ethics and the reference legislation currently in force.

Specifically:

- collaborative, transparent and correct behaviour that does not violate any internal procedures in relations with third parties must be maintained;
- all persons must be inspired by the constitutionally guaranteed principle of freedom of association by observing the limits and purposes established by law and not pursuing those which are prohibited;
- in relations with third parties, the requirements of good standing and professionalism must always be ascertained.

COUNTERFEITING OF MONEY, PUBLIC CREDIT INSTRUMENTS, REVENUE STAMPS AND DISTINCTIVE SIGNS AND INSTRUMENTS

RELEVANT OFFENCES

Article 25 *bis* of the Decree takes into consideration the crimes of Chapters I and II of Title VII of Book II of the Criminal Code, namely some of the crimes against the public faith.

The relevant crimes are:

- Article 453, Criminal Code: Counterfeiting of money, spending and importing into Italy, through intermediaries, counterfeit money;
- Article 454, Criminal Code: Alteration of coinage;
- Article 455, Criminal Code: Spending and importing into Italy, without intermediaries, counterfeit currency;
- Article 457, Criminal Code: Distribution of counterfeit coins received in good faith;
- Article 459, Criminal Code: Forging of revenue stamps, and importing into Italy, purchasing, possessing or circulating forged revenue stamps;
- Article 460; Criminal Code: Forgery of watermarked paper used to produce public credit instruments or revenue stamps;
- Article 461, Criminal Code: Manufacture or possession of watermarks or instruments designed for the counterfeiting of currency, revenue stamps, or watermarked paper;
- Article 464, Criminal Code: Use of forged or altered revenue stamps;
- Article 473, Criminal Code: Counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and signs;
- Article 474, Criminal Code: Importing into Italy and trading in products with false signs.

Article 453, Criminal Code: Counterfeiting of money, spending and importing into Italy, through intermediaries, counterfeit money.

"A term of imprisonment from three to twelve years and a fine from 516 euros to 3,098 euros may be imposed;

1) on anyone who forges Italian or foreign money, which is legal tender in Italy or outside Italy;

2) on anyone who forges genuine money in any way, to give it the appearance of having a higher value;

3) *on anyone who does not take part in the counterfeiting or forging, but acting together with those that carried it out, or through an intermediary, imports into Italy or possesses or spends or otherwise puts into circulation counterfeit or forged money;*
4) *on anyone who, in order to put into circulation, acquires or otherwise receives counterfeit or forged money from those who have forged it, or from an intermediary.*

The purpose of this crime is to protect the legality of the circulation of money, punishing any disturbance of the trust placed in the circulation of money.

The offence provided for by Article 453 of the Criminal Code provides for four different types of conduct which are common to the offence envisaged by Article 454 of the Italian Criminal Code.

The offences of counterfeiting money are crimes of danger and as such protect the protected legal asset in advance. The case is a crime of abstract danger, offensive not only to the interests of the State and public bodies authorized to issue currency, but also to private individuals who are damaged by the use and spending of counterfeit money. Material objects are coins and credit cards.

On an objective level, the first criminally relevant conduct consists of the creation of a currency that is not genuine, i.e. the imitation of those issued by the State or legally authorized public bodies.

Fraudulent imitation can be accomplished with any technique, using any material, e.g.

concerning the coin's title, value, form or the quantity of metal used.

By way of example, the simple possession of the hard disk containing the images of the coins has been qualified as an attempt to counterfeit banknotes, "*when the agent is caught imminent to printing the reproduced images*" [Court of Cassation, Section. V, 8 March 2006].

The production - usually by mechanical or automatic means - of multiple banknotes of the same kind or denomination constitutes a single offence; conversely, if the bills are of a different denomination or kind, several offences will have been committed.

From a subjective point of view, the case requires general intent, understood as the knowledge and intent of the perpetrator.

to adopt the behaviours described by the law.

The financial penalty provided for by the Decree ranges from 300 to 800 units, while the ban ranges from 3 to 12 months.

Article 454, Criminal Code: Alteration of coinage.

"Anyone who forges money of the kind indicated in the Article above, by altering its value in any way, compared to the money forged in that manner, shall be guilty of committing one of the offences indicated in numbers 3 and 4 of said Article and shall be liable to imprisonment for a term of one to five years and a fine of 103 euros to 516 euros."

Alteration, on the other hand, presupposes that the coins or public credit cards are genuine - in that they were issued by the authorized body - and is carried out by modifying their formal or material characteristics, so as to artificially attribute to them a higher or lower nominal value.
The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 12 months.

Article 455, Criminal Code: Spending and importing into Italy, without intermediation, counterfeit money.
"Anyone, except in the cases envisaged in the two Articles above, who imports into Italy, acquires or possesses counterfeit or forged money in order to put it into circulation, or spends or otherwise circulates it, shall be liable to the penalties established in those Articles reduced by a third to a half."
This is a residual offence compared to those envisaged in Articles 453 and 454 of the Criminal Code, which have already been dealt with.
Depending on the conduct carried out (first paragraph or second paragraph), the subjective element required is that of specific or general intent.
For the calculation of the financial penalty, a reduction ranging from one third to one half of the units provided for in Articles 453 and 454 of the Criminal Code is implemented.
Bans are imposed for a duration of 3 to 12 months.

Article 457, Criminal Code: Distribution of counterfeit coins received in good faith.
"Anyone who spends or otherwise puts into circulation counterfeit or forged money, which they have received in good faith, shall be liable to imprisonment for a term of up to six months or a fine of up to 1,032 euros."
The offence is committed when the offender has received counterfeit money in good faith and has subsequently realised that it is counterfeit.
The financial penalty provided for by the Decree is applicable up to 200 units.

Article 459, Criminal Code: Forging of revenue stamps, and importing into Italy, purchasing, possessing or circulating forged revenue stamps.
"The provisions of Articles 453, 455 and 457 shall also apply to counterfeiting or forging of revenue stamps and the import into Italy, or the purchase, possession and circulation of forged revenue stamps; but the penalties are reduced by one third.
For the purposes of criminal law, revenue stamps are understood to be stamped paper, duty stamps, postage stamps and other instruments identified as equivalent to these by specific laws."
The applicable financial penalty is that foreseen by the Decree for letters a), c), d), paragraph 1 Article 25 *bis* reduced by one third.

Article 460; Criminal Code: Forgery of watermarked paper used to produce public credit instruments or revenue stamp.

"Anyone who forges the watermarked paper used to produce public credit instruments or revenue stamps, or purchases, possesses or sells such forged paper, shall be liable, if the offence does not constitute a more serious crime, to imprisonment for a term of two to six years and a fine of 309 euros to 1,032 euros."

The offence occurs when the offender reproduces, by imitation, the watermarks or the forms, cloths and punches used to manufacture watermarked paper.

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 12 months.

Article 461, Criminal Code: Manufacture or possession of watermarks or instruments designed for the counterfeiting of currency, forgery of revenue stamps, or watermarked paper.

"Anyone who forges, purchases, possesses or sells watermarks, computer programmes or instruments designed exclusively for counterfeiting or forging money, revenue stamps or watermarked paper shall be liable, if the offence does not constitute a more serious crime, to imprisonment for a term of one to five years and a fine of 103 euros to 516 euros.

The same penalty applies if the conduct envisaged in the first paragraph involves holograms or other components of the money designed to ensure their protection against counterfeiting or forgery."

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to 12 months.

Article 464, Criminal Code: Use of counterfeit or altered revenue stamps.

"Whoever, not being an accomplice in the counterfeiting or alteration, makes use of counterfeit or altered revenue stamps shall be liable to imprisonment for a term of up to three years and a fine of up to one million lire.

If the instruments have been received in good faith, the penalty established in Article 457 is imposed, reduced by one third."

In order for the crime to occur, the perpetrator must maliciously (knowingly and wilfully) make use of altered or counterfeit revenue stamps received in good faith.

The financial penalty foreseen by the Decree for the hypothesis in the first paragraph of Article 464 of the Criminal Code is applicable up to 300 units; while for the second paragraph the penalty is applicable up to 200 units.

Article 473, Criminal Code: Counterfeiting, forging or use of trademarks, distinctive marks or patents, models and designs.

"Anyone, able to know the existence of the industrial property right, who counterfeits or forges trademarks or

distinctive marks, both Italian and foreign, of industrial products, or anyone who, without being party to the counterfeiting or forgery, uses those counterfeited or forged marks or signs, shall be liable to imprisonment for a term of six months to three years and a fine of 2,500 euros to 25,000 euros.

Anyone who counterfeits or forges patents, designs or industrial models, both Italian and foreign, or anyone who, without being party to the counterfeiting or forgery, uses those counterfeited or forged patents, designs or models, shall be liable to imprisonment for a term of one to four years and a fine of 3,500 euros to 35,000 euros.

The crimes envisaged in the first and second paragraphs are punishable if the provisions of Italian laws, community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

he purpose of the law is to protect public faith in an objective sense, understood as the public's reliance on trademarks and distinctive signs that identify intellectual or industrial products and that guarantee their circulation, and not reliance on the individual: it is therefore not necessary, in order for the offence to be committed, for a situation be created that could mislead the customer as to the genuine nature of the product.

The term "industrial property" includes trademarks and other distinctive signs, patents, inventions, utility models, designs and models, geographical indications, designations of origin, confidential business information, etc., and the related rights are obtained by patenting (inventions, utility models), registration (trademarks, designs and models) or other ways provided for by law (confidential business information, geographical indications, designations of origin).

Patent or registration rights include a right to exclusive use of the object of protection for a specified period of time. In practice, through patenting and registration, the owner is protected from the illegal exploitation of the protected object by third parties.

The crime under consideration is a crime of concrete danger: that is, there is no need for an effective connection between the illegal activity and the perception of the same by the recipients, i.e. the public.

Case law considers the offence referred to in Article 473 of the Criminal Code to be committed when there is a real risk of confusion between the original and the "imitation".

Counterfeiting is to be understood as conduct aimed at making the counterfeit brand take on qualities such as to create confusion about the authentic origin of the product, possibly misleading consumers.

Alteration, on the other hand, is the partial modification of a genuine mark.

The counterfeiting and alteration of patents, models and designs do not refer to an infringement of exclusivity, but to documents issued by the PA.

The use of signs, trademarks, etc. is a residual hypothesis, e.g. the application of trademarks on products (such as labels on clothing) or packaging, or use in advertising, on documents, etc...

The financial penalty provided for by the Decree ranges from 100 to 500 units, while the ban ranges from 3 to

12 months.

Article 474, Criminal Code: Importing into Italy and trading in products with false signs.
"Except for the cases of aiding and abetting in crimes envisaged in Article 473, anyone who, for profit, imports counterfeit or forged industrial products with trademarks or other distinctive marks, both Italian and foreign, into Italy shall be liable to imprisonment for a term of one to four years and a fine of 3,500 euros to 35,000 euros.
Except in cases of aiding and abetting in counterfeiting, alteration, introduction into the territory of the State, anyone who holds for sale, offers for sale or otherwise puts into circulation, with the aim of making a profit, the products referred to in the first paragraph is liable to imprisonment for a term of up to two years and with a fine of up to 20,000 euros.
The crimes envisaged in the first and second paragraphs are punishable if the provisions of Italian laws, community regulations and international conventions on the protection of intellectual or industrial property have been complied with.
Unlike the hypothesis referred to in Article 473 of the Criminal Code, the law does not concern the marking, but the object falsely marked.
The offence is the "logical development" of the preceding one: in the hypothesis envisaged by Article 473 of the Criminal Code, the trademark is counterfeited; Article 474 of the Criminal Code, on the other hand, punishes the importing into Italy, sale or possession for sale of the product on which the counterfeit mark is affixed.
The financial penalty provided for by the Decree is applicable up to 500 units, while the ban ranges from 3 to 12 months.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 BIS OF THE DECREE.

The Gap Analysis carried out identified the following at-risk activities:

- cash management;
- invoicing management;
- use of revenue stamps.

GENERAL PRINCIPLES OF CONDUCT "DO's"
All At-Risk Activities must be carried out in compliance with laws and regulations in force, with the principles of Corporate Governance of the Company, with the provisions of the Code of Ethics, with the general principles of conduct set out in the General Section of this Model, as well as with the organisational procedures in place to protect against the risks/offences identified.

In particular, those who, during the performance of their duties, receive in good faith counterfeit or altered

coins or stamps shall:

- check the authenticity of the banknotes received, also using *special* equipment;
- immediately notify the Authorities of the recognition;

- notify the Chair of the Board and not proceed with the distribution or use of coins or revenue stamps until an internal audit or review by the appropriate authorities has been conducted.

DONT'S

In particular, it is prohibited to:

- possess, spend or put into circulation counterfeit or altered coins or stamps.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS PURSUANT TO ARTICLE 25 BIS OF THE DECREE:

- Monetary and financial flows protocol; OP-02

CRIMES AGAINST INDUSTRY AND TRADE

RELEVANT OFFENCES

Law 99 of 23 July 2009, by introducing Article 25 bis.1 in the Decree, makes specific reference to Title VIII, Chapter II of the Criminal Code, which provides for:

- Article 513, Criminal Code: disturbing the freedom of industry or trade;
- Article 513 *bis*, Criminal Code: illegal competition with threats or violence;
- Article 514, Criminal Code: fraud against national industries;
- Article 515, Criminal Code: fraudulent trading;
- Article 516, Criminal Code: sale of non-genuine foodstuffs as genuine;
- Article 517, Criminal Code: sale of industrial products with mendacious signs;
- Article 517 ter, Criminal Code: manufacture and trade of goods made by usurping industrial property rights;
- Article 517 *quater*, Criminal Code: counterfeiting of geographical indications or designation of origin of agrifood products.

The purpose of the rule is to protect the free exercise and normal course of industry and trade, the disturbance of which affects the public economy.

Article 513, Criminal Code: Disturbed freedom of industry or trade.

"Anyone who acts with violence on property or through fraudulent means to prevent or disrupt the exercise of an industry or trade shall be liable, upon complaint by the injured party, if the offence does not constitute a more serious crime, to imprisonment for a term of up to two years and a fine of 103 euros to 1,032 euros."

The disturbance of the freedom of industry or trade is a crime of anticipated protection, which is committed

at the time and in the place where the acts of disturbance are carried out, without actual damage to the individual industry or trade being relevant. The purpose of this case is to protect the right of citizens to free economic initiative, as set out in Article 41 of the Constitution.

However, the offence must be directed at specific individuals and not indiscriminately at the economic system as a whole.

The case alternatively involves the use of violence against property or fraudulent means to prevent or disturb the exercise of an industry or trade.

The notion of violence against property must be taken from Article 392 of the Criminal Code - Arbitrary exercise of own reasons with violence against property - where it is affirmed that, for the purposes of criminal law, there is violence against property when the object is damaged, transformed, or its destination is changed.

Fraudulent is defined as any means of misleading the victim, such as artifice, deception and lies.

The offender's conduct must be materially likely to disrupt or prevent the operation of an industry or trade. The impediment may also be temporary or partial and may occur even when the business activity has not yet begun but is in preparation. The disturbance, on the other hand, must refer to an activity that has already begun and must consist in the alteration of its regular and free performance.

The intent is specific, consisting in the aim of preventing or disturbing the business activity. The financial penalty provided for by the Decree is applicable up to 500 units.

Article 513 *bis*, Criminal Code: Illegal competition with threats or violence;

"Anyone who, in exercising a commercial, industrial, or production activity, performs acts of competition with violence or threats shall be liable to imprisonment for a term of two to six years.

The penalty is increased if the acts of competition concern an activity funded in whole or in part by the State or other public bodies in any way."

This is a crime of danger, which is committed simply by performing acts of competition with violence or threats, as the conduct's actual effect on the business relations is not necessary.

The purpose of this crime is to sanction those typical forms of intimidation which, in the specific environment of mafia-type organised crime, tend to control commercial, industrial or production activities or, in any case, to condition them.

Acts of competition are all those acts carried out in order to produce or sell more than other parties engaged in the same activity. There is unfair competition when violence or threats are exercised directly against the competitor, both when the purpose of control or conditioning of commercial, industrial or production activities is pursued with the use of violence or threats on third parties in any way linked, as customers or employees, by economic or professional relationships with the competitor.

The financial penalty provided for by the Decree is applicable up to 800 units, while the ban ranges from 3 to 24 months.

Article 514, Criminal Code: Fraud against national industries

"Anyone who, by placing on sale or otherwise putting into circulation on Italian or foreign markets, industrial products with counterfeit or forged names, trademarks or distinctive marks, causes harm to Italian industry shall be liable to imprisonment for a term of one to five years and a fine of not less than 516 euros.

If the provisions of Italian laws or international conventions on the protection of industrial property have been observed in relation to the trademarks or distinctive marks, the penalty is increased and the provisions of Articles 473 and 474 do not apply.

The offence has a limited application since the damage to the national industry must be substantial, such as to determine the decrease in the volume of business or the damage to reputation.

The type of damage covered is not damage to a single company but to Italian industry in general or to a specific branch of industry.

The subjective element consists of general intent, that is, the intention to sell or circulate industrial products with the awareness that the names, brands and signs that distinguish them are counterfeited or altered and the intention to cause damage to national industry.

The place where the crime is committed is always in Italy, even if the trade is carried out on foreign markets, as long as the effects are reflected in the Italian economic potential.

The sale of products with altered or counterfeit signs is sufficient for the crime to be committed, regardless of compliance with the rules on the protection of industrial property. In this case, the filing of distinctive signs constitutes an aggravating circumstance.

The financial penalty provided for by the Decree is applicable up to 800 units, while the ban ranges from 3 to 24 months.

Article 515, Criminal Code: Crime of fraud in the exercise of trade

"Anyone, in the exercise of a commercial activity, or in a shop open to the public, who delivers a goods the buyer disguised as other goods, or goods that, due to their origin, source, quality or quantity are different from that stated or agreed, shall be liable, where the offence does not constitute a more serious crime, to a term of imprisonment for a term of up to two years or a fine of up to 2,065 euros.

If valuable objects are involved the penalty is imprisonment for a term of up to up to three years or a fine of not less than 103 euros.

The purpose of the offence is to prevent a relationship between a buyer and a trader that has taken place in the absence of the rules of fairness and loyalty from having a negative impact on the nation's economy, regardless of the consequences that may arise for the consumer.

The possible perpetrators of the crime are not only the commercial entrepreneur, but also all those who help or replace him in the exercise of their activity.

The intent required for the commission of the offence is generic, since neither particular deceptive methods nor particular profit-making purposes are required for its commission. The attempted offence is possible.
The offending conduct is based on the delivery of movable property, that can take place not only in the context of the sale-purchase contract, but also in relation to other types of agreement, such as exchange, provided that the obligation to deliver the goods is produced.
The object of the exchange can be any movable property.
The financial penalty provided for by the Decree is applicable up to 500 units.

Article 516, Criminal Code: Sale of non-genuine foodstuffs as genuine

"Anyone who places on sale or otherwise markets non-genuine foodstuffs as genuine shall be liable to imprisonment for a term of up to six months or a fine of up to 1,032 euros."

This case protects trade from the danger or damage caused by the sale or marketing of genuine food substances which in reality are not genuine.
The typical conduct consists of the actual or potential sale of the non-genuine food substances: in practice, an offer that the substances be made available for sale is sufficient (by way of example, the display of food in public facilities and the offer for sale of it indicated in price lists and notices; Court of Cassation 5353/1980).
From a subjective point of view, general intent is required and namely the knowledge and intent of the agent to market non-genuine foodstuffs as genuine.
Observing the case histories recorded over the years, the concept of genuineness is not only the natural one, but also the formal one (intended as an indication of the essential characteristics to qualify a certain type of food product).
Recent case law, for example, has deemed the crime to be committed in the case of indicating dairy products as fresh but made through the use of pre-processed industrial ingredients (Court of Cassation, Criminal Section, no. 15113/2014).
The financial penalty provided for by the Decree is applicable up to 500 units.

Article 517, Criminal Code: Sale of industrial products with mendacious signs

"Anyone who sells or otherwise puts into circulation intellectual property or industrial products, with names, trademarks or Italian or foreign distinctive marks designed to mislead the buyer about the origin, source or quality of the product, shall be liable, if the offence is not a crime under another provision of law, to imprisonment for a term of up to two years or a fine of up to 1,032 euros."

With the provision of this crime, the mass of consumers is guaranteed from the danger of fraud connected to the circulation of goods. This rule also protects the "genuine origin" of the goods, ensuring not only the quality of the product, but also its origin referred to the place of production of a particular good, which therefore is considered of particular value by the consumer.

In this context, the geographical specification does not necessarily have to take into account the natural environment, but also the traditions and manufacturing techniques that are more deeply rooted in a given area, with consequent significant effects on the quality of the goods that are the result.

It is not necessary to be a merchant in order to commit the offence. In order for the offence to be committed, the trademark must be filed in accordance with the provisions of industrial property laws.

The ability to mislead the buyer must be assessed against the average buyer's shopping habits. Product misrepresentation must not be so crude that it is not able to deceive anyone.

This offence is structured as a crime of danger and the intent required for the realization of the criminal case is generic.

Complicity with the offence of fraud referred to in Article 640 of the Criminal Code is possible, taking into account that Article 517 of the Criminal Code sanctions a series of preparatory activities such as to allow the formation of an activity of fraudulent deception addressed to a specific victim.

Pursuant to Article 518 of the Criminal Code, conviction for any of the offences covered by the articles examined so far entails publication of the sentence.

The financial penalty provided for by the Decree is applicable up to 500 units.

Article 517 *ter*, Criminal Code: Manufacture and trade of goods made by usurping industrial property rights.

"Subject to the application of Articles 473 and 474, anyone, able to know the existence of the industrial property right, who manufactures or industrially employs objects or other goods made by misappropriating an industrial property or by infringing that right, shall be liable, upon complaint by the injured party, to imprisonment for a term of up to two years and a fine of up to 20,000 euros.

The same penalty applies to anyone who, for profit, imports into Italy, possesses for sale, offers for direct sale to consumers or otherwise puts into circulation the goods referred to in the first paragraph.

The provisions of Articles 474-bis, 474-ter, second paragraph, and 517-bis, second paragraph shall apply.

The crimes envisaged in the first and second paragraphs are punishable if the provisions of Italian laws, community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

The objective element of the crime can be integrated with the violation of industrial property rights and with the usurpation of the right itself. In fact, the regulation represses the manufacture and trade of goods made by violating or usurping industrial property rights. In the case of violation, the application of the supplementary penalty pursuant to Article 517 *bis* of the Criminal Code, of the aggravating circumstance pursuant to Article 474 *ter*, second paragraph, and of the compulsory confiscation pursuant to Article 474 *bis* of the Criminal Code is envisaged.

The financial penalty provided for by the Decree is applicable up to 500 units.

Article 517 *quater*, Criminal Code: Counterfeiting of geographical indications or designations of origin of agrifood products.

"Anyone who counterfeits or otherwise forges geographical indications or designations of origin of agricultural and food products shall be liable to imprisonment for a term of up to two years and a fine of up to 20,000 euros.

The same penalty applies to anyone who, for profit, imports into Italy, possesses for sale, offers for direct sale to consumers or otherwise puts into circulation the products with the forged indications or designations.

The provisions of Articles 474-bis, 474-ter, second paragraph, and 517-bis, second paragraph shall apply.

The crimes identified in the first and second paragraphs are punishable if the provisions of Italian laws, community regulations and international conventions on the protection of geographical indications or designations of origin for agrifood products have been complied with."

The financial penalty provided for by the Decree is applicable up to 500 units.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 BIS 1 OF THE DECREE.

In the light of the Gap Analysis carried out, the following At-Risk Activities have been identified:

- Sales Activities;
- Writing Activities.

GENERAL PRINCIPLES OF CONDUCT "DO's"

- Keep a record of each meeting with competitors;
- Always stay out of a discussion if you suspect that it may be, or may be believed to be, anti-competitive in nature;
- Notify senior management of suspected anti-competitive violations;
- Continually monitor the risk area regarding conduct detrimental to industry and trade.

DONT'S

- Infringe patents, trademarks, copyrights or other intellectual property rights by violating the rights of others;
- Obtain information about competitors through unlawful or inappropriate means;
- Offer for sale products that bear false or misleading information as to source or origin.

