ORGANISATION, MANAGEMENT AND CONTROL MODEL

Pursuant to Legislative Decree n° 231 of 8 June 2001

Rev.1 dated 19/11/2018
Rev.2 dated 26/02/2020
Rev.3 dated 14/12/2020

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GENERAL PART

1. INTRODUCTION

1.1. Resolution adopting the Model

This Model was adopted by the Foundation's Executive Committee subject to a resolution passed on 26 March 2008 and as subsequently amended and updated further to the resolution passed on 3 December 2012, 24 May 2016 and 19 November 2018.

1.2. Definitions

- **Sensitive Activities:** indicates the Foundation's operations or activities where there is the risk that Offences may be committed;
- **Collaborator/s:** indicates consultants, independent contractors, business/financial partners, agents, attorneys and, generally speaking, third parties operating on behalf of or in the interest of IFOM;
- **Executive Committee:** indicates the Executive Committee pursuant to article 12 of the Bylaws of IFOM;
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onsultative Council indicates the Consultative Council pursuant to article 13 of the Foundation's Bylaws;

- **Decree:** indicates the legislative Decree n° 231of 08 June 2001as amended;
- **Employee/s:** indicates persons under the control and supervision of Senior Management or Persons in Senior Management Positions pursuant to article 5, subparagraph. b) of the Decree, including grant holders and internal collaborators;
- **Administrative Director:** indicates the person responsible for successful management and administration of the Foundation;
- **Research Director:** indicates the person in charge of scientific work and research in the Foundation;
- **Organisation or Organisations:** indicates the organisation or organisations to which the Decree applies:
- **HR:** indicates the Human Resources and Organisation Function;
- **IFOM or the Foundation;** indicates the Fondazione Istituto FIRC di Oncologia Molecolare;
- **Model:** indicates this organisation, management and control Model as provided for under articles 6 and 7 of the Decree;
- **Supervisory Body:** indicates the Foundation's internal organisation, having the power to act on its own initiative and to perform verification, tasked with performing supervision in respect of the working of the Model and compliance, as provided for by the Decree;
- **Chairman:** indicates the chairman of IFOM;

- **Vice-chairman:** indicates the Vice-Chairman of the Foundation;
- **Sensitive processes:** indicates the area of activity or functional area where there is the risk of Offences being committed. These are processes, and during the related stages, sub-stages or activities relating to same, in principle, the conditions, opportunities or means could arise for the commission of offences, serving to actually commit offences;
- **Public Administration or PA:** indicates all bodies within the public sector including the related officials and those charged with representing the public service;
- **Offences:** indicates the offence situations to which the regulations provided for by the Decree apply, including after amendments;
- **Auditor:** indicates the person charged pursuant to article 14 of the bylaws of IFOM;
- **Senior Management or in Senior Management Positions:** indicates those persons appointed to represent, administer or direct the Foundation, in addition to persons who actually manage and oversee the Foundation pursuant to article 5, subparagraph a) of the Decree;
- **TUF:** indicates legislative Decree 24 February 1998, n° 58

1.3. Decree

On 4 July 2001 legislative Decree n° 231 of 8 June 2001 came into effect - issued to implement the law enacted under delegated powers n° 300 of 29 September 2000, - the purpose of which was *"Regulation of administrative responsibility of legal entities, companies and associations including those without legal personality"*. The law introduced into the Italian legal system liability on the part of Organisations for unlawful administrative acts arising out of crimes committed in the interest of or to the advantage of same Organisations.

In this manner Italian law relating to liability on the part of legal entities has been brought into line with international conventions, which Italy had previously signed up to (Brussels Convention of 26 July 1995 on the protection of the financial interests of the European Community, Brussels Convention of 26 May 1997 on the battle against corruption between European Community and member State officials, OCSE Convention of 17 December 1997 on the battle against corruption of foreign public officials in economic and international operations).

The Decree applies:

- in the private sector, to companies and associations, whether incorporated or not, bodies with legal personality;
- in the public sector, only public economic bodies (explicitly excluding the State, territorial public bodies, non-economic public bodies and bodies performing functions of constitutional importance).

The Decree is complex and innovative, by reason of the fact that on top of criminal liability on the part of a natural person committing a crime, it adds criminal liability on the part of the Organisation in whose interest or to whose advantage the crime is perpetrated.

Indeed, article 5 of the Decree sets down that the Organisation is accountable whenever certain crimes (specified in the Decree) are committed "*in its interest or to its exclusive advantage*", by:

a) persons charged with representing, administering or directing the Organisation or an organisational unit of same having financial and functional decision-making authority, in addition to persons who de facto manage and oversee the same (being known as Senior Management or Persons in Senior Management Positions);

b) persons controlled or supervised by one of the persons referred to above in subparagraph a).

The Organisation's liability is defined by the legislator as being administrative, even if assigned within the context of criminal procedure, and, furthermore, it is characterised by the fact that it is totally independent from the liability of the natural person committing the crime. Indeed, pursuant to article 8 of the Decree, the Organisation may be declared liable even if the actual perpetrator of the offence cannot be charged or has not been identified and even if the offence has been extinguished for reasons other than an amnesty; furthermore, any additional charges against the Organisation relating to liability arising from commission of the offence cannot exclude personal criminal liability on the part of the person guilty of criminal conduct.

1.4. Types of offence

The Organisation cannot be held liable for any and all offences, but is limited to the criminal offences cited by articles 24, 24-bis, 24-ter, 25, 25-bis.1, 25-ter, 25-quater, 25quater.1, 25-quinquies, 25-sexies, 25-septies, 25-octies and 25-novies 25-decies, 25-undecies and 25-duodecies, 25-terdecies, 25-quaterdecies, 25-quinquiesdecies and 25 - sexiesdecies of the Decree, and more specifically:

(i) **offences against the Public Sector**[1]**,** contemplated by articles 24 and 25 of the Decree;

[1] Amended by means of law n° 69/2015 and law n° 3/19 known as the bribery-busters law and recently extended under Legislative Decree n° 75 of 14 July 2020 published in the Official Gazette on 15 July 2020 under n° 177 which increased the range of offences against public authorities (which now must include in its wide-ranging scope, in accordance with the reform affecting article 24, the European Union too), also contemplating a new aggravating circumstance in cases where the organisation makes a significant profit or where the unlawful act gives rise to loss or damage which is particularly serious; in such case the fine shall be between 200 and 600 units) and the disqualification measures contemplated by paragraph 3, referencing article 9, paragraph 2, subparagraphs c), d) and e), in other words: a prohibition on entering into contracts with public authorities (except for obtaining services from a public provider); exclusion from tax relief, funding, contributions or subsidies and possible revocation of those already granted; a prohibition on publicising goods or services.

(ii) **offences involving abuse of public trust,** contemplated by article 25-bis, introduced in the Decree by law n° 99 of 23 July 2009[2];

(iii) **offences against industry and commerce,** contemplated by article 25-bis.1, introduced in the Decree by law n°99 of 23 July 2009[3];

(iv) **corporate offences**, contemplated by article 25-ter, introduced in the Decree by Legislative Decree n° 61 of 11 April 2002 and as subsequently amended[4];

(v) **offences involving terrorism or offences designed to subvert democracy**; contemplated by article 25-quater, introduced in the Decree by law n° 7/2003[5];

(vi) **offences involving the mutilation of women's genitals**, contemplated by article 25- quarter.1, introduced in the Decree by Law n° 7 of 9 January 2006[6];

(vii) **offences against the individual**; contemplated by article 25-quinques, introduced in the Decree by law n° 228 of 11 August 2003[7];

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[2] Said offences include: counterfeiting of coins, banknotes and suchlike and revenue stamps (article 453 of the criminal code); alteration of monies (article 454 of the criminal code); spending and introduction into the State, without acting in concert, of counterfeit money (article 455 of the criminal code); spending counterfeit money received in good faith (article 457 of the criminal code); counterfeiting of revenue stamps, introduction into the State, purchase, possession or circulation of counterfeit revenue stamps (article 459 of the criminal code); counterfeiting of watermarked paper used to produce banknotes and suchlike or revenue stamps (article 460 of the criminal code); manufacturing or possession of watermarks or instruments intended for counterfeiting money, revenue stamps or watermarked paper (article 461 of the criminal code); use of counterfeit revenue stamps (article 464 of the criminal code); counterfeiting, alteration or use of trademarks or patents, models and designs (article 473 of the criminal code; introduction into the State and trading of products with false trademarks (article 474 of the criminal code).

[3] Said offences include: Interference with industry or trade (article 513 of the criminal code); unlawful competition employing threats or violence (article 513-bis of the criminal code); fraud against national industries (article 514 of the criminal code); fraud in the exercise of trade (article 515 of the criminal code); passing off non genuine food substances as genuine (article 516 of the criminal code); the sale of industrial products with false trademarks (article 517 of the criminal code); manufacture and trade of goods carried out by misappropriating title to industrial property (article 517-ter of the criminal code, a new offence introduced); counterfeiting of geographic indications or protected designation of origin relating to food (article 517-quater of the criminal code, a new offence introduced).

[4] As described in greater detail in the related Special Part B to this Model.

[5] These are "*offences the purpose of which is to commit terrorism or subvert democracy, contemplated by the criminal code and by special laws",* in addition to offences, other than those referred to above, "*which are in any case committed in breach of the provisions of article 2 of the International Convention to Combat the Funding of Terrorism signed in New York on 9 December 1999".* This convention punishes whosoever, illegally and maliciously, provides or raises funds knowing that such funds will be used, even partially, to carry out: (i) actions intended to cause the death - or grievous bodily injury - of civilians, when the action is designed to intimidate a population or coerce a government or an international organisation; (ii) actions constituting offences pursuant to the conventions governing: flight safety or the safety of shipping, protection of nuclear material, protection of diplomatic agents or the combating of terrorist attacks with explosives. The category of "offences the purposes of which is to commit terrorism or subvert democracy contemplated by the criminal code and by special laws" is mentioned by the legislator in a generic manner, without specifying the laws breach of which would entail application of this article.

[6] Reference is made to offences involving the mutilation of women's genitals as per article 583-bis of the criminal code.

[7] In any case it is possible to identify the main offences hypothesised: criminal conspiracies for purposes of terrorism, including international terrorism or offences designed to subvert democracy (article 270-bis of the criminal code) and assistance to co-conspirators (article 270-ter of the criminal code).
These offences include enslavement of others (article 600 of the criminal code); child prostitution (article 600-bis of the criminal code); child pornography (article 600-ter of the criminal code); the possession of pornographic

(viii) **market abuse**, contemplated by article 25-sexies, introduced in legislative Decree 231/2001 by article 9 of Law n° 62 of 18 April 2005[8];

(ix) **offences involving manslaughter or grievous or extremely severe bodily harm, committed in breach of regulations legislating for accident avoidance and protection of health and safety at work**, contemplated by article 25-septies, introduced in the Decree by article 9 of Law n° 123 of 3 August 2007;

(x) **handling stolen goods, laundering and use of money, assets or benefits whose origin is illegal, and self-laundering,** contemplated by article 25-octies, introduced in the Decree by article 63 of Legislative Decree n° 231 of 21 November 2007[9];

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material (article 600-quarter of the criminal code); tourism related activities for purposes of exploiting child prostitution (article 600quinques of the criminal code); the slave trade (article 601 of the criminal code); transfer of ownership and acquisition of slaves (article 602 of the criminal code). On 6 April Legislative Decree 39/2014 came into force, implementing directive 2011/93/EU regarding the fight against abuse and sexual exploitation of minors and child pornography, which, inter alia, entailed several significant amendments to Legislative Decree 231/2001 in respect of prosecutable offences intended to ensure minors' healthy development and sexuality, alongside other offences against individual personality, within article 25-quinquies of the same legislative decree 231/2001.
In fact the new law increases the range of special aggravating circumstances contemplated for these types of offence by article 602-ter of the criminal code, and provides that the penalty contemplated by article 600-bis [Child Prostitution], 600ter [Child Pornography], 600-quater [Possession of Pornographic Material], 600-quater.1. [Virtual Pornography] and 600quinquies [Tourism intended to exploit Child Prostitution] is increased in cases where the offence is committed by several people together or is committed by a person belonging to a criminal organisation in order to facilitate its operations or is committed with serious violence or causes, due to repeated behaviour, serious harm to the minor. In addition, the penalty is increased by no more than two thirds in cases where the offences referred to previously are committed with the use of instruments designed to prevent the identification of electronic network access data.
In addition to these new laws, Legislative Decree 39/2014 extends the scope of administrative liability on the part of organisations to an additional prosecutable offence and introduces new duties for employers. Article 3 provides that "under paragraph 1, sub paragraphs C), article 25-quinquies of legislative decree 231/2001, after the words "600 – quater.1." the following words are added: "as well as for the offence as per article 609-undecies".
This is the offence of grooming minors which carries a custodial sentence of between one and three years when a minor who is younger than 16 is groomed in order to commit one of the offences contemplated and punishable under the law designed to protect minors' sexuality. In accordance with article 609-undecies of the criminal code, "grooming means any action designed to gain the trust of a minor through stratagems, flattery or threats also carried out through the use of Internet or other networks or means of communication".

[8] Said offences include: offences involving misuse of privileged information (article 184 Unified Finance Law) and market rigging (article 185 Unified Finance Law) pursuant to the Unified Finance Law, Legislative Decree n° 58 of 28 February 1998

[9] Said offences include: handling stole goods (article 648 of the criminal code); money laundering (article 648-bis of the criminal code); use of money, assets or benefits whose origin is illegal (article 648-ter of the criminal code); self-laundering (article 648-ter.1 of the criminal code) introduced by law 186/2014. With regard to this latter offence, considering that the controls currently implemented by the Foundation seem sufficient in order to limit the risk of this offence being committed, the latter, to date, has not deemed it necessary to carry out an ad hoc risk assessment and this is also due to the fact that the offences, giving rise to self-laundering – understood as being the manner in which, as part of the Foundation's activities, money, property or other benefits deriving from offences not caused by criminal negligence could be used, replaced or transferred; they already constitute a predicate offence with regard to the decree - have already been mapped in the risk analysis when the Organisational Model was adopted and when subsequent updates were incorporated. In practical terms, self-laundering may be considered as an offence serving predicate offences of a non-criminal negligence nature which have already been identified during mapping. In accordance with this profile, control protocols for the offence which is the "source" of self-laundering, solely with reference to the categories of offence falling within the list of predicate offences pursuant to legislative decree 231/01, are those which have been established in the special part of the model for

(xi) **offences regarding breach of copyright,** contemplated by article 25-novies, introduced in the Decree by law n° 99 of 23 July 2009[10];

(xii) **computer offences,** contemplated by article 24-bis, introduced in the Decree by law n° 48 of 18 March 2008[11;]

(xiii) **organised crime offences,** contemplated by article 24-ter, introduced in the Decree by law n° 94 of 15 July 2009[12];

(xiv) **international offences,** article 10 of law n° 146 of 16 March 2006 contemplates administrative liability on the part of Organisations, including with regard to offences specified by this law and which are cross-border offences[13];

(xv) **environmental offences**, contemplated by article 25 undecies, introduced by Legislative Decree 121/2011, which came into force on 16 August 2011, and as subsequently amended[14];

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every macro category of offence. In such case, in order to better assess any impact that the introduction of this offence could have on the foundation's activities, the foundation agreed to await case law and academic theory clarification regarding this point, in order to gain full knowledge of the objective and subjective elements of the offence.

[10] The aforementioned law 99/2009 punishes: making available to the public, when unauthorised, in a system of electronic data transfer networks, protected original works, or parts thereof; unauthorised use of others' works which are not intended for publication; the duplication of computer programs or the distribution or sale etc of programmes contained in media which are not marked by the Italian Authors' and Editors' Company (SIAE); duplication, reproduction etc of original works intended for the television or cinema circuit etc; producers or importers of media which are not required to display the "SIAE" mark; production, installation etc of devices to decode conditional access audiovisual transmissions.

[11] Said offences include: illegal access to an IT or electronic data transfer system (article 615-*ter* of the criminal code); illegal possession and dissemination of access codes for IT systems or electronic data transfer systems (article 615-*quater* of the criminal code the creation of equipment, devices or programmes designed to damage or interrupt the working of an IT system (article 615-*quinquies* of the criminal code); electronic surveillance/ wiretaps, prevention or interruption of information technology or electronic data transfer communications (articles 617-*quater* and 617-*quinquies* of the criminal code); damage to IT systems (article 635-*bis* of the criminal code); damage to information, data and IT programs used by the State or by another public body or which in any case is in the public interest (article 635-bis of the criminal code); damage to information, data and IT programs (article *635-quater of the criminal code);* damage to IT or electronic data transfer systems which are in the public interest (article 635-*quinquies* of the criminal code); falsity of an IT document (article 491-*bis* of the criminal code); IT fraud on the part of the person providing electronic signature certification services (article 640-*quinquies* of the criminal code).

[12] Said offences include: participating in a criminal conspiracy (article 416 of the criminal code); association with mafia type organisations including foreign organisations (article 416-bis of the criminal code); exchange of votes between politicians and Mafia organisations (article 416-ter of the criminal code); imprisonment of people against their will for purposes of extortion (article 630 of the criminal code); participating in a criminal conspiracy regarding illegal trafficking in drugs, including narcotic drugs (article 74 Presidential Decree n° 309/1990); maximum duration of preliminary investigations (article 407, paragraph 2, subparagraph a), number 5) criminal procedure code).

[13] In this case additional provisions were not entered in the body of the legislative decree n° 231/2001. Liability on the part of Organisations arises out of a separate provision contained in the aforementioned article 10 of law n° 146/2006, which sets out the specific administrative penalties applicable to the offences, providing - by way of reference - in the final paragraph that "the provisions of legislative decree n° 231 of 8 June 2001 apply to unlawful administrative acts contemplated by this article".

[14] As detailed in the related Special Part D of this Model.

(xvi) **offences relating to the employment of third country nationals without residence permits,** cited by article 25 dodicies**,** introduced by Legislative Decree n° 109 of 15 July 2012**;**

(xvii) **corruption between private parties,** contemplated by article 25-ter, paragraph 1, subparagraph S-bis, introduced by law n° 109 of 6 November 2012.

(xviii) **offences against the individual**; contemplated by article 25-quinques, paragraph 1, subparagraph a, introduced by law n° 199/2016[15].

(xix) **offences involving racism and xenophobia** cited by article 25 terdecies;

(xx) **offence of sports fraud, illegal gaming, and betting and gambling carried out by means of illegal devices,** cited by article 25 quaterdecies;

(xi) **Tax offences**, cited by article 25 quinquiesdecies, introduced by law 157/2019, to which others have been added following the amendment as per Legislative Decree 75/2020;

(xii) **trafficking in contraband,** cited by article 25 sexsiesdecies, introduced by the recent Legislative Decree 75/2020[16].

[15] Unlawful intermediation and exploitation of work: Unless the deed constitutes a more severe offence, whosoever commits the following offences is punishable with a custodial sentence of between one and six years with a fine of between 50 and 1,000 Euro for each worker recruited:
1) recruiting workers to engage in work on third-party premises in conditions which amount to exploitation, taking advantage of workers' state of need;
2) using or hiring workers, including by means of intermediation services as per number 1), subjecting workers to exploitation and taking advantage of their state of need.
If the facts are committed through violence or threats, the offence carries a custodial sentence of between five and eight years and a fine of between 1000 and 2000 euro for each worker recruited.
With regard to this article, workers are exploited if one or more of the following conditions are met:
1) repeated payment of remuneration in a manner which clearly breaches national or local collective contracts stipulated by the most representative national trade union organisations, or payment which is out of proportion to the quantity and quality of work provided;
2) repeated breach of laws relating to working hours, rest periods, the weekly rest period, mandatory unpaid leave and holidays;
3) breaches of laws governing occupational health and safety;
4) subjecting workers to workplace conditions, methods of surveillance or housing which are degrading.
The following specific aggravating circumstances entail an increase in the sentence by between one third and a half;
1) the fact that the number of workers recruited is greater than three;
2) the fact that one or more of the workers recruited are minors who are not yet of a working age;
3) having committed the fact whilst exposing the exploited workers to severely hazardous situations, with regard to the characteristics of the work provided and the work conditions.