CORPORATE CRIMES

RELEVANT OFFENCES

Article 25 *ter*, paragraph 1 of Decree 231/2001, added by Article 3 of Decree 61/2002, in referring to the types of corporate offences envisaged by the Civil Code, states that "...*if committed in the interest of the company, by directors, general managers or liquidators or by persons subject to their supervision, if the act would not*

have been committed if they had supervised in compliance with the obligations inherent in their office...", the financial penalties defined by law for each type of offence shall apply.

Law 69 of 27 May 2015 eliminated the reference to the "*interest of the company*" and the reference to active parties, as well as *culpa in vigilando*, putting an end to the debate that had developed with regard to the relevance for corporate offences also of the "advantage", provided for as a general criterion for the accusation by Article 5 of the decree, as well as with regard to the content of the supervisory obligation of top management and its relationship between this and the adoption and implementation of the Compliance Programme.

Therefore, as of today, the first paragraph of Article 25 *ter* simply states that "*in relation to the offences in corporate matters envisaged by the Civil Code, the following financial penalties are applied to the entity*".

The explicit reference in paragraph 1 to *financial penalties alone*, as a consequence of the liability under consideration, eliminates the applicability of bans and precautionary measures.

Corporate crimes can be divided into three categories:

a) <u>FALSEHOODS</u>

- Articles 2621, 2621 *bis* and 2622 of the Civil Code False corporate communications

b) <u>THE CRIMINAL PROTECTION OF SHARE CAPITAL AND ASSETS</u>

- Article 2626 Civil Code, Unlawful return of capital
- Article 2627 Civil Code, Illegal distribution of profits and reserves
- Article 2628 Civil Code, Illegal transactions on treasury shares or quotas or those of the parent company
- Article 2629 Civil Code, Transactions to the detriment of creditors
- Article 2629-bis Civil Code , Failure to disclose a conflict of interest
- Article 2632 Civil Code, False creation of share capital
- Article 2633 Civil Code, Illegal distribution of company assets by liquidators
- Article 2635 Civil Code, Private-to-private bribery

c) <u>OTHER OFFENCES</u>

- Article 2625 Civil Code, Prevented control
- Article 2636 Civil Code, Unlawful influence on the shareholders' meeting
- Article 2637 Civil Code, Stock price manipulation
- Article 2638 Civil Code, Obstructing the exercise of the functions of public supervisory authorities

a) <u>FALSEHOODS.</u>

Article 2621 Civil Code: False corporate communications.

"Apart from the cases referred to in Article 2622, the directors, general managers, financial reporting officers, statutory auditors and liquidators who, in order to gain unfair profit for themselves or for others, knowingly

present material facts that are untrue or omit material facts whose disclosure is required by law in financial statements, reports or other company documents addressed to shareholders or the public, in accordance with law, concerning the earnings, financial position and cash flows of the company or the group they belong to, in a way capable of misleading others, shall be liable to imprisonment for a term of one to five years.

This penalty also applies even if the false statements or omissions relate to assets held or managed by the company on behalf of third parties."

The financial penalty provided for by the Decree ranges from 200 to 400 units.

Article 2621-*bis*, Civil Code: Minor facts.

"Unless they constitute a more serious crime, the penalty is imprisonment for a term of six months to three years if the offences referred to in Article 2621 are minor in extent, in view of the nature and size of the company and the manner and effects of the conduct.

"Unless they constitute a more serious crime, the penalty stated in the paragraph above shall be applied when the offences referred to in Article 2621 relate to companies that do not exceed the limits specified in the second paragraph of Article 1 of Royal Decree 267 of 16 March 1942. In such case, the Company, its shareholders, creditors or other addressees of the corporate communication can be prosecuted.

The financial penalty provided for by the Decree ranges from 100 to 200 units.

Article 2622, Civil Code: False corporate communications of listed companies.

"Directors, general managers, financial reporting officers, statutory auditors and liquidators of companies that issue financial instruments admitted for trading in Italy or another European Union country who, in order to gain unfair profit for themselves or for others, knowingly present material facts that are untrue or omit material facts whose disclosure is required by law in financial statements, reports or other company documents addressed to shareholders or the public, in accordance with law, concerning the earnings, financial position and cash flows of the company or the group they belong to, in a way capable of misleading others, shall be liable to imprisonment for a term of three to eight years.

The following are considered to qualify as the companies referred to in the paragraph above:

1) companies that issue financial instruments admitted to trading in a regulated market in Italy or another European Union country;

2) issuers of eligible financial instruments trading on an Italian multilateral trading facility;

3) companies that control issuers financial instruments admitted to trading on a regulated market in Italy or in another country of the European Union;

4) companies that solicit or otherwise manage public savings.

The provisions of the preceding paragraphs also apply if the false statements or omissions relate to assets held

or managed by the company on behalf of third parties."

The offence of false corporate communications occurs when a person holding a corporate position, including the manager responsible for preparing the company's financial reports, knowingly sets out untrue facts in the financial statements, reports or other corporate communications required by law, addressed to shareholders or the public, or omits material facts whose disclosure is required by law, in a way that is likely to mislead others. The conduct, to which the rule in question refers, concerns both active and omissive conduct.

Therefore, any conduct involving the concealment of communications required by law becomes criminally relevant.

The above also applies to consolidated financial statements.

The material object of the offence is the financial statements, reports, as well as other corporate communications, provided for by law, addressed to shareholders or the public. With regard to the latter, the wording of the rule shows the legislator's desire to exclude from the case inter-organic communications and communications with a single recipient, public or private.

Internal communications among entities include all communications between different entities of the company, typically between the board of directors and the internal auditors. For example, falsehoods in the draft financial statements and in the report communicated by the Directors to the Board of Statutory Auditors, pursuant to Article 2429 of the Civil Code.

Communications with only one addressee include, for example, regarding private individuals, a false financial situation regarding the economic conditions of the company, presented by the directors to credit institutions, in order to obtain funding.

With regard to public bodies, it should be specified that these do not include the tax authorities: there is an alternation between false corporate communications and fraudulent or untrue income tax or VAT returns.

It should also be noted that the rule states that these must be corporate communications required by law. Internal acts and interviews, for example, do not fall within the scope of the crime.

With regard to the penalty and with reference to Article 2621 of the Civil Code, an essential condition for its applicability is that the subject intentionally behaves in such a way that, even if it does not harm anyone, it is also only susceptible to potential danger. This is envisaged in order to provide maximum protection for the requirements of "corporate transparency".

In any event, the conduct described must be supported by wilful misconduct, consisting in the perpetrator's awareness of being misleading about the company's actual economic or financial situation, together with the intention of obtaining an unfair profit for himself or others.

Article 2621 *bis* of the Civil Code reduces the penalty provided for by Article 2621 in the event that the facts committed are of a minor entity, taking into account the nature and size of the company and the methods and effects of the conduct.

The financial penalty provided for by the Decree is between 400 and 600 units.

The case in Article 2622 of the Civil Code differs from that of the previous Article 2621 of the Civil Code because it concerns

listed companies and therefore also STAR7 S.p.A.

MEMORANDUM

REPORTS

The term "report" is used in the civil law regulation of joint-stock companies to indicate special informative reports of qualified subjects characterised by written form and compulsory when situations established by law occur.

In particular these checks may include: the Directors' Report (Article 2428 of the Civil Code) and the Auditors' Report (Article 2429 of the Civil Code) accompanying the ordinary financial statements; the half-yearly report by the Directors on operations of companies with shares listed on the stock exchange (Article 2428, third paragraph of the Civil Code); the Directors' report required in the procedure envisaged for the distribution of interim dividends (Article 2433-*bis*, paragraph five of the Civil Code); the Directors' report in which the proposal for a share capital increase with exclusion or limitation of the pre-emption right has to be explained (Article 2441, paragraph six of the Civil Code); the Directors' report and the Board of Statutory Auditors' remarks on the balance sheet for the capital reduction due to losses (Article 2446 of the Civil Code); the Auditors' report on the final liquidation accounts (Article 2453, paragraph two of the Civil Code); the Directors' report on the draft merger or demerger (Article 2501 *quater* of the Civil Code and 2504 *novies* of the Civil Code).

The above listing should be read narrowly: in essence, it refers only to "typical reports"(i.e., written reports relating to company activities expressly provided for by law).

FINANCIAL STATEMENTS

The category "financial statements" includes the annual or ordinary financial statements (Articles 2423 and following of the Civil Code), which are intended as a tool for providing information on the financial position and performance of a going concern, i.e. a business characterised by operational continuity.

Generally speaking, these include the consolidated financial statements (i.e. the accounting document intended to provide a picture of the economic and financial situation of the group considered as a whole) and which may act as a possible container for the falsehoods indicated in Article 2621 no. 1 of the Civil Code, and all financial reporting whose nature is extraordinary, including statements to present the company's financial situation on the occasion of events other than the closure of the normal business year or on the occasion of particular judicial or administrative events.

For example, the accounting schedules required (pursuant to Article 2433-*bis*, paragraph 5 of the Civil Code)

for the purposes of distributing interim dividends constitute extraordinary financial statements; the final financial statements for liquidation purposes pursuant to Articles 2311 and 2453 of the Civil Code, the balance sheet prepared in compliance with regulations governing financial statements (Article 2501 *ter*, paragraph 1 of the Civil Code) which must accompany the draft merger (Article 2501 paragraph 3 of the Civil Code) or the draft spin-off (Article 2504 *novies* of the Civil Code); the financial statements which must be filed together with the company's bankruptcy petition (Article 14 of the Bankruptcy Law).

OTHER CORPORATE COMMUNICATIONS

In order to identify what should be considered corporate communications, the following three requirements should be considered:

1) Relating to the subject of the act: "the official nature";

2) Determined by its relationship to the object: inherent to the corporate purpose;

3) Concerning its recipients: "public target".

1) ***Officials:*** an essential requisite of the communication (criminally relevant) is the official nature integrated whenever it is issued by qualified persons in the exercise and by virtue of the specific functions attributed to them within a company that has already been set up or is about to be set up. Therefore, the so-called confidential or private information is not official, and its falsity will not be able to integrate the extremes of the crime in question, but may, in the concomitance of the relative extremes, be cause of criminal responsibility in terms of fraud or corporate market rigging.
2) **inherent to the corporate purpose:** the second requirement concerns the content of the statement and postulates that the corporate attribute can be assigned to those communications that have a generic relevance to the existence of the company's business. Thus, for example, a statement by the competent bodies of the entity intended to provide information on the performance of the stock exchange in the country or abroad cannot be considered social.
3) ***Public target:*** the third requirement is intended to attribute criminal relevance only to that information, official and inherent to the corporate purpose, which is potentially referred to a plurality of recipients; the character of public discretion would be the external relevance that would be realized every time the communication is addressed to an indefinite number of subjects or to shareholders, company creditors and third parties (potential shareholders or creditors) protected not as individuals, but as open categories.

As far as the **form** is concerned, even the verbal form can constitute a false communication. Examples include false statements made by directors or auditors at the shareholders' or bondholders' meeting, or by advisors at underwriters' meeting. Thus, neither the communications that the individual members of collective bodies (board of directors and board of statutory auditors) make to these bodies, nor those made by the directors to

the internal control body, will be corporate in nature.

b) THE CRIMINAL PROTECTION OF SHARE CAPITAL AND ASSETS

Article 2626, Civil Code: Unlawful return of capital.

"Directors who, except in cases of legitimate reduction of the share capital, return, or pretend to return, capital to shareholders or free them from the obligation provide it, shall be liable to imprisonment for a term of up to one year."

The case under consideration punishes the conduct of directors who, aside from cases of a legitimate reduction of share capital, return, even in a simulated way, contributions to shareholders or free them from the obligation to make them.

For the offence in question to be punished, only contributions of money, credits, and goods that are suitable for constituting the share capital are relevant; liability to punishment begins when the capital is affected and not also the reserves. The release or return may take place in various forms, including indirectly, such as by offsetting against a fictitious claim against the company. Note that the return must be made outside cases of legitimate capital reduction. Therefore, the crime is generally excluded in the case of return made in compliance with civil law regulations (for joint-stock companies, regulated by Article 2306 of the Civil Code) and is considered applicable only in the case where there is no shareholders' resolution, while Article 2629 of the Civil Code, referred to below, is considered applicable to cases where - despite the presence of an authorising shareholders' resolution - the reduction took place in violation of the provisions protecting creditors; those shareholders who have instigated or determined the directors' actions are liable to punishment as accessories to the crime. In contrast, the member receiving restitution or release is not punishable. In the case where the contribution obligation is removed, it is not necessary for all shareholders to be released, but it is sufficient for a single shareholder or several shareholders to be released.

The financial penalty provided for by the Decree ranges from 100 to 180 units.

Article 2627, Civil Code: Illegal distribution of profits or reserves.

"Unless the act constitutes a more serious crime, directors who allocate profits or advances on profits not actually earned or which by law are to be allocated to a reserve, or distribute reserves, including those not established with profits, which cannot legally be distributed, shall be liable to imprisonment of up to one year. If profits are returned or the reserves are reinstated before the deadline for approval of the financial statements, then the crime no longer exists."

This case punishes the conduct of directors who, except in cases of legitimate reduction of share capital, distribute profits or advances on profits not actually earned or allocated by law to reserves, or distribute reserves, including those not established with profits, which cannot be distributed by law.

For the purposes of punishment, only distributions of profits intended to constitute legal reserves are relevant, and not those taken from optional or hidden reserves. Therefore, the distribution of profits which have actually been earned but which are allocated to reserves pursuant to the Articles of Association does not constitute an illegal distribution of reserves. The case also includes both profit for the year and total profit deriving from the balance sheet, equal to the profit for the year less the losses not yet covered plus the profit carried forward and the reserves set aside in previous years (so-called retained earnings).

If profits are returned or the reserves are reinstated before the deadline for approval of the financial statements, then the crime no longer exists.

The financial penalty provided for by the Decree ranges from 100 to 130 units.

Article 2628, Civil Code: Illegal transactions involving the company's treasury shares or quotas or those of the parent company.

"Directors who, except in the cases permitted by law, buy or subscribe company shares or units, thereby damaging the integrity of the share capital or reserves that are non-distributable by law, shall be liable to imprisonment for a term of up to one year.

The same sanction applies to the directors who, except in cases permitted by law, purchase or subscribe shares or units issued by the parent company, causing an impairment of the capital or reserves that are not distributable by law.

If the share capital or reserves are replenished before the deadline for approving the financial statements for the year in relation to which the offence was committed, the crime shall be extinguished."

The offence is committed by purchasing or subscribing to the company's own shares or units, including those of the parent company, such as to cause damage to the integrity of the company's share capital or reserves that cannot be distributed by law.

The conduct is only relevant in situations aside from the cases permitted by law, for example by Article 2357 of the Civil Code for companies limited by shares and therefore with non-distributable profits and with reserves that are not available and with reference to shares that are not fully paid up. It should be noted that Article 2474 of the Civil Code provides for an absolute prohibition in this regard for limited liability companies.

If the company's share capital or reserves are re-formed before the deadline for approval of the financial statements for the financial year in relation to which the conduct was committed, the offence no longer applies.

The financial penalty provided for by the Decree ranges from 100 to 180 units.

Article 2629, Civil Code: Transactions to the detriment of creditors.

"The directors who, in violation of the provisions of law protecting creditors, carry on capital reductions or mergers with other companies or demergers, causing damage to creditors, are punished, upon complaint of

the injured party, by imprisonment from six months to three years.

Payment of damages to creditors before a court ruling extinguishes the crime."

The offence is committed by carrying out, in violation of the provisions of the law protecting creditors, reductions in share capital or mergers with other companies or demergers, such as to cause damage to creditors Compensation for damages to creditors before the court ruling extinguishes the crime.

The administrative financial penalty provided for by the Decree ranges from 150 to 330 units.

Article 2629-*bis*, Civil Code: Failure to disclose a conflict of interest.

"A director or a member of the board of directors of a company with securities listed on regulated markets in Italy or another European Union country or widely circulated among the public pursuant to Article 116 of the Consolidated Act as of Legislative Decree 58 of 24 February 1998, as amended, or of an entity subject to supervision pursuant to the consolidated act as of Legislative Decree 385 of 1 September 1993, of the aforesaid consolidated act of Legislative Decree 58/1998, Legislative Decree 209 of 7 September 2005, and Legislative Decree 124 of 21 April 1993, who breaches the obligations established in Article 2391, first paragraph, shall be liable to imprisonment for a term of one to three years, if the breach results in harm to the company or third parties."

The law punishes the conduct of the director or member of the management board of a listed company who deliberately does not declare to the Board of Directors his or her personal interest or that of his or her family members in a specific transaction under review by the Board of Directors, in violation of the provisions of Article 2391 of the Civil Code.

The financial penalty provided for by the Decree ranges from 200 to 500 units.

The punishment is limited only to members of companies listed on regulated markets, and therefore also to STAR7 S.P.A.

Article 2632, Civil Code: False creation of share capital.

"The directors and contributing shareholders who, partially or otherwise, falsely create or increase share capital by allocating shares or units that exceed the total share capital, by mutually subscribing shares, or by significantly overvaluing contributions of assets in kind or of loans and receivables or assets of the company in the event of company transformations, shall be liable to imprisonment for a term of up to one year."

The rule tends to penalize unreasonable valuations, both in relation to the nature of the goods valued and in relation to the valuation criteria adopted.

To this end, the conduct of directors and contributing shareholders who, even in part, fictitiously form or increase the company's capital by allocating shares or units for a sum lower than their nominal value shall be punished. Mutual subscription of shares or units is also considered; significant overvaluation of contributions in kind or receivables, or of the company's assets in the event of transformation.

With reference to the conduct of mutual subscription of shares or units, the requirement of reciprocity does not presuppose that the two transactions are contextual and connected; with reference to the conduct of overvaluing the Company's assets in the event of transformation, the Company's assets as a whole are taken into consideration, namely the sum of all assets, after the deduction of liabilities.
The financial penalty provided for by the Decree ranges from 100 to 180 units.

Article 2633, Civil Code: Illegal distribution of corporate assets by liquidators.

"The liquidators that, by allocating company assets to shareholders before payment is made to the company's creditors or the amounts necessary to pay them are set aside, cause damage to creditors, shall, upon complaint by the injured party, be liable to imprisonment for a term of six months to three years. Payment of damages to creditors before a court ruling extinguishes the crime.

The offence is committed by the distribution of corporate assets among shareholders before the payment of the company's creditors or the setting aside of the sums necessary to satisfy them, which causes damage to the creditors. The financial penalty provided for by the Decree ranges from 150 to 330 units.

Article 2635, Civil Code: Private-to-private bribery.

"Unless the offence constitutes a more serious crime, the directors, general managers, financial reporting officers, statutory auditors and liquidators who, as a result of giving or promise of money or other benefits, for themselves or for others, commit or fail to carry out acts, in breach of the obligations arising from their office or duties of loyalty shall be liable to imprisonment for a term of one to three years.

The penalty of imprisonment up to one year and six months shall be imposed if the offence is committed by those who are subject to the direction or supervision of one of the parties indicated in the first paragraph.

Anyone who gives or promises money or other benefits to the persons specified in the first and second paragraph shall be liable to the penalties envisaged therein.

The penalties established in the paragraphs above are doubled for companies listed on regulated markets in Italy or other European Union countries or widely circulated among the public pursuant to Article 116 of Legislative Decree 58 of 24 February 1998 as amended.

This offence is prosecuted upon complaint by the injured party, unless the offence results from distortion of competition in the purchase of goods and services."

The financial penalty provided for by the Decree ranges from 200 to 400 units.
This crime represents a case with decisive new features. Introduced with the well-known "anti-corruption" bill approved by the Chamber of Deputies on 31 October 2012 and converted into Law 190 of 6 November 2012 - "*Provisions for the prevention and repression of bribery and integrity in the public administration*" (which then came into force on 28 November 2012), it has significantly modified the previous case under Article 2635 of

the Civil Code, which at the time was called *Disloyalty following a gift or promise of a benefit*.

Most recently, the case was again redefined by Legislative Decree 38/2017, which eliminated the constituent element of "harm to the company": following the amendment, therefore, the case occurs with the presence of the criminal agreement and the performance of acts that involve the violation of obligations of office or loyalty.

This is an offence relating to relationships and mechanisms that recall those already described in relation to the corruption of Public Administration officials, but which is not a mere transposition of the public law model of corruption.

The various regulatory provisions of primary importance introduced by the "anti-corruption" Law (some of which have already had an impact on the system of Legislative Decree 231/2001 concerning offences against the public administration), include the redefinition of the criminal offence and its inclusion in the catalogue of offences for which criminal liability exists.

The case, reformulated in this way, is part of the increasingly broader fight against corruption pursued, also on a supranational basis, by Italy.

The possible perpetrators of this offence are not only the "directors, general managers, managers responsible for drawing up the company's accounting documents, statutory auditors and liquidators" referred to in the first paragraph of Article 2635 of the Civil Code, but also those who give or promise money or other benefits, and therefore anyone who works for the company, even without having the qualifications referred to above. The category of possible perpetrators includes employees, contractors and potentially consultants/agents.

There are two corruptors of most practical interest: the competing corruptor (a person embedded in or acting on behalf of another company) and the supplying corruptor. The corruption carried out by the former will tend to take root, among corrupted persons, at top management level, leading to a dysfunctional exercise of power by the corrupted person and, as a rule, will be from a competing company, and will be destined to create prejudices of various kinds to the detriment of the entity in which the corruption agreement will take place. Corruption by the supplier, on the other hand, although always aimed at a dysfunctional exercise of power by the corrupted party, will tend to be at medium-low subjective levels in the organisation chart of the "target" company.

The giving or promising of money or other benefits is criminally relevant whether it is directed to the bribe-giver or to a third party.

The obligations inherent in the office cover any act, whether binding or discretionary, preparatory or deliberative, organisational or managerial, performed in the exercise of the work activity contrary to the duties covered in the law, the articles of association or the contract, provided that it results in harm to the Company. Loyalty obligations concern prohibitions of competition, duties of confidentiality, loyalty, fairness and good faith.

Following the latest legislative developments, the offence occurs with the performance of the conduct described in the regulation.

For the sake of completeness, it seems appropriate to recall the four types of corruption described in the UK Bribery Act 2010:

- active bribery of public or private parties;
- passive bribery of public or private parties;
- bribery of a foreign public official;
- failure of Companies to prevent corruption.

The first type relates to the promise or conferral to others of an advantage, financial or otherwise, in order to obtain or remunerate the unlawful performance of activities or services falling within their sphere of function or responsibility or that of third parties; the second is to request, receive, or agree to receive that benefit; the third concerns the bribery of foreign public officials and projects the applicability of the relevant provisions outside the national territory; the fourth relates to the corporate offence, consisting of the omission by a commercial company to adopt suitable measures to prevent episodes of corruption.

In essence, the Bribery Act 2010 punishes the Company if those who carry out activities on its behalf commit the offence of bribery in order to obtain or retain business or advantage for the Company's business.

The procedures to be adopted to prevent the Company from incurring liability must be inspired by the criteria of:

- proportionality: procedures must be proportionate to the risks of corruption to be prevented and to the size of the company's business ;
- top level commitment: top management should (i) ensure that business activities are conducted in a corruption-free manner, (ii) supervise middle management, and (iii) make it clear to business entities that corruption is not tolerated in business activities;
- risk assessment: the company should assess the nature and extent of its exposure to potential bribery risks, both external and internal, i.e., carried out by persons associated with it;
- due diligence: carrying out accurate controls on subjects with whom the company has commercial relations;
- communication: corruption prevention policies and related control procedures must be known to company employees and staff through appropriate communication and training programs;
- monitoring and review: continuous monitoring of the company's control procedures in order to update and adapt them to any changes in corruption risks.

Although Article 25 *ter* letter s) *bis* of Legislative Decree 231/2001 limits the relevance of private-to-private bribery provided for in the third paragraph of Article 2635 of the Civil Code (for the crime of private-to-private bribery, in the cases provided for in the third paragraph of Article 2635 of the Civil Code, the

financial penalty from two hundred to four hundred units), STAR7 S.P.A. also condemns passive bribery (acceptance of money or other benefits for oneself or others in violation of the obligations inherent to the office or obligations of loyalty), therefore the rules that follow will also take into account this hypothesis. The financial penalty provided for by the Decree ranges from 200 to 400 units. An increase of one third is foreseen if the entity, following the commission of the corrupt act, has made a significant profit.

Article 2635-bis, paragraph 1, Civil Code: Incitement to private-to-private bribery

"Anyone who offers or promises money or other benefits not due to directors, general managers, managers responsible for preparing company accounting documents, auditors and liquidators, of companies or private entities, as well as those who work in them with the exercise of management functions, so that they perform or omit an act in violation of the obligations inherent to their office or obligations of loyalty".

The case under review - introduced by Legislative Decree 38/2017 - is aimed at punishing the conduct of unaccepted offer (active side) and unaccepted solicitation (passive side) having as their object bribery between private parties. Such conduct was previously devoid of criminal sanctions because, as seen above, the crime of private-to-private bribery pursuant to Article 2635 of the Civil Code requires at least the completion of the corruptive agreement or, in other words, the meeting of the active and passive sides.

As regards the active subjects of the crime, if the proposal (not accepted) comes from the subject willing to be corrupted, he or she must carry out managerial functions within the organization to which he or she belongs, while, when the proposal is from the potential corruptor, then – although there are no limitations with reference to the status of this individual within other legal entities – the incitement must be directed only towards senior bodies of the company within which the individual to be corrupted operates.

The characteristics of the offending conduct, with reference to persons outside the entity potentially damaged by the event, consist of offering or promising money or other benefits to persons inside the entity. This is on condition that the offer is not accepted, otherwise it would be a case of private-to-private bribery (see above). On the other hand, with regard to outsiders, the relevant conduct consists of instigating, soliciting, for oneself or others, a promise or donation of money or other benefits to carry out the undue act. This is always on the condition that the instigation is not accepted and that, therefore, the criminal agreement is not made.

The relevant subjective element is general intent, consisting in the awareness of offering/promising money or other benefits for an act contrary to official duties or the knowledge - in the case of an intruder-instigator - of soliciting a donation/promise to perform an undue act.

By way of example, in order to understand the concrete scope of the provision pursuant to Article 2635-bis, paragraph 1, of the Civil Code, one can assume that the crime in question is committed in the conduct of a legal representative of a real estate company who offers (without this offer being accepted) to a managerial official of a bank, in charge of the real estate division of the institution, a sum of money so that the official convinces the bank to accept the sale of a property at a price lower than the market price (if the proposal is

not accepted).

The financial penalty provided for by the Decree ranges from 200 to 400 units.

Example of relevant conduct: Marco, an employee of a joint-stock company with a commercial function, offers Paolo, responsible for supplies and consultancy of another company, a sum of money so that the latter orders supplies from Marco' company; Paolo does not accept.

c) OTHER OFFENCES

Article 2625 Civil Code: Prevented control.

"Directors who, by concealing documents or using other suitable artifices, prevent or otherwise obstruct the performance of the control activities legally attributed to the shareholders or other corporate bodies, are liable to a financial penalty of up to 10,329 euros.

If the conduct has caused damage to shareholders, the penalty is imprisonment for a term of up to one year and is prosecuted upon complaint by the injured party.

The penalty is doubled if the companies involved have issued securities listed on regulated markets in Italy or other European Union Member States or widely distributed among the public pursuant to Article 116 Legislative Decree 58 of 24 February 1998."

This is an offence committed by directors and consists of preventing or obstructing, by concealing documents or other suitable devices, the performance of control or audit activities legally attributed to shareholders, other corporate bodies or auditing firms.

The modus operandi of the suitable artifices presupposes an element of fraud and therefore, the suitability of the conduct to mislead the subjects who must carry out the control activities.

The person prevented from exercising control may be the shareholder, the statutory auditor, and the auditing firm or other control bodies provided for in the one-tier and two-tier governance models.

The financial penalty provided for by the Decree ranges from 100 to 180 units.

Article 2636, Civil Code: Unlawful influence on the shareholders' meeting.

"Anyone who produces the majority in shareholders' meetings by artifice or deception in order to obtain an unfair profit for themselves or for others, shall be liable to imprisonment for a term of six months to three years."

The typical conduct involves obtaining a majority in the shareholders‟ meeting by simulation or fraud, in order to achieve an unfair profit for the offender or for others. The creation of an artificial majority at the meeting may be typified in the following ways: the use of unplaced stock or units, the exercise of voting rights under another name, and a third residual category that includes other simulated or fraudulent acts.

Active subjects are not only the directors, since this is a common crime, but in substance it can be assumed

that only the shareholders can be further active subjects of the crime.

The financial penalty provided for by the Decree ranges from 150 to 330 units.

Article 2637, Civil Code: Stock price manipulation.

"Anyone who disseminates false information or performs simulated transactions or other artifices likely to cause a significant change in the price of unlisted financial instruments or whose admission to trading in a regulated market has not been requested, or have a significant impact on public faith in the capital strength of banks or banking groups, shall be liable to imprisonment for a term of one to five years.

This offence is committed by spreading false information or carrying out simulated transactions or other devices that are concretely likely to cause a significant alteration in the price of unlisted financial instruments, or to have a significant impact on the public's reliance on the financial stability of banks or banking groups. News means a sufficiently precise indication of factual circumstances, because simple rumours and subjective forecasts are not sufficient. The news is false when, by creating a false representation of reality, it is such as to mislead the operators by determining an irregular rise or fall in prices. Other artifices are defined as "any conduct which, by means of deception, is likely to alter the normal course of prices".

Disclosure does not take place when the news has not been disseminated or made public, but is directed to only a few people.

Simulated operations refer to operations that the parties have not in some way intended to carry out in any way, as well as operations that are apparently different from those actually desired.

In order for the offence to be committed, it is sufficient that the information or artifice is capable of producing the effect of significantly altering the price of unlisted financial instruments. The financial penalty provided for by the Decree ranges from 200 to 500 units.

Article 2638, Civil Code: Obstructing public supervisory authorities from performing their functions

"Directors, general managers, financial reporting officers, statutory auditors and liquidators of companies or entities and other persons subject by law to public supervisory authorities or accountable to them, who in communications to the above-mentioned authorities required by law, in order to hinder the exercise of supervisory functions, present material facts that are untrue, even when still being evaluated, about the earnings, financial position and cash flows of the entities subject to supervision or, for the same purpose, hide with other fraudulent means, in whole or in part, facts they should have disclosed on the aforementioned situation, are punishable by imprisonment of one to four years.

Punishment shall extend to cases where the information concerns assets held or managed by the company on behalf of third parties.

[…];

[…]".

This offence is in response to the need to coordinate and harmonise the cases concerning the numerous hypotheses, existing in the previous regulations, of false communications to the supervisory bodies, of obstructing the performance of the functions, of omitted communications to the same authorities.
According to the legislator, the criminal protection of corporate information is thus undertaken, in this case, in its allocation to sector supervisory authorities, specifically in relation to the Bank of Italy. The criminal conduct takes place through the presentation, in communications to the supervisory authorities envisaged by the law, in order to hinder their functions, of material facts that are not true, even though they are the subject of evaluations, on the economic or financial situation of subjects subject to supervision, or through the concealment by other fraudulent means, in whole or in part, of facts that should have been communicated concerning the same situation.
The financial penalty provided for by the Decree ranges from 200 to 400 units.
For all the types of crime envisaged by Article 25 ter of the Decree, if the profit derived by the Company is significant, the financial penalty envisaged is increased by one third.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 TER OF THE DECREE.

Following the Gap Analysis, the areas at risk of offences are as follows:

- Financial Management; preparation of the financial statements, explanatory notes and all other corporate communications required by law;
- Management of relations with the Board of Statutory Auditors;
- Financial and cash flow management, budget preparation; Stipulation of purchase contracts;
- Management of relations with credit institutions; stipulation of purchase contracts and insurance; management financial management, preparation of financial statements;
- External institutional relations;
- Organisation of training activities and issue of certificates;
- Gifts and entertainment expenses;
- Organisation of events and fairs;
- Market Research;
- Warehouse management and inventory;
- Product replacement and repair.

GENERAL PRINCIPLES OF CONDUCT "DO's"

All At-Risk Activities must be carried out in compliance with the legal and regulatory provisions in force, with the reference accounting principles, with the principles of Corporate Governance of the Company, with the

provisions of the Code of Ethics, with the general principles of conduct set out in the General Section of this Model, and with the protocols (and other existing organisational procedures) to protect against the risks/offences identified.

The Recipients of this Special Section must:

- behave correctly, transparently and cooperatively, in compliance with the law and company procedures, in all activities identified as sensitive;
- use cash and company credit cards only with prior authorisation from the relevant department and in compliance with the appropriate limits and procedures;
- use company assets only within the limits permitted by the procedure and subject to prior authorisation as to their intended use and the relevant timescales;
- identify collaborators and suppliers following a careful check on the requirements of professionalism, integrity, honesty and reliability. This check shall be implemented through at least the following activities:
    - self-certification by the potential third party about the requirements held;
    - presentation of the Criminal Record in the cases provided for by law;
- following each stage of negotiation, submit the contract for review, as regards the fairness of terms, conditions and prices, to a person in the administrative area with appropriate legal expertise or, in the case of contracts of particular importance, to external lawyers;
- in the contractual phase, use written agreements in accordance with contractual standards validated by a person within the administration with adequate legal expertise and specifying all the conditions of the agreement itself, especially as regards the economic conditions. These contracts must be defined with reference to the average market prices applied to the acquired service;
- ensure the archiving of contracts under their responsibility;
- periodically monitor users with access to the accounting and order/warehouse systems;
- implement control on general accounts;
- resort to bank reconciliation;
- verify the processing of information requests;
- take minutes of meetings with the board of statutory auditors;
- adopt corporate organisational policies that strengthen information flows, especially between supervisory and control bodies.

DONT'S

In any case, it is **prohibited to**:

- represent or send for processing and representation in financial statements, reports and prospectuses or other corporate communications, which are false, incomplete or, in any case, untrue data on the economic, and financial situation of the Company;
- omit data and information required by law;
- illustrate, where necessary, data and information in such a way as to provide a representation that does not correspond to reality;
- engage in illegal or collusive practices or conduct, unlawful payments, favouritism or attempted bribery, direct or third party solicitation of advantages for the Company contrary to the law, regulations or provisions and rules provided for in this Programme;
- offer or receive gifts, gratuities or other benefits of any kind, except in special circumstances of an institutional nature, in which any gifts must in any case be symbolic in nature, of insignificant value and such that they cannot in any way be interpreted by an impartial observer as aimed at acquiring advantages;
- give gifts of money or other kind or any form of special treatment to anyone engaged in a business relationship with a third party company, if the ultimate intention is to influence a business decision with the possible exception of occasional or token gifts that are not likely to influence anyone;
- in dealings with third party companies (customers or suppliers), incur unjustified entertainment expenses;
- hire personnel for the sole purpose of securing undue advantages for the Company.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS PURSUANT TO ARTICLE 25 TER OF THE DECREE:

- Monetary and financial flows protocol; OP-02
- Supplier selection protocol; OP-03
- Consultant Selection Protocol; OP-04
- Protocol for the use of company assets; OP-07
- Entertainment Expenses Protocol; OP-11

CRIMES COMMITTED FOR THE PURPOSES OF TERRORISM AND SUBVERSION OF THE DEMOCRATIC ORDER

RELEVANT OFFENCES

Article 3 of Law 7 of 14 January 2003 "Ratification and implementation of the International Convention for the Suppression of the Financing of Terrorism, done in New York on 9 December 1999 and norms for the

adaptation of the internal order" has inserted in the body of Legislative Decree 231/2001 Article 25 *quater*, according to which the company is subject to liability also in the case of the commission, in its interest or to its advantage, of crimes with the purpose of terrorism or subversion of the democratic order.

The relevant crimes are:

- Article 270 *bis*, Criminal Code: Crimes for the purposes of terrorism, international terrorism or subversion of the democratic order;
- Article 270 *ter*, Criminal Code: Assisting association members;
- Article 270-quater – Recruitment for the purposes of terrorism, including international terrorism;
- Article 270 quinquies, Criminal Code: Training for activities with the purpose of terrorism, including international terrorism;
- Article 270-*sexies*, Criminal Code: Conduct for the purpose of terrorism;
- Article 280, Criminal Code: Attack for terrorist or subversive purposes;
- Article 280 *bis*: Criminal Code: Act of terrorism involving deadly devices or explosives;
- Article 289 *bis*, Criminal Code: Kidnapping for the purpose of terrorism or subversion;
- Article 302 Criminal Code: Incitement to commit any of the crimes provided for in Chapters I and II;
- Article 1 Decree Law 625 of 15 December 1979: Urgent measures for the protection of democratic order and public safety.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 QUATER OF THE DECREE.

This category of offences does not seem to have significant relevance for the purposes of the Compliance Programme, and this also in the light of the fact that the Compliance Programme has been designed: *i)* the intentional nature of the offences themselves; *ii)* the fact that it seems difficult to imagine that the Company could derive any interest or advantage whatsoever from the commission of this type of offence.

The same consideration can be made regarding the crime of mutilation of female genital organs introduced with Article 25 *quater* 1. Given the specific nature of the crime and the scope of operations of STAR7 S.P.A., it does not appear that this offence can be committed to the advantage of the Company.

PRACTICES OF MUTILATION OF THE FEMALE GENITALS (CRIMES AGAINST LIFE AND INDIVIDUAL SAFETY)

Article 583-bis, Criminal Code

"Anyone who, in the absence of therapeutic reasons, causes mutilation of female genital organs shall be liable to imprisonment for a term of four to twelve years. For the purposes of this article, female genital mutilation practices shall be understood to include clitoridectomy, excision and infibulation and any other practice which causes similar effects.

Anyone who, in the absence of therapeutic reasons and in order to diminish sexual function, causes injury to female genital organs other than those indicated in the first paragraph, which result in illness of the body or mind, shall be liable to imprisonment for a term of three to seven years. The penalty is reduced by up to two thirds if the injury is minor.

The penalty is increased by a third when the practices referred to in the first and second paragraphs are committed against a minor or if the offence is committed for profit.

The conviction or application of a penalty on request of the parties pursuant to Article 444 Code of Criminal Procedure for the crime under this article shall, when the offence is committed by a parent or guardian, result respectively in:

1) forfeiture of parental authority;

2) permanent exclusion from any office relating to protection, guardianship and provision of support.

The provisions of this article shall also apply when the offence is committed abroad by an Italian citizen or a foreigner residing in Italy, or against an Italian citizen or a foreigner residing in Italy. In such a case, the offender is punished at the request of the Minister of Justice".

The financial penalty foreseen by the Decree ranges from 300 to 700 units, while the bans are imposed for a duration of no less than one year.

CRIMES AGAINST THE INDIVIDUAL PERSONALITY

RELEVANT OFFENCES

Article 25 *quinquies* of the Decree, entitled "*Crimes against the individual*", refers to the following crimes provided for by the Criminal Code:

- Article 600, Criminal Code: Reduction or retention in slavery or servitude;
- Article 600 *bis*, Criminal Code: Child prostitution (not relevant);
- Article 600 *ter*, Criminal Code: Child pornography;
- Article 600 *quater*, Criminal Code: Possession of pornographic materials;
- Article 600-*quater* 1, Criminal Code; Virtual pornography;
- Article 600 *quinquies*, Criminal Code: Tourist initiatives aimed at the exploitation of child prostitution;
- Article 601, Criminal Code: Trafficking in persons;
- Article 602, Criminal Code: Purchase and sale of slaves.

Article 600, Criminal Code: Reduction or retention in slavery or servitude.

"Anyone who exercises powers over a person corresponding to those of ownership or anyone who forces into or keeps a person in a state of continuous subjection, compelling them to work or provide sexual services or to

beg or otherwise perform activities that involve exploitation, shall be liable to imprisonment for a term of eight to twenty years.

Forcing into or keeping in a state of subjugation persons takes place when the conduct is carried out through violence, threats, deceit, abuse of authority or taking advantage of a situation of physical or psychological inferiority or a situation of need, or by promising or giving sums of money or other advantages to whoever has authority over the person."

This offence is of a common type in that it can be committed by anyone who engages in the conduct described above. By way of example, this offence may occur when anyone allows or facilitates the enslavement or servitude of an individual by forcing him/her to work or perform sexual acts, or to beg, or in any case to perform acts that entail his/her exploitation.

The object of the offending conduct is the activities carried out by the Company or its organisational unit, in order to allow or facilitate the enslavement or servitude of someone.

The conduct takes the form of: *(i) enslaving a person* - this concept is outlined in the Geneva Convention of 25 September 1926 (implemented by Royal Decree 1723/1928), which defines it as the act or condition of an individual over which the attributes of the right of ownership, or some of them, are exercised; (ii) *reducing a person to servitude:* i.e. to reduce, by means of violence, threats or abuse of authority, the victim of the crime to a continuous condition of physical or psychological subjection for the purpose of forcing him/her to work or provide sexual services, or to begging or in any case to services involving exploitation.

The subjective element required for the case to be committed is general intent, understood as the knowledge and intent of reducing someone into slavery or servitude.

The financial penalty provided for by the Decree ranges from 400 to 1000 units.

Article 600 *bis*, Criminal Code: Child prostitution.

"A penalty of imprisonment for a term of six to twelve years and a fine of 15,000 euros to 150,000 euros shall be imposed on anyone who:

1) *induces or recruits a person under the age of eighteen into prostitution;*
2) *promotes, uses, manages, organises and controls the prostitution of a person under the age of eighteen, or otherwise profits from this.*

Unless the offence constitutes a more serious crime, any person engaging in sexual activities with a child between the ages of fourteen and eighteen, in exchange for payment in money or other benefits, even only promised, shall be liable to imprisonment for a term of one to six years and a fine of 1,500 euros to 6,000 euros."

The financial penalty provided for by the Decree ranges from 300 to 800 units for the first paragraph, and from 200 to 700 units for the second paragraph.

Article 600 *ter*, Criminal Code: Child pornography.

"A penalty of imprisonment for a term of six to twelve years and a fine of 24,000 euros to 240,000 euros shall be imposed on anyone who:

1) *by using people under the age of eighteen, puts on pornographic performances or shows or produce pornographic material;*
2) *recruits or induces people under the age of eighteen to participate in pornographic performances or shows or otherwise gains profit from those shows.*

The same penalty is imposed on anyone who sells the pornographic material referred to in the first paragraph.
Anyone, except in the cases mentioned in the first and second paragraphs, who with any means, including by computer, distributes, disseminates, circulates or publicises the pornographic material referred to in the first paragraph, or disseminates news or information aimed at grooming or sexually exploiting people under the age of eighteen, shall be liable to imprisonment for a term of one to five years and a fine of 2,582 euros to 51,645 euros.
Anyone, except in the cases mentioned in the first, second and third paragraphs, who, either free of charge or for payment, offers or sells to others the pornographic material referred to in the first paragraph, shall be liable to imprisonment for a term of up to three years and a fine of 1,549 euros to 5,164 euros;
In the cases envisaged by the third and fourth paragraphs, the punishment is increased by no more than two thirds when the material is of a large quantity.
Unless the act constitutes a more serious offence, anyone who attends pornographic exhibitions or shows involving minors under the age of eighteen shall be liable to imprisonment for a term of up to three years and a fine of between 1,500 euros and 6,000 euros.
For the purposes of this article, child pornography shall mean any depiction, by any means, of a child under the age of eighteen engaged in real or simulated sexually explicit activities, or any depiction of the sexual organs of a child under the age of eighteen for sexual purposes."
The financial penalty provided for by the Decree ranges from 300 to 800 units for the first and second paragraphs, and from 200 to 700 units for the third and fourth paragraphs.

Article 600 *quater*, Criminal Code: Possession of or access to pornographic material.
"Anyone, except in the circumstances referred to in Article 600-ter Criminal Code, who knowingly procures or possesses pornographic material produced using persons under the age of eighteen shall be liable to imprisonment for a term of up to three years or a fine of not less than 1,549,00 euros.
The penalty is increased by an amount of no more than two thirds when the quantity of the material possessed is significant.
Except for the cases referred to in the first paragraph, anyone who, through the use of the Internet or other networks or means of communication, intentionally and without justified reason accesses pornographic material created using minors under the age of eighteen is punished with imprisonment up to two years and

with a fine of not less than 1,000 euros".

This offence is of a common type in that it can be committed by anyone who engages in the conduct described above.

The object of the offending conduct is the activities carried out by the Company or one of its organisational units in order to allow or facilitate its customers in obtaining and possessing pornographic material.

The conduct takes the form of: *(i) Obtaining pornographic material produced through the sexual use of minors:* procuring implies behaviour aimed at acquiring the material availability of the pornographic product; pornographic material is all material that consists of representations and depictions pertaining to the sexual sphere, such as carnal conjugations, acts of lust, erotic gestures, etc.; exploitation consists of taking advantage of those who trade in one's own body, receiving the profits; *(ii) possessing the same material:* (ii) possessing the same material: To possess means to be in the position of having the availability of the pornographic material.

The subjective element consists of general intent, understood as the knowledge and intent of the typical fact provided for by the law.

The financial penalty provided for by the Decree ranges from 200 to 700 units.

Article 600 *quater* 1, Criminal Code: Virtual pornography.

"The provisions of Articles 600-ter and 600-quater also apply when the pornographic material shows virtual images created by using images of persons under the age of eighteen or parts of them, but the penalty is reduced by one third.

By virtual images we mean images created with graphic processing techniques not associated in whole or in part with real situations, whose quality of representation makes non-real situations appear as real".

This offence is of abstract danger, because the production and diffusion of such material are such as to encourage deviant behaviours, which can, in turn, give rise to further conduct detrimental to the final legal asset of the psychophysical integrity of the child. The object of the criminally relevant conduct, in this specific case, are the activities carried out by the Company or one of its organisational units, in order to allow or facilitate its customers to perpetrate, disseminate and possess virtual pornographic material.

The conduct takes the form of: *(i) perpetrating the crimes of child pornography (600 ter) and possession of pornographic material (600 quater),* using images of minors or parts thereof, including virtual ones, with the aid of graphic techniques and telematic means of communication.

The subjective element is general intent, understood as the knowledge and intent of the typical fact provided for by the law.

The financial penalty provided for by the Decree ranges from 200 to 700 units.

Article 600 quinquies, Criminal Code: Tourist initiatives aimed at the exploitation of child prostitution.

"Anyone who organises or promotes travel, for the use of prostitution affecting children or is involved in such activities shall be liable to imprisonment for a term of six to twelve years and a fine of 15,493 euros and 154,937 euros."

The financial penalty provided for by the Decree ranges from 300 to 800 units.

Article 601, Criminal Code: Trafficking in persons.

"Whoever recruits, introduces into the territory of the State, transfers even outside it, transports, cedes authority over the person, hosts one or more people who find themselves in the conditions referred to in Article 600,that is, carries out the same conduct on one or more people, through deception, violence, threats, abuse of authority or taking advantage of a situation of vulnerability, physical or mental inferiority or necessity, or through the promise or giving of money or other advantages to the person who has authority over them, in order to induce or force them to perform work or sexual activities or to beg or in any case to carry out illicit activities which involve their exploitation or to undergo the removal of organs will be liable to imprisonment from eight to twenty years.

The same penalty applies to anyone who, even aside from the procedures referred to in the first paragraph, carries out the conduct therein envisaged towards a minor."

The financial penalty provided for by the Decree ranges from 400 to 1000 units.

Article 602, Criminal Code: Purchase and sale of slaves.

"Anyone, except in the cases specified in Article 601, who purchases or sells or assigns a person who is in one of the conditions identified in Article 600 shall be liable to imprisonment for a term of eight to twenty years."

The financial penalty provided for by the Decree ranges from 400 to 1000 units.

Article 609-*undecies*, Criminal Code: Grooming of minors.

"Anyone who, in order to commit the crimes referred to in Articles 600, 600 bis, 600 ter and 600 quater, even when related to the pornographic material referred to in Article 600 quater.1 600 quinquies, 609 bis, 609 quater, 609 quinquies and 609 octies, grooms a child under the age of sixteen shall be liable, if the offence does not constitute a more serious crime, to imprisonment for a term of one to three years. Grooming shall mean any act intended to gain the trust of the child through deceit, flattery or threats also made through the use of the internet or other networks or means of communication".

The penalty is increased:

1) *if the crime is committed by several people who are gathered together;*
2) *if the crime is committed by a person who is part of a criminal association and in order to facilitate the activity;*

3) *if the fact, due to the repetition of the conduct, causes serious harm to the minor;*

4) *if the fact causes danger of life for the minor."*

The financial penalty provided for by the Decree ranges from 200 to 700 units.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 QUINQUIES OF LEGISLATIVE DECREE 231/2001

From the Gap Analysis carried out, the areas at risk are as follows:

- Vendor selection and management;
- Staff selection and management.