[16] The offence of "Trafficking in Contraband" which punishes the unlawful trafficking of goods between different states without payment of customs duties or in breach of the provisions limiting trade in certain goods, is contemplated by Presidential Decree 43/1973 governing customs duties. Should the Organisation commit trafficking in contraband, the applicable fine shall be up to 200 units and in addition, there is an aggravating circumstance in cases where the total of the border duties payable exceeds Euro 100,000 (fine up to 400 units).

The above categories are likely to increase further, also on account of the legislative trend to extend administrative liability as per the Decree governing compliance with international and European Union obligations, to environmental offences.

Article 4 of the Decree also specifies that in those cases and subject to the conditions provided for under articles 7, 8, 9 and 10[17] of the criminal code, there is administrative

[17] For further clarification, hereinbelow are set out articles 7, 8, 9 and 10 of the criminal code:
Article 7: Offences committed abroad.
Any Italian or foreign national committing any of the following offences is punishable in accordance with Italian law:
1. offences against the Italian State
2. offences involving counterfeiting the State seal and use of such counterfeit seal;
3. offences involving forgery of money having legal tender in the territory of the State, or revenue stamps or Italian banknotes and similar;
4. offences committed by public officials tasked with serving the State, abusing powers or breaching duties pertaining to their functions;
5. any and all other offences for which special legal provisions or international conventions contemplate the application of Italian criminal law.
Article 8: Political offences committed abroad.
Any Italian or foreign national committing a political offence abroad which is not included amongst those set out in n° 1 of the previous article, may be sentenced in accordance with Italian law, subject to a request being filed by the ministry of justice.
If the offence is punishable subject to a private prosecution being brought, in addition to such filing the private prosecution is also required.
Under criminal law, political offences are those which harm a political interest of the State, or otherwise an Italian national's political rights. Any common offence occasioned either entirely or partially on political grounds, is also considered a political offence.
Article 9: Common offence committed by an Italian national abroad.
An Italian national who, aside from those cases contemplated in the previous articles, commits an offence abroad which under Italian law is punishable by the death penalty or life imprisonment, or imprisonment for a period of no less than three years, may be sentenced in accordance with the same law, provided that he or she is within the territory of the State.
In the event that the offence carries a sentence placing restrictions on personal freedom of a shorter duration, the offender is sentenced, at the request of the ministry of justice, or otherwise subject to an application being filed, or a private prosecution being brought by the injured party.
In those cases contemplated by the previous provisions, in the event of an offence committed against the European Community, a foreign state or a foreign national, the offender is sentenced at the request of the ministry of justice, provided that extradition has not been granted, or otherwise accepted by the Government of the State in which he has committed the offence.
Article 10: Common offences committed by a foreign national abroad.
A foreign national who, aside from those cases contemplated in articles 7 and 8, commits an offence abroad, against the State or a national of the State, which under Italian law is punishable by the death penalty or life imprisonment, or imprisonment for a period of no less than one year, may be sentenced in accordance with the same law, provided that he is within the territory of the State, and provided that the Minister of Justice makes a request to such effect, or the injured party files an application or private prosecution.
If the offense is committed against the European Union a foreign state or a foreign national, the offender is punishable under Italian law, subject to a request being made by the Minister of Justice, provided that:
- the person is in the State's territory
- it is an offence which carries the death penalty or life imprisonment, or otherwise imprisonment for a period of no less than three years;
- extradition has not been granted, or otherwise has not been accepted by the government of the State in which the offence is committed, or by the State of which he is a national.

liability on the part of those Organisations whose principal place of business is located in the territory of the State for offences committed abroad by senior officers and by persons subject to the direction of others on condition that the State where the criminal act is committed does not take action against these organisations.

There follows a list of offences analysed in order to draw up this Model, specifically:

- ✓ Offences against the Public Sector;
- ✓ Corporate offences;
- ✓ Offences involving Workplace Safety and Health;
- ✓ Environmental offences;
- ✓ Offences involving the employment of third country nationals without residence permits;
- ✓ Corruption between private parties.

The remaining offences which are highly unlikely to be committed in IFOM are not taken into consideration.

Offences against the Public Sector

Article 314 of the criminal code	Embezzlement[18];
Article 316 of the criminal code	Embezzlement by profiting from errors committed by other people[19];
Article 317 of the criminal code	Extortion;
Article 318 of the criminal code	Corruption in the performance of one's functions;
Article 319 of the criminal code	Corruption between an action running counter to official duties; (aggravated as contemplated by article 319 bis of the criminal code);
Article 319-ter, paragraph 1 of the criminal code	Corruption in judicial acts;
Article 319-quater of the criminal code	Unlawful incitement to give or promise benefits;
Article 320 of the criminal code	Corruption of a person charged with providing public services;
Article 321 of the criminal code	Penalties for the corruptor;
Article 322 of the criminal code	Inducement to engage in corruption;
Article 322- bis of the criminal code	Misappropriation, extortion, corruption and inducement to lead members of bodies of the European Community or officials working for the European Community and foreign States to commit corruption;

[18] The offence of embezzlement was introduced by Legislative Decree 75/2020 only if the action harms the financial interests of the European Union.
[19] The offence of embezzlement by profiting from others' errors was introduced by Legislative Decree 75/2020 only if the action harms the financial interests of the European Union.

Article 323 of the criminal code	Abuse of authority[20]
Article 640, paragraph 2, n° 1 of the criminal code.	Fraud against the State or against another public body;
Article 640-bis of the criminal code	Aggravated fraud to obtain public funding;
Article 316 bis of the criminal code	Embezzlement causing prejudice to the State;
Article 316 ter of the criminal code	Misappropriation of funding causing prejudice to the State;
Article 377- bis of the criminal code	Inducements not to make statements or to make false statements to the courts .
Article 346- bis of the criminal code	Peddling of unlawful influence.
Article 356 ter of the criminal code	Fraud in public procurement[21]
Article 640 ter of the criminal code	Computer fraud;
Article 2 Law 898/1986	Fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development[22].

Corporate offences

Article 2621of the civil code	False corporate reporting;
Article 2622 of the civil code	False corporate reporting causing prejudice to the shareholders or creditors;
Article 2621-bis of the civil code	Minor facts
Article 2622 of the civil code	Fraudulent corporate communications involving listed companies
Article 2623 of the civil code	False statements in a prospectus (repealed) replaced by article 173 bis of the TUF [Unified Finance Law];
Article 2624 of the civil code	False reporting or notices by auditing companies;
Article 2625of the civil code	Hindering auditing activities;
Article 2626 of the civil code	Unlawful return of contributions;
Article 2627of the civil code	Illegal distribution of profits and reserves;
Article 2628 of the civil code	Unlawful operations regarding corporate shares o quotas or the parent company;

[20] The offence of abuse of authority was introduced by Legislative Decree 75/2020 only if the action harms the financial interests of the European Union.
[21] Introduced by Legislative Decree 75/2020
[22] Introduced by Legislative Decree 75/2020 if committed within the framework of fraudulent cross-border systems intended to evade value added taxation in an amount no lower than 10 million Euro

Article 2629 of the civil code	Operations to the detriment of creditors;
Article 2629-bis of the civil code	Failure to provide notification of a conflict of interest;
Article 2632 of the civil code	Falsely paid-up share capital;
Article 2633 of the civil code	Unlawful distribution of corporate assets by liquidators;
Article 2636 of the civil code	Unlawful influence over the shareholders meeting;
Article 2637 of the civil code	Market rigging;
Article 2638 of the civil code	Impeding the authorities from discharging their public supervisory functions

Offences against workplace safety introduced by article 9 of Law n° 123 of 3 August 2007;

- The offence of manslaughter committed in breach of accident prevention regulations and regulations governing health and safety at work; and
- Grievous bodily harm or extremely serious bodily harm in breach of accident prevention regulations and regulations governing health and safety at work;

Environmental Offences

Art. 137 Legislative Decree 152/06	ıl penalties;
Art. 256 Legislative Decree 152/06	Unauthorised handling of waste
Art. 256 Legislative Decree 152/06	Remediation of sites;
Art. 258 Legislative Decree 152/06	Breach of communications duties, mandatory book-keeping and form-filling;
Art. 259 Legislative Decree 152/06	Illegal trafficking of waste;
Art. 260 Legislative Decree 152/06	Organised activities involving the unlawful trafficking of waste;
Art. 260-bis Legislative Decree 152/06	Computer System for monitoring waste traceability;
Art. 279 Legislative Decree 152/06	Penalties for releasing pollution into the atmosphere;
Art. 3 Law 549/1993	Use of substances harming the ozone layer
Art. 452- bis of the criminal code.	Environmental pollution
Art. 452-quater of the criminal code	Environmental disaster;
Art. 452-quinquies of the criminal code	Crimes of negligence against the environment;
Art. 452-sexies of the criminal code	Trafficking and abandonment of highly radioactive material;
Art. 452-octies of the criminal code	Aggravating circumstances;
Art. 727-bis of the criminal code	Removing, holding examples of protected wild animal species or plants;

Art. 733 of the criminal code Destruction or deterioration of habitats within a protected site.

Offences relating to the employment of third country nationals without residency permits crimes as per article 22, paragraph 12-bis, of legislative decree n° 286 of 25 July 1998 (Consolidated Law on immigration).

Tax Offences (article 25 - quinquiesdecies, Legislative Decree 231/01) [*additional article under law n° 157 of 19 December 2019, turning into law Decree Law n° 124 of 26 October 2019*]

a) the offence of fraudulent representation through the use of invoices or other documents for non-existent operations, contemplated by article 2, paragraph 1 of Legislative Decree 74/2000, a fine of up to five hundred units.
b) the offence of fraudulent representation through the use of invoices or other documents for non-existent operations, contemplated by article 2, paragraph 2-bis of Legislative Decree 74/2000, a fine of up to four hundred units.
c) the offence of fraudulent representation through the use of other stratagems contemplated by article 3, of Legislative Decree 74/2000, a fine of up to five hundred units.
d) the offence of filing a false tax declaration contemplated by article 4, Legislative Decree 74/2000, a fine of up to three hundred units:[23]
e) the offence of failing to file a tax declaration, contemplated by article 5, Legislative Decree 74/2000, a fine of up to four hundred units;[24]
f) the offence of issuing invoices or other documents for non-existent operations, contemplated by article 8, Legislative Decree 74/2000 paragraph 1, a fine of up to five hundred units.
g) for the offence of issuing invoices or other documents for non-existent operations, contemplated by article 8, paragraph 2-bis, Legislative Decree 74/2000, a fine of up to four hundred units.
h) the offence of concealment or destruction of accounts documentation contemplated by article 10, Legislative Decree 74/2000 a fine of up to four hundred units;
i) the offence of unjustified set-off contemplated by article 10 quater, Legislative Decree 74/2000, a fine of up to four hundred units;[25]

[23] Introduced by Legislative Decree 75/2020 if committed within the framework of fraudulent cross-border systems intended to evade value added taxation in an amount no lower than 10 million Euro.
[24] Introduced by Legislative Decree 75/2020 if committed within the framework of fraudulent cross-border systems intended to evade value added taxation in an amount no lower than 10 million Euro.
[25] Introduced by Legislative Decree 75/2020 if committed within the framework of fraudulent cross-border systems intended to evade value added taxation in an amount no lower than 10 million Euro.

j) the offence of fraudulent non-payment of taxes contemplated by article 11, Legislative Decree 74/2000, a fine of up to four hundred units.

In the event of a significant profit, the fine is increased by one third.

The disqualification measures contemplated under article 9, paragraph 2, Legislative Decree 231/2001, subparagraph c) (prohibition on contracting with the public sector, except to obtain public services), subparagraph d) (exclusion from tax relief, loans, contributions or subsidies and possible revocation of those already granted) and subparagraph e) (prohibition on publicising goods or services).

1.5. Penalty charge system

The punishments provided for companies in accordance with article 9 of the Decree arising from commission or attempted commission of the aforementioned offences are:

- fines up to a maximum of Euro 1,549,370.69 (and attachment of assets as a precautionary measure);
- punishments involving disqualification (also applicable as a precautionary measure) having a duration of no less than three months and no greater than two years which may comprise:

- disqualification from performing the activity;
- suspension or cancellation of authorisations, licences or concessions serving to commit the unlawful act;
- prohibition on contracting with the Public Sector;
- exclusion from benefits, funding, contributions or subsidies and possible cancellation of those already granted;
- prohibition on publicising goods or services;
- confiscation (and attachment as a precautionary measure);
- publication of the judgement in the event that punishment involving disqualification is applied.

Fines are determined by the criminal court, in order to ensure that the punishment is effective (article 11 of the Decree), through a system based on “quotas" at a number which is no lower than a hundred and no greater than a thousand and in an amount, which varies between a minimum of Euro 258.22 and a maximum of Euro 1,549.37.

The punishments involving disqualification apply only to offences for which they are expressly contemplated (offences against the Public Sector as per articles 24 and 25 of the Decree, certain offences involving abuse of public trust such as forgery of money, as per article 25-*bis*, crimes relating to terrorism and subverting democracy, as per article 25*quarter*, in addition to crimes against a person’s reputation, as per article 25-*quinquies* of the Decree) and provided that at least one of the following conditions is met:

a) the Organisation has made a significant profit from commission of the offence and the offence has been committed by persons in a Senior Management Position or otherwise by persons under the control of others

when, in the latter case, commission of the offence has been caused or facilitated by serious organisational shortcomings;

b) in the event of repeated commission of the unlawful acts.

The penalties involving disqualification from performing the activity, prohibition on contracting with the Public Sector and prohibition on publicising goods or services may be applied - in the most serious cases - on a permanent basis.

In addition, it is also possible for the Organisation's activity to continue (in lieu of imposing a punishment) by an administrator appointed by the court pursuant to and subject to the conditions of article 15 of the Decree.

1.6. Attempted crimes

In the event of attempted commission of the crimes set out in chapter I of the Decree (articles 24 to 25-*quinquies*), the fines (in terms of amount) and the penalties involving disqualification (in terms of time) are reduced from one third to a half, whilst the imposition of punishments should the organisation voluntarily hinder completion of the action or event is excluded (article 26). The exclusion of punishments is justified, in this case, by reason of interruption to all substitution relationship between the Organisation and persons presuming to act in the name of and on behalf of the Organisation. This particular situation is known as "*active withdrawal*", contemplated by article 56, paragraph 4 of the criminal code.

1.7. Matters modifying the Organisation

The Decree also governs financial liability on the part of the Organisation with regard to events modifying the Organisation itself (reorganisation, merger, demerger and assignment of an enterprise).

In accordance with article 27, paragraph 1, the Organisation is under an obligation to pay the fine with its assets or with the shared fund, where the notion of assets must refer to companies and bodies with incorporated legal status whilst the notion of *"shared fund"* concerns associations which are unincorporated.

This provision constitutes a form of safeguard for the members of partnerships and associates and associations, avoiding the risk that they may be held accountable with their personal assets for obligations arising from inflicting fines on the Organisation. The provision under examination also clarifies the Legislator’s intention to recognize that the Organisation's liability is separate not only from the liability of the person perpetrating the offence (in this regard see article 8 of the Decree) but also in respect of the single members of the corporate structure.

Articles 28-33 govern the impact of the modifying events connected to corporate reorganisation, merger, demerger and assignment of the company on the Organisation's liability. The Legislator took into account two opposing requirements:

- on the one hand, preventing these operations from becoming an instrument to easily elude the Organisation's administrative liability;

- on the other hand, not penalising efforts to implement reorganisation which do not have any elusive intent. The Report describing the Decree states "*The broad criteria used has been to regulate fines in accordance with the principles laid down by the civil code relating to the general matter of other debts of the original organisation, or conversely retaining the link between the punishment involving disqualification with the branch of activity where the offence has been committed".* In the event of reorganisation, article 28 provides that (in accordance with the nature of this practice which implies a simple change in the type of company without leading to extinction of the original legal entity) with regard to offences committed prior to the date on which reorganisation was effective, liability is retained by the Organisation.

  In the event of merger, the organisation coming about as a consequence, (including by incorporation) is liable for the offences for which the organisation is participating in the merger were liable (article 29); indeed, the organisation coming about as a consequence of the merger assumes all the rights and obligations of the companies taking part in the operation (article 2504-*bis*, first paragraph of the civil code) and, taking over the corporate activities, also incorporates those in which offences have been carried out for which the companies participating in the merger should have been held liable.

  Article 30 of the Decree provides that in the case of partial demerger, the company being spun off remains liable for offences committed prior to the date on which the demerger was effective.

  The Organisations benefiting from the demerger (whether total or partial) are jointly and severally under an obligation to pay fines owed by the organisation being spun off for offences committed prior to the date on which the merger is effective, subject to the limit of the actual value of the net assets being transferred to the single organisation. Such a limit is not applied to beneficiary companies, to which, including partially, the business unit where the offence has been committed, has been transferred.

  Punishment involving disqualification relating to offences committed prior to the date on which the demerger is effective apply to bodies retaining business units where the offence has been committed or to bodies to which said business unit has been transferred, including partially.

  Article 31 lays down provisions which are common to both merger and demerger, concerning determination of punishments should such extraordinary operations occur prior to conclusion of legal proceedings. More specifically, the principle whereby the court must proportion the fine imposed, in accordance with the criteria provided for under article 11, paragraph 2 of the Decree, referring in any case to the economic and assets-related situation of the organisation which was originally liable, and not to the situation of the organisation which ought to be punished subsequent to the merger or demerger.

  In the event of punishment involving disqualification, the organisation which shall be held liable following merger or demerger may ask the court for conversion of the punishment involving disqualification into a fine, provided that:

(i) the organisational shortcoming which rendered commission of the offence possible has been eliminated, and

(ii) the organisation has taken steps to compensate for losses and has made available (for confiscation) the share of any profit made.

Article 32 allows the court to take into consideration punishments already imposed on organisations participating in the merger or the spin-off in order to be seen as a repeat offence, pursuant to article 20 of the Decree, with regard to unlawful acts committed by the organisation coming about through the merger or benefiting from the spin-off, with regard to offences subsequently committed.

With regard to assignment and contribution of companies there are unitary rules and regulations (article 33), modelled on the broad provisions of article 2560 of the civil code; in the event of assignment of the company within the framework of which the offence is committed, the assignee is under a joint and several obligation to pay the fine levied on the assignor, subject to the following restrictions:

(i) the assignor retains the right to make first claims for payment;

(ii) the assignee's liability is limited to the value of the company assigned and fines recorded in the mandatory accounts books or otherwise due for unlawful administrative acts of which it was in any case cognizant.

On the contrary, extension to the assignee of punishments relating to disqualification imposed on the assignor remains excluded.

1.8. Proceedings for establishing commission of unlawful acts

Liability for unlawful administrative acts arising from offences is established during criminal proceedings. In this regard, article 36 of the Decree provides *"Jurisdiction to discover unlawful administrative acts committed by the organisation lies with the criminal court having jurisdiction for related offences. For proceedings to establish that the organisation has committed an unlawful administrative act the provisions apply which govern the composition of the court and associated procedural provisions relating to the offences giving rise to the unlawful administrative act ".*

Another rule, informed by reasons of effectiveness, homogeneity and procedural economy, is the rule laying down mandatory joining of proceedings: proceedings against the organisation must be joined, whenever possible, to the criminal proceedings brought against the natural person who perpetrates the presumed offence giving rise to the organisation's liability (article 38). This rule is mitigated by the provisions of article 38, paragraph 2, which, conversely, governs cases in which proceedings are conducted separately for unlawful administrative acts.

The organisation takes part in the legal proceeding through its legal representative, unless the legal representative is charged with the offence to which the unlawful administrative act gives rise; when the legal representative does not file an appearance, the organisation submitting itself to the court's jurisdiction is represented by the defence counsel (article 39, paragraphs 1 and 4).

1.9. Preconditions for excluding liability on the part of the Organisation

Articles 6 and 7 of the Decree provide for release from liability of the Organisation for offences committed by persons in Senior Management Position and by Employees where the Organisation demonstrates that:

- the Senior Management organ has adopted and effectively implemented, prior to commission of the offence, organisation and management Models which are suitable for preventing offences of the type occurring;
- the task of overseeing the work involved in compliance with the Models and seeing to upgrading of the same has been assigned to an organisation in the Organisation which has been vested with powers to take action on its own initiative and monitoring powers (Supervisory Body).
- persons have committed the offence fraudulently circumventing the organisation and management Models;
- there has been no omission of or insufficient supervision by the Supervisory Body.