GENERAL PRINCIPLES OF CONDUCT "DO's"

All At-Risk Activities must be carried out in compliance with legal and regulatory provisions, with the principles of Corporate Governance of the Company, with the provisions of the Code of Ethics, with the general principles of conduct set out in the General Section of this Model, as well as with the protocols designed to protect against the risks/offences identified.

In compliance with the law in force, the Company undertakes to ensure full collaboration with the competent authorities in preventing, combating and repressing criminal phenomena to the detriment of minors and in particular in the fight against the exploitation of prostitution, pornography and sexual tourism to the detriment of minors, carried out through the use of the telematicS network or in other ways.

The Recipients of this Special Section must:

- ascertain that suppliers use labor in compliance with current social security regulations, including through verification of DURC and the certifications in their possession;
- process all requests from public safety authorities promptly, fairly and in good faith;
- in general, maintain a fair, courteous and helpful demeanour toward public safety authorities in any situation.

DONT'S

It is prohibited to:

- carry out, collaborate in or cause the carrying out of behaviours such as to integrate, individually or collectively, directly or indirectly, the types of offences provided for by article 25-*quinquies* of the Decree;
- violate the principles set forth in the Code of Ethics and the operational protocols referred to in this Special Section;
- use, even occasionally, the Company or one of its organisational units or the physical premises of the Company itself for the purpose of enabling or facilitating the commission of the offences set out in Article 25-*quinquies* of the Decree.

Protocols to protect against the risks of offences pursuant to Article 25 quinquiesdecies of the Decree:

- Supplier selection protocol; OP-03
- Consultant Selection Protocol; OP-04
- Personnel Selection Protocol; OP-05
- Translation management protocol; OP-09

MARKET ABUSE

EU Law No 62/2005 of 18 April 2005, implementing Directive 2003/6/EC, introduced into the Consolidated Finance Act (TUF) Title I *bis* on the abuse of inside information and market manipulation and at the same time included article 25 sexies in the Decree, expressly providing for the administrative liability of companies in the event of violation of the rules set out to protect the market.

Relevant offenses for this purpose are:

- Article 184 TUF: Abuse of inside information;
- Article 185 TUF: Market manipulation.

Article 184 TUF: Insider Trading

"Imprisonment ranging from two to twelve years and a fine ranging from 20,000 euros to 3,000,000 euros can be imposed on any person who, being in possession of inside information by virtue of membership of an administrative, management or supervisory board of the issuer, a holding in the share capital of the issuer, or via the performance of a professional activity or role, including a public function or office:

a) buys, sells or undertakes other transactions, directly or indirectly, for himself or on behalf of a third party, in financial instruments using such information;

b) discloses this information to others outside their normal work activities, profession, duties or position;

c) recommends or induces others, on the basis of such recommendations or inducements, to carry out any of the transactions referred to in letter a).

The same penalty referred to in paragraph 1 shall also apply to any person who comes into possession of inside information as a result of criminal activities and carries out any of the actions listed in the same paragraph.

The court may increase the fine up to three times or, if greater, up to the amount of ten times the product or profit gained from the crime when, owing to the seriousness of the crime, the personal situation of the offender or the amount of the proceeds or profit obtained through the crime, the original fine seems inadequate even if the maximum is applied.

For transactions concerning the financial instruments referred to in Article 180, paragraph 1, letter a), number 2), the criminal penalty is a fine of up to 103,291 euros and imprisonment for a term of up to three years

For the purposes of this article, financial instruments also include the financial instruments referred to in Article

1, paragraph 2, the value of which depends on a financial instrument referred to in Article 180, paragraph 1, letter a).”

The financial penalty provided for by the Decree ranges from 400 to 1000 units.

If the product or profit is significant, the penalty is increased up to 10 times that product or profit.

ARTICLE 185 TUF: Market Manipulation.

“Anyone who disseminates false information or performs simulated transactions or other artifices likely to cause a significant change in the price of financial instruments shall be liable to imprisonment for a term of between two and twelve years and a fine of between twenty thousand euro and five million euro.

The court may increase the fine up to three times or, if greater, up to the amount of ten times the product or profit gained from the crime when, owing to the seriousness of the crime, the personal situation of the offender or the amount of the proceeds or profit obtained through the crime, the original fine seems inadequate even if the maximum is applied.

For transactions on the financial instruments referred to in Article 180, paragraph 1, letter a, number 2, the criminal penalty is a fine of up to 103,291 euros and imprisonment for a term of up to three years.

The financial penalty provided for by the Decree ranges from 400 to 1000 units.

If the product or profit is significant, the penalty is increased up to 10 times that product or profit.

Both cases are characterized by the need to protect the market.

In the first case, note that this must be information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or one or more financial instruments, which, if made public, would be likely to have a significant effect on the prices of those financial instruments.

Inside information no longer includes, as in the past, only facts occurring in the sphere of activity of the issuers, but all information of a precise nature concerning the issuers themselves or the financial instruments, which, if made public, would be capable of significantly influencing the price of such instruments.

A piece of information is of precise character if it:

- refers to a set of circumstances that exists or can reasonably be expected to occur or an event that has occurred or can reasonably be expected to occur;
- is sufficiently specific to enable conclusions to be drawn as to the possible effect of the set of circumstances or event referred to in point a) on the prices of the financial instruments.

Information which, if made public, would be likely to have a significant effect on the prices of financial instruments means information which a reasonable investor would be likely to use as one of the elements he/she bases an investment decision on.

In the case of market manipulation there is a significant analogy with what has been said in the analysis of the

crime of market rigging, in terms of typical conduct.

In order to carry out this offence, it is necessary to spread false information or to carry out simulated transactions or other artifices, which are concretely capable of causing a significant alteration in the price of listed financial instruments.

It should be noted that:

- news means a sufficiently precise indication of factual circumstances, because simple rumours and subjective forecasts are not sufficient. The news is false when, by creating a false representation of reality, it is such as to mislead the operators by determining an irregular rise or fall in prices.
- disclosure does not take place when the news has not been disseminated or made public, but is directed to only a few people;
- simulated operations refer to operations that the parties have not in some way intended to carry out in any way, as well as operations that are apparently different from those actually desired;
- in order for the offence to be committed, it is sufficient that the information or artifice is capable of producing the effect of significantly altering the price of listed financial instruments;
- other artifices are defined as "any conduct which, by means of deception, is capable of altering the normal course of prices".

Since the behaviours that may give rise to the present case are common to and similar to those involved in the crime of market rigging, the At-Risk Activities that the Company may carry out in the conduct typical of this crime are identified at the same time as the crimes contemplated in this Special Section. It should be remembered that in any case the offence of market rigging applies only to unlisted financial instruments and can also refer to the shares of the Company itself.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 SEXIES OF LEGISLATIVE DECREE 231/2001

Given that STAR7 S.P.A. is not listed on regulated markets, the offences in question cannot be committed within STAR7 S.P.A., and therefore the Company does not have protocols to protect against the risk of offences pursuant to Article 25 *sexies* of the decree.

OCCUPATIONAL SAFETY

RELEVANT OFFENCES

Article 25 *septies* of the Decree, entitled "*Manslaughter or serious or very serious injuries committed in violation of the regulations on the protection of health and safety at work*" was introduced by Law 123 of 3 August 2007 and subsequently amended by Article 300 of Legislative Decree 81 of 9 April 2008.

Law 123/07 introduced, among the offences that may give rise to the liability of the company, manslaughter

and serious or very serious negligent injury committed in violation of the regulations protecting the health and safety of workers.

It should be noted that the crimes cited are negligent in nature, unlike all the others forming part of the Decree, which are, however, exclusively malicious in nature.

Legislative Decree 9 April 2008, n. 81, commonly known as **the Consolidated Law on Safety at Work**, innovated the previous version of Article 25 *septies*, and graded financial penalties and bans, applicable to the entity depending on the type of crime committed and has also defined, in Article 30, the methods for establishing and implementing a Compliance Programme capable of exempting entities from administrative liability - penal rectius - with regard to the matter of workplace safety.

The crimes to which Article 25 *septies* expressly refers are contained in Chapter I of Title XII of Book II of the Criminal Code, i.e. they are part of "*Crimes against life and individual safety*".

These are:

- Article 589, Criminal Code: Manslaughter;
- Article 590, Criminal Code: Personal injury through negligence.

Article 589, Criminal Code: Manslaughter.

Anyone who causes the death of a person through negligence shall be liable to imprisonment for a term of six months to five years. If the fact is committed in violation of the of the laws governing driving on the public highway or the protection of health and safety at work, the penalty is for imprisonment for a period of between two and seven years.

The punishment of imprisonment from three to ten years shall apply if the act is committed in violation of the rules on road traffic regulations by:

1) a person who is inebriated pursuant to Article 186, paragraph 2, letter c), of Legislative Decree 285 of 30 April 1992, as amended;

2) a person under the influence of drugs or psychotropic substances.

In the event of the death of several people, or the death of one or more people and the injury of one or more people, the penalty imposed is the penalty for the most serious offence committed increased by up to three times, however the penalty cannot exceed fifteen years."

Manslaughter is a crime that is committed at the time and place of the death of the offender. The subjective element required is general negligence, to be understood as negligence, imprudence and inexperience.

With regard to the aggravating circumstance envisaged by paragraph 2, namely the commission of the crime through the violation of accident prevention regulations, the Court of Cassation specified that, from the point of view of guilt, it exists not only when the violation of specific regulations for the prevention of accidents at work is contested (so-called specific guilt), but also when the dispute concerns the **omission** to adopt measures or precautions for the more effective protection of the physical integrity of workers, in violation of Article 2087

of the Civil Code. Therefore, this obligation placed on the entrepreneur is also included among the accident prevention regulations, even though it has an "abstract and cautionary" value.

Finally, case law agrees that the liability of the employer is to be excluded only in the case of the **abnormal behaviour** of the worker, understood as *imprudence outside of his duties, therefore of the predictability by the employer, but also which, although falling within the duties entrusted to him, results in a behaviour ontologically far from the foreseeable imprudence of the worker in the execution of the work* (Court of Cassation, 5 February 1997, no. 952).

The financial penalty provided for by the Decree ranges from 250 to 500 units and the ban ranges from 3 to 12 months.

Article 590, Criminal Code: Personal injury through negligence.

"Anyone who causes personal injury to others through negligence, shall be liable to imprisonment for a term of up to three months or a fine of up to 390 euros.

If the injury is serious, the penalty is imprisonment from one to six months or a fine of 123 euros to 619 euros; if extremely serious, imprisonment from three months to two years or a fine ranging from 309 to 1239 euros.

If the facts referred to in the second paragraph are committed in violation of the regulations governing road traffic and those for the prevention of accidents at work, the penalty for serious injuries is imprisonment from three months to one year or a fine from 500 to 2000 euros, and the penalty for very serious injuries is from one to three years. In cases of violation of road traffic regulations, if the fact is committed by a person who is inebriated pursuant to Article 186, paragraph 2, letter c), of Legislative Decree 285 of 30 April 1992, as amended, or by a person under the influence of narcotic or psychotropic substances, the penalty for serious injuries is imprisonment from six months to two years and the penalty for very serious injuries is imprisonment from one year and six months to four years.

If several people are injured, the penalty for the most serious offence committed is applied increased by up to three times; however the penalty of imprisonment cannot exceed five years.

The crime is punishable upon complaint by the injured party, except in the cases provided for in the first and second paragraph, limited to facts committed in violation of the rules for the prevention of accidents at work or relating to occupational health or which have led to an occupational disease" .

The definition of **injury** is contained in Article 582 of the Criminal Code, entitled "*Malicious personal injury*": there is an injury whenever the agent produces a **disease** in the passive subject of the crime, i.e. *any anatomical or functional alteration of the organism, even if localized and not influencing the general organic conditions*. Article 590 of the Criminal Code, in regulating the negligent case of injury, refers to the same concept. The crime is instantaneous with an event of damage (thus Supreme Court of Cassation no. 6511 of 2 June 2006) and is committed with the occurrence of the injury, although the effects may be permanent. The subjective

element of the crime is general negligence, or, as in the case of manslaughter, specific negligence when it derives from the violation of accident prevention regulations or road traffic regulations.

Negligent personal injury may be:

- **slight:** if it results in an illness or inability to attend to ordinary occupations that does not exceed 40 days;
- **serious** (Article 583, paragraph 1, Criminal Code:
    a) if the fact results in an illness that endangers the life of the offended person, or an illness or inability to attend to ordinary occupations for a period exceeding 40 days;
    b) if it results in the permanent impairment of a sense or organ
- **very serious** (Article 583, paragraph 2 of the Criminal Code):
    a) whether a *disease* certainly or probably incurable results from the fact;
    b) whether *loss of meaning* results from the act;
    c) whether the fact results in the *loss of a limb*, a mutilation that makes it useless, the loss of the use of an organ or the ability to procreate or a permanent and serious speech impediment
    d) deformation or permanent disfigurement of the *face*.

It should be pointed out that the injuries that are relevant for the liability of the entity are those that are serious or very serious.

The offence can be prosecuted on **complaint** by the injured party, except in the case where the offence has been committed in violation of accident prevention regulations, a case, moreover, relevant for the purposes of Legislative Decree 231/01.

The financial penalty provided for by the Decree ranges from 100 to 250 units and the ban ranges from 3 to 6 months.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 SEPTIES OF LEGISLATIVE DECREE 231/2001

The Company has already prepared a Risk Assessment Document (DVR), where all the dangers actually applicable in terms of safety at work are located, suitably codified.

The DVR must be constantly updated, in relation to new and possible prevention requirements, and this Programme constitutes a further safeguard.

As a further system of supervision and control in the field of safety, the legal representative and employer shall appoint a Prevention and Protection Service Manager.

GENERAL PRINCIPLES OF CONDUCT

The Compliance Programme is not intended to replace the legal prerogatives and responsibilities of the subjects identified by Legislative Decree 81/08 and by the regulations further applicable in the specific cases.

On the other hand, it represents a further control and verification of the existence, efficacy and adequacy of the structure and organisation set up in compliance with the special regulations in force concerning accident prevention and the protection of health and safety in the workplace.

"DO's"

All work activities must be carried out in compliance with the laws and regulations in force, with the principles of Corporate Governance of the Company, with the rules of the Code of Ethics, with the general principles of conduct set out in the General Section of this Model. In compliance with current legislation, the Company undertakes to:

- adopt a specific Compliance Programme to prevent the risk of offences relating to occupational health and safety;
- allocate an adequate budget for staff training;
- ensure that staff training is actually carried out;
- adequately bring the Risk Assessment Report to the attention of employees.

DONT'S

It is prohibited to:

- behave in ways that are dangerous to one's own health and safety and that of others;
- failing to report near misses or concealing facts and events whose occurrence has posed a potential danger to the health and safety of workers;
- ask workers to resume their work in a work situation in which a serious and immediate danger persists, such as a seismic event or the start of a fire;
- remove or modify safety, signalling or control devices without authorization;
- underestimate expenditure items with an impact on health and safety at work.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS-

- Financial Flow Management Protocol PO – 02;
- Health and Safety Compliance Protocol; OO-10.

PROPERTY CRIMES THROUGH FRAUD

RELEVANT OFFENCES

Legislative Decree 231 of 21 November 2007 relating to the implementation of the third **Anti-Money Laundering Directive** has introduced into Decree 231/01 (Article 25 octies) some crimes against property by

means of fraud, and in particular:

- Article 648, Criminal Code: Receiving money, goods or assets of unlawful origin;
- Article 648 *bis*, Criminal Code: Money laundering;
- Article 648 *ter* Criminal Code: Use of money, goods or assets of unlawful origin;
- Article 648 *ter*.1 Criminal Code: Self-laundering.

In addition, Law 186 of 15 December 2014, entitled "*Provisions on the emersion and return of capital held abroad, and for strengthening the fight against tax evasion*. *Provisions regarding self-laundering*", introduced into the Criminal Code Article 648 *ter*.1, entitled "self-laundering", as well as amending Article 25 *octies* of Legislative Decree 231 of 2001 by including the new case in the catalogue of 231 crimes.

Article 648, Criminal Code: Receiving money, goods or assets of unlawful origin.

"Other than in cases of complicity in the crime, anyone who, in order to gain a profit for themselves or for others, obtains, receives or hides money or property deriving from any crime, or is otherwise involved in having them obtained, received or hidden, shall be liable to imprisonment for a term of two to eight years and a fine of 516 euros to 10.329 euros. […].

The penalty is imprisonment from one to four years and a fine from 300 euros to 6,000 euros when the offence involves money or objects resulting from an infringement punishable by imprisonment for a maximum of one year or a minimum of six months.

[…]

If the crime is particularly minor, the penalty of imprisonment of up to six years and a fine of up to 1,000 euros is applied in the case of money or objects originating from a crime and the penalty of imprisonment of up to three years and a fine of up to 800 euros in the case of money or things resulting from the violation.

The provisions of this article also apply when the perpetrator of the crime, from whom the money or items come, is not attributable or is not punishable or when a condition of prosecution relating to such crime is missing".

In order for the crime of receiving stolen goods to be committed, it is necessary that another crime has been committed, the so-called predicate crime, in which the agent, however, must not have participated.

The criminally relevant conduct consists of acquiring, receiving or concealing money or things that come from another crime or in carrying out an activity aimed at acquiring, receiving or concealing them from other parties.

The crime is committed when the agent carries out one of the above listed behaviours without, in the case where the agent intervenes to make another person purchase or receive or conceal money or things deriving from a crime, the interference actually taking place.

The subjective element necessary to integrate the incriminating case is the specific intent, understood as the knowledge and intent of carrying out the criminally relevant conduct with the awareness of the origin of the

object or money from crime or the violation and the purpose of procuring profit for oneself or others.

The financial penalty provided for by the Decree ranges from 200 to 800 units. If the money, goods or other benefits originate from a crime for which the penalty is imprisonment for a term of more than 5 years, then the financial penalty of 400 to 1000 units is applied. The disqualification sanction ranges from 3 to 24 months.

Article 648 *bis*, Criminal Code: Money laundering.

"Except for cases of complicity in the crime, anyone who replaces or transfers money, goods or other benefits deriving from the crime, or carries out other operations in relation to them, in such a way as to hinder the identification of their criminal origin, is liable to imprisonment for a term punished of four to twelve years and a fine from 5,000 euros to 25,000 euros.

The penalty is imprisonment from two to six years and a fine from 2,500 euros to 12,500 euros when the offence involves money or objects resulting from an infringement punishable by imprisonment for a maximum of one year or a minimum of six months.

The penalty is increased when the offence is committed while performing a professional activity.

The penalty is reduced if the money, goods or other benefits originate from a crime for which the penalty is imprisonment for a term of less than a maximum of five years.

As in the case of the offence previously analysed, in order for the offence of money laundering to be committed, there must be a so-called predicate offence, which can only be a non-culpable offence in which the agent has not participated in any way.

This is a common offence that protects assets and the economic order through the punishment of behaviours aimed at disturbing free competition in the market.

Criminal conduct may consist of: *(i)* replacing, transferring money, goods or other benefits resulting from a non-negligent crime; *(ii)* carrying out operations aimed at hindering the identification of the criminal origin of the money, object or other benefit.

The offence is committed by replacing, transferring or carrying out operations aimed at hindering the identification of the illegal origin of the money, goods or other utilities.

The subjective element is general intent, understood as the knowledge and intent of carrying out the described conduct with the awareness or, at least, accepting the risk (possible intent) that the object of the offence comes from crime or a violation.

Finally, it should be remembered that, if the criminally relevant conduct is carried out in the exercise of a professional activity, the penalty is increased.

On the other hand, a reduction in the penalty is provided for by law when the object of the offence comes from a crime punishable with a penalty of less than five years at the most.

The financial penalty provided for by the Decree ranges from 200 to 800 units. If the money, goods or other

benefits originate from a crime for which the penalty is imprisonment for a term of more than 5 years, then the financial penalty of 400 to 1000 units is applied. The disqualification sanction ranges from 3 to 24 months.

Article 648 *ter*, Criminal Code: Use of money, goods or benefits of unlawful origin.

"Anyone who, other than in cases of complicity in the crime and the cases envisaged in Articles 648 and 648-bis of the Criminal Code, uses money, goods or other property resulting from crime in economic or financial activities, shall be liable to imprisonment for a term of four to twelve years and a fine of 5,000 euros to 25,000 euros.

The penalty is imprisonment from two to six years and a fine from 2,500 euros to 12,500 euros when the offence involves money or objects resulting from an infringement punishable by imprisonment for a maximum of one year or a minimum of six months.

The penalty is increased when the offence is committed while performing a professional activity.

The penalty is reduced in the circumstance contemplated in the second paragraph of Article 648.

The final paragraph of Article 648 applies."

Given the subsidiarity clause at the beginning of the regulation, the offence is committed when the offences of receiving stolen goods and money laundering are not relevant, as well as outside the hypotheses of complicity in these offences. The criminally relevant conduct is the use, also understood as investment, of illegal proceeds in economic-financial activities. It is not necessary that a profit be obtained from the illegal conduct for the crime to be committed.

As in the case of the offence previously analysed, in order for the offence of money laundering as per Article 648 ter of the Criminal Code to be committed, there must be a so-called predicate offence, which can also be a non-culpable offence in which the agent has not participated in any way.

The subjective element is general intent, understood as the knowledge and intent of carrying out the described conduct with the awareness or, at least, accepting the risk (possible intent) that the object of the offence comes from crime or a violation.

The financial penalty provided for by the Decree ranges from 200 to 800 units. If the money, goods or other benefits originate from a crime for which the penalty is imprisonment for a term of more than 5 years, then the financial penalty of 400 to 1000 units is applied. The disqualification sanction ranges from 3 to 24 months.

Article 648 *ter.*1, Criminal Code: Self-laundering.

"The penalty of imprisonment for a term of two to eight years and a fine of 5,000 euros to 25,000 euros is imposed on anyone who, having committed or participated in committing a crime, employs, replaces, transfers money, goods or other benefits from the commission of this crime into economic, financial, business or speculative activities, in order to prevent the identification of their criminal origin.

The penalty is imprisonment from one to four years and a fine from 2,500 euros to 12,500 euros when the

offence involves money or objects resulting from an infringement punishable by a term of imprisonment of a maximum of one year or a minimum of six months.

The penalty is reduced if the money, goods or other benefits originate from a crime for which the penalty is imprisonment for a term of less than a maximum of five years.

However, the penalties provided for in the first paragraph apply if the money, goods or other benefits come from a crime committed with the conditions or purposes referred to in article 416 bis.1.

Other than in the cases referred to in the paragraphs above, conduct where the money, goods or other benefits are aimed merely for personal use or enjoyment is not punishable.

The penalty is increased when the offences are committed in performing a banking or financial activity or other professional activity.

The penalty is reduced by up to half for persons who have effectively acted to prevent the conduct from resulting in further consequences or to secure evidence of the offence and the identification of the goods, money and other benefits deriving from the crime.

The final paragraph of Article 648 applies."

With respect to the crime of money laundering, the new criminal offence punishes anyone who, having committed or contributed to committing a crime, replaces, transfers or uses in economic or financial, as well as entrepreneurial or speculative activities, money, goods or other benefits deriving from the commission of this crime, so as to concretely hinder the identification of their criminal origin.

Therefore, the active subject is the person who has committed the so-called predicate offence whose proceeds flow into the new offence. It is therefore a crime of its own.

The new offence of self-laundering may include all offences that can concretely provide the perpetrator with a supply of money or other goods or utilities: for example, corruption, tax evasion and any tax offence, appropriation of corporate assets, embezzlement, false corporate communications, offences against public faith, private-to-private bribery, as well as self-laundering.

The use of money, property or other benefits for personal purposes cannot be punished.

The financial penalty provided for by the Decree ranges from 200 to 800 units. If the money, goods or other benefits originate from a crime for which the penalty is imprisonment for a term of more than 5 years, then the financial penalty of 400 to 1000 units is applied. The disqualification sanction ranges from 3 to 24 months.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25-OCTIES OF LEGISLATIVE DECREE 231/2001

The Gap Analysis carried out reveals the following at-risk *areas:*

- cash flow management;
- management of purchasing procedures for goods or services;
- stipulation and execution of contracts;

- management of cash accounting operations;
- application of discounts;
- receipt of cash in excess of the limits established by law.