The Decree also provides that the organisation and management Models must meet the following requirements (see article 6, second paragraph of the Decree):

- identify the activities within the framework of which offences may be committed;
- provide for specific procedures to schedule training and implementation of decisions made by the Organisation relating to offences to prevent;
- identify procedures for managing financial resources to prevent the commission of such offences;
- provide for obligation to supply information to the Supervisory Bodies;
- introduce a disciplinary system to punish failure to comply with the measures set out in the Model.

1.10. Guidelines

Article 6 paragraph 3 of the Decree provides "O*rganisation and management Models may be adopted, guaranteeing that requirements are met as per paragraph 2, on the basis of codes of conduct drawn up by the associations representing the bodies, notified to the Ministry of Justice who, together with the competent Ministries, may, within thirty days, formulate considerations on whether the Models are suitable to prevent offences."* Confindustria has drawn up guidelines for the construction of organisation, management and control Models (hereinafter "*Confindustria guidelines*") drawing attention, inter alia, to methodologies for identifying risk areas and structure of the organisation, management and control Model.

The Confindustria Guidelines recommend that companies use *risk assessment* and *risk management* processes and provide the following stages for determining the Model:

- identification of risks;
- designing a preventive control system;
- adoption of general instruments, the principle one being an ethics code and a disciplinary system;
- identifying criteria for choosing the Supervisory Body.

In March 2014, the updated version of the Guidelines (substituting the previous versions approved in 2004 and in 2008) were sent to the Ministry of Justice which, on 21 July 2014, gave notice that the proceedings involving examination of the aforementioned updated version were concluded with approval of same.

The Ministry of Justice Decree n° 201 of 26 June 2003 (published in the Official Gazette n° 179 of 4 August 2003 coming into effect 19 August 2003) has also provided that the director general of criminal justice at the Ministry of Justice:

(i) will examine the codes of conduct prepared by the associations representing the bodies, including the codes already sent to the Ministry up to the date on which the

Decree comes into force (meaning up to 19 August 2003), including the Confindustria Guidelines as well;

(ii) may notify the representative association for the sector - within 30 days of the date on which the code of conduct is received or, for codes sent to the Ministry up to the date on which the Decree comes into force, within 30 days starting on that date, in other words from 19 August 2003 – of any observations on the suitability of the code of conduct to provide the specific sector instructions for adoption and implementation of the organisation and management Models.

After these considerations, if any, should the association send to the Ministry the code of conduct for additional evaluation, the 30-day time limit runs from the date on which the new notice is sent. On the contrary, effectiveness of the code remains precluded. Once 30 days have elapsed from the date on which the code of conduct is received, without any considerations having been made, the code of conduct becomes effective.

Currently, there is no evidence of (i) any observations on the Confindustria guidelines by the Ministry, neither of (ii) associated amendments of the Confindustria guidelines and dispatch of same to the Ministry.

1.11. Appropriateness review

In this context, establishing the company' liability, attributed to the criminal court, takes place (in addition to starting a specific trial in which the organisation is treated as if it were a natural person who is charged with an offence) by means of:

- checking that the presumed offence entailing company liability has been committed; and
- the review of appropriateness on the organisational Models adopted.

The review of the court as to the abstract appropriateness of the organisational Model to prevent offences referred to in the Decree, irrespective of possible amendments of the codes of conduct drawn up by the representative association to the sector, and conducted according to criteria known as *"prognosi postuma"*.

The decision as to appropriateness, in other words, is made in accordance with criteria which are essentially *ex ante* meaning that the judge is ideally placed in the corporate situation when the unlawful act occurred in order to assess the suitability of the Model adopted.

2. FUNCTION AND ADOPTION OF THE MODEL

2.1. Purpose of the Model

The purpose of the Model is the creation, in respect of IFOM's sensitive activities, of a structured, organic system, made up of codes of conduct, policy statements, procedures and control activities, the aim of which is to avoid the commission of sensitive offences pursuant to the Decree.

More specifically, this system is based on:

- a distinct Ethics Code of conduct, which establishes the ethical principles and conduct guidelines which the Senior Management, Employees and Collaborators are required to comply with during performance of their activities;
- a series of procedures indicating operating procedures for work activities;
- a clear organisational structure, which is consistent with corporate activities and such as to ensure transparent representation of the process relating to development and implementation of corporate decisions;
- a system of internal delegated management authority and powers of attorney to represent the Foundation vis-a-vis the outside, ensuring clear assignment of tasks, consistent with the organisational structure and with the financial control system;
- a management and control system in respect of financial resources making it possible to promptly identify the start of any critical situations;
- a communication and personal training system which focuses on all elements of the Model;
- a disciplinary system which is appropriate for punishing breach of the Model and the Ethics Code of conduct;
- assignment to an organisation within the Foundation, of the task of supervising the working and compliance of the Model and attending to upgrading of same (Supervisory Body).

2.2. Construction of the Model

Considering the provisions of the Decree, the Foundation has inaugurated a project the purpose of which is to draw up this Model, engaging external consultants who have the necessary expertise.

Before the Model was drawn up a number of initial activities were conducted, broken down into the following stages:

1) Identification of Sensitive Activities and *"as-is analysis"*

Identification of Sensitive Activities has been carried out through studying company documentation (organisation charts, activities carried out, main processes, minutes of meetings of the Executive Committee and the Auditor, delegating powers, and so on) and a number of interviews with key persons within the corporate structure.

By carrying out this analysis process it has been possible to identify, within the corporate structure, a series of Sensitive Activities which if carried out could represent commission of an offence. Subsequently, during this phase of investigations, attention was paid to procedures for managing Sensitive Activities, the control system relating to same (the two pairs of eyes principal, outlining procedures, documenting controls etc), in addition to compliance by the latter with widely accepted internal control principles.

It should be noted that activities which may have indirect significance for the commission of offences have been considered amongst sensitive activities, when they contribute to the commission of offences (for example: selection and employment of personnel, incentive schemes, consultancy and professional services, procurement of goods and services).

2) Conducting gap analysis

On the basis of the situation relating to controls and current procedures concerning Sensitive Activities and the provisions and purpose of the Decree, actions to be taken to improve the current internal control system have been identified (existing processes and procedures), in addition to organisational requirements which are essential for defining a Model.

The results of this activity mapping the risk areas, current controls ("*as is*") and identification of weaknesses and areas of improvement for the internal control system ("gap analysis"), are represented in three documents delivered to IFOM on 23 November 2007 and in a document delivered on 25 May 2012 regarding Special Part D, and in one delivered on 22 November 2020, relating to the other Special Parts.

Structure of the Model

The current Model is represented by a "GENERAL PART" and by seven individual "Special Parts" prepared for some of the various categories of offences contemplated in the Decree and of interest to IFOM. The General Part contains the rules and the general principles of the Model. The Special Part A, named "Offences committed in dealings with the public sector", is applied for specific types of offences contemplated pursuant to articles 24 and 25 of the Decree and as subsequently amended. The Special Part B, named "*Corporate Offences*", is applied for specific types of offence contemplated under article 25-ter of the Decree and as subsequently amended. Special Part C, named "*Offences arising from breach of workplace safety regulations*" applies to types of offence contemplated in the Decree with the introduction of the new article 25-*septies*. Special part D, named "*Environmental Offences*" applies to offences introduced by article 25 – undecies of the Decree. Special part E, named "*Offences relating to the employment of third country nationals without residence*

permits" applies to the offences contemplated under article 25 duodecies of the Decree. Special part F, named "*Corruption between private parties*" applies to offences contemplated under article 25 –ter of the decree. Lastly, special part G, entitled "*Grooming minors*" applies to offences contemplated under article 25 quinquies of the Decree. Finally, special part H, named "*Tax Offences*" applies to the offence contemplated under article 25 quinquiesdecies of Decree 231/2001.

2.3. Modification, completion and implementation of the Model

Any and all amendments and additions to the Model are the responsibility of the Foundation's Executive Committee.

The Supervisory Body is responsible for updating the Model and suggesting such amendments and additions as may be necessary, to the Executive Committee. The Executive Committee and the Supervisory Body are responsible for proper implementation and verification of compliance with the Model, to the extent of their respective powers.

2.4. Recipients of the Model

The rules contained in this Model are addressed to:

- all persons whose role is to represent, administer or direct IFOM and who perform management and control of IFOM, including de facto management and control (Persons in Senior Management Positions);
- all the employees (including interns) of IFOM who report to or who are supervised by one or more of the persons holding Senior Management Positions (Employees);
- consultants, collaborators, business partners/financial partners, agents, those holding power of attorney and, generally speaking, all third parties who operate on behalf of or in any case in the interest of IFOM (Collaborators).

The Model and the contents of same are notified to interested parties according to procedures which are designed to ensure actual cognizance of same, in accordance with the provisions of chapter 3.6 below; for this reason, recipients of the Model are required to scrupulously comply with all the provisions of same, including compliance with duties of probity and care arising from the nature of their legal relationship with the Foundation.

3. COMPONENTS OF THE MODEL

3.1. Policies, procedures and control systems currently existing

As has already been emphasised, in the preparation of this Model, first and foremost, account has been taken of the policies, procedures and control systems which already exist in IFOM, to the extent that they are appropriate, in accordance with the provisions of the Decree, serving also as crime prevention measures.

More specifically, IFOM has formalised procedures in place with regard only to a certain number of areas and activities in addition to a range of behavioural practices and control practices which however have not been systematically formalised.

3.2.

Corporate purpose

The purpose of the Foundation is to carry out and promote scientific research in the Molecular Oncology field, paying particular attention to those sectors of new biotechnology based on genomic and post-genomic technologies, also by means of coordinated contributions provided by bodies and institutions which are members of same, or otherwise by means of agreements with outside bodies. The Foundation also collaborates with scientific institutes, universities, public or private bodies both nationally and internationally, to formulate, assess and implement research projects in the Molecular Oncology field.

In order to achieve these aims, the Foundation may, inter alia:

a) draw up deeds, contracts and agreements of whatsoever type with Public and Private Bodies;
b) administer and manage the assets of which it is owner, lessor, bailee, or in any case such assets as are in the possession of or are held by the Foundation;
c) take part in associations, bodies and institutions, both public and private, whose activity is directed at pursuing the same aims as those pursued by the Foundation;
d) set up or otherwise contribute to the setting up, always as a secondary activity and in order to pursue the institutional purposes, consortia and companies including joint stock companies, as well as taking part in bodies of the same type;
e) promote and organise seminars, training courses and refresher courses, including for teachers in schools, events, conferences, meetings, proceeding to publish the related papers or documents, and any and all such actions as may contribute to contracts between the Foundation and national and international specialists and organisations, as well as with the public;
f) establish bonuses and grants;
g) carry out, again as a secondary activity intended to pursue institutional aims, activities relating to the publishing sector, in accordance with applicable laws, and distribution by means of the World Wide Web;

h) carry out all other appropriate activities or otherwise support activities designed to achieve institutional purposes.

3.3.

Corporate governance

Governance of the Foundation lies with:

- Chairman;
- Vice-Chairman;
- Research Director;
- Co-Research Director;
- Administrative Director.

The organs of the Foundation:

- Chairman And Vice-Chairman;
- Executive Committee;
- Research Director;
- Administrative Director;
- Consulting Council;
- Auditor.

Chairman and Vice-Chairman

The Chairman is appointed by the Founder and continues to serve until such time as the final financial statements relating to the third financial period subsequent to his appointment have been approved and the Chairman may be reconfirmed in office. He is empowered to act as legal representative of the Foundation vis-a-vis third parties. He calls and chairs meetings of the Executive Committee and oversees management in addition to organisation of the Foundation, giving appropriate instructions. The Chairman calls and chairs meetings of the Consulting Council and is responsible for relations with Bodies, Institutions and public and private Undertakings.

The Vice-Chairman is designated by the Founder and continues to serve until such time as the final financial statements relating to the third financial period subsequent to his appointment have been approved and he may be confirmed in office. To all intents and purposes he is the Chairman's substitute in the event that the Chairman is absent or unable to attend.

Executive Committee

The Executive Committee comprises the Chairman, Vice-Chairman, the Research Director and the Administrative Director of the Foundation and no more than three members co-opted from the Committee.

The Executive Committee is the organ which is responsible for passing resolutions on all that which is essential for the Foundation and for achievement of its purposes. The Executive Committee approves the objectives and the programmes of the Foundation suggested by the Research Director and verifies the overall management results of same.

Specifically the Executive Committee is responsible for:

- approving the long-term planning document;
- approving the annual final financial statements;
- resolving on the acceptance of donations, bequeathments, inheritances and entailments in addition to resolving on the purchase and sale of real estate properties and on the use to which said real estate properties are put or otherwise the use of sums earned.

Research Director

The Research Director is appointed by the Founder and continues to serve until such time as he resigns or is dismissed. The Research Director is responsible for the scientific and research activities of the Foundation, in addition to implementation of same. Within this framework he has full decision-making authority, power to sign on behalf of the Foundation and authority to delegate within the framework of the programmes, the Foundation's development strategies and appropriations approved by the Executive Committee.

Specifically, the Research Director:

- identifies and organises the Foundation's areas of activity and organises and directs the corresponding research activities;
- deals with executive aspects of the projects;
- delegates specific tasks to scientific coordinators relating to organisational and functional requirements of specific projects or activity areas;
- maintains ongoing contacts with public and private offices, bodies and organisations interested in the Foundation's scientific activity.

Administrative director

The Administrative Director is appointed by the Founder and continues to serve until such time as he resigns or is dismissed. Within the limits of the powers vested in him, the Administrative Director has full decision-making authority, power to sign on behalf of the Foundation and power to delegate.

Specifically, the Administrative Director:

- in conjunction with the Research Director, handles organisational and administrative management of the Foundation, as well as organisation and promotion of specific initiatives, preparing resources and tools which are necessary for implementation of same;
- in conjunction with the Research Director, recommends hiring and dismissal, to the Chairman, of the Foundation's administrative staff; - oversees management of all personnel.

Consulting Council

The Consulting Council comprises representatives of public and private bodies with which the Foundation has entered into agreements for the pursuit of the organisation's institutional purposes.

The Foundation's programmes and development strategies are described to this body, in respect of which the Council may express opinions or make proposals.

Auditor

The Foundation's Auditor is appointed by the Founder and continues to serve for three financial periods and may be reconfirmed.

The Auditor supervises the Foundation's financial management, ascertains whether the accounts records are properly kept, examines draft financial statements and final financial statements and audits including cash auditing.

Organisational system

IFOM's organisational system is decided by the Executive Committee.

The primary functions into which the Foundation's organisation is broken down are currently, the following:

- Administrative Department;
- Research Department;

as set out in greater detail in the organisation chart included in **Appendix 1**.

For each of the aforementioned functions, a manager is appointed and the related responsibilities and duties are described in the Foundation's by-laws.

The human resources function is responsible for periodically drawing up and distributing IFOM's organisation chart.

Authorisation system

The authorisation system is based on the following principles:

- delegated authority and powers of attorney connect powers to the related area of responsibility and competence;
- each and every document delegating authority and each and every power of attorney unequivocally sets out the powers of holders of same, specifying the limits with regard to applicable legislative provisions;
- powers assigned subject to documents delegating authority and powers of attorney must be consistent with the Foundation's objectives.

More specifically, this system provides for vesting:

- durable powers to represent the Foundation, which are vested solely under by-laws or resolutions passed by the Executive Committee;
- powers relating to specific cases, vested with specific notarised powers of attorney or other forms of delegated authority according to the contents.

The Executive Committee and the Chairman shall approve any amendments to the system for delegating powers which are currently effective at IFOM.

3.4. Establishing the Supervisory Body

Article 6, paragraph 1, sub-paragraph b) of the Decree lays down that the task of supervising functioning and compliance of the Model, as well as attending to updating of same, must be assigned to an organisation within the Foundation holding independent initiative-taking powers and powers of control.

The characteristic of independent initiative-taking powers and powers of control requires that such organisation must be:

- in a position of independence vis-a-vis those whom it supervises;
- without operating roles;
- financially independent.

Establishment of an organisation fulfilling the aforementioned characteristics has been approved by IFOM subject to a resolution passed by the Executive Committee on 26 March 2008.

This resolution has also established that the organisation is named Supervisory Body, and established functions and powers of same, as described in chapter 4 below of this General Part, giving it its own independent budget.

3.5. Ethics code

In performing their work activities, Persons holding Senior Management Positions, Employees and Collaborators of IFOM must comply with the rules set out in the Ethics Code.

- The Ethics Code establishes ethical principles and behavioural guidelines which Persons in Senior Management Positions, Employees (including interns) and Collaborators are required to comply with during performance of and in respect of their work activity as amended and approved on 25 May 2010 and annexed to this Organisational Model as **Annex 2.**

3.6. Information and training system for Employees and Collaborators

Employees are notified of adoption of the Model by the Foundation by delivery of same together with the Ethics Code to every Employee and there is a simultaneous request for each and every Employee to issue a statement demonstrating that they have received the Model and that they are committed to compliance with the same (**Appendix 3**). This statement is sent by Employees to the head of the human resources department who keeps it in the Employee's file.

Newly hired employees are given the Model by the human resources department together with the rest of the documentation which is usually consigned upon hiring and said employees are required to issue a statement demonstrating that they have received the Model and that they are committed to complying with the same.

Such statement is sent by the Employee to the head of the human resources department, who keeps it in the related Employee's file.

The Foundation's Collaborators also receive the Model and are asked to issue a statement of receipt and commitment; this statement is kept by the head of the human resources function.

Additionally, a specific training course is organised for Employees with regard to the contents of the Decree.

Attendance of the training courses on the Model is mandatory; failure to take part in training activities constitutes a breach of the Model.

The human resources department, in conjunction with the Supervisory Body, draws up an annual training plan.

The information and training plan is constantly reassessed and, if appropriate, modified by the Supervisory Body, in conjunction with the human resources department.

3.7. Disciplinary system

The purpose of drawing up a disciplinary and punishment system, (commensurate with the breach and with powers of deterrence) which may be applied in the event of breach of the rules set out in this Model, is to assure that the Model is effective.

Indeed pursuant to article 6, paragraph 1 of the Decree, drawing up a system of penalties constitutes an essential requirement of the Model.

Application of the penalty system presupposes a simple breach of the provisions of the Model; for this reason, such a system is activated irrespective of any criminal proceedings and the outcome of same which may be brought by judicial authorities should the conduct which is objected to represent one of the Offences or Unlawful Administrative Acts Without prejudice to the obligations on the company arising from the Workers' Statute, the following conduct in respect of Employees may be punished:

- breach of internal procedures provided for or referred to by this Model (for example non-compliance with necessary procedures, failure to notify the Supervisory Body with regard to prescribed information, failure to carry out checks, etc) or adoption, during performance of activities connected to Sensitive Processes, of behaviour which fails to conform to the provisions of the Model or the procedures referred to herein;
- breach of internal procedures provided for or referred to by this Model or adoption, during performance of activities connected to Sensitive Processes, of behaviour which fails to conform to the provisions of the Model or the procedures referred to herein laying the company open to an objective risk situation in respect of commission of one or more Offences;
- adoption, during performance of activities connected to Sensitive Processes, of conduct which fails to comply with the provisions of this Model, or the procedures referred to herein, and unequivocally directed at committing one or more Offences;

- adoption, during performance of activities connected to Sensitive Processes, of conduct which is clearly in breach of the provisions of this Model, or with the procedures referred to herein, such as to cause actual application of sanctions provided for under the Decree against the company.

  Sanctions and any claims for damages shall be commensurate with the degree of responsibility and independence of the Employee, with possible existence of disciplinary precedents against same, the degree of intent in respect of his conduct in addition to seriousness of same, meaning the level of risk to which the company can reasonably consider itself exposed - pursuant to and for all intents and purposes of the Model - subsequent to the objectionable conduct.

The disciplinary system is constantly reviewed and assessed by the Supervisory Body and by the head of the human resources department, with the latter retaining responsibility for actual application of disciplinary measures outlined herein when and if reported by the Supervisory Body and having requested the opinion of the person to whom the perpetrator of the conduct directly reports.

Sanctions

Breach by employees subject to the National Collective Labour Agreement of rules governing conduct as per this Model, constitutes an unlawful act for disciplinary purposes.

The disciplinary measures which may be taken against said workers, - in compliance with the procedures provided for under article 7 of law n° 300 of 30 May 1970 (Workers' Statute) and any special applicable rules – are those provided for by the disciplinary system of the National Collective Labour Agreement, namely:

- oral reprimand;
- written reprimand;
- fine no greater than the equivalent of four hours pay;
- suspension from work and suspension of pay for up to a maximum of 10 days;
- dismissal (if necessary, also subject to precautionary suspension).

All the provisions of the National Collective Labour Agreement - considered as being referred to herein - remain applicable, amongst which the requirement that:

- the disciplinary reprimand is sent to the worker no later than eight days after the date on which the research and administrative management bodies gain knowledge of the misbehaviour;
- the disciplinary measure is not adopted by the employer once an eight day time limit has elapsed after the submission of arguments by the worker or otherwise sixteen days after the reprimand, should the worker fail to present any justification;
- the principle of gradualness and proportionality of punishments is complied with, with regard to the seriousness of the misbehaviour and therefore, the type and extent of each of the punishments are decided by taking into consideration the following general criteria laid down in the National Collective Labour Agreement. With

regard to establishing and ascertaining breaches, disciplinary measures and the application of sanctions, the powers already granted remain unchanged, subject to the limits on powers vested in management.

The punishment and disciplinary system is reviewed on an ongoing basis and, where appropriate, is modified in accordance with recommendations made by the Supervisory Body, in conjunction with the human resources department.

3.8. Measures taken against members of the Executive Committee

In the event of breach of the Model on the part of one or more members of the Executive Committee, the Supervisory Body informs the entire Executive Committee and Chairman (provided that the Chairman is not the target of measures to be adopted), in order that they may take all such steps as may be necessary, including, by way of example, revoking delegated authority granted to the member of the committee in question.

3.9. Measures taken against the Chairman and the Vice-Chairman

In the event of breach of the Model by the Chairman and/or the Vice-Chairman, the Supervisory Body informs the entire Executive Committee, which takes all such measures as are advisable in the circumstances and provided for by law.

3.10. Measures taken against other Foundation bodies

In the event of breach of the Model by other IFOM bodies, the Supervisory Body informs the Chairman and the entire Executive Committee, which take all such measures as are advisable in the circumstances and provided for by law.

3.11. Measures taken against collaborators or business partners

In the event of breach of the Model by Collaborators or business partners, according to the seriousness of the breach, the Supervisory Body, together with the Executive Committee and the Chairman, shall assess whether to end the relation and impose the fine contemplated under the contract by virtue of specific clauses. These clauses may provide for the right to terminate the contract and/or payment of penalty charges.

4. SUPERVISORY BODY

4.1.

Composition

The Supervisory Body is constituted in a collective form, interacts with the Executive Committee and reports directly to same.

The Executive Committee has considered that the composition of the Supervisory Body of the Foundation which best meets the requirements laid down under the Decree is as follows:

- a person, who is not part of IFOM and who is of good character with a high level of professionalism, who acts as Chairman of the body;
- a person chosen from within the Foundation, preferably from amongst the following:
  - internal auditor;
  - a member of the conflict of interests committee;
- a person, who is not a part of IFOM and who is of good character with a high level of professionalism, preferably chosen from amongst the following professional categories:
  - auditors;
  - lawyers;
  - scientists.

The Supervisory Body, pursuant to article 6, paragraph 1, sub-paragraph b) of the Decree, has "autonomous powers to act on its own initiative in addition to control powers". Autonomy and independence as required under the law are assured by the fact that the Supervisory Body is placed outside the production processes, free of all hierarchical links with the heads of the operating structures and in a staff position in respect of the Executive Committee, and guaranteed by the presence of a person who is not part of the Foundation, as Chairman of the Organisation.

The professionalism of the Supervisory Body is assured:

- by the specific professional skills of the members of the same;
- by the authority granted to the Supervisory Body to employ separate financial resources in order to engage external consultants and the specific professionalism of the heads of the various company functions and Collaborators.

The continuity of action of the Supervisory Body is assured by the fact that it operates at the Foundation.

Decisions relating to aspects pertaining to continuity of action of the Supervisory Body such as planning verification activities, procedures for implementing same, taking the minutes of meetings, procedures and specific contents of the transfer of data relating to Sensitive Activities and any changes to the organisational structure, in addition to specific operating procedures and internal operations, are referred to a specific internal regulations/specific work-plan issued by the Supervisory Body.

4.2. Term of office and replacement of the members of the Executive Committee

The Executive Committee is responsible for appointing the Supervisory Body by means of a specific resolution deciding the term of office, as a rule no less than three years (barring justified exceptions). The Executive Committee is also vested with responsibility for periodically assessing the appropriateness of the Supervisory

Body in terms of organisational structure and powers, and the Executive Committee may pass a resolution to modify and/or supplement such powers as are deemed necessary.

In order to ensure fulfilment of the requirement for independence and autonomy, effective as of the appointment and throughout the term of office, the members of the Organisation:

- must not hold executive or delegated office in IFOM's Executive Committee and/or Consulting Counsel;
- they must not perform operational or business functions within the Foundation;
- they must not have significant business relations with IFOM, with companies controlled by IFOM or connected to IFOM, save for salaried employment or membership of the panel of auditors of the latter, and neither may they have significant business relations with the members of the Executive Committee holding delegated authority;
- they must not have relations with or be a member of the household of the members of the Executive Committee and/or the Consulting Counsel, household meaning the family unit constituted by the spouse who is not legally separated, by parents and relations up to the fourth level;
- they must not have been convicted, or have been investigated, for the commission of one of the Offences (in addition to similar offences or unlawful administrative acts).

Each member of the Supervisory Body is required to sign, on an annual basis, a statement certifying the fact that the aforementioned independent requirements are still met, and they are required to immediately notify the Executive Committee and the Supervisory Body of the occurrence of any circumstances precluding fulfilment of such requirements.

Designated members of the Supervisory Body continue to serve throughout their term of office, irrespective of changes made to the composition of the Executive Committee which appoints them, unless renewal of the Executive Committee comes about as a consequence of commission of one of the offences; in such case the newly elected administrative body is responsible for setting up a new Supervisory Body.

Incompatibility as per the above points, supervening incapacity and death represent the grounds for automatically ceasing to hold office; save for such cases whereby persons automatically cease to hold office, the members of the Organisation can only be dismissed by the Executive Committee on the grounds of just cause.

The following represent the grounds for dismissal for just cause:

- conviction of the Foundation pursuant to Decree or plea-bargaining, against which there is no appeal, where court records show "omission or insufficient supervision" on the part of the Supervisory Body, in accordance with the provisions of article 6, paragraph 1, sub-paragraph d) of the Decree;
- conviction or plea-bargaining in respect of one of the members of the Supervisory Body on the grounds that one of the Offences (or offences/unlawful administrative acts of the same type) has been committed;
- failure to comply with confidentiality with regard to information obtained during performance of duties;

- failure to take part in more than three consecutive meetings without a justified reason.

In the event that a standing member of the Supervisory Body resigns or automatically ceases to hold office, the Supervisory Body shall promptly notify the Executive Committee, which shall promptly act accordingly.

The Supervisory Body is deemed dissolved if, on account of resignation or for other causes, the majority of the members cease to hold office. In such case the Executive Committee is responsible for appointing all the members *ex novo*.

4.3. Rules for calling meetings and related operations

By means of a specific regulation, the Supervisory Body may resolve on rules governing its operating procedures, in accordance with the principles set out hereinafter:

- the Supervisory Body meets on a quarterly basis and the related documentation is distributed at least three days prior to each meeting;
- meetings are held in person, by means of video conference or teleconference facilities (or a combination of same);
- the Chairman, Vice-Chairman and the Executive Committee may request that a meeting of the Supervisory Body be held at any time;
- meetings of the Supervisory Body are valid when the majority of serving members take part;
- meetings can be held on a specific topic and all decisions taken during these meetings must be set out in the following quarterly meeting;
- decisions must be unanimous; in the event that there is no unanimity, the majority decision prevails and the Executive Committee is informed immediately;
- the minutes of the meetings set out all decisions taken by the body and reflect the main considerations made in order to reach such decisions; these minutes are kept on file by the Supervisory Body.

Until such time as the Supervisory Body formalises the aforementioned regulations, the procedures whereby meetings are called and proceedings of same are based on the aforementioned principles.

4.4. Functions

The primary task of the Chairman of the Supervisory Body is to chair the activities and meetings of the body. The Chairman may ask one of the other members of the Supervisory Body to act as temporary Chairman, should the Chairman not be available or should particular circumstances make it necessary. It is the Chairman's task to prepare the agenda for meetings, to draw up an annual oversight plan for monitoring activities regulated by the Model and, if necessary, to arrange for preparation of operating procedures for the Supervisory Body.

The main functions of the Supervisory Body are as follows:

- supervising application of the Model, through drawing up and implementing a supervision and control programme/plan of work;
- assessing the suitability of the Model, meaning the effectiveness of same at preventing the commission of offences;
- verifying that the Model's effectiveness requirements continue to be met over time;
- promotion of Model updating, should such be necessary.

To this end, the Supervisory Body is tasked with the following duties:

- ensuring that mapping of Sensitive Activities is updated;
- periodically verifying ongoing internal powers of attorney and delegated authority, recommending modifications should such no longer be consistent with organisational and management responsibilities;
- periodically assessing a system for generating and using financial resources, pointing out, where appropriate, possible improvements to the appropriate functions;
- promoting and assuring the drawing up of instructions to Employees and Collaborators with regard to transfer data and information to the Supervisory Body;
- reporting any breach of the Model to the Executive Committee and the human resources function and monitoring application of disciplinary measures;
- promoting and monitoring initiatives to disseminate knowledge of and compliance with the Model on the part of those receiving it.

4.5. Powers

In order for the Supervisory Body to be autonomous and independent as provided for under the Decree, the Executive Committee grants it powers to:

- have access to all documents and all information relating to IFOM;
- make use of all structures of the Foundation, which are duty bound to co-operate, the auditors and external consultants;
- gather information from all Employees and Collaborators, including Persons in Senior Management Positions and auditing firms, with regard to all activities conducted by the Foundation;
- acting through appropriate channels and persons, request that meetings of the Executive Committee be held in order to address urgent matters;
- ask heads of departments to take part, without power to vote on resolutions, at meetings of Supervisory Body.

4.6. Transfer of data and information to the Supervisory Body

The functions listed hereinafter, together with the External Auditor, provide the Supervisory Body, when requested by same, with reports pertaining to the activities carried out respectively by:

- Chairman and Vice-Chairman;

- Administrative Director;
- Research Director;
- Executive Committee.

The Supervisory Body may also request specific reports, including from departments which are not mentioned above.

Furthermore, the Supervisory Body is informed, by means of specific written reports, by the Employees and Collaborators of IFOM with regards to all events or facts which could lead to the Foundation becoming liable pursuant to the Decree.

Specifically, those receiving the Model are under an obligation to report any and all suspected breach of the Model to the Supervisory Body, preferably sending an e-mail to the following address team-odv@ifom.eu (any other means of communication may be used).

Those reporting facts in good faith shall be given immunity against any form of reprisal, discrimination or penalisation, including cases where their information proves to be groundless.

To this end, the Supervisory Body takes such measures as may ensure confidentiality as to the identity of the person reporting the event or fact, subject to law and safeguarding the Foundation's rights and the rights of persons maliciously and wrongly accused.

The Supervisory Body carefully and impartially assesses all information received, and may carry out all such verification and investigation as may be necessary.

Should the information lead to the possibility that one of the members of the Supervisory Body (either directly or indirectly) may be liable, or otherwise the Department in which the said person works, the Supervisory Body proceeds with the aforementioned assessments, having consulted the person in question, but excluding this person from judgement forming and decision-making processes.

In addition to the aforementioned information, the following must be immediately transmitted to the Supervisory Body by whosoever gains knowledge thereof:

- requests for legal assistance made by Employees in the event of legal proceedings initiated in respect of Offences;
- measures and/or notices coming from judicial police bodies, or from any other Authority, demonstrating that investigations are being conducted within IFOM, including against parties unknown, in respect of the Offences;
- evidence of disciplinary proceedings conducted and any punishment inflicted with specific regard to the offences, or otherwise dismissal of charges with related grounds for the decision;
- any transfer of money between IFOM and another subsidiary or associated company which is not justified by a specific contract entered into on market conditions;

- pending VAT items including those in respect of subsidiaries or associated companies, for overall amounts greater than Euro 2,000,000 which have not been reconciled within 60 days of the date on which they come about, expressly indicating the related reasons;
- any and all abnormality or irregularity detected whilst monitoring invoices issued or received by the Foundation.

The members of the Supervisory Body are required to treat all information coming to their attention during performance of their duties, with the strictest confidentiality and in accordance with principles of professional secrecy and they are to act with the greatest care in order to avoid any leaking of confidential news or information outside IFOM.

4.7. Transfer of data and information from the Supervisory Body

The Supervisory Body reports on its activities:

- on a continuous basis to the Chairman;
- on a six-monthly basis to the Executive Committee.

To this end the Supervisory Body prepares:

- specific reports for the Chairman;
- for the Executive Committee:

on an annual basis, a descriptive report containing a summary of all activities carried out in the course of the year, checks and verification performed, in addition to any updating of mapping of Sensitive Activities; in this report the Supervisory Body also illustrates an annual plan of its activities for the following year.

Minutes of the meetings of the Supervisory Body with the Executive Committee and with the Chairman are taken and copies of the minutes are filed by the Supervisory Body.

4.8. Filing system

All information gathered and all *reports* received or prepared by the Supervisory Body are kept for 10 years in a specific file, which may also be electronic.

Access to this file is allowed to members of the Supervisory Body and to the Chairman and members of the Executive Committee.

Only the Supervisory Body is allowed to make alterations.

5. WHISTLEBLOWING

5.1. Legislation and Purpose

On 29 December 2017 law n° 179 came into force containing "Provisions for safeguarding whistleblowers flagging up offences or irregularities coming to their attention within the scope of public or private employment" (published in the Official Gazette, General Series n° 291 of 14 December 2017).

This law aims to encourage workers to cooperate and to draw attention to cases of corruption occurring within public and private organisations.

Article 2 of law n° 179/17 amended decree 231 and added a new provision to article 6 ("*The Organisation's Senior Executives and Organisation Models*") which within the framework of organisational model 231 classifies measures relating to the presentation and management of reports by an employee concerning breaches or irregularities coming to their attention through their work.

The following was added to article 6 of Legislative Decree n° 231 of 8 June 2001, after paragraph 2: *2-bis. The models as per subparagraph a) of paragraph 1 provide for:*

a) in order to protect the organisation's integrity, one or more channels allowing those indicated in article 5, paragraph 1 subparagraphs a) and b) to present the details of reports of unlawful conduct covered by this decree and based on precise, consistent factual elements, or breaches of the organisation's organisation and management model, coming to their attention by reason of the tasks they perform; these channels must ensure that the whistleblower's identity remains confidential with regard to handling the information provided;

b) at least one alternative whistleblowing channel which, through the use of IT systems, guarantees the confidentiality of the whistleblower's identity;

c) prohibition on any direct or indirect retaliation or discrimination against the whistleblower for reasons which are connected, either directly or indirectly, to the information provided.

5.2. Notification procedures

Information provided must be sent in a non-anonymous form to members of the Supervisory Body, using one (or more) of the following procedures:

a) by sending an email to the email address:

b) by means of internal post or by means of the external postal service, with an envelope addressed to IFOM's Supervisory Body (at the Milan Headquarters, via Adamello 16) marked as "Confidential".

In order to guarantee confidentiality, the sender's name must not appear on the envelope;

c) verbally, by means of a statement made to one of the members of the Supervisory Body who drafts the report and has it signed by the whistleblower.

The whistleblower must provide all elements allowing the relevant offices to proceed with all necessary, appropriate checks and investigations to corroborate the accuracy of the facts being reported.

To this end, the information provided must contain the following elements:

a) the whistleblower's personal information;

b) a clear and complete description of the facts being reported;

c) if known, the circumstances relating to the timeframe and place where the actions were committed and any other elements making it possible to identify the perpetrator of the fact being reported;

e) an indication of any other persons who may have information about the facts being reported;

f) an indication of any documents confirming the accuracy of these facts;

g) any other information, corroborating the facts being reported.

The Supervisory Body is responsible for handling and checking the accuracy of the circumstances referred to in the information provided and carries out all necessary checks, undertaking all such actions as are deemed advisable, fully abiding by principles of impartiality, confidentiality and secrecy.

For purposes of the above checks, the Supervisory Body may discuss with the whistleblower, either directly or indirectly, being careful to adopt all precautionary measures in order to ensure the utmost confidentiality and after completely anonymising the information provided, the Body may forward it to other persons in order to obtain further information and observations.

In the event of a proven breach of the Organisation, Management and Control Model 231, the Supervisory Body shall inform the Director of the Human Resources Department in order to carry out such disciplinary measures as may be applicable in accordance with IFOM's Disciplinary Code against the transgressor or transgressors.

5.3. Confidentiality

The whistleblower's identity is protected at every stage of the procedure, except for cases in which the whistleblower engages in conduct based on fraud or gross negligence or engages in a criminal scheme (for example defamation or slander/libel) or otherwise engages in unlawful actions pursuant to the applicable civil code or otherwise in the event that protection of the whistleblower's confidentiality cannot be legally enforced against third parties (for example investigations carried out by law courts and/or Investigatory Authorities). Aside from these specific cases, the whistleblower's identity may not be revealed without his or her express consent.

Breach of the whistleblower's confidentiality by IFOM's personnel, barring the cases specifically described above in which it is permitted to reveal their identity, gives rise to disciplinary liability in accordance with IFOM's applicable Disciplinary Code.

In cases where the information provided gives rise to disciplinary proceedings against the person accused of breaching the organisational model, the whistleblower's identity may be revealed should the accusation rely, either in its entirety or partially, on the information provided and should knowledge of the whistleblower's identity prove to be absolutely indispensable for defending the person accused, and, provided that such circumstance is raised and proven by the latter in the course of the investigation by presenting written defence pleadings.

5.4. Protection of the Whistleblower

IFOM protects the whistleblower against any form of retaliation or discrimination, whether direct or indirect, such as, for example, disciplinary measures, mobbing, dismissal etc.

Any employee who believes they have been discriminated against as a consequence of accusations made must provide detailed evidence of the conduct or discrimination to the Supervisory Body and to the Head of the Human Resources Department. The adoption of discriminatory measures against whistleblowers may be reported not only by the whistleblower, but also by the trade union organisation indicated by same, to the National Employment Inspectorate, in order for it to take such decisions as fall within its remit.

IFOM shall assess the existence of discriminatory acts before initiating disciplinary measures against the person committing discrimination and, should such discriminatory or retaliatory conduct be proven, this person shall be punished in accordance with IFOM's applicable Disciplinary Code.

5.5. Cases where the whistleblower is not protected

The whistleblower must not be protected - and incurs disciplinary liability – in cases where he or she engages in conduct based on fraud or gross negligence or engages in a criminal scheme (for example slander/libel) or actions which are unlawful under the applicable civil code.

Forms of abuse such as accusations which are evidently opportunistic and/or made solely for purposes of harming the person being reported or other persons, and any other case of improper use or intentional, contrived recourse to whistleblowing give rise to disciplinary liability and any other form of legal liability.

Special Part A

OFFENCES COMMITTED IN DEALINGS WITH THE PUBLIC SECTOR

1. PURPOSE OF SPECIAL PART A

This Special Part A is addressed to Persons in Senior Management Positions, to Employees and to Collaborators of IFOM.

The aim of this Special Part is to provide all those receiving the Model, as identified above, with rules of conduct intended to prevent the commission of what are known as offences against the public sector, as outlined in greater detail in the following chapter **2**.