GENERAL PRINCIPLES OF CONDUCT "DO's"

In order to minimize the likelihood of the occurrence of the aforementioned crimes, STAR7 S.P.A. carries out its activities complying with the following general principles, with the **obligation** of anyone working in/for/with the Company to:

- Verify the commercial and professional reliability of suppliers and customers;
- Verify compliance with internal procedures for evaluating bidders and offers, and ensure that the decision-making chain can be reconstructed;
- Verify that cash receipts are supported by a previously authorized order and/or contract;
- Ensure the traceability of the stages of the decision-making process relating to financial and corporate relationships with third parties;
- Maintain documentation to support economic-financial operations;
- Keep written justification for each gift provided;
- Ensure that financial movements are carried out through authorized financial intermediaries;
- Do not accept goods, services, or other benefits for which there is not a properly authorized order/contract;
- Avoid, except as expressly exempted by law, payments or receipts in cash in excess of legal limits.

DONT'S

In any case, it is **PROHIBITED to:**

- Maintain relationships with individuals who are known or suspected to belong to criminal organizations or in any case operating outside the law;
- Use anonymous instruments to carry out transfer transactions of significant amounts;
- Make sales on credit;
- Give gifts of goods with a value greater than 100.00 euros that are outside the normal courtesy or promotional activities.

In implementing the aforementioned principles of conduct, STAR7 SPA adopts the following organizational criteria:

SUPPLIER RELATIONS

- There must be no identity between the person requesting the supply, the person certifying the

delivery and the person making the payment;

- The technical and economic criteria and the procedure adopted for the selection of potential suppliers must always be respected;
- An appropriate selective activity and objective comparison of the offers must be carried out, in compliance with the specific procedure adopted;
- The entire vendor selection process, including contracting, must be properly formalized, recorded, and retained.

RELATIONSHIPS WITH CONSULTANTS AND EXTERNAL STAFF

- There must be no identity of parties, within the Company, between those who request the consulting and/or collaboration services, those who authorize them, those who control the implementation and outcome and those who make the payments;
- Consultants and external staff must be chosen on the basis of precise requirements of good standing, professionalism and competence, in relation to their reputation and reliability, specifically screened through the stages of the specific procedure adopted;
- all contracts with consultants and external staff must be set forth in writing in all their terms and conditions;
- the remuneration of consultants and external staff must be adequately justified in the assignment conferred and must be appropriate, considering existing market practices and/or current rates;
- no payments to consultants and external staff may be made in cash;
- it is prohibited to engage consultants and external staff for any activity that is not covered by the consulting agreement.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS:

- Monetary and financial flows protocol; OP-02
- Supplier selection protocol; OP-03
- Consultant Selection Protocol; OP-04.

CRIMES RELATING TO NON-CASH PAYMENT INSTRUMENTS

RELEVANT OFFENCES

With Legislative Decree 184/2021, the catalogue of predicate offences was also extended to include the crimes referred to in Articles 493-*ter*, 493-*quater* and 640-*ter*, paragraph two, of the Criminal Code, with the introduction of Article 25-octies.1 of Legislative Decree 231/2001, entitled "Crimes relating to non-cash

payment instruments".

Art. 493 ter - Undue use and falsification of non-cash payment instruments

"Whoever, in order to make a profit for himself or for others, unduly uses, without being the holder of one, credit or payment cards, or any other similar document that enables the withdrawal of cash or the purchase of goods or the provision of services, or in any case any other non-cash payment instrument is liable to a term of imprisonment from one to five years and with a fine from 310 euros to 1,550 euros. Anyone who, in order to profit for himself or others, falsifies or alters the instruments or documents referred to in the first sentence, or possesses, transfers or acquires such instruments or documents of illicit origin or in any case falsified or altered, is subject to the same penalty, as well as payment orders produced with them.

[…]"

Art. 493 quater – Possession and dissemination of equipment, devices or computer programmes aimed at committing crimes involving non-cash payment instruments

"Unless the fact constitutes a more serious crime, anyone who, for the purpose of using them or allowing others to use them in the commission of crimes involving non-cash payment instruments, produces, imports, exports, sells, transports, distributes, places at his disposal or in any way procures for himself or for others IT equipment, devices or programmes which, due to technical-constructive or design characteristics, are built mainly to commit such crimes, or are specifically adapted to the same purpose, is liable to imprisonment for a term of up to two years and a fine of up to 1,000 euros.

[…]".

Article 640 ter, second paragraph – Computer fraud

"[…]

The penalty is imprisonment for a period of between one and five years and a fine ranging from 309 euros to 1,549 euros if one of the circumstances envisaged in no. 1) of the second paragraph of Article 640 applies, or if the fact produces a transfer of money, monetary value or virtual currency or is committed abusing the position of system operator.

[…]"

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 *OCTIES.1* OF LEGISLATIVE DECREE 231/2001

At-Risk activities pursuant to Article 25-octies.1 of Decree 231/2001.

From the analysis carried out, the following areas are at risk of crime*:*

- cash **flow management;**
- management of **purchasing** and **sales** flows;

- management of **cash accounting operations**;
- use of **company IT assets**.

General principles of conduct

"DO's"

STAR7 S.p.A. carries out its activities in compliance with the following general principles, with the obligation on anyone working in/for/with the Company to:

- ensure the traceability of financial and cash flows;
- not handle customers' credit cards;
- maintain documentation to support business operations;
- ensure that financial movements are carried out through authorized financial intermediaries;
- use legitimate payment instruments;
- not accept goods, services, or other benefits for which there is not a properly authorized order/contract.

DONT'S

In any case, it is prohibited to:

- maintain relationships with individuals who are known or suspected to belong to criminal organisations or otherwise operate outside the law;
- use anonymous instruments to carry out transfer transactions of significant amounts.

In implementing the aforementioned principles of conduct, the Company adopts the following organizational criteria relating to various operating processes.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS:

- Financial flow protocol; OP-02
- Protocol for the use of company assets; OP-07.

CRIMES RELATING TO COPYRIGHT INFRINGEMENT

Article 25 *nonies* of the Decree was introduced by Law 99 of 23 July 2009, in order to protect the moral right and the economic use of the author of an intellectual work of a creative nature (literary works, music, figurative arts, cinema, photography, theatre, as well as software and databases).

The relevant offences are:

- Article 171 Law 633/1941;

- Article 171 *bis* Law 633/1941;
- Article 171 *ter* Law 633/1941;
- Article 171 *septies* Law 633/1941;
- Article 171 *octies* Law 633/1941.

Article 171 Law 633/1941.

Only the parts of Article 171 of Law 633/1941 referred to herein are mentioned, therefore all the other conduct described in the provision is not included in the list of predicate offences.

"Without prejudice to the provisions of article 171 bis *and Article 171 ter, anyone who, without the right to do so, for any purpose and in any form:*

[…];

a-bis) makes protected intellectual property or a part thereof, available to the general public without authorisation, for whatever purpose, is liable to a fine from 51.00 euros to 2,065.00 euros […]

The penalty is imprisonment for a term of up to one year and a fine of at least 516.00 euros if the crimes mentioned above are committed on someone else's work not intended for publication, or by falsely claiming authorship, or by deforming, mutilating or otherwise altering the work in question, when such actions harm the author's integrity or reputation. […]".

The violation of Article 171 takes place when someone makes a protected intellectual work, or part of it, available to the public by introducing it into a system of telematic networks through connections of any kind.

An aggravating circumstance is the fact that the aforesaid conduct concerns other people is works not intended for publication, or is carried out with usurpation of the authorship of the work or with modifications such as to offend the honour or reputation of the author.

The financial penalty foreseen by the Decree is applicable up to 500 units while the ban ranges from 3 to 12 months.

Article 171 *bis* Law 633/1941.

"Whoever unlawfully duplicates, in order to gain profit from it, computer programs or for the same purposes imports, distributes, sells, holds for commercial or entrepreneurial purposes or leases programs contained in supports not marked by the Italian Society of Authors and Publishers (SIAE), is subject to imprisonment from six months to three years and a fine ranging from 2,582.00 euros to 15,493.00 euros. The same penalty shall apply if the offence involves any means solely intended to allow or facilitate the unauthorised removal or functional avoidance of devices protecting computer software. If the offence is particularly serious, the penalty is not less than the imprisonment for a minimum term of due years and a fine of 15,493.00 euros.

Anyone who, in order to profit, on media not marked SIAE, reproduces, transfers to another medium, distributes, communicates, presents or demonstrates in public the contents of a database in violation of the provisions of Articles 64 quinquies *and 64 sexies, or carries out the extraction or reuse of the database in*

violation of the provisions of Articles 102 bis and 102 ter, or distributes, sells or leases a database, is subject to imprisonment from six months to three years and a fine from 2,582 euros to 15,493 euros. The penalty is not less than a minimum of two years' imprisonment and a fine of 15,493 euros if the act is of significant gravity".

This offence occurs when conduct is carried out for the purpose of illegally duplicating, importing, distributing, selling, leasing, disseminating/transmitting to the public, possessing for commercial purposes - or in any case for gaining profit from it - computer programs and contents of protected databases.

The conduct of unauthorized duplication, as provided for by Article 171-bis, paragraph 1, of computer programmes is integrated when proof is obtained that the duplicated programmes have been illicitly acquired by the person who sold them and that the programmes were not acquired through free software distribution channels.

Some examples of such conduct are provided below:

- making an identical copy of the programme, including any variations introduced for the sole purpose of concealing the plagiarism;
- duplication of a single part of the programme, provided that it is a part with its own functional autonomy and, in any case, constituting the central part of the programme itself;
- use of the programme itself in order to create, through modifications and developments, a different computer product;
- downloading copyrighted works to an FTP server and, from there, to other users' computers.

With reference to the second type of conduct envisaged by Article 171-bis, paragraph 2, it has been affirmed that the same cannot be included in the ordinary exercise of the activities of querying programmes for private use carried out by users who are authorized to do so and on the assumption of normal management of the database. It operates on the condition that the management limits of the collection are exceeded or damage is caused to the breeder, as happens for example in the case of extraction and reuse for commercial use and aimed at competing unfairly with the breeder's product.

In addition, there is a "*fumus*" in the crime provided for and punished by Article 171 *bis* when the installed programmes are unlicensed, assuming the purpose of profit from the abusive duplication of the same.

The financial penalty provided for by the Decree amounts to up to 500 units, while the ban ranges from 3 to 12 months.

Article 171 *ter* Law 633/1941.

"It is punishable, if the fact is committed for non-personal use, with imprisonment from six months to three years and a fine ranging from 2,582.00 euros to 15,493.00 euros for anyone who makes a profit:

a) *unlawfully duplicates, reproduces, transmits or broadcasts in public by any means, in whole or in part, intellectual property intended for television, cinema use, the sale or rental of records, tapes or similar media*

or any other media containing sounds or images from musical works, films or similar audiovisual works or sequences of moving images;

b) *unlawfully reproduces, transmits or publicly disseminates, by any means, all or part of literal, theatrical, scientific, educational, musical, theatrical-musical multimedia works, including those contained in collective or composite works or databanks;*

c) *although not having taken part in the duplication or reproduction, introduces into the territory of the State, holds for sale or distribution, distributes, puts on the market, rents or, in any case, disposes of for any reason, projects in public, transmits via television by any means,*

broadcasts by radio, plays in public the illegal duplications or reproductions referred to in subparagraphs (a) and (b);

d) *holds for sale or distribution, places on the market, sells, rents, transfers for any reason, projects in public, transmits via radio or television with any process, video cassettes, music cassettes, any medium containing phonograms or videograms of musical, cinematographic or audiovisual or works sequences of moving images, or other support for which the affixing of a mark by the Italian Society of Authors and Publishers (SIAE) is required, pursuant to this law, without the same mark or with of counterfeit or altered marking;*

e) *re-transmits or broadcasts by any means an encrypted service received by means of devices designed to decode data transmissions with conditional access, without approval from the lawful distributor;*

f) *imports into Italy, holds for sale or distribution, distributes, sells, rents, transfers under any title, markets, and installs special decoding devices or components to access an encrypted service without paying the required fee.*

f bis) *manufactures, imports, distributes, sells, rents, transfers under any title, advertises for sale or rental, or possesses for commercial purposes, equipment, products or components or provides services whose primary purpose for commercial use is to bypass the technological protective measures referred to in Article 102-quater or is mainly designed, manufactured, adapted or built to allow or facilitate the bypassing of those measures. The technological measures also include those applied, or that remain after the voluntarily removal of those measures by the holders of the rights or as a result of agreements between users and beneficiaries of exceptions, or due to the enforcement of decisions of the administrative or judicial authorities;*

g) *unlawfully removes or alters the electronic information referred to in Article 102-quinquies, or distributes, imports for distribution, broadcasts by radio or television, communicates or makes available to the public, works or other protected materials from which the electronic information has been removed or altered.*

Punishment shall be imprisonment for a term of between one and four years and a fine of between 2,582.00 euros and 15,493.00 euros for anyone who:

a) *unlawfully reproduces, duplicates, transmits or broadcasts, sells or markets, transfers under any title, or unlawfully imports, more than fifty copies or originals of works protected by copyright and related rights;*

a bis) in breach of Article 16, publishes for profit in a system of online networks, by any means, intellectual works, or parts thereof, protected by copyright;

b) *in carrying out the reproduction, distribution, sale or marketing, or import of works protected by copyright and related rights as a business activity, is guilty of the offences envisaged in paragraph 1;*

c) *promotes or organises the unlawful activities envisaged in paragraph 1.*

1. The sanctions are reduced if the offence is particularly minor.

2. Conviction for one of the crimes envisaged under paragraph 1 results in:

a) application of the additional penalties set out in Articles 30 and 32-bis of the Criminal Code;

b) the publication of the judgment in one or more daily newspapers, at least one of which has national circulation, and in one or more specialized periodicals;

c) suspension of the radio television broadcasting licence or authorisation to engage in the production or commercial activity for a period of one year.

The amounts arising from the imposition of the financial penalties set forth in the paragraphs above are paid to the National Social Security and Welfare Institute for painters and sculptors, musicians, writers and playwrights".

The crime in question is committed when, for the purpose of making a profit, there is conduct aimed at illegally duplicating, importing, distributing, selling, renting, disseminating/transmitting to the public, possessing for commercial purposes - or in any case for the purpose of making a profit - any work protected by copyright and related rights, including literary, musical, multimedia, cinematographic and artistic works. The unlawful nature of the conduct described in letter a) covers a wide range of behaviours, including those with which intellectual works of any kind are disseminated to the public in violation of both the regulations governing the means of dissemination (for example, television or radio stations without concessions) and those governing the object disseminated (for example, violation of copyright, due to non-payment of fees due to the SIAE). Where both the intellectual work - and therefore the moral right of the author - and the holders of the rights of economic exploitation - among these the diffusion and therefore the means of diffusion - are entrusted to the protection of the SIAE, the relative fees for the economic exploitation are allocated to it, subsequently to be distributed according to the procedures and percentages foreseen by the law.

The payment of the compensation due towards the latter by those who disseminate the same works is inclusive of copyright and related economic rights and excludes the possibility of committing a crime.

The activity of the unlawful reproduction of literary works protected by copyright that is not characterized by the character of mere occasion, but which constitutes a component, not insignificant, even if not exclusive or essential, of the commercial activity carried out by the person committing the abuse completes the details of

the most serious crime referred to in Article 171-*ter*.

The same criminal offence is involved in the possession for sale or distribution of CDs containing duplicated or illegally reproduced video games.

The financial penalty provided for by the Decree is applicable up to 500 units and the ban ranges from 3 to 12 months.

Article 171 *septies* Law 633/1941.

"The penalty established under Article 171-ter, paragraph 1, is also imposed on:

a) manufacturers or importers of media not stamped in accordance with Article 181-bis, who do not inform the SIAE within thirty days from the date of sale in Italy or import of the data required to clearly identify those media;

b) unless the fact constitutes a more serious crime, anyone who falsely declares that the obligations referred to in Article 181-bis, paragraph 2, of this law have been met".

The offence in question is committed when the producers or importers of the supports not subject to the SIAE mark do not communicate to the same company, within thirty days from the date on which they are put on the market in the national territory or imported, the data necessary for the unequivocal identification of the same supports, or when these subjects falsely declare to have fulfilled the marking obligations.

The financial penalty provided for by the Decree is applicable up to 500 units and the ban ranges from 3 to 12 months.

Article 171 *octies* Law 633/1941.

"If the offence does not constitute a more serious crime, a penalty of imprisonment for a term of six months to three years and a fine of 2,582 euros to 25,822 euros shall be imposed on anyone who for fraudulent purposes, manufactures, puts up for sale, imports, promotes, installs, changes, or utilises apparatus or parts of apparatus for public and private use that is able to decode audio-visual transmissions subject to conditional access broadcast over the airwaves, by satellite, by cable both in analog and digital mode. Conditional access means all audio-visual signals broadcast by Italian or foreign broadcasting stations in a form that renders such signals visible exclusively to closed groups of users selected by the party that broadcasts the signal, regardless of whether a fee is charged to use this service.

If the offence is particularly serious the penalty is no less than imprisonment for a term of two years and a fine of 15,493 euros."

The financial penalty provided for by the Decree ranges from 100 to 500 units while the ban ranges from 3 to 12 months.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 NONIES OF LEGISLATIVE DECREE 231/2001

From the Gap Analysis carried out, the At-Risk Activities are as follows:

- installation/use of databases;
- delivery and possible installation/configuration of computer products;
- editing and word processing;
- use of licensed software;
- sale, of works protected by copyright and related rights.

GENERAL PRINCIPLES OF CONDUCT "DO's"

- purchase, create, put into circulation only content (photographs, video sequences, comments, advertisements, articles and other written content, music files of any format) with a license to use or in any case in compliance with the legislation on copyright and other rights related to their use;
- inform, periodically, the heads of functions dealing with the dissemination of works covered by copyright of the obligation to protect them and of the criminal sanctions deriving from the undue use made of them;
- periodically check, where possible, that the contents reproduced comply with current regulations on copyright and rights connected with the use of protected intellectual works;
- provide documentation proving payment of the fee;
- ensure the immediate removal of content that does not comply with copyright and other rights related to their use;
- to use only software with a license for use and within the limits and conditions provided for by law and by the license itself, with the exception of those computer programs available for download and free use, always under the conditions and within the limits provided for by law or by the owner of the copyright and other rights related to its use;
- to use only databases with a license to use and within the limits and conditions provided by law and by the license itself with the exception of those freely consultable, always under the conditions and within the limits provided by law or by the owner of the copyright and other rights related to its use, including research, extraction, processing, reworking and publication of the data contained therein.

DONT'S

- Omit alignment and compliance with IT system regulations and rules;
- Omit to carry out careful market and competition analyses, in terms of the existence of
- industrial protection, in order to avoid the commission of the types of crime under review;
- Disseminate/broadcast to the public any work protected by copyright and related rights;
- Unlawfully duplicating, importing, possessing computer programs and contents of protected

databases;

- Use company IT equipment for illicit purposes or to access pay sites
- pornographic sites, online gaming ;
- Install programmes from outside without prior authorization from the person responsible for
- the information system;
- Duplicate CDs and DVDs protected by copyright law: any duplication for strictly business purposes requires prior request, authorization and execution by EDP personnel, with the authorization of the System Administrator;
- Download free software or shareware taken from Internet sites, without prior authorization from the person responsible for the IT system;
- Formalize a suitable contract with an advertising agency for the production of advertising videos, with clauses exempting the Company from liability for copyright obligations;
- Formalise in writing the completion of SIAE files by the advertising agency prior to the use of the videos or phonographic material to be used for advertising messages;
- Illegitimately reproduce on another medium, distribute, communicate, present or demonstrate in public the contents of a database, or unlawfully extract or reuse, distribute, install, sell, lease the same or the data contained therein.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS:

Translation Management Operational Protocol - OP - 09.

INDUCEMENT TO REFRAIN FROM MAKING STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE LEGAL AUTHORITIES

RELEVANT OFFENCE

Law 116 of 3 August 2009 ratified the United Nations Convention against Corruption, adopted by the UN General Assembly on 31 October 2003 with resolution no. 58/4, signed by the Italian State on 9 December 2003. Article 4, paragraph 1, introduced into the Decree Article 25 *decies* entitled "Inducement to not make statements or to make false statements to the judicial authority".

This provision refers to Article 377 *bis* of the Criminal Code:

"Unless the offence constitutes a more serious crime, anyone who, with violence or threats, or offers or promises of money or other benefits, induces the person called to testify before the court to refrain from making statements or to make false statements to legal authorities, when they have the right to remain silent, shall be liable to imprisonment for a term of two to six years.

The crime in question is of a subsidiary nature in that it is applied only when the criminal conduct is not

attributable to another criminal offence.

This is a common crime in that it can be committed by anyone who engages in the conduct described.

The case requires the subjective element of specific intent since, in addition to the knowledge and intent of the action, the additional purpose of inducing someone to behave in a certain way is also relevant.

Crimes against the administration of justice also include personal aiding and abetting provided for by Article 378 of the Criminal Code and referred to for the purposes of liability to punishment pursuant to Decree 231 by Article 10, Law 146 of 16 March 2006.

The financial penalty provided for by the Decree ranges from 100 to 500 units.

Article 378, Criminal Code: Personal aiding and abetting.

"Whoever, after a crime has been committed for which the law establishes [the death penalty or] life imprisonment or imprisonment and outside the cases of complicity in the same, helps someone to evade the investigations of the Authority or to evade the searches of the latter, shall be punished with imprisonment of up to four years.

When the crime committed is one of those envisaged in Article 416-bis, the penalty of imprisonment for a term of not less than two years shall be imposed in any event.

If these are crimes for which the law establishes a different penalty, or contraventions, the penalty is a fine of up to 516.00 euros.

The provisions of this article shall also apply when the person helped is not liable for punishment or is found not to have committed the crime."

The offence is placed to safeguard the interest of the administration of justice in the smooth running of the criminal process in the phase of investigations and searches, in progress or possible after the commission of a crime, or in the protection of the activities proper to the judicial police.

The objective element of the crime consists of the facilitation of any subject against whom there are investigations to evade the searches carried out by the subjects delegated by the Authority.

The subjective element required by the case is general intent, characterized by the knowledge and intent of the typical fact to help someone to evade the investigations.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 DECIES OF THE DECREE

From the Gap Analysis carried out, the areas at risk are as follows:

- Relations with the Judicial Authority and authorities functionally linked to it.

GENERAL PRINCIPLES OF CONDUCT

"DO's"

The Company has not issued *ad hoc* powers of attorney to represent the Company in legal proceedings, nor has it delegated to any function relationships with the Judicial Authority.

These tasks are therefore the exclusive responsibility of the Chair of the Board of Directors of STAR7 S.P.A.

The risk of committing the offences in question is limited to the Chair of the Board of Directors and, if necessary, to the persons who in the future will be entrusted with the management of relations with the Judicial Authority, who in any case will have to:

- respect the limits conferred by the delegation of authority;
- guarantee full freedom of expression to persons called upon to make statements before the judicial authorities;
- maintain the confidentiality of any statements made to the judicial authorities;
- promote the value of loyal cooperation with judicial authorities.

DONT'S

It is prohibited to:

- carry out, collaborate in or cause the engagement of conduct which, individually or collectively, directly or indirectly constitutes the types of offences set out in Article 25-decies of the Decree;
- exert pressure on those required to make statements before the judicial authorities;
- retaliate against those who have already made statements to the judicial authorities;
- to summon the subjects called upon to make statements before the judicial authorities in order to suggest their contents.

With regard to the conduct relating to the crime of aiding and abetting, it is prohibited to:

- provide untrue information or indications to the judicial police or to the judicial authorities;
- aid or abet the concealment or escape of persons wanted by the judicial authorities or on whom criminal proceedings are pending.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS:

Litigation Management Operational Protocol: OP – 08.

ENVIRONMENTAL CRIMES

RELEVANT OFFENCES

Legislative Decree 121 of 7 July 2011 extended the scope of application of the Decree by including Article 25 *undecies* on the protection of the environment, with the aim of making companies responsible for the environment, in the wake of European demands for its protection and prevention of pollution.