More specifically, this Special Part A is intended to:

- detail procedures that Persons in Senior Management Positions, Employees and Collaborators of IFOM are expected to comply with for purposes of proper application of the Model, with regard to the offences described in this Special Part A;
- provide the Supervisory Body and the managers of the other functions which cooperate with the Supervisory Body, with the executive instruments enabling them to perform control, monitoring and verification activities.

2. TYPES OF OFFENCES IN DEALINGS WITH THE PUBLIC SECTOR (ARTICLES 24 AND 25 OF LEGISLATIVE DECREE 231/2001)

This Special Part A refers to offences which may be committed within the framework of dealings between IFOM and the public sector. Hereinafter there is a brief description of each specific offence contemplated under articles 24 and 25 of the Legislative Decree 231/2001 and subsequent amendments to same[26].

2.1. Public official and public service representative

It is firstly necessary to clarify the concept of "Public Official" and "Public Service Representative", by reason of the fact that in the offences of extortion and corruption only the promise of benefits or transfer in lieu of payment, referring to these persons, gives rise to criminal liability.

Article 357 of the criminal code describes "**public officials**" as those performing a legislative, judicial or administrative public function, specifying that "the administrative function governed by public law and by authority measures and characterised by the formation of an expression of the will of the public sector or implementation of same by means of authority powers or certifying powers is considered as being public".

The criminal code therefore provides for three types of public function: legislative, judicial and administrative. The first two (legislative and judicial) are not expressly defined by article 357 of the criminal code as they display typical characteristics allowing immediate identification of same; in fact:

[26] As amended by laws 69/2015 and 3/2019 and Legislative Decree n. 75/2020.

- the legislative function is the activity performed by public bodies (Parliament, Regions and Government) which, in accordance with the Italian Constitution, have the power to enact laws and issue regulations having legal value;
- the judicial function is the activity carried out by the judicial bodies (civil, criminal and administrative) and by auxiliary personnel (clerk of the court, secretary, expert witness, interpreter, etc) in order to apply the law to a particular case.

The administrative function, as defined under paragraph 2 of article 357 is an activity characterised by the fact that it is governed by public law or by Public Authority regulations (and this serves to differentiate it from private law activities which are governed by private law instruments, such as contracts), also being characterised by the fact that the public sector holds at least one of the following three powers:

- power to form and express the will of the public sector (for example: mayor or municipality councillor, members of tender commissions, senior executives of public companies, etc);
- authoritative power is the power which allows the public sector to achieve its objectives by means of actual orders, in respect of which private citizens find themselves in a subservient position. In these activities what is known as commanding power is expressed, including both powers of coercion (arrest, search, etc) and powers of hierarchical supremacy within public offices;
- this authoritative power entails the exercise of power by means of which the Public Authority's supremacy in dealings with private citizens is expressed (for example, members of the police forces, members of commissions testing works carried out for a public body, officials belonging to Supervisory Bodies – Banca d'Italia and Consob etc);
- certifying power, meaning the power to draw up documentation to which the legal system gives privileged evidentiary effect (for example: notary publics), and simultaneously grants the certifier power to attest to the existence of the fact until such time as a claim for fraud is brought.

Article 358 of the criminal code defines "**public service representatives**" as those who, on whatsoever grounds, provide a public service, meaning "an activity governed in the same manner as the public function, but lacking the typical powers of the latter, and excluding the performance of simple duties of order and the provision of services which are merely material":

- "on whatsoever grounds" must be construed as meaning that a person exercises a public function, even without having been formally or regularly vested with authority (*de facto* public service representative). The relationship between the public sector and the person performing a service is immaterial.
- "public service" means an activity governed by public law and by authority regulations, but characterised by the lack of authority powers and certifying powers.

For this reason, public service, in the same way as the public function is an activity which is governed by public laws or by authority regulations, which however does not have the powers which are typical of the public function.

Examples of public service representatives are: employees of regulatory authorities who do not play a role in establishing the authority's decisions and who do not have authoritative powers, employees of bodies providing public services even if they are private bodies, employees of public offices, etc

- It must also be considered that article 322 bis of the criminal code governs the offences of misappropriation, extortion, corruption and inducement to commit corruption by members of bodies of the European Union and European Union and foreign State officials;
- an official or an agent of the European Community or a person performing
  equivalent functions;
- misappropriation, extortion, corruption and inducement to commit corruption by members of European Union bodies and officials of the European Communities and of foreign States (article 322-bis, criminal code).

The provisions of articles 314, 316, from 317 to 320 and 322, III and IV c., also apply to: 1) members of the Commissions of the European Communities, of the European Parliament, of the Court of Justice and of the Court of Accounts of the European Communities; 2) officials and agents who are contractually employed in accordance with the statute of the officials of the European Communities or in accordance with the system applicable to agents of the European Communities; 3) persons directed by member states or by any public or private body at the European Communities, exercising functions corresponding to those exercised by officials or agents of the European Communities; 4) members and workers at bodies established on the basis of treaties instituting the European Communities; 5) those who, within the framework of other member states of the European Communities, perform functions or activities corresponding to those performed by public officials or representatives of a public service

5-bis) judges, the public prosecutor, deputy public prosecutor, officials and agents of the international criminal court, to persons employed by states which are signatories to the treaty establishing the international criminal court who perform functions corresponding to those performed by officials, or agents of the court, members and representatives of bodies established in accordance with the treaty establishing the international criminal court.

The provisions of articles 319-quater, 2 paragraph, 321 and 322, I and II c., also apply if the money or other benefit is given, offered or promised: 1) to persons set out in I c. of this article; 2) to persons performing functions or activities corresponding to those performed by public officials and representatives of a public service within the framework of other foreign states or international public organisations, should the fact be committed in order to obtain for oneself or for others an undue advantage in international economic operations or otherwise in order to obtain or maintain an economic or financial activity.

The persons set out in paragraph 1 are treated the same as public officials, should they perform corresponding functions and are treated the same as public service representatives in the other cases;

- by way of example, referring specifically to relations with IFOM, the following are Public Officials: - university employees; - clinical doctors.

2.2. Embezzlement

Embezzlement (article 314 of the criminal code)

"A public official or public service representative who, in his official capacity or in the discharge of his services, possessing or having unrestricted use of others' money or moveable property, appropriates such, is punishable with a custodial sentence of between four years and ten years and six months."

Embezzlement by profiting from errors committed by other people (article 316 of the criminal code)

"A public official or public service representative who, in his official capacity or in the discharge of his services, exploiting an error committed by others, unlawfully receives or holds, for himself or for a third party, money or other benefits, is punishable with a custodial sentence of between six months and three years."

Both of the aforementioned cases of embezzlement relating to appropriating and receiving public monies, have been considered prosecutable, pursuant to law 231, if the action harms the financial interests of the European Union.

2.3. Corruption

Corruption whilst performing one's official function (Article 318 of the criminal code) *"A public official who, whilst performing one's official function or in accordance with one's powers, receives for himself or for a third person, in monetary form or in the form of another benefit, remuneration which is not due to him, or accepts promise of same, is punishable with imprisonment for between one and six years.*

Corruption requires the simultaneous presence of two or more persons or entities (public and private) and comprises a criminal agreement focusing on activity carried out by the public sector. Perpetrators of corruption are therefore public officials and public service representatives when they act as salaried employee of the state (article 320 criminal code), and naturally private citizens. Incriminating conduct comprises:

- on the part of public employees, receiving remuneration which is not due or accepting the promise of same;
- on the part of private citizens, giving or promising said remuneration.

With regard to criteria for distinguishing between extortion and corruption, in respect of the former, it is necessary to refer to the fact that the private citizen is subservient vis-avis the holder of a public function or a public service, whilst, with regards to corruption, the existence of a free agreement between the private citizen and the public employee, when both parties are on the same hierarchical level, is materially relevant.

Article 318 of the criminal code governs what is known as "improper corruption", which is characterised by compliance with the official duties of the act to which the agreement refers.

Corruption is, necessarily, a bilateral offence, meaning that, in order for it to exist, there must be conduct both on the part of the public official who accepts the benefit or the promise of the benefit, and on the part of the private citizen who gives or promises money or other benefits.

Generally speaking, with a few exceptions, the criminal code punishes both the public official and private citizen.

The criminal code contemplates various forms of corruption:

- *direct or indirect*, according to whether the subject matter of the corruption agreement is an act which is contrary to official duties or an act which is performed in accordance with official duties (improper corruption is punished less seriously than proper corruption);
- *prior or subsequent*, according to whether the corruption agreement pre-dates or follows the performance of the official act;
- *active or passive*, according to whether one considers the conduct of the public official (passive) or the conduct of the private citizen (active).

In this regard it should be specified that in the case of prior corruption, an offence is committed due only to the fact that a sum of money or another benefit is given or even merely promised to the public official, with no need for performance of the act (this latter constitutes only the objective pursued by the promise or the benefit).

In addition, it must be emphasised that the subject matter of the promise or the benefit may comprise either a sum of money paid to the public official, including indirectly or by means of other persons, or any type of benefit, which need not necessarily be financial, in favour of the public official or persons linked to him (for example the provision of a sham consultancy contract to a family member of the public official, or hiring of a family member).

With regard to this offence, in the case of the Foundation, the following three types of risk may be run:

1. should the Persons in Senior Management Positions or the Employees of the same act as corrupters in dealings with public officials and public service representatives (active corruption);
2. should the Persons in Senior Management Positions or Employees of the Foundation, whilst performing activities which may be described as public (exercising a public function and/or public service) accept remuneration and/or benefit and/or a promise of remuneration and/or benefits which are not due (passive corruption);
3. should the Persons in Senior Management Positions or Employees of the Foundation participate in corruption (for example providing assistance of whatsoever type to a public official in the commission of an offence or otherwise acting as mediator between the private citizen and the public official).

Corruption arising from performance of an act running counter to official duties (Article 319 of the criminal code)

"Public officials who, in order to omit or delay or due to having omitted or delayed an official act, or otherwise to perform or due to having performed an act which runs counter to official duties, receive, for themselves or for third parties, money or other benefits, or who accept the promise of same, are punished with between six and ten years imprisonment".

The case of "direct corruption" is characterised by the fact that the act is counter to official duties, where such act is deemed to mean both unlawful or illegitimate acts, and acts, which though formally correct, are carried out by public officials or public service representatives (article 320 of the criminal code), wilfully failing to comply with the person's duties.

Aggravating circumstances (Article 319 bis of the criminal code)

"The sentence is increased if the fact contemplated by article 319 refers to assigning public employment or salaries or pensions or entering into contracts in which the administration to which the public official works, has an interest" or the payment or reimbursement of taxes.

Corruption in judicial acts (Article 319 ter of the criminal code)

"If the facts set out in articles 318 and 319 are committed in order to favour or harm a party in a civil, criminal or administrative lawsuit, the perpetrator is sentenced to between six- and twelve-years imprisonment.

If the fact gives rise to the unlawful sentencing of someone to imprisonment for a period no greater than five years, the perpetrator is sentenced to between six and fourteen years; if the fact gives rise to unlawful sentencing of someone to imprisonment for a period greater than five years or to life imprisonment, the perpetrator is sentenced to between eight and twenty years".

The type of corruption under consideration is committed should the perpetrator's conduct aim to favour or harm a party in a civil, criminal or administrative lawsuit. Perpetrators of the crime under investigation are public officials and private citizens taking part with the public officials.

Unlawfully inducing someone to give or promise benefits (Art. 319-quarter)

"Unless the fact constitutes a more severe offence, the public official or public service representative who, abusing his position or powers, induces somebody to unlawfully give or promise to this person or to a third party, money or other benefits, may be punished with imprisonment for between six years and ten years and six months.

In those cases contemplated by the first paragraph, anybody giving or promising money or other benefit may be punished with imprisonment for up to 3 years.

Corruption of a public service representative (Article 320 of the criminal code)

"The provisions of article 318 and 319 also apply to public service representatives.

In all cases, sentencing is reduced by no more than one third".

Sentencing of those guilty of corruption (Article 321 of the criminal code)

"Sentences set out in the first paragraph of article 318, in article 319, in article 319 bis, in article 319 ter and in article 319 ter and in article 320 with regard to the aforementioned offences contemplated by articles 318 and 319, also apply to those who give or promise money or other benefits to public officials or to public service representatives".

Private citizens are punished for giving or promising money or other benefits to public officials or to public service representatives in order that they may perform official acts (article 318, paragraph 1, criminal code) or acts conflicting with official duties or otherwise in order to compensate the official representative in performance of the act which is contrary to official duties (article 319 of the criminal code)

Inducement to commit corruption (Article 322 of the criminal code)

"Whosoever offers or promises money or other benefits which are not due to a public official or to a public service representative who is a salaried public employee, to induce him to perform an official act, is subject, should the offer or promise not be accepted, to the sentence contemplated in the first paragraph of article 318, reduced by one third. If the offer or the promise is made in order to induce a public official or a public service representative to omit or to delay an official act, or otherwise to commit an act in conflict with his duties, the perpetrator is subject, should the offer or the promise not be accepted, to the sentence contemplated under article 319, reduced by one third.

The sentence referred to in the first paragraph is applied to public officials or public service representatives who are salaried public employees who encourage the promise of or giving of money or other benefits by a private citizen for the purposes contemplated under article 318.

The sentence referred to in the second paragraph is applied to public officials or public service representatives who encourage the promise of or giving of money or other benefits by a private citizen for the purposes contemplated under article 319".

In accordance with legal theory and case law, this situation is classified as a separate offence involving attempted corruption, whether proper or improper; from the point of view of conduct, it is necessary to make the distinction between inducement to commit active corruption and inducement to commit passive corruption. In the first case the perpetrator is the private citizen, who offers or promises money or other benefits which are not due in order to induce the public official or public service representative to perform, omit or delay a public act or an act which is contrary to official duties. In the case of inducement to commit passive corruption, the perpetrator is the public official or public service representative who induces a private citizen to promise or give money or other benefits.

2.4. Extortion

Extortion (Article 317 of the criminal code)

"Public officials or public service representatives who, misusing their position or powers, force or induce someone to give or to unlawfully promise, to him or to third parties, money or other benefits is punishable with between six and twelve years in prison".

Extortion entails the public official or public service representative exploiting his position or authority related to his position, in order to force or induce somebody to provide or promise something which is not due.

Misappropriation, extortion, unlawful, inducement to give or promise benefits, corruption and instigating members of bodies of the European Community or officials working for the European Community and foreign states to commit corruption (article 322-bis)

The provisions of articles 314, 316, from 317 to 320 and 322, third and fourth paragraph, also1) apply to:

1) members of the European Community Commission, the European Parliament, the Court of Justice and the European Community Court of Accounts,
2) officials and agents with employment contracts in accordance with the rules governing European Community officials, or the regime applicable to European Community agents;
3) persons reporting to member states or any public or private body at the European Community, performing functions corresponding to European Community officials' or agents' functions;
4) members and representatives of bodies established in accordance with treaties which the European Community enters into;
5) those who, within the framework of other European Union member states perform functions or activities corresponding to those performed by public officials and public service representatives; 5-bis) judges, the public prosecutor, deputy public prosecutor, officials and agents of the international criminal court, to persons reporting to states which are signatories to the treaty establishing the international criminal court who perform functions corresponding to those performed by officials, or agents of the court, members and representatives of bodies established in accordance with the treaty establishing the international criminal court. The provisions of articles 319-quater, second paragraph, 3 to 1 and 3 to 2, first and second paragraph also apply if the money or other benefits are given, offered or promised;

1) persons indicated in the first paragraph of this article;
2) persons performing functions or activities corresponding to those performed by public officials, or public service representatives within the framework of other foreign states or international public organisations, should the fact be committed in order to obtain for one's own benefit or for the benefit of others an unfair advantage in international financial operations, or otherwise in order to obtain or to maintain a business activity. The persons indicated in first paragraph are treated in the same way as public officials, should they perform the corresponding functions, and in the same way as public service representatives in other cases.

In the same way as corruption, extortion too is a bilateral offence, by reason of the fact that it requires conduct by two distinct parties, the person committing extortion and the person committing corruption; nevertheless,

unlike corruption, only the person committing extortion may be convicted, by reason of the fact that the subject of extortion is the victim of the offence.

Extortion is the most serious offence amongst those committed by public employees against the public sector and the aim is to prevent the use of such position with a view to forcing or inducing someone to give or promise something which is not due.

The interest which is protected is deemed to be the proper operation of the public sector in terms of good performance and impartiality. Forcing or inducing a person must be carried out by misuse of the position or powers of the public official or public service representative. In this offence under consideration, the private citizen (victim of extortion) is not punishable.

The disqualification measures contemplated by Legislative Decree 231/01 for extortion, bribery, illegal inducement to give or promise benefits and inducement to engage in bribery have recently been tightened by means of law n° 3 of 2019, known as corruption busters, coming into effect on 31.01.2009, which raised the sentence to a period of between four and seven years in the event of offences committed by senior executives, and between two and four years in the event of offences committed by employees (Legislative Decree 231/01 article 25 paragraph 5)

2.5. Abuso di ufficio (Art. 323 c.p.)

"Salvo che il fatto non costituisca un più grave reato, il pubblico ufficiale o l'incaricato di pubblico servizio che, nello svolgimento delle funzioni o del servizio, in violazione di specifiche regole di condotta espressamente previste dalla legge o da atti aventi forza di legge e dalle quali non residuino margini di discrezionalità, ovvero omettendo di astenersi in presenza di un interesse proprio o di un prossimo congiunto o negli altri casi prescritti , intenzionalmente procura a sé o ad altri un ingiusto vantaggio patrimoniale ovvero arreca ad altri un danno ingiusto è punito con la reclusione da uno a quattro anni".

Anche questa fattispecie di reato, così come quelle relative al "peculato" sopra descritte, è stata considerata censurabile ai sensi della normativa 231 solo se il fatto reato rechi offesa agli interessi finanziari dell'Unione Europea.

2.6. Fraud against the State or other public bodies and IT fraud

Fraud against the State or other public bodies (Article 640, paragraph 2, n° 1) *"Whosoever, by means of stratagems or trickery, misleading another person, obtains for himself or for others an unfair advantage occasioning harm to others, is sentenced to between six months and three years, and with a fine of between euro 51 and euro 1032. The person is sentenced to between one and five years and is fined between euro 309 and euro 1549:*

1) if the fact is committed to the detriment of the State or to the detriment of another public body [...]".

The offence of fraud against the State or against another public body is committed when, by fraudulently misleading another person through stratagems or trickery, a person obtains an unfair profit for himself or for others, with harm done to the interests of the State or another public body.

Pursuant to Legislative Decree 231/01, the offence of fraud is considered solely when the offence is committed to the detriment of the State or another public body.

Specifically, by way of example, sending documentation containing false information to the revenue authority in order to obtain tax reimbursement which is not due; or otherwise, more generally speaking, sending notices to Social Security bodies or local Administrations containing false data in order to obtain an advantage or benefit for the Foundation.

Fraud relating to information technology (Article 640 ter of the criminal code) *"Whosoever, altering in any manner the operations of an information technology or data communication system or unlawfully altering data, information or programmes contained in an information technology or data communications system pertaining to it, obtains for himself or for others an unfair profit to the detriment of others, is sentenced to between six months and three years and fined between euro 51 and euro 1032.*

Sentencing is for between one and five years with a fine of between euro 309 and euro 1549 if one of the circumstances contemplated by number 1 of the second paragraph of article 640 occurs or otherwise if the fact is committed by means of misuse of the position of system operator.

The crime can be punished subject to the victim filing a lawsuit, unless one of the conditions contemplated by the second paragraph is fulfilled or if there is another aggravating circumstance.

The offence of information technology fraud against the State is committed when damage against the State is caused by altering of an information technology or data communications system, or otherwise by unlawfully altering data.

Such interference may be made in various ways: during the collection and entry of the data, during the processing stage, during the issue stage. In all these cases alteration is made to the memory of a computer when the material perpetrator of the offence interferes on same in order to obtain enrichment to the detriment of the State or another public body.

For example, altering information relating to the accounts situation in respect of an ongoing contract with a public body amounts to an offence, or otherwise altering tax data and/or social security data contains in a database belonging to the public sector.