Italian criminal legislation on the environment is based on a policy of the prevention of negative environmental impacts, which is seen as a more effective tool than remedial intervention, subsequent to the production of environmental damage.

The purpose of criminal provisions on this subject is included in the definition of "environmental damage" included in the Consolidated Environmental Act, in Article 300, according to which: *"environmental damage is any significant and measurable deterioration, direct or indirect, of a natural resource or the utility provided by that resource".*

The relevant cases are:

- Article 452 *bis*, Criminal Code: Environmental pollution;
- Article 452 *quater*, Criminal Code: Environmental disaster;
- Article 452 *quinquies*, Criminal Code: Culpable crimes against the environment;
- Article 452-*sexies*, Criminal Code: Trafficking or dumping of highly radioactive material;
- Article 452-*octies*, Criminal Code: Environmental crimes committed in association pursuant to Article 416 and 416 bis of the Criminal Code;
- Article 727 *bis*, Criminal Code: Killing, destroying, capturing, taking, or possessing specimens of protected species of wild animals or plants;
- Article 733 *bis*, Criminal Code: Destruction or deterioration of the habitat within a protected site;
- Article 137, Legislative Decree 152/2006: water discharge in violation of permit requirements and the limits in tables for certain substances;
- Discharge into marine waters by ships or aircraft;
- Article 137, paragraph 13, Legislative Decree 152/2006: Discharge into marine waters by ships or aircraft;
- Article 137, paragraph 2, Legislative Decree 152/2006: Water discharge without a permit or with a suspended or revoked permit concerning certain hazardous substances;
- Article 137, paragraph 5, second paragraph, Legislative Decree 152/2006: Water discharge in violation of table limits for certain particularly hazardous substances;
- Article 137, paragraph 11, 152/2006: Discharge onto the ground, into the subsoil or into groundwater in violation of the prohibitions set out in Articles 103 and 104 of Legislative Decree 152 of 3 April 2006.

In the **waste** sector, the following offences give rise to the liability of the entity:

- Article 256, Legislative Decree152/2006: Illegal waste management;
- Article 257, Legislative Decree152/2006: Failure to clean up a site contaminated by waste;
- Article 258, paragraph 4, second paragraph, Legislative Decree 152/2006: Transportation of hazardous waste without a form and failure to record the relevant data on the form;
- Article 259, paragraph 1, Legislative Decree 152/2006: Illegal shipment of waste;
- Article 260, Legislative Decree 152/2006: Organised activities for the illegal traffic of waste;
- Article 260 *bis*, Legislative Decree 152/2006: Breach of SISTRI requirements.

In the sector of **air pollution**, the following cases are covered:

- Article 279 Legislative Decree 152/2006: Exceeding the emission limit values and air quality limit values required by industry regulations;
- Articles 1 and 2, Law 150/92: Importing, exporting, possessing, using for profit, purchasing, selling, displaying, or possessing for sale or commercial purposes protected species;
- Article 3 *bis*, paragraph 1, Law 150/92: Forgery or alteration of certificates and licenses; false or altered notices, communications, or statements for the purpose of acquiring a certificate or license; use of false or altered certificates and licenses to import animals;
- Article 3, paragraph 6, Law 549/1993: Violation of the provisions requiring the cessation and reduction of the use (production, use, marketing, import and export) of substances harmful to the ozone layer;
- Article 9, Legislative Decree 202/07: Negligent discharge of pollutants into the sea;
- Article 8, Legislative Decree 202/07: Intentional spillage of pollutants into the sea.

Article 452 *bis*, Criminal Code: Environmental pollution

"A penalty of imprisonment for a term of two to six years and a fine of 10,000 euros to 100,000 euros will be imposed on anyone who causes impairment or a significant and measurable deterioration of:

1) *water or air, or extensive or significant portions of the soil or subsoil;*
2) *an ecosystem, biodiversity, including agrarian, and the flora or fauna.*

When the pollution is produced in a natural protected area or an area of landscape, environmental, historical, artistic, architectural or archaeological value, or causes harm to protected animal or plant species, the penalty is higher."

The crime in question is a crime of event and damage consisting of the impairment or deterioration, significant and measurable, of environmental assets specifically indicated.

This is a free-form crime, as the relevant criminal behaviours are not previously identified by the law and can consist in forms of pollution of the hard core - water, air and waste - of the matter, but also other forms of pollution or the introduction of elements such as chemical substances, GMOs, radioactive materials and, more generally, in any behaviour that causes a worsening of the environmental balance.

Pollution can be caused both through active conduct, i.e. with the realization of a fact that is considerably harmful or dangerous, but also through improper omissive conduct, i.e. with the failure to prevent the event by those who, according to environmental regulations, are required to comply with specific obligations of prevention with respect to that specific harmful or dangerous polluting fact.

For the crime to be committed, it is sufficient that the perpetrator has represented and wanted the consequences of his action.

The financial penalty provided for by the Decree ranges from 250 to 600 units, the ban ranges from 3 to 12 months.

Article 452 *quater*, Criminal Code: Environmental disaster

"Other than in the cases provided for by Article 434, anyone who unlawfully causes an environmental disaster shall be liable to imprisonment for a term of five to fifteen years. The following constitute environmental disasters:

1) *the irreversible alteration of the stability of an ecosystem;*
2) *alteration of the stability of an ecosystem whose elimination is particularly onerous and only likely to be achieved through exceptional measures;*
3) *an offence against public safety due to the significance of an action in view of the extent of the impairment caused or its harmful effects or the number of people injured or exposed to danger.*

When the disaster occurs in a natural protected area or an area of landscape, environmental, historical, artistic, architectural or archaeological value, or causes harm to protected animal or plant species, the penalty is higher."

The regulation sanctions the cases in which, apart from the hypothesis of the so-called "unnamed" disaster foreseen by Article 434 of the Criminal Code, irreversible damage is caused to the ecosystem.

The disaster consists of damage having a character of bursting diffusion and expansiveness and that exposes an indeterminate number of persons collectively to danger. An irreparable disaster, even if it takes, for its possible reversibility, the course of a time cycle so wide, in nature, that it cannot be brought about by categories of human action. On the other hand, it is sufficient - given the alternative nature of the case - that the disaster is difficult to reverse, a condition which occurs when the elimination of the alteration of the ecosystem is particularly onerous and achievable only with exceptional measures.

The financial penalty provided for by the Decree ranges from 400 to 800 units, while the ban ranges from 3 to 12 months.

Article 452 quinquies, Criminal Code: Culpable crimes against the environment.

"If one of the offences identified in Articles 452-bis and 452-quater is committed due to negligence, the penalties established in those Articles are reduced by a third to two thirds.

If the commission of the offences referred to in the paragraph above results in the risk of environmental pollution or environmental disaster the penalties shall be further reduced by a third."

The new Article 452 *quinquies* of the Italian Criminal Code has introduced into the system the hypothesis in which the pollution and/or the disaster are committed through negligence, providing for a reduction of the penalty up to a maximum of two thirds. The financial penalty provided for by the Decree ranges from 200 to 500 units.

Article 452-*sexies*, Criminal Code: Trafficking or dumping of highly radioactive material

"Unless the offence constitutes a more serious crime, anyone who unlawfully disposes of, purchases, receives, transports, imports, exports, procures for others, possesses, transfers, abandons or unlawfully discards high-level radioactive material shall be liable to imprisonment for a term of two to six years and a fine of 10,000 euros to 50,000 euros. The penalty established in the first paragraph is increased if the offence results in the danger of impairment or deterioration of:

1) water or air, or extensive or significant portions of the soil or subsoil;

2) an ecosystem, biodiversity, including agrarian, and the flora or fauna.

If the offence results in danger to life or the safety of individuals, the penalty is increased by up to half."

The financial penalty provided for by the Decree ranges from 250 to
600 units.

Article 452 *octies* of the Criminal Code: Environmental crimes committed in association pursuant to Article 416 and 416 bis of the Criminal Code.

"If the association referred to in Article 416 is aimed, exclusively or concurrently, at committing any of the crimes covered by this title, the penalties provided for by Article 416 are increased.

If the association referred to in Article 416-bis is aimed at committing any of the crimes covered by this title or acquiring the management or control of economic activities, concessions, authorisations, contracts and public services relating to environmental matters, the penalties provided for by Article 416-bis are increased.
The penalties referred to in the first and second paragraphs are increased by a third to a half if the association includes public officials or public service officers that perform environmental functions or services."

The financial penalty provided for by the Decree ranges from 300 to
1000 units.

Article 727 *bis*, Criminal Code: Killing, destroying, capturing, taking, possessing specimens of protected species of wild animals or plants

"Unless the act constitutes a more serious offence, anyone who, outside the permitted cases, kills, captures or holds specimens belonging to a protected wild animal species shall be punished by arrest from one to six months or a fine of up to 4. 000 euros, except in cases where the action concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species.
Whoever, outside the permitted cases, destroys, takes or holds specimens belonging to a protected wild plant species shall be punished with a fine of up to 4. 000 euros, except in cases where the action concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species."

The financial penalty provided for by the Decree ranges from 100 to 250 units.

Article 733 *bis*, Criminal Code: Destruction or deterioration of a habitat within a protected site

"Anyone, except in the cases permitted by law, who destroys a habitat within a protected area or otherwise deteriorates it undermining its state of conservation, shall be liable to imprisonment for a term of up to eighteen months and a fine of not less than 3,000.00 euros".

The financial penalty provided for by the Decree ranges from 150 to 250 units.

Article 137, Legislative Decree 152/2006: Water discharge in violation of permit requirements and table limits for certain substances

"[…];

When the conduct described in paragraph 1 relates to discharges of industrial wastewater containing hazardous substances in the families and groups of substances listed in tables 5 and 3/A of Annex 5 to part three of this decree, the penalty is a term of imprisonment of three months to three years and a fine of 5,000 euros to 52,000 euros.

Anyone, other than in the situations envisaged in paragraph 5 of Article 29 quattuordecies, paragraph 3, who discharges industrial waste water containing hazardous substances included in the families and groups of substances listed in tables 5 and 3/A of Annex 5 to part three of this decree, or other requirements of the competent authority pursuant to Articles 107, paragraph 1 and 108, paragraph 4, shall be liable to imprisonment for a term of up to two years.

[…];

Unless the act constitutes a more serious offence, anyone who, in relation to the substances indicated in table 5 of attachment 5 to the third part of this decree, when carrying out a discharge of industrial waste water, exceeds the limit values established in table 3 or, in the case of discharge onto the ground, in table 4 of attachment 5 to the third part of this decree, or the more restrictive limits established by the regions or autonomous provinces or by the competent authority pursuant to article 107, paragraph 1, shall be punished with imprisonment of up to two years and a fine of between 3,000 euros and 30,000 euros. If the limit values established for the substances contained in table 3/A of the same attachment 5 are also exceeded, imprisonment of between six months and three years and a fine of between 6,000 euros and 120,000 euros shall apply.

[…];

[…];

[…];

[…];

[…];

Anyone who does not comply with the discharge prohibitions provided for by Article 103andArticle 104is liable to imprisonment for a term of up to three years.

[…];

A term of imprisonment of two months to two years shall always be applied if the discharge is made in the sea by ships or aircraft containing substances or materials for which a total ban on spillage has been imposed under the provisions contained in the applicable international agreements, and ratified by Italy, unless they are in such quantities as to be rapidly rendered harmless by physical, chemical and biological processes, that occur naturally in the sea, and provided there is a prior authorisation from the competent authority.

[…]".

The financial penalty provided for by the Decree for the violations of paragraphs 3, 5 first sentence and 13, ranges from 150 to 250 units. For violations of paragraphs 2, 5, second sentence and 11, the financial penalty ranges from 200 to 300 units and a ban from 3 to 6 months is also imposed.

Article 256, Legislative Decree152/2006: Illegal waste management

"Aside from the cases sanctioned pursuant to Article 29 quattuordecies, paragraph 1, anyone who carries out waste collection, transport, recovery, disposal, trade and intermediation activities in the absence of the required authorisation, registration or communication referred to in Articles 208,209, 210,211,212,214,215and216isliable to:

a) a term of imprisonment from three months to one year or a fine ranging from 2,600 euros to 26,000 euros if the waste is not hazardous;

b) a term of imprisonment from six months to two years and a fine ranging from 2,600 euros to 26,000 euros if the waste is hazardous.

[…]

Aside from the cases sanctioned in accordance with Article 29 quattuordecies, paragraph 1, whoever sets up or manages an unauthorised landfill is liable to a term of imprisonment from six months to two years and a fine ranging from 2,600 euros to 26,000 euros. The punishment of imprisonment from one to three years and a fine ranging from 5,200 euros to 52,000 euros is applied if the landfill is intended, even partially, for the disposal of dangerous waste. The conviction or the judgment given under Article 444 Code of Criminal Procedure results in confiscation of the land on which the landfill is built if it is owned by the perpetrator or accomplice to the crime, without affecting the obligations of remediation or restoration of the sites (2).

[…]

Anyone who carries out unauthorised mixing of waste, in violation of the ban established in Article 187, shall be liable to the penalty indicated in paragraph 1, letter b).

Whoever carries out the temporary storage at the place of production of dangerous medical waste, in violation of the provisions of Article 227, paragraph 1, letter b), is liable to a term of imprisonment from three months to one year or a fine from 2,600 euros to 26,000 euros. The administrative financial penalty from 2,600 euros to 15,500 euros is applied for quantities not exceeding two hundred litres or equivalent.

[…];

[…];

[…]".

The financial penalty foreseen by the Decree for the violation of paragraphs 1, letter *a)* and 6, first sentence, ranges from 100 to 250 units. For violations of paragraphs 1, letter *b)*, 3, first sentence, and 5, the financial penalty ranges from 150 to 250 units. For the violation of paragraph 3, second sentence, the financial penalty ranges from 200 to 300 units and bans are imposed from 6 to 24 months.

Article 257, Legislative Decree152/2006: Failure to clean up a site contaminated by waste

"Unless the act constitutes a more serious offence, whoever causes the pollution of the soil, subsoil, surface water or groundwater by exceeding the risk threshold concentrations is punished with imprisonment from six months to one year or a fine from 2,600 euros to 26,000 euros, if he/she does not carry out reclamation in accordance with the project approved by the competent authority within the scope of the procedure referred to in Articles 242 and following. In the event of failure to make the notification referred to in Article 242, the offender shall be punished by imprisonment from three months to one year or a fine ranging from 1,000 euros to 26,000 euros.

The penalty is imprisonment from one year to two years and a fine from 5,200 euros to 50,000 euros if the pollution is caused by dangerous substances.

[…];

[…]".

The financial penalty provided for by the Decree for the violation of paragraph 1 ranges from 100 to 250 units. For the violation of paragraph 2 the fine ranges from 150 to 250 units.

Article 258, Legislative Decree 152/2006: Transportation of hazardous waste without a form and failure to record the relevant data on the form

"[…];

[…];

[…];

[...] The penalty established in Article 483 of the Criminal Code is imposed on anyone who, in preparing a waste analysis certificate, provides false information on the nature, composition and the physical and chemical characteristics of the waste and anyone who uses a fake certificate during transport.

[…]".

Article 259, Legislative Decree 152/2006: Illegal shipment of waste

"Whoever carries out a shipment of waste that constitutes illegal trafficking in accordance with Article 26 of

Council Regulation (EEC) No 259/93, or who carries out a shipment of waste listed in Attachment II of the aforementioned regulation in violation of article 1, paragraph 3, letters a), b), c) and d) of the regulation itself, is subject to a fine of between 1,550 euros and 26,000 euros and imprisonment of up to two years. The penalty is increased for shipments of hazardous waste.

[…]".

The concept of "illegal shipment" of waste was introduced by Regulation (EC) No 1013/2006 to replace the term "illegal traffic in waste" introduced by Council Regulation (EEC) No 259/93 (now repealed); Article 259 of Legislative Decree 152/06 continues to be headed according to the old wording of the repealed act.

The current EU regulation regulates and provides for the cases in which a shipment of waste is illegal: the offence is committed when the obligated parties fail to make the necessary notifications to the competent authorities or do not request (and obtain) the relative authorisations; the offence also occurs if operators act by exhibiting the shipment of authorisations obtained by means of false documentation, fraud or incomplete documentation (without specifying, for example, the type of material transported).

The criminal offence in question is also committed when waste is shipped out of the European Union to countries that are not part of the EFTA (European Fair Trade Association) and are not signatories to the Basel Convention.

Illegal shipment of waste is also committed when, in relation to Regulation (EC) No 103/2006, Article 36 (which establishes a ban on the export of waste to countries to which the OECD Decision does not apply) is violated; Article 39, which prohibits exports of waste to the Antarctic, is violated; Article 40 (export of waste to overseas countries) is violated, as well as the transport of material in violation of Articles 41 and 43, which prohibit the import of waste for disposal into the European Union from third countries with the exception of waste from countries that are members of the Basel Convention or countries with which an agreement is in force or from other territories in a state of crisis or war.

Article 260, Legislative Decree 152/2006: Organised activities for the illegal traffic of waste.

"Anyone who, in multiple operations and through continuing and organised means and operations, sells, receives, transports, exports, imports, or otherwise unlawfully handles large quantities of waste, in order to obtain an unfair profit, shall be liable to imprisonment for a term of one to six years.

If waste is highly radioactive, the penalty is imprisonment for a term of three to eight years.

The conviction is followed by the additional penalties referred to in Articles 28,30,32 bis and Code, with the limitation referred to in Article 33of the same code.

The judge, with the conviction judgment or the judgment given under Article 444 Code of Criminal Procedure, orders the remediation of the environment and makes the granting of a suspended sentence conditional on the elimination of the damage or danger to the environment.

The confiscation of the things that were used to commit the crime or that constitute the product or profit of

the crime is always ordered, unless they belong to persons unrelated to the crime. *When this is not possible, the judge identifies assets of equivalent value which the convicted person has, even indirectly or through a third party, at his disposal and orders their confiscation".*

The financial penalty foreseen by the Decree ranges from 300 to 500 units in the case of the first paragraph, while in the case foreseen by the second paragraph it ranges from 400 to 800 units. A ban from 3 to 6 months is also envisaged.

Article 260 *bis*, Legislative Decree 152/2006: Breach of SISTRI requirements.

"Obliged parties who fail to register with the waste traceability control system (SISTRI) referred to in article 188 bis, paragraph 2, letter a), within the prescribed time limits, shall be punished with an administrative financial penalty of between 2,600 euros and 15,500 euros. In the case of hazardous waste, an administrative financial penalty of between 15,500 euros and 93,000 euros shall apply.

The obliged parties who fail, within the established deadlines, to pay the fee for registration in the waste traceability control system (SISTRI) referred to in Article 188 bis, paragraph 2, letter. a), are punished with an administrative financial penalty ranging from 2,600 euros to 15,500 euros. In the case of hazardous waste, an administrative financial penalty ranging from 15,500 euros to 93,000 euros is applied. Once the failure to pay is ascertained, the offender is immediately suspended from the service provided by the aforementioned traceability control system. The recalculation of the annual subscription to the aforementioned traceability system must take account of cases of non-payment covered by this paragraph.

Whoever fails to fill in the chronological register or the SISTRI - MOVEMENT AREA form, in accordance with the times, procedures and methods established by the computerised control system referred to in paragraph 1, or provides the aforesaid system with incomplete or inexact information, or fraudulently alters any of the technological devices that are accessories to the aforesaid computerised control system, or in any way impedes its correct functioning, is liable to financial penalties of between two thousand six hundred euros and 15,500 euros. In the case of companies with fewer than fifteen employees, the financial penalty applied is between 1,040 euros and 6,200 euros. The number of work units is calculated on the basis of the average number of employees in full time employment in any one year, while workers in part-time and seasonal work are calculated as fractions of units per year; for the above purposes, the year to be considered is that of the last approved accounting period prior to the establishment of the infringement. If the indications given, even if incomplete or inexact, do not prejudice the traceability of the waste, the pecuniary administrative sanction is applied from 260 euros to 1,550 euros.

If the conduct referred to in paragraph 3 refers to dangerous waste, the pecuniary administrative sanction of 15,500 euros to 93,000 euros is applied, as well as the accessory administrative sanction of suspension from one month to one year from the position held by the person to whom the infringement is attributable, including suspension from the position of director. In the case of companies with fewer than fifteen employees, the

minimum and maximum amounts referred to in the preceding sentence are reduced from 2,070 euros and 12,400 euros for hazardous waste. The method of calculating the number of employees is carried out in the manner set out in paragraph 3. If the indications given, while incomplete or inaccurate, do not prejudice the traceability of waste, the pecuniary administrative sanction of 520 euros to 3,100 euros is applied.

Apart from the provisions of paragraphs 1 to 4, those persons who fail to comply with further obligations incumbent upon them pursuant to the aforesaid waste traceability control system (SISTRI) are punished, for each of the aforesaid violations, with a pecuniary administrative sanction ranging from 2,600 to 15,500 euros. In the case of hazardous waste, a fine ranging from 15,500 euros to 93,000 euros is applied.

The penalty envisaged in Article 483 Criminal Code will apply to anyone who, in the preparation of a waste analysis certificate, used for the SISTRI system, provides false information on the nature, the composition and the chemical and physical characteristics of the waste and inserts a false certificate in the data required for the traceability of waste.

Any transporter who fails to accompany the transport of waste with a hard copy of the SISTRI - AREA MOVIMENTAZIONE form and, where necessary on the basis of current legislation, with a copy of the analytical certificate that identifies the characteristics of the waste is liable to a fine of between 1,euros 600 and 9,300 euros. The penalty referred to in Article 483 of the Criminal Code is applied in the case of the transport of dangerous waste. The aforesaid penalty also applies to any person who uses a false waste analysis certificate during transport containing false information on the nature, composition and physical and chemical characteristics of the waste transport.

A carrier accompanying the transport of waste with a fraudulently altered printed copy of the SISTRI - AREA shall be liable to the penalty established by the combined provisions of Articles 477 and 482 Criminal Code. The penalty is increased by up to a third for hazardous waste.

If the conduct referred to in paragraph 7 does not prejudice the traceability of waste, the pecuniary administrative sanction of between 260 and 1,550 euros is applied.

Anyone who by their action or omission violates any of the provisions of this article or commits multiple violations of the provision is liable to the administrative penalties envisaged for the most serious violations, increased up to twice. The same penalty applies to those with various actions or omissions, the material executives of the plan, committed even at different times, of multiple violations of the same or different provisions of this article.

He/she shall not be liable for the administrative violations referred to in this article who, within thirty days from the commission of the act, fulfils the obligations provided for by the regulations relating to the computerised control system referred to in paragraph 1. Within sixty days from the immediate notification or from the notification of the violation, the offender may settle the dispute, subject to fulfilment of the obligations referred to above, by paying a quarter of the sanction provided for. Facilitated resolution prevents additional penalties

being imposed.

This is a common offence as it can be committed by anyone. This is a crime of presumed danger since the danger to which the protected good or goods are exposed is already presumed in the abstract: with the consequence that the adoption of the offending conduct is already sufficient in itself to activate the criminal protection.

The offence is also of a habitual nature as the conduct is carried out with an interspersed repetition of several identical behaviours or, in any case, which are homogeneous and connected by the link of habituality and oriented towards a single criminal intention.

The legal asset protected by the rule is the public utility.

The financial penalty provided for by the Decree ranges from 150 to 250 units in the cases provided for by paragraphs 6, 7, second and third periods, and 8, first period, and the financial penalty ranges from 200 to 300 units in the case provided for by paragraph 8, second period.

Article 279 Legislative Decree 152/2006: Exceeding the emission limit values and air quality limit values required by industry regulations.

" […];

[…];

[…];

[…];

In the cases envisaged in paragraph 2, a penalty of imprisonment of up to one year shall always apply, if the exceeding of the emission limits also results in the exceeding air quality limits established by applicable laws and regulations;

[…];

[…]".

The financial penalty provided for by the Decree ranges from 100 to 250 units.

PROTECTION OF PROTECTED SPECIES LAW 150/1992

The Washington Convention on International Trade of Endangered Species of Fauna and Flora in Commerce (CITES), was born from the need to control the trade of animals and plants (alive, dead or parts and derivatives), since commercial exploitation is, together with the destruction of the natural environments in which they live, one of the main causes of the extinction and reduction of many species in the wild. CITES came into force in Italy in 1980. In Italy, its implementation is entrusted to various ministries: Ministry of the Environment and Protection of Land and Sea, Ministry of Economic Development and Ministry of Agricultural, Food and Forestry Policies. The latter plays a fundamental role through the CITES service of the State Forestry Corps.