With regard to this activity, the following offences may be considered:

Aggravated[27] fraud to obtain public funding (Article 640, paragraph 2, bis of the criminal code)

[27] Article 640 of the criminal code (Fraud) punishes "*whoever, adopting stratagems or trickery, deliberately misleading someone, obtains an unfair profit for himself, harming others".*

"Perpetrators are sentenced to imprisonment for between one and six years and prosecution is automatic if the fact as per article 640 concerns contributions, funding, loans on beneficial terms or other payments of the same type, howsoever named, granted or provided by the State, by other public bodies or the European Communities.

Fraudulent appropriation of funds to the detriment of the State (Article 316 ter of the criminal code)

"*Unless the fact constitutes the offence contemplated by article 640 bis, any person, through the use or submission of statements or documents which are false or which attest to things which are not true, or otherwise through the omission of necessary information, unlawfully obtains for himself or others, contributions, funding, loans on favourable terms or other payments of the same type howsoever named, granted or provided by the State, by other public bodies or by the European Communities, is punishable with imprisonment for between six months and three years.*

When the amount unlawfully received is equal to or lower than euro 3,999.96 only a fine is payable, involving payment of a sum of money between euro 5164 and euro 25822. In no case may this fine exceed three times the benefit obtained".

Embezzlement to the detriment of the State (Article 316 bis of the criminal code) *"Whosoever, outside the public sector, having obtained from the State or from another public body or from the European Communities, contributions grants or funding intended to favour initiatives designed to complete works or perform activities of public interest, fails to allocate such funds for the aforementioned purpose, is punishable with imprisonment for between six months and four years".*

2.7. Peddling of unlawful influence (*article 346 bis criminal code*) amended by Law n° 3 of 2019, known as corruption busters, coming into effect on 31.01.2019

"Whosoever, aside from cases of conspiracy to commit an offence as per articles 318, 319, 319-ter and cases of bribery as per article 322-bis, exploiting or claiming existing or purported relations with a public officer or a public service representative or one of the other persons as per article 322-bis, improperly demands receipt or promise of money or other benefits for himself or for others, as the price of their unlawful mediation in dealings with a public officer or a public service representative or one of the other persons as per article 322-bis, or otherwise demands to be remunerated for discharging their functions or powers, is punishable with a custodial sentence of between one year and four years and six months.

The same punishment applies to whosoever improperly gives or promises money or other benefits.

Sentencing is increased if the person who improperly demands receipt or promise of money or other benefits, either for himself or for others, is a public official or public service representative.

Sentencing is also increased if the deeds are perpetrated for the discharge of judicial functions or to remunerate a public official or public service representative or one of the other persons as per article 322-bis

regarding the undertaking of an action which runs counter to official duties or regarding failure to undertake or delayed undertaking of an act pertaining to their office.

If the facts are particularly tenuous, sentencing is reduced.

2.8. Fraud in public procurement (Article 356 of the criminal code)

"Whosoever commits fraud during the performance of contracts for the supply of goods or during fulfilment of the other contractual obligations indicated in the above article (article 355 of the criminal code)[28] is punishable with a custodial sentence of between one and five years and with a fine of no less than 1032 Euro"

All activities relating to obtaining contributions, funding, loans on favourable terms or other payments of the same type provided by the State, by other public bodies or by the European Communities and management of same by the Foundation carries risk.

Specifically:

- article 640 bis of the criminal code and article 316 *ter* of the criminal code punish the use of false documents or artificial conduct in general, when the purpose is to obtain the aforementioned payments; by way of example, one can mention unlawfully obtaining public funding designed to support entrepreneurial activities in different sectors, by means of the submission of false documentation certifying that conditions have been met to obtain such funding;
- article 316 *bis* punishes those who, having obtained sums from the public sector or from the European Communities intended for the completion of works or the performance of activities of public interest, allocate such sums to purposes other than those for which such sums were provided; for example the application for and obtaining of public funding in order to employ personnel belonging to privileged categories at the company, or otherwise restructuring real estate properties which have been damaged during a natural disaster which, once obtained, are not allocated to such purpose.

It must be specified that the contributions and funding are sinking fund monetary allocations which can be made on a periodic basis or on a one-off basis, which may be fixed or calculated on the basis of variable parameters, may be tied to the question of whether or how much or they may be purely discretionary; funding operations are transactions characterised by the obligation to allocate sums for specific purposes or the obligation to reimburse sums or by other additional duties; loans on favourable terms represent payments of

[28] Article 355 of the criminal code. Whosoever fails to fulfil the obligations arising under the terms of an agreement for the supply of goods with the state, or with another public body, or otherwise with a company providing public services or public needs, fails to provide, either wholly or partially, such items or works as may be required for a public facility or a public service, is punishable with a custodial sentence of between six months and three years and with a fine of no less than 103 Euro.

sums of money with an obligation to return the same amount, plus interest at a lower rate than the rate applied in the market.

In all cases, regulations take into consideration all payments of money marked by an advantage compared to conditions applied by the market.

3. GENERAL RULES

3.1. Broad outlines of the system

This paragraph outlines the general rules which must inform IFOM's organisational system.

All sensitive operations must be conducted in accordance with applicable laws[29], with the Ethics Code, policies and the organisation's procedures, and rules contained in this Model.

Generally speaking, IFOM's organisational system shall be characterised by the following elements:

- The organisational tools (for example organisation chart, organisational communications, procedures, etc) must be informed by the following general principles:

  - they must be accessible within the Foundation,
  - clear, formal demarcation of roles, with thorough description of the duties of each function in addition to the related powers,
  - clear description of the reporting lines.

- All decision-making processes must be characterised by the following elements:

  - principal of *two pairs of eyes*, represented by separation, within each process, at the very least between the person who is responsible for decisionmaking and the person responsible for the executive stage;
  - documentation and traceability of all actions carried out within the process;
  - documentation showing verification carried out on the process.

3.2. The system of delegated authority and powers of attorney

In principle the system of delegated authority and powers of attorney must be characterised by “security” elements in order to prevent offences (traceability and highlighting of Sensitive Operations) and, simultaneously, it must allow efficient management of the organisation's activities.

[29] In particular, with regard to articles 438, 439, 440, 441, 443 and 445 of the criminal code, one should bear in mind the fact that it is necessary to comply with Presidential Decree 203/88 (Implementing EC directives governing air quality relating to specific polluting agents), Legislative Decree 152/99 (Protection of water from pollution), Legislative Decree 334/99 (Danger of significant accidents connected to certain hazardous substances), Legislative Decree 230/95 (compliance with Euratom directives governing ionising radiation).

The term “delegated authority” means the measure within the body assigning functions and tasks to certain persons, which is reflected in the system of organisational communications; and “power of attorney” means the unilateral transaction whereby the Foundation assigns to certain persons powers to represent third parties. Managers of a function requiring, in order to perform their duties, powers of representation are assigned a “functional general power of attorney” sufficiently wide ranging and consistent with the functions and the powers of management assigned to the manager through the delegated authority.

The essential requirements which must be fulfilled by a system of delegated authority, in order to effectively prevent offences, are the following:

- all those who on behalf of IFOM deal with the public sector must hold formal delegated authority to that end (for Consultants there must be a specific contractual clause);
- management power assigned by means of delegated authority must be parametered on the related responsibilities and on an appropriate position in the organisation chart and must be updated following any organisational changes,
- each delegated authority must indicate, specifically and unequivocally:
  - the powers held by the delegates,
  - subject (body or individual) to whom the delegate reports hierarchically or under the by-laws;
- the powers of management assigned with the delegated authority and implementation of same must be consistent with the organisation's objectives,
- the delegate must hold appropriate expense authorisation which must be in keeping with the functions assigned to him.

The essential requirements of the system whereby powers of attorney are granted, in order to prevent offences, are as follows:

- general functional powers of attorney are assigned solely to persons holding internal delegated authority describing related management powers and, if appropriate, are accompanied by a specific notice laying down the extent of powers of representation and, if appropriate, also setting expense limits;
- the power of attorney may be granted to natural persons who are expressly identified in the power of attorney, or otherwise to legal entities, who shall act through their own attorneys vested with identical powers;
- a specific procedure must govern procedures and responsibilities for ensuring timely updating of the powers of attorney, establishing the cases in which same must be assigned, modified and revoked (taking on new responsibilities, transfer to different tasks incompatible with those for which the power of attorney was granted, dismissal, resignation etc).

The Supervisory Body carries out periodic checks, with the support of the other competent functions, on the current system of delegated authority and powers of attorney and whether or not they are compatible with the functions and management powers assigned to the delegate or to the attorney, recommending possible

modifications should the management power and/or position not match the powers of representation granted to the attorney or if there are other anomalies.

3.3. General principles of conduct

This paragraph contains the general rules with which Persons in Senior Management Positions, Employees and Collaborators must comply when they perform activities in favour of or on behalf of IFOM.

Firstly, there is an express prohibition on Persons in Senior Management Positions, Employees and Collaborators adopting, collaborating on or causing conduct which, taken individually or collectively, amounts to, either directly or indirectly, those offences falling within those considered in this Special Part A or which constitute breach of the principles and procedures of the Foundation set forth therein.

Within the framework of the aforementioned conduct, there is a prohibition (consistent with the provisions of the ethics code), more specifically, on:

- making monetary donations or offering advantages of whatsoever kind (promises to hire) to public officials, whether Italian or foreign;
- distributing gifts and presents in excess of normal business practices and common courtesy. Specifically, any form of gift to public officials which may influence freedom of judgement or which may induce them to grant any advantage to IFOM, or their families is forbidden;
- providing services in favour of outsourcers, consultants and partners which is not properly justified within the framework of the contractual relations with such parties;
- making payments in favour of outsourcers, consultants and partners which is not properly justified with regard to the type of engagement to be performed and customary local practice;
- receiving money, gifts or any other benefit or accepting promise of same, from whosoever is or intends to deal with IFOM and wishes to obtain undue treatment in breach of the rules and regulations given by those in IFOM who are empowered to do so or treatment which is more favourable than the one which is due;
- receiving money, gifts or any other benefit from suppliers of goods and/or services or from whosoever produces, sells or promotes, any facilities used by IFOM, unless they are promotional objects of a low financial value or other benefits, provided they are approved in advance by the Supervisory Body;
- promising or providing benefits or other similar incentives designed to achieve unattainable objectives and/or unrealistic objectives in the financial period, unless they have been approved beforehand by the Supervisory Body, having consulted the Executive Committee;
- submitting false declarations to national or European union public organisations in order to obtain public grants, contributions or funding on beneficial terms or otherwise influencing freedom of judgement in funding tenders for scientific research;
- allocating sums received from national or European Union public organisations by way of grants, contributions or funding for purposes other than those for which

they are intended;

- making payments in cash or in kind, with the exception of payments provided for under current procedures within the Foundation;
- making payments in cash or in kind, with the exception of procedures currently operating within the Foundation;
- hiring as employees of IFOM, employees of the public sector, the State or European communities, to any position or at any level, their spouses or relatives or otherwise ex-employees of the public sector, of the State or European communities, in the three years subsequent to performance of an act for which one of the aforementioned persons is responsible, giving rise to an advantage for the Foundation.

4.

CHECKS CARRIED OUT BY THE SUPERVISORY BODY

Without prejudice to the Supervisory Body's discretionary powers to carry out specific checks following any reports received (for which reference should be made to the contents of the General Part of this Model), the Supervisory Body carries out periodic spot checks on the Sensitive Activities, directed at verifying that same are clearly stated with regard to the rules contained in this Model.

By virtue of the regulatory activities assigned to the Supervisory Body, in this Model, said organisation is assured, in general, free access to all the association's significant documentation.

Special Part B

CORPORATE OFFENCES

NB On the basis of assessments carried out, it is felt that the risk of commission of the offences described in the following paragraphs is relatively low and, in any case, lower than the level of risk identifiable for the category of offences against the public sector as referred to above.

In this regard it should be emphasised that only corporate offences which could hypothetically be committed in the Foundation, have been considered.

For the sake of completeness, also corporate offences indicated in the related list in the general part of this Model have been analysed, even if the situations set forth therein do not apply to IFOM. The results of the analysis of all the offences under consideration are contained in the document named "Mapping the Risks and Internal Controls" delivered to the Foundation on 23 November 2007.

1. PURPOSE OF SPECIAL PART B

This Special Part B is directed at Persons in Senior Management Positions, Employees, and Collaborators of IFOM.

The aim of this Special Part is to provide all recipients, as identified above, with rules of conduct intended to prevent the commission of what are known as corporate offences, as set out in greater detail in chapter 2 below.

More specifically, Special Part B has the purpose of:

- detailing rules of conduct which Persons in Senior Management Positions, Employees and Collaborators of IFOM are required to comply with for purposes of correct application of the Model, with regards to the offences described in Special Part B;
- providing the Supervisory Body and heads of the other functions co-operating with it, with executive tools enabling them to perform checking, monitoring and verification.

2. TYPES OF CORPORATE OFFENCES

This Special Part B refers to corporate offences. Hereinafter there is a brief description of each single offence contemplated by the Decree.

2.1. Offences involving fraudulent corporate communications, minor facts and fraudulent corporate communications involving listed companies[30]

Fraudulent corporate communications (Article 2621 of the civil code)

[30] As amended by law n° 69/2015.

"Unless otherwise provided for by article 2622, directors, managing directors and senior executives tasked with drawing up a company's accounts documents, auditors and liquidators, who, with the intention of obtaining unfair profit for themselves or for others, in the financial statements, in reports or in other corporate communications intended for shareholders or the public, in accordance with law, wilfully set out material facts which are untrue or who otherwise omit information which by law has to be communicated on the economic, asset-related or financial situation of the company or the group to which it belongs, in a manner which misleads recipients of such information as to the aforementioned situation, are punishable with imprisonment for between one and five years.

This punishment also covers cases in which the information pertains to assets held by or administered by the company on behalf of third parties.

The same sentence also applies if the fraudulent information or omission relates to assets possessed by or administered by the company on the half of third parties".

Minor deeds (art. 2621-bis of the civil code.)

Unless they constitute a more serious offence, the sentence is for between six months and three years imprisonment if the facts contemplated in article 2621 are minor, taking into consideration the nature and scale of the company and the manner or effects of the conduct in question

Unless they constitute a more serious offence, the same sentence is applied as per the previous paragraph when the deeds as per article 2621 concern companies which do not exceed the limits indicated by the second paragraph of article 1 of Royal Decree n° 267 of 16 March 1942. In such case, the crime may be prosecuted by means of a private prosecution brought by the company, the shareholders, creditors or other recipients of corporate communications.

Fraudulent corporate communications involving listed companies (Article 2622 of the civil code)

"*Directors, managing directors, senior executives tasked with drawing up the corporate accounts documents, auditors and liquidators of companies issuing financial instruments which are allowed to be traded in a regulated Italian market or in a market of another European Union Country, who, in order to obtain for themselves or others an unfair profit, in the financial statements, in reports or in other corporate communications required by law, addressed to shareholders or members of the public, wilfully set out material facts which are untrue or otherwise omit material information which by law has to be communicated on the economic, asset-related or financial situation of the company or the group to which it belongs, in a manner which is likely to mislead recipients of such information, may be sentenced to imprisonment for between three and eight years. The following are treated in the same way as companies indicated in the previous paragraph:*

1) c

ompanies issuing financial instruments in respect of which a request has been made for trading in a regulated Italian market or in the market of another European union country;

2) companies issuing financial instruments permitted to be traded in a multilateral Italian trading system;

3) companies controlling companies issuing financial instruments which are permitted to be traded in a regulated Italian market or in the market of another European Union country;

4) companies seeking to raise savings from the public or which manage public savings. The provisions referred to in the above paragraphs also apply if the fraudulent information or omission relates to assets possessed by or administered by the company on behalf of third parties".

2.2. Offence of sham formation of capital

Sham formation of capital (Article 2632 of the civil code)

"Directors and members making contributions who, even partially, fictitiously form or increase the share capital by assigning shares or quotas greater than the amount of the share capital, mutual subscription of shares or quotas, significant overvaluation of noncash contributions or receivables or otherwise of the corporate assets in the event of restructuring, are punishable with imprisonment for up to one year".

With regard to activities relating to assignment of shares, an offence may be committed when such shares are issued for a par value which is lower than the value declared by reason of the fact that the capital would be expanded in proportion to the difference between the assignment value and the par value.
With regard to mutual subscription of shares, this practice is punished by reason of the fact that it creates the illusory multiplication of corporate wealth and the offence is also committed when the transactions are not simultaneous, it being sufficient that they be the subject matter of a single agreement.

Also, significant over-valuation of non-cash contributions or receivables or the assets of the company in the event of restructuring (occurring when criteria of reasonableness and the correlation between the result of the estimate and the valuation parameters followed and set out are breached, such criteria having already partially been made clear by the legislator in article 2343 of the civil code) and punished by reason of the fact that the practice creates an illusory increase in wealth.

2.3. Offences involving operations to the detriment of creditors

Operations to the detriment of creditors (Article 2629 of the civil code)

"Directors who, in breach of legal provisions protecting creditors, make reductions in share capital or mergers with other companies or demergers, causing harm to creditors, are punished, subject to the victim filing a private prosecution, with punishment between six months and three years. Compensating creditors for their losses prior to the trial extinguishes the offence".

The regulation punishes administrators reducing the share capital or carrying out mergers or demergers, adopting procedures which harm creditors.

With regard to operations involving reduction of share capital, the following examples of conduct which are criminally liable can be mentioned: executing the resolution to reduce share capital despite the opposition of corporate creditors or absent a decision by the Law Court.

With regard to merger and demerger operations, one can mention the execution of the said operations prior to the time limit as per article 2503 paragraph 1, where the exceptions provided for therein do not apply or otherwise in the presence of opposition and without authorisation by the Law Court.

2.4. Offence of failure to notify conflicts of interest

Failure to notify conflicts of interest (Article 2629-bis of the civil code)

"The director or the member of the management board of a company which is listed on Italian regulated markets or in another member State of the European Union or widely held by the public to a significant extent pursuant to article 116 of the Unified Law as per legislative Decree to n. 58 of 24 February 1998, as subsequently amended, or otherwise an individual or entity being monitored pursuant to the Unified Law as per Decree n° 385 of 1 September 1993, of the aforementioned Unified Law as per legislative Decree n° 58 of 1998, of Law n° 576 of 12 August 1982, or legislative Decree n° 124 of 21 April 1993, which breaches obligations provided for under article 2391, first paragraph, is punished with imprisonment for between one and three years, if such a breach gives rise to losses for the company or third parties"

The offence under consideration is committed when a member of the Board of Directors or of the management council of the company, breaching laws governing the matter of directors' interests contemplated by the civil code, causes loss or damage to same or to third parties.

More specifically, article 2391 of the civil code makes it mandatory for members of the Board of Directors to notify the other members of the Board and the auditors of all interests which they may have, on their own account or on behalf of third parties, in a given corporate operation, specifying the type, terms, origin and extent.

A managing director having an interest in a given corporate operation must abstain, asking the entire Board to resolve on the matter.

In both cases, resolutions by the Board of Directors must suitably explain the reasons and advisability of the operation.

2.5. Offences involving the prevention of verification

Prevention of verification (Article 2625, paragraph 2, of the criminal code)

"Directors who, concealing documents, employing other stratagems, prevent or in any manner impede the carrying out of verification for auditing activities assigned to members, to other corporate bodies or to auditing companies, are punished with a fine of up to euro 10,329.

If the conduct causes harm to members, the perpetrator is imprisoned for up to one year and the victim may file a private prosecution".

- Pursuant to this regulation, activities carried out by the members of the Board of Directors are considered, in addition to employees working with the aforementioned members, who may be able to influence initiatives and verification activities which the members, corporate bodies or auditing companies are entitled to conduct. More specifically, these are activities which may influence:
  - members' verification initiatives provided for by the civil code and by other regulations, such as for example article 2422 of the civil code entitling members to inspect the corporate books;
  - verification activities carried out by the panel of auditors, provided for under the civil code and other legal provisions, such as for example articles 2403 and 2403-bis which empower members of the panel of auditors to proceed with inspections and verification and to ask the directors for information on corporate operations or certain businesses;
  - activities of the auditing firms, provided for by related laws, such as for example articles 2409 from bis to septies of the civil code.

  The offence is committed not only when, through concealing documents or through other stratagems, the aforementioned activities are prevented, but also when they are only hindered.

  In order for this offence to be committed, it is necessary that conduct harms the members.
- The members of the Executive Committee and the persons who on whatsoever grounds work with the same, in light of requests for clarification and/or delivery of documents, in addition to any other verification initiative made by the members of the panel of auditors, must provide information and documentation to which they are entitled and shall allow all verification activities to be performed, refraining from carrying out any activity which may prevent or even hinder such actions.

  The offence - which punishes unlawful acts designed to impede control activities assigned to members, to assigned corporate bodies and to auditing firms - is committed not only when, through concealing documents or through other appropriate stratagems, the aforementioned activities are prevented, but also when they are only hindered. In order for the action to amount to an offence, it is necessary that the conduct harms the members.

3. GENERAL RULES

3.1. Broad outlines of the system

In the performance of all the activities pertaining to the corporate purpose, in addition to the rules as per this Model, the Persons in Senior Management Positions, the Employees and the Collaborators must, in general, know and must comply with:

- the Ethics Code;

- the operating procedures for managing and processing confidential information and for disclosing documents and information outside the Foundation;
- Foundation procedures, documentation and provisions relating to the hierarchical/functional structure and the organisational structure of the Foundation and in general all other documentation pertaining to the internal control system in existence at IFOM;
- regulations pertaining to IFOM's administrative, accounts and financial system.

3.2. General principles of conduct

This paragraph contains the general rules with which the Persons in Senior Management Positions, the Employees and the Collaborators must comply when they carry out activities in favour of or on behalf of IFOM.

This Special Part provides for an express prohibition on IFOM's bodies (and on Employees and Collaborators to such an extent as is necessary in respect of the functions performed by same) from:

- carrying out, collaborating on or causing conduct such that, taken either individually or collectively, it amounts, either directly or indirectly, to the offences falling within those contemplated in chapter 2 of this Special Part B or which breach the principles and procedures of the Foundation provided for in same.

More specifically, in carrying out activities considered at risk, recipients shall comply with the following general principles of conduct:

- behave in a way which is correct, transparent and cooperative, in compliance with the law and internal Foundation procedures, in all activities serving to form the financial statements of the period, and other official communications, in order to provide members and third parties with truthful and correct information as to the economic, asset-related and financial situation of IFOM.

  In this regard, it is forbidden to:

- represent or transmit - for preparing and representing the financial statements and the consolidated statements, reports and charts or other official communications - data which is false, incomplete or, in any case which fails to reflect reality, as to the economic, asset-related and financial situation of the Foundation,
- omit data and information required by law and by procedures in force regarding the economic, asset-related and financial situation of the Foundation,

- behave in a correct, open manner, ensuring full compliance with laws and regulations, in addition to internal Foundation procedures, in the acquisition, processing and notification of data and such information as is necessary in order to allow potential investors and members to arrive at a well-grounded opinion as to the economic, asset-related and financial situation of IFOM.

  In this regard, it is prohibited to:

- alter or, in any case, state in a manner which is incorrect, the data and information to be used to prepare information charts,
- illustrate data and information used in such a manner as provides a representation of the economic, asset-related and financial situation of IFOM which is incorrect and untrue;
- comply scrupulously with all regulations provided for by law to safeguard the integrity and effectiveness of the capital stock, in order not to harm the security interests of creditors and third parties in general;
- ensure that the Foundation and the Foundation's bodies function properly, guaranteeing and facilitating all form of internal control in respect of management of the Foundation, in addition to allowing the board to express its will freely and properly.

In this regard, it is forbidden to:

- behave in such a manner as to materially prevent or hinder, by concealment of documents or the use of other fraudulent means, the carrying out of control and auditing activities on the part of the Foundation's management by the Internal Auditor or by the auditing firm,
- during meetings carry out sham or fraudulent acts directed at all-terrain deproper process whereby the meeting expresses its will,
- refrain from conducting simulated or similarly fraudulent operations, and refrain from distributing false or incorrect information, likely to cause significant distortion of the “outside perception” of IFOM, on the part of internal and external contacts, in terms, for example, of scientific results produced, research carried out, structure qualitative data, economic/asset-related and financial results achieved, reported by IFOM;
- promptly, correctly and completely provide all notices required by law and regulations to supervisory authorities, not hindering in any way the functions performed by sane.

With regards to this point, it is forbidden to:

- fail to carry out, with the necessary degree of completeness, accuracy and properness, all periodic reports required by law and regulations which are applicable vis-a-vis the regulatory authorities, in addition to forwarding data and documents required by regulations and/or specifically requested by the aforementioned authorities,
- set out in the aforementioned notices and in the documentation forwarded, facts which are untrue, or otherwise disclose facts pertaining to the economic, asset-related and financial situation of IFOM,
- behave in such a manner as hinders regulatory activities including during inspections carried out by the public regulatory authorities (for example express opposition, specious refusal, or obstructive behaviour or failure to co-operate, such as delays in notifying or making available documents, delays in meetings organised in time, etc)
- ensure that relations are based on principles of correctness, responsibility and transparency with the banks.

4. CHECKS CARRIED OUT BY THE SUPERVISORY BODY

Without prejudice to the Supervisory Body's discretionary powers to carry out specific checks following any reports received (for which reference should be made to the contents of the General Part of this Model), the organisation carries out periodic spot checks on the Sensitive Activities, directed at verifying that same are clearly stated with regard to the rules contained in this Model.

By virtue of the regulatory activities assigned to the Supervisory Body, in this Model, said Organisation is assured, in general, free access to all the Foundation's significant documentation.

Special Part C

OFFENCES INVOLVING MANSLAUGHTER AND SERIOUS BODILY HARM OR EXTREMELY SERIOUS BODILY HARM COMMITTED IN BREACH OF THE ACCIDENT PREVENTION REGULATIONS AND PROTECTION OF HEALTH AND SAFETY IN THE WORKPLACE - PROVIDED FOR AND APPROVED CONCLUSIVELY BY PROVISIONS RELATING TO WORKPLACE SAFETY AND HEALTH

1. PURPOSE OF SPECIAL PART C

This Special Part is directed at Persons in Senior Management Positions, Employees, and Collaborators of IFOM.

The aim of this Special Part is to provide all recipients, as identified above, with rules of conduct intended to prevent the commission of what are known as offences relating to workplace safety, as set out in greater detail in chapter 2 below.

More specifically, Special Part C has the purpose of:

- detailing rules of conduct which Persons in Senior Management Positions, Employees and Collaborators of IFOM are required to comply with for purposes of correct application of the Model, with regards to the offences described in Special Part C;
- providing these Supervisory Body and heads of the other functions co-operating with it, with executive tools enabling them to perform checking, monitoring and verifying activities.

2. TYPES OF OFFENCES RELATING TO HEALTH AND SAFETY

This Special Part C refers to offences committed in breach of safety regulations.

Hereinafter there is a brief description of each single offence contemplated by the decree.

*

Law n° 123/2007 has been in force since 25 August 2007, extending to article 9 liability on the part of the organisation for offences involving manslaughter and serious or extremely serious bodily harm in breach of accident prevention regulations.

More specifically the aforementioned law introduces the following article 25 - septies, modifying the decree:

"Article 25 - *septies*: manslaughter and serious or extremely serious bodily harm, committed in breach of the accident prevention regulations and protection of workplace health and safety."

Regarding the offence as per article 589 of the criminal code, committed in breach of article 55, paragraph 2, of the legislative decree enacting the enabling law as per law n° 123 of 3 August 2007 governing workplace health and safety, a fine is levied amounting to one thousand quotas. In the event of a conviction for the offence as per the previous paragraph, the perpetrator is disqualified in

accordance with article 9, paragraph 2, for a period of no less than three months and no more than one year.

2. Without prejudice to the provisions of paragraph 1, regarding the offence as per article 589 of the criminal code, committed in breach of the law protecting workplace health and safety, a fine is levied amounting to between 250 and 500 quotas. In the event of a conviction for the offence as per the previous paragraph, the perpetrator is disqualified in accordance with article 9, paragraph 2, for a period of no less than three months and no more than one year.

3. With regard to the offence as per article 590 of the criminal code, committed in breach of the law protecting workplace health and safety, a fine is levied of up to 250 quotas. In the event of a conviction for the offence as per the previous paragraph, the perpetrator is disqualified in accordance with article 9, paragraph 2, for a period of no more than six months.

3. SENSITIVE PROCESSES WITHIN THE FRAMEWORK OF OFFENCES RELATING TO SAFETY

Any activity carried out within the Foundation may, abstractly, be considered sensitive with regards to events which may give rise to the commission of any of the offences contemplated by this Special Part C. The risk profiles relating to this type of Offence can be seen in conduct for which the Foundation may be held liable, in return for an obvious economic advantage or non-economic advantage, comprising the omission or failure to revise provisions applying from time to time relating to safety, which as a consequence ought to lead to an accident involving an employee/collaborator.

4. GENERAL RULES

4.1. Broad outlines of the system

The Foundation maintains that the components of a system which is sufficient to prevent offences as per this Special Part C, which should be implemented across the organisation in order to ensure that the Model is effective, are represented by:

1. The ethics code.

   As an expression of the Foundation's policy regarding workplace safety and health, the ethics code indicates the vision, the essential values and the convictions of the Foundations in this context.

2. The organisational structure.

   In this context, particular attention must be paid to the specific persons operating within this framework, amongst which the Head of the Accident Prevention Service and Protection (RSPP"), those working in the Accident Prevention and Protection Service ("ASPP"), the Workers Safety Representative ("RLS"), the Company Doctor ("MC"), those working in the emergency service and those working in the emergency fire service - where present. It is also necessary to take into consideration the specific persons required under other

relevant regulations such as, for example, legislative decree n° 494/1996 as subsequently amended, in addition to the requirements and documentation relating to monitoring safety.

3. Training.

Carrying out tasks which may influence health and safety in the workplace requires an appropriate level of competence, to be verified and enhanced through constant training directed at ensuring that all the personnel, at all levels, are cognizant of the importance of the fact that their actions comply with the organisational Model and the possible consequences arising from conduct which differs from the rules laid down by this Model.

4. Notices and involvement.

Circulation of information within the Foundation plays an important role in fostering the involvement of all interested parties and encouraging awareness and commitment at all levels.

5. The system for Managing Workplace Health and Safety.

Within this context, the adoption of an appropriate system for managing workplace health and security becomes particularly important; such system is to be implemented in accordance with the UNI-INAIL guidelines of 28 September 2001 (in other words, *British Standard* OHSAS 18001:2007).). Article 30, paragraph 5, legislative decree number 81/2008 provides that organisation, management and control models defined in accordance with the aforementioned guidelines are assumed to comply with the requirements set forth, and the legislative decree number 231/2001 (article 6).

6. The system for monitoring safety.

Management of workplace health and safety ought to provide for a (periodic) internal verification stage in respect of maintenance of the measures adopted to ensure accident prevention and protection against risks, having been assessed as appropriate and effective.

Lastly it is necessary that the Foundation conducts an additional periodic monitoring activity on the functionality of the accident prevention system adopted. Monitoring the functionality ought to allow adoption of decisions which are correct and monitoring should be conducted by personnel who are competent, thereby ensuring objectivity and impartiality, in addition to independence from the work sector being inspected

4.2. General principles of conduct

This paragraph contains the general principles of conduct with which the Foundation, the Persons in Senior Management Positions, the Employees and Collaborators must comply in accordance with the provisions of the Model and in order to avoid the commission of any of the offences set out in this Special Part. More specifically:

- periodic updating of the risk evaluation document;

- implementation of a system of internal controls providing, inter alia, for determination of suitable corrective and/or preventive actions where situations come to light which fail to comply with legal provisions and which check and thereby ensuring compliance with specific regulations governing the workplace health and safety
- the drawing up of internal procedures and/or operating notes with which recipients of the Model or otherwise the Foundations check the personnel of external enterprises must comply with the framework of their working activity within the Foundation;
- the provision of specific training courses for the employees and the collaborators, differentiated according to the tasks carried out;
- provision of and exposure to suitable information for external personnel with regard to the potential risks they may be exposed to. Whilst performing their jobs, accident avoidance and protection measures adopted, first aid procedures fire protection measures and procedures for workers to evacuate the site;
- constant updating of the accidents book and commitment to implement measures reducing the risk of repetition of accidents occurring;
- compliance on the part of Persons in Senior Management Positions, Employees and Collaborators with every possible precaution (even if not expressly indicated) directed at avoiding any loss or damage;
- within the framework of exclusive purchasing agreements, tender procedures and supply contracts, measures capable of imposing on counterparties a duty to comply with laws governing health and safety.

5. CHECKS CONDUCTED BY THE SUPERVISORY BODY

In this context too, subject to the Supervisory Body's discretionary power to conduct specific checks following reports received (to which reference should be made to the contents of the general part of this Model), the Supervisory Body shall take measures to carry out periodic spot checks on the accuracy of the procedures including procedures relating to workplace health and safety, directed at verifying correct performance of same with regard to the rules set out in this Model.

In accordance with the regulatory activity assigned to the Supervisory Body, in this Model, such organisation is assured free access to all the Foundation's significant documentation.

Special Part D

ENVIRONMENTAL OFFENCES

1. PURPOSE OF SPECIAL PART D

This Special Part D is intended for the Foundation's Senior Executives, Employees and temporary members of staff.

The purpose of this Special Part is to provide all Recipients, as identified above, with rules of conduct in order to prevent environmental offences from being committed, as described in greater detail in chapter 2 below.

More specifically, the purpose of this Special Part D is to:

- detail procedures which the Foundation's Senior Executives, Employees and temporary members of staff are expected to comply with in order to correctly apply the Model, with regard to the offences described in this Special Part D;
- provide the Supervisory Body, and the heads of the other corporate functions which cooperate with the Supervisory Body, with the operational tools to carry out required control activities, monitoring and verification.

2. TYPES OF ENVIRONMENTAL OFFENCE (Article 2 of Legislative Decree 121/2011 and Article 1 of law n° 68 of 22 May 2015)

This Special Part D refers to offences, which may be committed against the environment, as contemplated by Article 2 of Legislative Decree 121/2011 and Article 1 of Law n° 68 of 22 May 2015).

Hereinbelow there is a brief description of the situations contemplated by the Decree and deemed of interest for the Foundation.

2.1. Offences against the environment in general

Article 25 undecies paragraph 1 subparagraph. a): for breach of Article 452-bis, paragraph 5, the perpetrator is fined between 250 and 600 quotas.

Article 452-bis – Environmental pollution

A custodial sentence of between two and six years and a fine of between 10,000 Euro and 200,000 Euro is handed down to whosoever causes significant, measurable impairment of or deterioration to:

1) water or air, or extensive, or significant portions of the ground or underground; 2) an ecosystem, biodiversity, including agricultural land, flora or fauna.

When pollution is caused in a natural, protected area or an area which is subject to landscape, environmental, historical, artistic, architectural or archaeological restrictions, or to the detriment of protected animal or vegetable species, sentencing is increased;

Article 25 undecies paragraph 1 subparagraph b): for breach of Article quater, the perpetrator is fined between 400 and 800 quotas.

Article 452-quater – Environmental disasters

"If each of the deeds as per Articles 452-bis and 452-quater are committed out of negligence, the penalties contemplated by these articles are reduced by between one third and two thirds.

If commission of the offences as per the previous paragraph gives rise to the risk of environmental pollution or an environmental disaster, sentencing is reduced by a third."

Article 25 undecies paragraph 1 subparagraph c): for breach of Article 452-quinquies, the perpetrator is fined between 200 and 500 quotas.

Article 452-quinquies. – Offences involving criminal negligence against the environment. "If any of the deeds as per articles 452-bis and 452-quater are committed out of negligence, the penalties contemplated by these Articles are reduced by between one third and two thirds.

If commission of the offences as per the previous paragraph gives rise to the risk of environmental pollution or an environmental disaster, sentencing is further reduced by a third."

2.2. Offences relating to illegal discharges of water

Article 25 undecies paragraph 2 subparagraph I): a) for the offences as per Article 137:

1. for breach of paragraphs 3, 5, first sentence, and 13, the fine is between 150 and 250 quotas;
2. for breach of paragraphs 2, 5, second sentence, and 11, the fine is between 200 and 300 quotas.

Article 137 Criminal penalties.

"1. Whosoever initiates or carries out new discharges of industrial waste water, without authorisation, or who continues to carry out or maintain such discharges after authorisation is suspended or revoked is punishable with a custodial sentence of between two months and two years and with a fine of between 1500 Euro and 10,000 Euro.

2. The conduct described in paragraph 1 concerns discharge of industrial wastewater containing hazardous substances included in the families and groups of substances set out in tables 5 and 3/A of the Appendix 5 to the third part of this Decree, carries a custodial sentence of between three months and three years.

3. With the exception of those situations contemplated under paragraph 5, discharging industrial wastewater containing hazardous substances included in the families and groups of substances set out in tables 5 and 3/A of Appendix 5 to the third part of this Decree, without complying with instructions set out in the authorisation or other instructions provided by relevant authorities in accordance with Articles 107, paragraph 1 and 108, paragraph 4, carries a custodial sentence of up to 2 years… deliberate omission…

5. With regard to the substances set out in table 5 of Appendix 5 to the third part of this Decree, carrying out discharge of industrial wastewater which exceeds the limits set out in table 3 or, in the event of discharge into

the ground, in table 4 of Appendix 5 to the third part of this Decree, exceeds the more restrictive limits set by the autonomous regions or provinces by relevant authorities in accordance with Article 107, paragraph 1, carries a custodial sentence of up to 2 years with a fine of between 3000 Euro and 30,000 Euro. If the limits set for substances contained in table 3/A of this Appendix 5 are also exceeded, the perpetrator may be subject to a custodial sentence of between six months and three years and a fine of between 6000 Euro and 120,000 Euro… deliberate omission…

11. Failure to comply with the prohibition on discharging wastewater contemplated by Article 103 and 104 (discharges in soil and underground) carries a custodial sentence of up to 3 years… deliberate omission…

13. Perpetrators are always sentenced to imprisonment for between two months and two years if discharges into the sea by ships or aircraft contain substances or minerals subject to a total dumping prohibition pursuant to the provisions of international conventions in force governing the matter and ratified by Italy, unless the quantity of such discharge is such as to render it rapidly harmless in respect of physical, chemical and biological processes occurring naturally in the sea, and provided that the relevant authorities give prior authorisation".

In this regard, importance is attached to the fact that conduct, which may be penalised relates to discharges into drainage systems, or into a body of surface water of all those "industrial" discharges containing substances deemed hazardous and listed in tables 3A and 5 of the third Appendix to the fifth part of the Consolidated Environmental Law.

Therefore, when they are not present in the work cycle and consequently in water discharges, the substances in question, conduct, which may be penalised by the

Consolidated Environmental Law for exceeding legal limits on discharges or those relating to the absence of authorisation or failure to comply with requirements set forth in any authorisation, may not be penalised pursuant to the Decree.

This is the case even if the conduct engaged in by Senior Executives or their subordinates is in the interests of the Foundation. In IFOM's processes, the substances listed in table 5 are used and therefore this Article applies.

2.3. Offences relating to managing waste

Article 25 undecies paragraph 2 subparagraph b): b) for the offences as per Article 256:

1. for breach of paragraphs 1, subparagraph a), and 6, first sentence, the fine is up to 250 quotas;
2. for breach of paragraphs 1, subparagraph b), 3, first paragraph, and 5, the fine is between 150 and 250 quotas;
3. for breach of paragraph 3, second paragraph, the fine is between 200 and 300 quotas.

Article 256 – Unauthorised waste management

"1. *Connecting, transporting, recycling, disposing of, trading in and acting as intermediaries in respect of waste, in the absence of necessary authorisation, registration or notification as per Articles 208, 209, 210, 211, 212, 214, 215 and 216 carries a custodial sentence of*:

a) three months to one year, or a fine of between 2600 Euro and 26,000 Euro in the event that the waste is not hazardous;

a) six months to two years, or a fine of between 2600 Euro and 26,000 Euro in the event that the waste is hazardous .... deliberate omission ....