Violations of the provisions of the Convention and of Regulation (EC) n. 338 of 1997 are punished with the sanctions provided for by law 150/92 which, in addition to providing for specific sanctions for crimes in

violation of CITES regulations, indicates precise measures to regulate the detention and trade of species.

Importing, exporting, possessing, using for profit, purchasing, selling, displaying, or possessing for sale or commercial purposes protected species.

Article 1

"Unless the act constitutes a more serious offence, the punishment shall be imprisonment from six months to two years and a fine ranging from 15,000 euros to 150,000 euros for anyone who, in violation of the provisions of Council Regulation (EC) No 338/97 of 9 December 1996, and subsequent implementations and amendments, infringes on specimens belonging to species listed in Annex A of said Regulation and subsequent amendments:

a) importing, exporting or re-exporting specimens, under any customs regime, without the required certificate or permit, or with an invalid certificate or permit pursuant to Article 11, paragraph 2a, of the Regulation (EC)

No 338/97 of the Council, of 9 December 1996, and subsequent implementations and amendments;

b) fails to comply with the requirements aimed at protecting the safety of the specimens, specified on a permit or certificate granted in accordance with Regulation (EC) 338/97 of the Council of 9 December 1996, as amended and Regulation (EC) 939/97 of the Commission of 26 May 1997 as amended;

c) uses the aforementioned specimens in a way that differs from the requirements contained in the authorisations or certifications issued together with the subsequent import license or certificate;

d) ships or transits specimens, including on behalf of third parties, without the appropriate permit or certificate issued in accordance with Council Regulation (EC) No 338/97 of 9 December 1996, as amended and Commission Regulation (EC) No 939/97 of 26 May 1997, as amended, and, in the case of export or re-export from a third country party

to the Washington Convention, in accordance therewith, or without satisfactory proof of the existence of such permit or certificate,

e) trades in artificially propagated plants contrary to the provisions laid down in accordance with Article 7, paragraph 1, letter b), of Regulation (EC) 338/97 of the Council of 9 December 1996 as amended and Commission Regulation (EC) No 939/97 of 26 May 1997, as amended;

f) possesses, uses for profit, buys, sells, displays or holds for sale or for commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation.

In the event of repeat offending, the penalty is imprisonment for a term from one to three years and a fine ranging from 30,000 euros to 300,000 euros. If the above-mentioned offence is committed in the course of business activities, the sentence is accompanied by suspension of the licence for a minimum of six months and a maximum of two years.

The import, export or re-export of personal or household effects derived from specimens of the species indicated

in paragraph 1, in violation of the provisions of Commission Regulation (EC) No 939/97 of 26 May 1997 and subsequent amendments, is punished with an administrative sanction from six thousand to thirty thousand euros. Objects introduced illegally shall be confiscated by the State Forestry Department, where confiscation has not already been ordered by the legal authority.

The financial penalty established by the Decree for the crime set forth in paragraph one is applicable up to 250 units, whereas for the hypothesis set forth in paragraph two the sanction is applicable up to a maximum of 250 units. Furthermore, the suspension of the license, already foreseen by law 150/92, is also foreseen if the offence is committed in the exercise of a business activity.

Article 2

"Unless the act constitutes a more serious offence, a fine of between 20,000 euros and 200,000 euros or imprisonment for a period of between six months and a year shall be applied to anyone who, in violation of the provisions of Regulation (EC) 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, in relation to specimens belonging to species listed in annexes B and C of said Regulation and subsequent amendments:

a) imports, exports or re-exports specimens, under any customs regime, without the required certificate or permit, or with an invalid certificate or permit pursuant to Article 11(2)(a) of Regulation (EC) 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments;

b) fails to comply with the requirements aimed at the safety of the specimens, specified in a license or certificate issued in accordance with Regulation (EC) 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, and of Commission Regulation (EC) No 939/97 of 26 May 1997, and subsequent amendments;

c) uses the aforementioned specimens in a way that differs from the requirements contained in the authorisations or certifications issued together with the subsequent import license or certificate;

d) ships or transits specimens, including on behalf of third parties, without the appropriate permit or certificate issued in accordance with Regulation (EC) 338/97 of the Council of 9 December 1996, as amended and Commission Regulation (EC) No 939/97 of 26 May 1997, and, in the case of export or re-export from a third country party to the Washington Convention, in accordance therewith, or without satisfactory proof of the existence of such permit or certificate;

e) trades in artificially propagated plants contrary to the provisions laid down in accordance with Article 7(1)(b) of Regulation (EC) 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, and by Commission Regulation (EC) No 939/97 of 26 May 1997, as amended;

f) possesses, uses for profit, buys, sells, displays or holds for sale or for commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation, solely for the species identified in

Annex B of the Regulation.

In the event of repeat offending, the penalty is imprisonment from six months to eighteen months and a fine ranging from 20,000 euros to 200,000 euros. If the aforementioned crime is committed in the exercise of business activities, the conviction shall result in suspension of the permit for a minimum of six months to a maximum of eighteen years.

The introduction into the national territory, the export or re-export from the same of personal or domestic objects relating to species indicated in paragraph 1, in violation of the provisions of Regulation (EC) No 939/97 of the Commission of 26 May 1997, and subsequent amendments, is punished with an administrative sanction from 3,000 to 15,000 euros. Objects introduced illegally shall be confiscated by the State Forestry Department, where confiscation has not already been ordered by the legal authority.

Unless the act constitutes a criminal offence, anyone who fails to submit the import notification referred to in Article 4(4) of Regulation (EC) 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, or an applicant who fails to communicate the rejection of an application for a license or certificate in accordance with Article 6(3) of the aforesaid Regulation, shall be punished with an administrative fine ranging from 3,000 euros to 15,000 euros.

The administrative authority receiving the report provided for in Article 17, first paragraph, of Law 689 of 24 November 1981, for the violations provided for and punished by this law, is the CITES service of the State Forestry Corps."

The financial penalty established by the Decree ranges from 100 to 250 units. Furthermore, the suspension of the license, already foreseen by Law 150/92, is also foreseen if the offence is committed in the exercise of a business activity.

Article 3 *bis*: Crimes related to the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

"For the offences envisaged in Article 16(1) a), c), d), e), and l) of Regulation (EC) 338/97 of the Council of 9 December 1996, as amended, on the forgery or alteration of certificates, licences, import notifications, declarations, or communications of information in order to acquire a permit or certificate, the use of certified or false or altered permits, the penalties specified in Book II, Title VII, Chapter III of the Criminal Code shall apply.

2.[…]".

Article 6: Crimes related to the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

"Except as envisaged in Law 157 of 11 February 1992, it is prohibited for anyone to possess live specimens of

wild species of mammals and reptiles and live specimens of mammals and reptiles originating from reproduction in captivity that are a danger to health or public safety.

2.[…];

3.[…];

Anyone who contravenes the provisions of paragraph 1 shall be punished with detention of up to six months or a fine of between 15,000 euros and 300,000 euros.

5.[…];

6.[…]".

The financial penalty established by the Decree is applicable up to 250 units.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 UNDECIES OF LEGISLATIVE DECREE 231/2001

This category of offences does not seem to have significant relevance for the purposes of the Compliance Programme, also in view of the fact that it seems unlikely that the Company could derive any interest or advantage whatsoever from the commission of this type of offence.

CRIMES RELATING TO ILLEGAL IMMIGRATION.

RELEVANT OFFENCES

Article 2 of Legislative Decree 109 of 16 July 2012 (which came into force on 9 August 2012), entitled "*Implementation of Directive 2009/52/EC providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals*" introduced into Legislative Decree no. 231/2001 Article 25-*duodecies* in which crimes on illegal immigration are referred to and sanctioned. In particular, Article 25-duodecies refers to the crime referred to in Article 22, paragraph 12-bis, of the Consolidated Law on Immigration (Legislative Decree 286 of 15 July 1998).

In practice, liability is extended to entities that make use of irregular labour and, in particular, the penalties for this crime are increased when the exploitation exceeds the limits established (in terms of number of workers, age and working conditions) in paragraph 12-*bis* of Article 22 of the Consolidated Law on Immigration, expressly referred to by article 25- *duodecies* of Legislative Decree 231/2001.

Article 22, paragraph 12 bis, Legislative Decree 286 of 25 July 1998: Temporary and permanent employment.

"[…]

12 bis. *The penalties for the offence established by paragraph 12 are increased by a third to a half:*

a) if three or more workers are employed;

b) if the workers employed are under working age;

c) if the workers employed are subject to the other exploitative working conditions identified in the third

paragraph of Article 603-bis of the Criminal Code.

The regulation limits the intervention of Legislative Decree 231/2001 to the most serious cases only, i.e. those identified by paragraph 12 *bis*, overlooking the "minor" cases envisaged by paragraph 12 of the same article, the text of which is reproduced in full below.

Article 22, paragraph 12, Legislative Decree 286 of 25 July 1998: Temporary and permanent employment.
12. Employers who employ foreign workers who do not have the residence permit referred to in this article, or whose permit has expired and for which renewal has not been requested within the period required by law, or has been revoked or cancelled, shall be liable to imprisonment for a term of six months to three years and a fine of 5,000 euros for each worker employed.

Explicit reference is also made to Article 603 *bis* of the Criminal Code, understood as an aggravating circumstance of the penalty provided for by paragraph 12 *bis* of the above-mentioned Article 22, and, more specifically:

Article 603 *bis*, Criminal Code: Illicit intermediation and exploitation of labour.
"Unless the fact constitutes a more serious crime, anyone who carries out an organised activity of intermediation, recruiting labour or organising the work activity characterized by exploitation, by means of violence, threat, or intimidation, taking advantage of the state of need or necessity of the workers, shall be punished by imprisonment from five to eight years and a fine from 1,000 euros to 2,000 euros for each worker recruited.

For the purposes of the first paragraph, the existence of one or more of the following circumstances shall constitute an indication of exploitation:

1) the systematic remuneration of workers in a manner that is manifestly different from national collective agreements or, in any case, disproportionate to the quantity and quality of the work performed;
2) systematic violation of regulations relating to working hours, weekly rest, compulsory leave and vacations;
3) the existence of violations of regulations on occupational health and safety, such as to expose the worker to danger to health, safety or personal safety;
4) the subjecting of the worker to particularly degrading working conditions, surveillance methods, or housing situations.

The following circumstances are specific aggravating factors entailing the increase of the penalty by one third to one half:

1) the number of workers recruited is more than three;
2) one or more of the persons recruited are minors not of working age;

3) in committing the offence the exploited workers were exposed to serious danger, considering the characteristics of the services to be performed and working conditions.

The responsibility of the Entity in relation to the crime of illegal immigration can be configured only when the crime in question is aggravated by the number of persons employed or by the minor age of the same or, finally, by the performance of the work in conditions of serious danger. With regard to the sanctions that may be imposed by legislator on the entity responsible for the crime in question, financial penalties may vary from 100 to 200 units (the value of each unit may vary from 258 euros to 1,549 euros), and within the limit of 150,000.00 euros.

The new offence referred to in Article 25-duodecies, although included in the catalogue of predicate offences of administrative liability pursuant to Legislative Decree 231/2001, appears as an offence committed by the top management of the entity. However, criminal case law has not hesitated to consider as an active subject of the crime also those persons who directly employ workers without a residence permit as well as those who use their services by keeping them employed.

The financial penalty provided for by the Decree is from 100 to 200 units within the limit of 150 euros.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 DUODECIES OF LEGISLATIVE DECREE 231/2001

From the Gap Analysis carried out, the areas at risk are as follows:

- entering into employment contracts;
- personnel selection, hiring, and administration process.

GENERAL PRINCIPLES OF CONDUCT

"DO's"

All At-Risk Activities must be carried out in compliance with the laws and regulations in force, with the provisions of the Code of Ethics, with the general principles of conduct set out in the General Section of this Model, and with the protocols (and other existing organisational procedures) that protect against the identified risks/offences.

Specifically, you need to:

- behave correctly, transparently and cooperatively, in compliance with the law and company procedures, in all activities relating to the selection, management and administration of personnel;
- behave in a collaborative manner with the recruitment agencies used by STAR7 S.P.A., so as to facilitate the continuous exchange of information;
- requesting and acquiring, at the time of hiring, a copy of the worker's residence permit, where required by law;
- monitor the worker's status when the residence permit is soon to expire, in view of possible contract

renewals which are covered by regulations on renewal.

DONT'S

It is **prohibited** to:

- violate existing hiring principles, protocols and procedures;
- hire foreign workers without a residence permit or with an irregular residence permit;
- enter into fixed-term contracts with a duration subsequent to the expiry of the residence permit;
- communicate data or information that does not correspond to the truth;
- provide collaboration or support, even indirectly, to dishonest or potentially unlawful conduct on the part of operators and in particular provide collaboration in cases where there is reasonable doubt that they may engage in conduct constituting offences referred to in this special section.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS.

Personnel Selection Protocol; OP-05

OFFENCES RELATING TO XENOPHOBIA AND RACISM

Article 3 Law 654 of 13 October 1975

"Unless the act constitutes a more serious offence, including for the purpose of implementing the provision of Article 4 of the Convention, it shall be punished:

a) with imprisonment of up to one year and six months or a fine of up to 6,000.00 euros whoever propagates ideas based on superiority or racial or ethnic hatred, or incites to commit or commits acts of discrimination for racial, ethnic, national or religious reasons;

b) with imprisonment from six months to four years whoever, in any way, incites to commit or commits violence or acts of provocation to violence for racial, ethnic, national or religious reasons;

Any organisation, association, movement or group that has among its purposes the incitement to discrimination or violence for racial, ethnic, national or religious reasons is prohibited. Anyone who participates in such organisations, associations, movements or groups, or provides assistance to their activities, is punished for the mere fact of participation or assistance, with imprisonment from six months to four years. Those who promote or direct such organisations, associations, movements or groups are punished, for this alone, with imprisonment from one to six years.

The sentence of imprisonment from two to six years is applied if the propaganda or the instigation and the incitement, committed in such a way that it causes real danger of diffusion, are based in whole or in part on the negation, on the serious minimisation or on the defence of the Holocaust or crimes of genocide, crimes against humanity and war crimes, as defined in Articles 6, 7 and 8 of the Statute of the International Criminal

Court, ratified according to Law 232 of 12 July 1999.

The crimes referred to in Article 3, paragraph 3, of Law 654/1975 punish the conduct of propaganda of ideas based on superiority, racial or ethnic hatred which, within the scope of the administrative responsibility of the Entity, may be committed by employees or external collaborators.

The penalty is increased in the case of incitement or incitement, carried out by company personnel or external collaborators, to acts of violence or discrimination on racial, ethnic, national or religious grounds.

The penalty is also increased:

1) in the case of creation of or participation in organisations, associations, movements or groups whose purpose is to incite discrimination or violence on racial, ethnic, national or religious grounds.
2) in the case of propaganda, instigation or incitement committed, so that a concrete danger of dissemination arises, in whole or in part on the denial, minimization in a serious way or apologia of the Shoah or crimes of genocide, crimes against humanity and war crimes, as defined by Articles 6, 7 and 8 of the Statute of the International Criminal Court (ratified under Law 232/1999).

The financial penalty provided for by the Decree is between 200 and 800 units. In cases of conviction for the offences referred to in paragraph 1, the disqualification sanctions provided for in article 9, paragraph 2, are applied for a period of not less than one year.

If the entity or one of its organisational units is regularly used for the sole or primary purpose of enabling or facilitating the commission of the crimes indicated in paragraph 1, then the permanent ban from performing the activity is applied pursuant to Article 16, paragraph 3 of the Decree.

DEFINITIONS

Law 232 of 12 July 1999 (Ratification and execution of the Statute of the International Criminal Court, with final act and annexes, adopted by the Diplomatic Conference of the United Nations in Rome on 17 July 1998. Delegation of authority to the Government for the implementation of the Statute itself).

Agreement 1/6 (Crime of genocide)

"For the purposes of this Statute, the crime of genocide means any of the following acts committed with the intent to destroy, in whole or in part, a national, ethnic, racial or religious group, namely:

a) killing group members;
b) causing serious injury to the physical or psychological integrity of persons belonging to the group;
c) deliberately subjecting persons belonging to the group to conditions of life that result in the physical destruction, in whole or in part, of the group;
d) Imposing measures to prevent in-group births;
e) forcibly transferring children belonging to the group to a different group.

Agreement 1/7 (Crimes against humanity)

"For the purposes of this Statute, a crime against humanity means any of the following acts, when committed as part of an extensive or systematic attack against civilian populations, and with knowledge of the attack:

Homicide;

Extermination;

Enslavement;

Deportation or forced relocation of the population;

Imprisonment or other serious deprivation of liberty in violation of fundamental norms of international law;

Torture;

Rape, sexual slavery, forced prostitution, forced pregnancy, forced sterilization, and other forms of sexual violence of similar severity;

Persecution against a group or collectivity endowed with its own identity, inspired by political, racial, national, ethnic, cultural, religious, or sexual gender reasons within the meaning of paragraph 3, or by other reasons universally recognized as impermissible under international law, related to acts covered by the provisions of this paragraph or to crimes within the jurisdiction of the Court;

Forced disappearance of people; Apartheid;

Other inhumane acts of similar character directed at intentionally causing great suffering or serious harm to physical integrity or physical or mental health.

For the purposes of paragraph 1, this means:

"Direct attack against civilian populations" means conduct involving the repeated commission of any of the acts provided for in paragraph 1 against civilian populations, in implementation or execution of the political design of a State or organisation aimed at carrying out the attack;

"extermination" means, in particular, the intentional subjecting of people to conditions of life aimed at causing the destruction of part of the population, such as preventing access to food and medicine;

"Enslavement" means the exercise over a person of any or all of the powers inherent in the right to property, including in the course of trafficking in persons, particularly women and children for the purpose of sexual exploitation;

"Forced deportation or relocation of population" means the removal of persons, by means of

of expulsion or by other coercive means, from the region in which they are lawfully located, in the absence of any reason provided by international law to do so;

"Torture" means the intentional infliction of severe pain or suffering, physical or mental, on a person over whom one has custody or control; this term does not include pain or suffering arising solely from lawful sanctions, which are inseparably connected with or incidentally occasioned by such sanctions;

"Forced pregnancy" means the unlawful detention of a woman forcibly made pregnant with the intent to change

the ethnic composition of a population or to commit other serious violations of international law. This definition shall in no way be interpreted in such a way as to prejudice the application of national regulations concerning the termination of pregnancy;

“persecution" means the intentional and severe deprivation of fundamental rights. in violation of international law, for reasons related to the identity of the group or community;

"apartheid" means inhuman acts of a character similar to those referred to in the provisions of paragraph 1, committed in the context of an institutionalized regime of systematic oppression and domination by one racial group over another or other racial groups, and for the purpose of perpetuating that regime; "Enforced disappearance of persons" means the arrest, detention, or abduction of persons by or with the authorization, support, or acquiescence of a state or political organisation, which subsequently refuses to recognize the deprivation of liberty or to give information about the fate of such persons or their whereabouts, with the intent of removing them from the protection of the law for an extended period of time.

For the purposes of these Bylaws, the term "sexual gender" refers to the two sexes, male and female, in the social context. This term does not imply any other meaning than the one mentioned above.

Article 8 War crimes

"The Court has jurisdiction to try war crimes, particularly when committed as part of a political plan or design, or as part of a series of similar crimes committed on a large scale.

For the purposes of the Statute, "war crimes" are defined as:

serious violations of the Geneva Convention of 12 August 1949, i.e., any of the following acts committed against persons or property protected by the standards of the Geneva Conventions:

voluntary manslaughter;

torture or inhumane treatment, including biological experiments;

wilfully causing great suffering or serious injury to physical integrity or health;

destruction and appropriation of property, not justified by military needs and carried out on a large scale illegally and arbitrarily;

forcing a prisoner of war or other protected person to serve in the armed forces of an enemy power;

wilfully depriving a prisoner of war or other protected person of his or her right to due process of law;

deportation, transfer, or unlawful detention; hostage taking.

Other serious violations of applicable laws and customs, within the established framework of international law, in international armed conflicts, i.e. any of the following acts:

deliberately directing attacks against civilian populations as such or against civilians not directly participating in the hostilities;

deliberately directing attacks against civilian property, i.e., property that is not a military target; deliberately directing attacks against personnel, material installations, units or vehicles used in a humanitarian relief or

peacekeeping mission in accordance with the Charter of the United Nations, insofar as they are entitled to the protection afforded to civilians and civilian property under the international law of armed conflict;

deliberately launching attacks in the knowledge that such attacks will result in the loss of civilian life, injury to civilians or damage to civilian property, or widespread, sustained and severe damage to the natural environment that is clearly excessive in relation to the anticipated direct military benefits;

attack or bomb by any means, towns, villages, dwellings or buildings that are not defended and that do not constitute military objectives;

kill or injure combatants who, having laid down their arms or having no further means of defence, have surrendered unconditionally;

make improper use of the white flag, military flag or insignia, and the uniform of the enemy or the United Nations and the distinctive emblems of the Geneva Convention, thereby causing loss of life or serious bodily injury;

the direct or indirect transfer by the occupying power of part of its civilian population into the occupied territories or the deportation or transfer of all or part of the population of the occupied territory within or outside such territory;

intentionally directing attacks against buildings dedicated to worship, education, Article science, or purposes humanitarian, to historic monuments, to hospitals and places where the sick and wounded are gathered, provided that such buildings are not used for military purposes;

to subject those in the power of the enemy to physical mutilation or medical or scientific experiments of any kind, not justified by medical treatment of the persons involved nor carried out; their interest, which cause the death of such persons or seriously impair their health;

killing or treacherously wounding individuals belonging to the enemy nation or army; declare that no one's life will be saved;

destroy or confiscate property of the enemy, unless confiscation or destruction is imperatively required by the necessities of war;

declare abolished, suspended or improper in court rights and actions of citizens of the enemy nation; compel citizens of the enemy nation, even if in the service of the belligerent prior to the beginning of the war, to take part in war operations directed against their own country;

plunder cities or towns, even if they have been taken by storm;

use poison or poisonous weapons;

use asphyxiating, toxic, or other similar gases and all similar liquids, materials, and instruments;

use projectiles that easily expand or flatten inside the human body, such as projectiles with a hard casing that does not fully cover the middle or those that are notch-punched;

use weapons, projectiles, materials and methods of combat with such characteristics as to cause unnecessary injury or unnecessary suffering, or which strike by their nature indiscriminately in violation of the international

law of armed conflict provided that such means are subject to a general prohibition of use and are among those listed in an annex to the annex to this Statute, by means of an amendment adopted in accordance with the relevant provisions contained in Articles 121 and 123.

violate the dignity of the person, in particular by using humiliating and degrading treatments ;

rape, sexual enslavement, coercion into prostitution or pregnancy, imposition of sterilization, and committing any other form of sexual violence constituting a serious violation of the Geneva Conventions;

use the presence of a civilian or other protected person to prevent certain sites, areas, or military forces from becoming the target of military operations;

intentionally directing attacks against buildings, personal material and medical transport units using, in accordance with international law, the distinctive emblems provided for by the Geneva Conventions; starve intentionally, as a method of war, the civilians depriving them of the indispensable goods for their survival, and in particular to prevent voluntarily the arrival of the relief foreseen by the Geneva Conventions;

recruiting or enlisting children under the age of fifteen in the national armed forces or having them actively participate in hostilities;

In hypothesis of armed conflict not of international character, serious violations of article 3 common to the four Geneva Conventions of 12 August 1949, that is one of the acts enumerated below, committed against those who do not participate directly in the hostilities, including members of the Armed Forces who have laid down their arms and those persons who are unable to fight due to illness, wounds, state of detention or any other cause:

Acts of violence against the life and integrity of the person, particularly all forms of murder, mutilation, cruel treatment and torture;

violate personal dignity, particularly humiliating and degrading treatment;

take hostages;

making and enforcing judgments without prior adjudication in a properly constituted court of law offering all the judicial safeguards generally recognized as essential.

Subparagraph (c) of paragraph (2) applies to armed conflicts that are not of an international character and therefore does not apply to domestic situations of disorder and tension such as riots or sporadic or isolated acts of violence of a similar nature.

Other serious violations of applicable laws and customs, within the established framework of international law, in armed conflicts not of an international character, i.e., any of the following acts;

deliberately directing attacks against populations. civilians as such or against civilians not directly participating in hostilities;

intentionally directing attacks against material buildings, personnel and medical units and means of transport, using in accordance with international law the distinctive emblems provided for in the Geneva Conventions;

deliberately directing attacks against personnel, facilities, equipment, units, or vehicles used in a humanitarian

relief or peacekeeping mission in accordance with the United Nations Court, insofar as they are entitled to the protection afforded to civilians and civilian property under the international law of armed conflict;

intentionally directing attacks against buildings devoted to worship, education, Article science, or humanitarian purposes, historical monuments, hospitals, and places where the sick and wounded are gathered, provided that such buildings are not used for military purposes;

plunder cities or towns, even if they have been taken by storm;

rape, sexual enslavement, coercion into prostitution or pregnancy, imposition of sterilization, and committing any other form of sexual violence constituting a serious violation of the Geneva Conventions;

recruiting or enlisting children under the age of fifteen in the national armed forces or having them actively participate in hostilities;

order a different displacement of the civilian population for conflict-related reasons, unless the safety of the civilians involved or compelling military reasons require it;

killing or treacherously injuring an opposing combatant;

declare that no one's life will be saved

subject those in the adversary's power to physical mutilations or to medical or scientific experiments of any kind, not justified by medical treatments of the persons concerned nor carried out in their interests, which cause the death of such persons or seriously damage their health,

destroy or confiscate property of the enemy, unless confiscation or destruction is imperatively required by the necessities of war;

Subparagraph (e) of paragraph (2) applies to armed conflicts not of an international character and therefore does not apply to situations of internal tension and disorder, such as riots or isolated and sporadic acts of violence and other similar acts. Applies to armed conflicts occurring in the territory of a state where there is prolonged armed conflict between government armed forces and organised armed groups, or between such groups.

Nothing contained in the provisions of subsections (c) and (d) of paragraph (2) shall affect the responsibilities of governments to maintain or restore public order within the State or to defend the unity and territorial integrity of the State by any lawful means."

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 TERDECIES OF LEGISLATIVE DECREE 231/2001

From the analysis of the business processes of STAR7 S.p.A., the at-risk Activities that may expose the Company to the risk of committing the offences indicated in Article 25 terdecies concerns the activity of the translation of texts.

PROTOCOLS TO PROTECT AGAINST CRIME RISKS PURSUANT TO ARTICLE 25 TER OF THE DECREE:

Translation Management Operational Protocol - OP - 09.

CRIMES RELATING TO SPORTS COMPETITIONS AND GAMBLING

ARTICLE 1 LAW 40 OF 13 DECEMBER 1989

"Anyone who offers or promises money or other benefits or advantages to any of the participants in a sporting competition organised by the federations recognized by the Italian National Olympic Committee (CONI), by the Italian Union for the increase of horse breeds (UNIRE) or by other sporting bodies recognized by the State and by the associations belonging to them, in order to achieve a different result from that resulting from the correct and fair conduct of the competition, or who carries out other fraudulent acts aimed at the same purpose, shall be punished by a term of imprisonment from two to six years and a fine from 1,000 to 4,000 euros.

The same penalties apply to the participant in the competition who accepts the money or other benefit or advantage or accepts the promise thereof.

If the result of the competition is influential for the purposes of carrying out regularly practiced betting and forecasting contests, for the facts referred to in paragraphs 1 and 2, the penalty of imprisonment is increased by up to half and a fine ranging from 10,000 to 100,000 euros is applied.

The crime can be committed by "anyone", regardless of the subjective qualification of the agent.

The incriminating behaviour vary:

(i) offering or promising money or other benefits for the benefit of participants in a sporting competition organised by a federation recognized by the State, or

(ii) the performance of fraudulent acts carried out to affect the correct outcome of the competition.

Both conducts are relevant in that they are carried out in order to achieve a different result from the one resulting from the correct and fair conduct of the competition.

The same penalty provided for the sports bribe-giver shall be applied to the corrupted party.

Example of relevant conduct: Marco, the operational director of a football club, 'bribes' the player of an opposing team, so that the latter causes a penalty to the disadvantage of his own club. In view of STAR7 S.p.A.'s business activity, this case is outside the Company's risk area.

ARTICLE 4 LAW 401 OF 13 DECEMBER 1989

Anyone who unlawfully organises lotteries or betting or betting competitions that the law reserves to the State or to another concessionary body, is punished with imprisonment for a period of between three and six years and with a fine of between 20,000 euros and 50,000 euros. The same punishment applies to anyone who organises betting or betting competitions on sports activities managed by the Italian National Olympic Committee (CONI), by organisations dependent on it or by the Italian Union for the increase in horse races (UNIRE). Anyone who illegally organises public betting on other competitions involving persons or animals and games of skill shall be punished by arrest from three months to one year and a fine of not less than one million lire. The same sanctions are applied to anyone who sells on national territory, without authorization from the

Customs and Monopolies Agency, lottery tickets or similar lottery events of foreign countries, as well as anyone who participates in such operations through the collection of bets and the accreditation of the relative winnings and the promotion and advertising carried out by any means of dissemination. It is also punished with imprisonment from three to six years and a fine from 20,000 to 50,000 euros and a fine from twenty to fifty thousand euros whoever organises, exercises and collects at a distance, without the prescribed concession, any game established or regulated by the Customs and Monopolies Agency. Anyone who, even if in possession of the prescribed concession, organises, exercises and collects at a distance any game set up or regulated by the Customs and Monopolies Agency using methods and techniques other than those provided for by law is punished with imprisonment from three months to a year or a fine from 500 to 5,000 euros. The case in question is a common crime, in that it can be committed by "anyone", regardless of the subjective status of the agent.
The incriminated conducts are various, but however referable, in general, to the unlawful organisation of bets, games and betting.
Example of relevant conduct: Marco, the operational director of a joint-stock company, organises clandestine bets on the outcome of the Serie A football championship. The case in question is outside the risk area of STAR7 S.p.A.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 QUATERDECIES OF LEGISLATIVE DECREE 231/2001

The analysis conducted on the activities of STAR7 S.p.A. did not reveal **any at-risk activities** in relation to the cases in question.

TAX CRIMES

With the Decree Law of 26 October 2019, the criminal tax case referred to in Article 2 of Legislative Decree 74/2000 (fraudulent tax returns through the use of invoices or other documents for non-existent transactions) was included in the list of Predicate Offences. Subsequently, with the law converting the aforementioned decree law (Law 157 of 19.12.2019), the catalogue of predicate offences was extended to additional tax offences, namely:

- fraudulent tax returns through the use of other artifices (Article 3 of Legislative Decree 74/2000);
- the issue of invoices/other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000);
- the concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000);
- fraudulent evasion of tax payments (Article 11 of Legislative Decree 74/2000).

Below is an analysis of the individual cases listed.

Article 2 Legislative Decree 74/2000 - Fraudulent tax returns through the use of invoices or other documents for non-existent transactions
Anyone [...] who, in order to evade taxes on income or value added, using invoices or other documents for non-

existent transactions, indicates fictitious passive elements in one of the returns relating to said taxes is liable to punishment.

The fact is considered to have been committed by availing oneself of invoices or other documents for non-existent transactions when such invoices or documents are recorded in compulsory accounting records or are held for the purposes of proof in relation to the financial administration.

If the amount of the fictitious passive elements is less than one hundred thousand euros, imprisonment from one year and six months to six years is applied.

The case in question *"occurs when the return is not only untrue, but is also "insidious", in that it is supported by an accounting 'system', or more generally by documentation, designed to mislead or hinder the subsequent assessment activities of the tax authorities, or in any case to artificially support the untrue presentation of the data contained therein"* (Report accompanying the legislative decree outline containing "New regulations on crimes relating to income tax and value added tax, pursuant to Article 9 Law no. 205 of 25 June 1999" approved on 5 January 2005 by the Council of Ministers).

The interest protected by the provision under review, according to the main case law and doctrine, is represented by the interest of the State in the regular collection of taxes.

Despite the fact that "anyone" is indicated as the active subject of the offence, the crime can only be committed by anyone who signs the personal statement or that of the company, body or natural person where he/she is a director, liquidator or representative.

The offending conduct is commissive and consists of several steps: the first consisting in the use of **invoices/other documents for non-existent transactions** and a subsequent/conclusive phase that is carried out by indicating in one of the returns **fictitious passive elements** supported by the above-mentioned documents.

Sometimes the case is supplemented by the preparation of a more complex fraudulent system involving entities that are not actually operational (so-called 'cartiere'), in fact managed by the top management of another organisation, in some cases with the support of a consultant/tax expert.

The material object of the relevant conduct consists of invoices or other documents for non-existent transactions and returns relating to income tax and value added tax in which the offender indicates the fictitious passive elements of the false invoices or false documents.

In this regard, it is necessary to specify that, pursuant to letter a) of Article 1 of Legislative Decree 74/2000, "*invoices or other documents for non-existent transactions" are "invoices or other relevant documents having a similar probative importance on the basis of tax regulations, issued in relation to transactions that have not actually been carried out, either in full or in part, which indicate fees or value added tax in excess of the actual amount, which refer the transaction to parties other than the actual parties*".

On this subject, it seems useful to distinguish between objectively non-existent operations (never or partially carried out), over-invoicing consisting in the increase of existing liabilities and subjectively non-existent

operations (which presuppose that one of the subjects of the operation has remained completely extraneous to the same or, more radically, that one of the subjects of the operation does not exist in reality).

Following the revision of the criminal-tax system, with the cancellation of the reference to the annual filing of returns, the relevant tax returns pursuant to Article 2 of Legislative Decree no. 74/2000 are - according to the Supreme Court - "*any return, including income and interim IRAP tax returns resulting from the liquidation of a company, declarations in the event of transformation, merger, company split, declarations of intra-Community transactions relating to purchases, the monthly declarations of purchases of goods and services made by entities (...)".*

From a subjective point of view, the case requires the so-called **specific intent**, given that the conduct is criminally relevant exclusively if carried out "*in order to evade income and value added taxes*". With Law 157/2019, which introduced the case to the list of predicate offences, the threshold of 100,000.00 euros was also provided for, below which the penalty (including criminal/administrative penalties) is lower (up to four hundred units instead of five hundred).

Example of relevant conduct: Marco, director of a joint-stock company, signs a tax return in which there are fictitious expenses, supporting this declaration with invoices for non-existent consulting services.

Article 3 Legislative Decree 74/2000 - Fraudulent tax returns through the use of other artifices

Apart from the cases envisaged by article 2, anyone who, in order to evade income tax or value added tax, by carrying out objectively or subjectively simulated transactions or by making use of false documents or other fraudulent means capable of hindering the assessment and misleading the tax authorities, indicates in one of the declarations relating to said taxes assets for an amount lower than the actual amount or fictitious liabilities or fictitious credits and deductions, when, together

a) the tax evaded exceeds, with reference to any one of the individual taxes, thirty thousand euros;

b) the total amount of the assets removed from taxation, also through the indication of fictitious passive elements, is higher than five per cent of the total amount of the assets indicated in the declaration, or in any case, is higher than one million five hundred thousand euros, or if the total amount of the fictitious credits and deductions from taxation is higher than five per cent of the amount of the same tax or in any case, is higher than thirty thousand euros.

The offence is considered to have been committed by using false documents when such documents are recorded in compulsory accounting records or are held for the purposes of providing evidence to the tax authorities.

For the purposes of the application of the provision of paragraph 1, the mere violation of the obligations of invoicing and recording of assets in the accounting records or the mere indication in the invoices or in the records of assets lower than the real ones do not constitute fraudulent means.

The provision under review punishes anyone who, on the basis of a **false representation of the assets and liabilities in the compulsory accounting records** and making use of fraudulent means capable of hindering the

assessment by the tax authorities, indicates fictitious liabilities in the annual declaration, when the two conditions set out in letters a) and b) of the provision are met.

In other words, while Article 2 punishes anyone who 'inflates' the negative components of the declaration, so as to reduce the taxable income and the tax due, regardless of quantitative thresholds, the case in Article 3, on the other hand, remains subject to the joint exceeding of punishment thresholds, so as to limit the criminal relevance of the conduct only to economically significant offences, given that:

- the evaded tax must be greater than 30,000.00 euros with reference to some of the individual taxes (income taxes and VAT)
- the amount of the assets subtracted from taxation and of the liabilities artificially increased must be greater than the proportional amount of 5% with respect to the total amount of the assets indicated in the declaration, or, in any event, greater than the amount of 1.5 million euros.

In order to understand what is meant by evaded tax it is necessary to refer to Article 1 paragraph 1 letter f) of Legislative Decree 74/2000, according to which it consists of the "*difference between the tax actually due and that which (following the false presentation of the income components or the taxable bases) has been indicated (as due) in the declaration. From this amount, however, must be subtracted the sums that the taxpayer, or others in his stead (in the capacity, in particular, of withholding agent), have in fact paid for any reason (down payment, withholding) in payment of the tax before the submission of the declaration (which marks the consummation of the offense)".*

The crime has its **own** character in that it can only be committed by qualified individuals: it is necessary for the active party to be a person obliged to keep accounting records, as well as a taxpayer obliged to file tax returns. Pursuant to Article 13 of Presidential Decree 600/1973, those obliged to keep records are natural persons who carry out commercial enterprises and professions; general partnerships, limited partnerships and companies treated as such; companies subject to income tax (joint-stock companies, limited partnerships, limited liability companies, cooperatives, companies and bodies not resident in Italy); companies or associations between artists and professionals. Those subjects excluded from these obligations remain outside, such as agricultural entrepreneurs (art. 2135 Civil Code) and those who, while receiving income from self-employment, do not exercise professionally Article and professions (art. 49 Income Tax Act).

The offending conduct of the case is commissive and consists of a number of acts: the preparation of a false representation of the assets or liabilities in the compulsory accounting records, also by using fraudulent means; the subsequent indication, in one of the annual declarations, of assets that are lower than their real value or fictitious liabilities.

For the integration of the subjective element of the crime, the specific intent is required, understood as the will to achieve a result in terms of tax evasion.

Example of relevant conduct: Marco, the CEO of a company with share capital, has indicated fictitious passive

elements in the annual tax declaration (when the two conditions referred to in letters a) and b) of the regulation are jointly met) on the basis of a false representation of the assets and liabilities in the compulsory accounting records and by availing himself of fraudulent means capable of obstructing the tax authorities' assessment.

Article 8 of Legislative Decree 74/2000 - Issue of invoices or other documents for non-existent transactions

"Anyone who issues invoices or other documents for non-existent transactions in order to allow third parties to evade income tax or value added tax shall be punished by imprisonment of between four and eight years.

For the purposes of the application of the provision set out in paragraph 1, the issuing or issuing of more than one invoice or document for non-existent transactions during the same tax period shall be considered as a single offence.

If the untrue amount indicated in the invoices or documents, per tax period, is less than one hundred thousand euros, the penalty is imprisonment for a period of between one year and six months and six years.

The object of criminal protection is the interest "*of the State in not seeing its tax assessment function obstructed*" (Cass. Pen. 4 June 2009 no. 28654) and therefore in the genuine representation of the taxable bases for tax purposes.

The case provides for an abstract crime of danger and is an instantaneous crime, which takes shape when the documents leave the issuer's possession.

The offending conduct takes the form of issuing or issuing invoices or other documents for non-existent transactions: therefore, the mere formation of such documents is not sufficient.

Specific intent on the part of the issuer is required in order for the crime to be committed. In this regard, the Supreme Court states that "*it is necessary that the issuer of the invoices proposes to allow third parties to evade income tax or value added tax, but not also that the third party actually achieves the planned evasion*".

Example of relevant conduct: Marco, CEO of a corporation, issues an invoice for services not actually rendered.

Article 10 Legislative Decree 74/2000 - Concealment or destruction of accounting documents

"Unless the fact constitutes a more serious offence, anyone who, in order to evade income tax or value added tax, or to allow third parties to evade them, conceals or destroys all or part of the accounting records or documents whose preservation is obligatory, so as not to allow reconstruction of income or turnover, shall be punished by imprisonment from three to seven years."

The case under consideration safeguards the interests of the State in the complete and timely collection of taxes and those of the Administration in the regular performance of its assessment activities.

The offence exists in any case, as the active subject of the case can be anyone who carries out the incriminated conduct, regardless of the subjective status of the agent.
The conduct alternatively incriminated is the **concealment or destruction of accounting records**.
The subjective element is the **specific intent** consisting of the purpose of evasion (which does not necessarily have to be achieved for the crime to be completed).
Example of relevant conduct: Marco, CEO of a limited company, orders the destruction of part of the accounting records in order to evade the assessment of the taxes due.

Article 11 Legislative Decree 74/2000 – Fraudulent evasion of tax payments

"Anyone who, in order to evade payment of income tax or value added tax, or of interest or administrative sanctions relating to said taxes for a total amount exceeding fifty thousand euros, simulates selling or carries out other fraudulent acts on their own assets or the assets of others that are likely to render the compulsory collection procedure wholly or partially ineffective, shall be liable to a term of imprisonment from six months to four years. If the amount of taxes, sanctions and interest exceeds two hundred thousand euros, the penalty is imprisonment for a period of between one and six years.
Anyone who, in order to obtain partial payment of taxes and related accessories for themselves or others, indicates in the documentation submitted for the purposes of the tax settlement procedure assets for an amount lower than the actual amount or fictitious liabilities for a total amount exceeding fifty thousand euros, shall be punished by imprisonment of between six months and four years. If the amount referred to in the previous period exceeds two hundred thousand euros, imprisonment from one year to six years is applied."
The interest protected by the legal provision in question is to be identified in the preservation of the **taxpayer's financial guarantee.**
The active party is the subject who has the obligation to pay taxes for an amount exceeding 50,000 euros. The relevant conduct consists in the performance of fraudulent acts capable of rendering ineffective the action taken by the State. The crime is committed at the time of the simulated sale or other fraudulent acts; an insubstantial compulsory tax enforcement is not necessary for the offence to be committed.
The subjective element of this case is the **specific intent** to evade the payment of taxes.
Example of relevant conduct: Marco, CEO of a limited company, carries out a simulated operation of company transfer, in order to render ineffective the compulsory collection of administrative sanctions.

Article 4 Legislative Decree 74/2000: Untrue tax return if committed as part of cross-border fraudulent schemes and in order to evade value added tax for a total amount of not less than 10 million euros.

"Apart from the cases provided for in Articles 2 and 3, anyone who, in order to evade taxes on income or on value added, indicates in one of the annual returns relating to said taxes assets for an amount lower than the actual one or non-existent passive elements, when, jointly:

a) the evaded tax is higher, with reference to any of the individual taxes, than one hundred thousand euros;

b) the total amount of the assets removed from taxation, also through the indication of non-existent passive elements, is higher than ten per cent of the total amount of the assets indicated in the declaration, or, in any case, is higher than two million euros."

The scope of application of the case is intended to cover evasive behaviours that are resolved in ideological falsehoods without fraudulent connotations such as:

- the failure to record revenues;
- the undue reduction of the taxable person by indicating in the statement non-existent costs (and which are not fictitious), i.e. negative components of income that never actually came into existence;
- under-invoicing, i.e. the indication in the invoice of an amount lower than the actual amount.

Example of relevant conduct: Marco, Chair of the Board of Directors of a company with share capital, promotes a policy of systematic under-invoicing for the purposes of VAT evasion, under the conditions envisaged by the case in point.

Article 5 Legislative Decree 74/2000: Omission of a tax return if committed as part of fraudulent cross-border schemes and in order to evade value added tax for a total amount of not less than 10 million euros

"Anyone who, in order to evade taxes on income or on value added, does not present, being obliged to do so, one of the declarations relating to said taxes, when the tax evaded is higher, with reference to any of the individual taxes, than fifty thousand euros, shall be punished by imprisonment [...].

It is punished with imprisonment [...] whoever does not present, being obliged to do so, the declaration of withholding tax, when the amount of withholding tax not paid is higher than fifty thousand euros."

VAT evasion can also be attempted by "simply" failing to submit the relevant returns. However, the declaration shall not be considered to be omitted when it is submitted no more than 90 days late, or is not signed or is made on a non-conforming printout.

Example of relevant conduct: Marco, president of a limited company, omits to submit the annual VAT return under the conditions provided for by the case in point.

Article 10-quater Legislative Decree 74/2000: Undue offsetting if committed as part of fraudulent cross-border schemes and in order to evade value added tax for a total amount of not less than 10 million euros

Anyone who fails to pay the sums due, using undue credits as compensation, pursuant to article 17 of Legislative Decree no. 241 of 9 July 1997, for an annual amount exceeding fifty thousand euros, shall be punished by imprisonment [...].

It is punished with imprisonment [...] whoever does not pay the amounts due, using as compensation, pursuant to article 17 of Legislative Decree no. 241 of 9 July 1997, non-existent credits for an annual amount exceeding fifty thousand euros."

In this regard, it should be pointed out that the "non-existent" credit is that which is totally detached from the

tax situation of the taxpayer: in this case the credit is literally invented or the result of an impromptu creation during the compilation of Form 24.

The credit that is not due is the one for which the compensation procedure is not respected: therefore, a credit not due in relation to the reference provisions.

Example of relevant conduct: Marco, chairman of the board of directors of a corporation, indicates as an offset tax credits that do not actually exist, under the conditions provided for in this provision.

AT-RISK ACTIVITIES PURSUANT TO ARTICLE 25 QUINQUIESDECIES OF LEGISLATIVE DECREE 231/2001

From the analysis carried out on the activities of STAR7 S.p.A., the following at-risk activities have emerged which involve the risk of committing the offences set out in article 25 quinquiesdecies of the Decree:

- **accounting** management;
- invoicing**;**
- preparation of **tax returns**;
- **operations for the disposal** (also free) of movable, immovable property, investments as well as extraordinary operations

  (for example, transfer of company branches).

PRINCIPLES OF CONDUCT.

"DO's"

All At-Risk Activities must be carried out in compliance with the laws and regulations in force, with the provisions of the Code of Ethics, with the general principles of conduct set out in this Model, and with the Protocols on taxation and financial flows (see below).

In particular, you are required to:

- carry out **checks** on the operations of suppliers (specifically, based on excerpts of company registration documents filed with the Chamber of Commerce and checks on the coherence of the corporate objective with the invoiced service);
- keep **accounting records**in a neat and orderly manner.

DONT'S

It is **prohibited** to:

- omit/delay mandatory tax returns
- omit/delay the settlement of VAT
- indicating fictitious taxable items on mandatory tax returns;
- work with suppliers whose reliability has not been established;
- in any case, violate the principles of the Code of Ethics and the standards of conduct crystallized in the

Protocols listed below

PROTOCOLS TO PROTECT AGAINST CRIME RISKS PURSUANT TO ARTICLE 25 QUINQUIESDECIES OF THE DECREE:

OP-02 – Management of financial

flows PO-03 – Selection of suppliers

OP-04 - Selection of Consultants

OP-12 - Principles of Taxation

OP-13 - Accounting and Financial Reporting Management

CONTRABAND OFFENCES

Legislative Decree 75 of 14 July 2020 introduced the criminal offences envisaged by the Consolidated Law on Customs (Presidential Decree 43 of 23 January 1973) to the list of predicate offences. These are the offences contemplated by Articles 282 and following of Presidential Decree 43/1973, which are better specified in the Risk Assessment document [RA231] referred to in this Programme pursuant to Legislative Decree231/2001.

In view of the commercial flows actually maintained by STAR7 S.p.A, the above-mentioned offences do not fall within the Company's risk area, and it is not considered necessary to analyse the individual cases and draw up Operational Protocols on the subject.

CRIMES AGAINST CULTURAL HERITAGE

On 23 March 2022, Law 9/2022 came into force, containing "Provisions regarding crimes against cultural heritage" which introduces two new predicate offences: Article **25-septiesdecies** entitled "Crimes against Cultural Heritage" and Article 25-duodevicies entitled "Recycling of cultural heritage and devastation and looting of cultural and landscape assets".

It is not considered useful to proceed with the examination of the individual cases of crime, since the company does not carry out activities such as to involve even indirectly cultural assets or which are covered, in any case, by the scope of the legislation in question. It is therefore believed that the aforementioned crimes are not applicable to the Company and therefore do not require any related operational protocol.