3. Managing an unauthorised landfill carries a custodial sentence of between six months and two years with a fine of between 2600 Euro and 26,000 Euro. The perpetrator is subject to imprisonment for between one and three years and a fine of between 5,200 Euro and 52,000 Euro if the landfill is used, even partially, for disposing of hazardous waste. The conviction, including convictions handed down in accordance with Article 444 of the criminal procedure code gives rise to confiscation of the area on which the illegal landfill stands if it is owned by the perpetrator or an accessory to the offence, without prejudice to the obligation to remediate or restore the land to its previous condition.... deliberate omission…

5. Breach of the prohibition as per Article 187, involving unauthorised mixing of waste, carries the sentence contemplated by paragraph 1, subparagraph b).

6. Temporary deposit of hazardous medical waste at the place of production, involving breach of the provisions of Article 227, paragraph 1, subparagraph b), carries a custodial sentence of between three months and one year or a fine of between 2600 Euro and 26,000 Euro. A fine of between 2600 Euro and 15,500 Euro is levied for amounts which do not exceed 200 litres or equivalent amounts.

It is important to underline that paragraph 2 of Article 256, referring to the uncontrolled deposit of waste or the release of waste into surface, or underground water is excluded from the Decree's scope. However temporary deposit of waste in a manner which is not fit for purpose, especially if the legal time limits are exceeded in an abnormal manner, could induce the judge to consider such temporary deposit amongst those cases indicated in paragraph 1 of Article 256, as storage of waste.

The mixing of waste is not permitted, unless it is explicitly authorised and if this is a particularly critical problem by reason of the fact that it is often done in order to optimise waste transport in order to reduce costs, with a significant advantage for the Foundation. Specifically, this course of action is easy to take when managing liquid waste produced by the laboratories.

Temporary deposit at the place of production of hazardous medical waste is a daily reality in IFOM's structure and the fact that it amounts to an offence expressly stated by the Decree must encourage us to reflect on the importance attached by the legislator to medical/hospital situations.

Currently, these waste products are handled correctly but we need to be vigilant in respect of this aspect.

<u>Article 25 undecies paragraph 2 subparagraph d):</u>

d) for breach of Article 258, paragraph 4, second paragraph, the fine is between 150 and 250 quotas.

Article 258 – Breach of disclosure requirements, keeping mandatory registers and sets of forms… deliberate omission…

4. Transporting waste without the set of forms as per Article 193 or indicating incomplete or inexact data in these forms, carries a fine of between 1600 euro and 9300 euro. The penalty as per Article 483 of the criminal code is applied in the event of transport of hazardous waste. This latter penalty also applies to those who draft a waste analysis certificate which contains false information on the nature, composition or chemical and physical characteristics of the waste and also applies to those using a false certificate during transport.

In such case, the focus is on the accuracy of the data declared when drafting an analysis certificate serving to classify a waste product.

It is self-evident in this case, too, that it would be in the Foundation's interest to achieve lower transport and waste disposal costs in the event of an analysis which shows concentrations which are lower than the real concentration of hazardous chemical substances. Assignment of a faulty CER code in order to obtain savings on waste disposal costs, may also be covered by this case.

Article 25 undecies paragraph 2 subparagraph f):

f) the offence contemplated by Article 260 carries a fine of between 300 and 500 quotas, in those cases provided for under paragraph 1 and between 400 and 800 quotas in those cases provided for by paragraph 2.

Article 260 – Activities organised for the unlawful trafficking of waste.

"1. Selling, receiving, transporting, exporting, importing or illegally handling large quantities of waste, involving several operations, in order to obtain unfair financial gain and by setting up continuous, organised means and activities, carries a custodial sentence of between one and six years.

2. In the event of highly radioactive waste, the perpetrator is sentenced to imprisonment for between three and eight years.".

We do not consider that this case applies to IFOM, especially if one considers the provision describing unlawful operations carried out as being continuous and organised. Any problems relating to compiling registers and forms fall into the category identified in Article 258 of the Consolidated Environmental Law.

Article 25 undecies paragraph 2 subparagraph g):

g) breach of Article 260-bis carries a fine of between 150 and 250 quotas in those cases contemplated by paragraphs 6, 7, second and third sentence, and 8, first sentence, and a fine of between 200 and 300 quotas in those cases contemplated by paragraph 8, second sentence.

Article 260-bis – Computerised system for checking waste traceability… deliberate omission…

6. The penalty as per Article 483 of the criminal code is applied to those who, when drafting a waste analysis certificate, used within the framework of the waste traceability checking system, provide false information on the nature, composition or chemical and physical characteristics of the waste. This penalty also applies to those entering a fraudulent certificate in the data to be provided for purposes of waste traceability. 7.

Transporters who fail to accompany waste transport with the hard copy of the SISTRI [Waste Tracking System] HANDLING AREA documentation and, where necessary, in accordance with applicable law, with the copy of the analytical certificate identifying the characteristics of the waste, are punishable with a fine of between 1600 Euro and 9300 Europe. In the event of transport of hazardous waste, the penalty contemplated by Article 483 of the criminal code is applied. This latter penalty also applies to those who, during transport, use a waste analysis certificate containing false information on the nature, composition and chemical and physical characteristics of the waste being transported. 8. Transporters accompanying waste transport with a hard copy of the SISTRI HANDLING AREA documentation which has been fraudulently amended, are subject to the punishment contemplated by the combined provisions of Articles 477 and 482 of the criminal code. Punishment is increased by one third in the event of hazardous waste… deliberate omission…

In this case, too, we must emphasise the importance of the accuracy of the analytical data used to classify waste. It is also clear that the legislator intended to punish fraudulent certification made with the clear aim of saving on transport and/or waste disposal costs.

2.4. Offences relating to atmospheric emissions

Article 25 undecies paragraph 2 subparagraph h): for breach of Article 279, paragraph 5, the perpetrator is fined up to 250 quotas.

Article 279 – Penalties--- deliberate omission...

5. Those cases contemplated by paragraph 2, always carry a custodial sentence of up to one year if the fact that emission limits are exceeded, also leads to air-quality restrictions provided for by applicable law being exceeding.

Paragraph 2, to which paragraph 5 refers pursuant to the Decree, describes solely exceeding limits, as established in the appendices to the Consolidated Environmental Law or in the air protection plans, or with regard to failure to comply with authorisation. The fact that one may not be authorised to carry on an activity leading to atmospheric emissions is not per se relevant with regard to the Decree. If one carries on an unauthorised activity, but which does not generate rooftop emissions exceeding the above limits, penalties will apply pursuant to the Consolidated Environmental Law, but in accordance with the Decree, the Foundation will not be found administratively liable. If, following analysis, it is demonstrated that the unauthorised activities give rise to emissions exceeding these limits, penalties may be applied in accordance with both the Consolidated Environmental Law and the Decree.

Article 25 undecies paragraph 4:

4.Regarding commission of the offences as per Article 3, paragraph 6 of law n° 549 of 28 December 1993, a fine ranging from 150 to 250 quotas is imposed on the organisation.

Article 3 – Cessation and reduction in use of harmful substances… deliberate omission…

6. Breach of the provisions of this Article carries a custodial sentence of up to 2 years with a fine, which is up to 3 times the value of the substances used for production or which are imported or sold. In the most severe cases, the conviction is followed by revocation of the authorisation or license under which the unlawful activity is performed.

The article in question is of great interest for producers, dealers and installers of refrigeration systems rather than for the end-users. Nevertheless, a user could be found liable in the event of use of substances which are prohibited for filling old refrigerator circuits which, on the contrary, ought to be replaced by reason of the fact that they can not be filled with the newest generation of gas.

3. SENSITIVE PROCESSES WITHIN THE FRAMEWORK OF ENVIRONMENTAL OFFENCES

This chapter includes activities which IFOM, as a consequence of checks carried out and procedural information set out in paragraph 2.2 of the General Part, has identified as being more exposed to the Risk of Environmental Offences.

a) *Production of waste during daily activities conducted by the Foundation's various laboratories and services.*
The risk which is inherent in the above-mentioned activity lies in possible incorrect separation of waste across the various laboratories, with a particular risk relating to the possible mixing of waste carried out in the laboratories. Another risk relates to potential incorrect management of the products in the temporary medical waste deposit.

b) *Production and collection of waste during cleaning of the premises occupied by the Foundation's activities.*
The risk pertaining to the above-mentioned activity lies in the possible incorrect separation of waste across the various sectors during daily or technical cleaning, with the risk, albeit limited, regarding possible mixing of waste. We believe the risk is limited as waste separation is carried out by the researchers.

c) *Water discharge stemming from the daily activities conducted by the Foundation's various laboratories and services.*
The risk pertaining to the above-mentioned activity could possibly arise if one considers the use of even one of the substances listed in table 3A or 5 of Appendix 5 to the third part. Specifically, the riskiest situation concerns compliance with all authorisation and regulatory requirements.
It is also necessary to monitor the purchase and use of substances set out in the aforementioned tables by reason of the fact that they may require new authorisation and may give rise to new risks of exceeding the limits laid out in tables.

d) *Generation of atmospheric emissions from the various activities carried out in the Foundation's sites, such as, for example, the sterilisation service, laboratory operations and management of auxiliary systems.*
The level of risk pertaining to the aforementioned activities can be considered low by reason of the fact that it concerns exceeding limits provided for by Legislative Decree 152/06 and air quality limits, as the emissions

generated by laboratory operations and by service structures, such as, for example, the utility room, are very unlikely to exceed these limits. However, it cannot be totally ruled out and in such case, it should be borne in mind that the risk of failing to comply with a number of legal requirements is very real. There is also the need to monitor the purchase and use of substances with the following risk phrases: R 45-46-49-60-61 as they could require new authorisation and could give rise to new risks of exceeding the limits set out in the tables.

e) *Correct management of the temporary waste deposit in the external area which is specifically set aside for this purpose.*

The risk pertaining to the aforementioned activity lies in possibly exceeding the timeframe contemplated by the law governing the manner in which a temporary waste deposit is managed. Specifically, the risk concerns waste generated less frequently, for which the waste collection by the relevant transporters is not currently scheduled. At the temporary deposit there is also the risk of incorrect separation between hazardous waste and nonhazardous waste, for example in the management of RAEE which are stored there and the risk of exceeding time limits for the temporary deposit of medical waste.

f) *Classification of waste products and analytical characterisation of same*

The risk pertaining to the above-mentioned activity relates to the correct classification of waste which is produced and specifically, correct analytical characterisation of same. Information which is deliberately wrong could lead to imprecise analytical details of examinations, with faulty information relating to the hazardous nature of waste and possible associated savings on the cost of waste disposal.

4. GENERAL RULES

4.1. Broad outlines of the system

The general rules, which in all cases must guide the conduct of Senior Executives, Employees and Temporary Members of Staff are set out in Legislative Decree 152/06 known as the Consolidated Environmental Law.

In order to assist its workers in complying with these rules, the Foundation has equipped itself with this organisational Model and a number of operational procedures serving to provide support in daily and extraordinary activities.

In addition, a training and information plan has been implemented in order to apprise all those involved of the environmental implications of their conduct. The training in question is differentiated according to the different level of involvement in processes or areas which are particularly at risk of offences being committed, and such training will be again modified for members of the Supervisory Body and for those managers responsible for the internal control plan.

4.2. The system relating to delegation of authority and powers of attorney

"Delegation of authority" means the internal decision whereby functions and tasks are allocated; this is reflected in the organisational communications system. "Powers of Attorney" means the unilateral transaction

whereby the Foundation assigns powers to represent it in dealings with third parties. Those performing functions requiring power of representation are granted a "functional general power of attorney" which is suitably wide ranging and consistent with the functions and managerial powers assigned to holders through delegated authority.

The essential requirements which a system of delegated authority must fulfil in order to effectively prevent offences from being committed are the following:

- management powers granted through delegated authority must be commensurate with the related level of responsibility assigned and with an appropriate position in the organisation chart; in the event of organisational changes, management powers granted must be updated;
- each formal granting of delegated authority must specifically and unequivocally indicate the powers held by the delegate and the entity or individual to whom the delegate must report hierarchically;
- the management powers held by the delegate and the exercising of same must be in keeping with the Foundation's objectives;
- the delegate must hold spending powers which are appropriate to the functions assigned to him or her.

The essential requirements of the system for granting power of attorney in order to effectively prevent offences from being committed are the following:

- general functional powers of attorney are granted solely to those people holding internal delegated authority describing the related management powers and, when necessary, are accompanied by a specific written notice establishing the extent of powers of representation and establishing spending limits;
- powers of attorney may be granted to individuals who are expressly identified in the power of attorney, or otherwise to legal entities who shall act through their own attorneys in fact holding identical powers, within the framework of same;
- an ad hoc power of attorney must regulate procedures and responsibilities for ensuring prompt updating of powers of attorney, establishing cases in which they may be granted, amended and revoked.

The Supervisory Body regularly verifies the system for delegating authority and powers of attorney and coherence with the functions and managerial powers granted to the delegate or to the attorney in fact, recommending modifications should management power and/or status not correspond to the powers of representation vested in the internal manager or should there be any anomalies.

4.3. General principles of conduct

Senior Executives, Employees and temporary members of staff are prohibited from engaging in conduct which, either taken individually or collectively, directly or indirectly, constitutes any of the offences included in those considered in this Special Part D or which constitute breaches of the principles and procedures of the Foundation as set forth herein.

The conduct of those involved must be guided by the Foundation's procedures which are defined with regard to the management of waste, water discharges and atmospheric emissions. The procedures mentioned cover the following aspects, which concern areas in which the environmental predicate offences described hereinbelow may be committed.

The procedure for managing waste must duly take into consideration the following:

- the waste classification stage, so as to ensure that a scrupulous approach is adopted during this phase, in order to avoid shipping waste which has been wrongly coded;
- the stage when the waste is collected from IFOM areas and the subsequent delivery to the temporary deposit area;
- management of the temporary deposit, with the express requirement to avoid mixing waste, and to define the area where waste has to be taken and the timeframe for waste to remain in the deposit;
- the stage during which documentation is compiled with a brief summary of the manner in which the loading and unloading registers have to be compiled in addition to sets of forms, in order that it becomes self-evident that any faulty compilation runs counter to company instructions;
- the choice as to the contract through prior, regular verification of authorisation to handle waste;
- full or shared responsibility on the part of the various parties involved in the waste management process.

The procedure for handling atmospheric emissions must provide for the following:

- periodic verification of authorisation needed for the organisation's various processes which give rise to atmospheric emissions;
- the manner and timeframe expected for the concession application or renewal of authorisation to make atmospheric emissions;
- the definition of a periodic verification plan designed to analyse compliance with any requirements set out in the authorisation;
- preparation of an analytical control plan in order to check compliance with limits set in the parameters in respect of atmospheric emissions, if possible, in agreement with requirements set out in the authorisation, and with oversight bodies;
- clear determination of provision of suitable financial resources to carry out the verification as per the above points;
- full or shared responsibility on the part of the various parties involved in the waste management process.

The procedure relating to water discharges must provide for the following:

- rigorous monitoring of whether or not a substance included amongst those listed in table 3A or 5 of Appendix V to the third part of Legislative Decree 152/06 is present in the production cycle;
- periodic verification of authorisation needed for the organisation's various processes giving rise to water discharges;

- the manner and timeframe expected for the concession application or renewal of authorisation to carry out water discharges;
- preparation of an analytical control plan in order to check compliance with limits set in the parameters in respect of water discharges;
- the definition of a periodic verification plan designed to analyse compliance with any requirements set out in the authorisation;
- clear determination of provision of suitable financial resources to carry out the verification as per the above points;
- full or shared responsibility on the part of the various parties involved in the waste management process.

5. CHECKS CARRIED OUT BY THE SUPERVISORY BODY

Without prejudice to the discretionary powers held by the Supervisory Body to take action and carry out specific checks following reports received, the Supervisory Body periodically carries out random checks on sensitive activities in order to verify that they have been correctly performed in respect of the rules set out in this Model.

By virtue of the oversight tasks assigned to the Supervisory Body in this Model, it is guaranteed, generally speaking, free access to all the organisation's documentation relating to environmental matters.

Special Part E

OFFENCES RELATING TO THE EMPLOYMENT OF THIRD COUNTRY NATIONALS WITHOUT RESIDENCY PERMITS

1. PURPOSE OF SPECIAL PART E

This Special Part E is intended for IFOM's Senior Executives, Employees and Temporary Members of Staff.

The objective of this Special Part is that all Recipients, as identified above, adopt rules of conduct which are consistent with prescriptions set down in same in order to prevent the occurrence of offences contemplated therein.

More specifically, the purpose of this Special Part is to:

a) detail procedures which the Recipients are expected to comply with in order to correctly apply the Model;

b) provide the Supervisory Body and the heads of the other functions which cooperate with the Supervisory Body, with the operational tools to carry out required control activities, monitoring and verification.

2. OFFENCES RELATING TO THE EMPLOYMENT OF THIRD COUNTRY NATIONALS WITHOUT RESIDENCY PERMITS

On 9 August 2012, Legislative Decree n° 109 of 16 July 2012 came into force (published in the Official Gazette n° 172 of 25/07/2012) which introduced Article 25 duodecies “Employment of third country nationals without residency permits" into Legislative Decree 231/2001.

Specifically, the new Article 25 duodecies provided that:
"With regard to the commission of the offence as per Article 22, paragraph 12-bis, of Legislative Decree n° 286 of 25 July 1998 (Consolidated Law on Immigration), a fine of between 100 and 200 quotas, up to the limit of 150,000.00 Euro is levied on the organisation.

Specifically, Article 22, paragraph 12-bis of Legislative Decree n° 286/1998 establishes the following:
"Penalties for those offences contemplated by paragraph 12 (of Article 22) are increased by between one third and a half:

a) if there are more than three workers employed;

b) if the workers employed are minors who are not yet old enough to work;

c) if the workers employed are subjected to other employment conditions involving exploitation as per the third paragraph of Article 603 – bis of the criminal code".

The particular cases of exploitation referred to in the third paragraph of Article 603 – bis are (in addition to the above-mentioned conditions involving particular exploitation set out in sub paragraphs a) and b)). "Committing

an offence, exposing workers to particularly hazardous situations, considering the characteristics of the work to be performed and employment conditions".

In turn, the above-mentioned Article 22, paragraph 12 of Legislative Decree n° 286/1998 establishes that: "Employers directly employing foreign workers lacking residency permits as provided for in accordance with this Article, or otherwise if permits have expired and no application has been made for renewal or revocation or cancellation of same by the legal expiry date, may be subject to imprisonment for between six months and three years. In addition to a fine of 5,000.00 euro per every worker employed".

Having reconstructed the regulatory situation, the organisation directly employing foreign workers lacking residency permits, or otherwise, whose permit has expired and when renewal, revocation or cancellation has not been applied for by the legal expiry date, as stated above, is subject to a fine of between 100 and 200 quotas, for no more than 150,000.00 Euro, if the workers employed are in the above-mentioned condition, in one of the circumstances mentioned above. The organisation is thus liable only when the offence in question is aggravated by the number of people employed, or by the fact that a worker is a minor or, lastly, by the provision of labour in extremely hazardous conditions.

In accordance with the rules of interpretation typical of the system of liability pursuant to Legislative Decree 231/2001, the offence in question must be committed in the interest of, or to the advantage of the organisation.

With regard to the exploitation indices contemplated in the third paragraph of Article 603bis of the criminal code:

The first of the three circumstances contemplated is thus quantitative; the wording of the law clearly shows that the aggravating circumstance for multiple exploitation would be applied in all cases when at least four workers have been recruited.

The second circumstance punishes involvement by a minor who is not yet of working age (the minimum age which is generally provided for by law in order to perform work is 16 years of age).

As for Legislative Decree n° 276/2003 relating to the offence of illegal intermediation and Law Decree n° 138/2011, turned into law n° S48/2011 for the offence of illicit intermediation with exploitation of workers, the above-mentioned law chooses to specifically condemn the conduct of those employing non-European union minors to whom the legal system denies the possibility of working.

The legal provision therefore is inspired by constitutional protection in respect of employment of minors, in order to avoid intolerable forms of exploitation.

Lastly, in the third circumstance involving employment of foreigners without residence permits, Legislative Decree n° 106/2009 concentrates on employment conditions created by the intermediary in order to further punish said intermediary for having committed the offence, by exposing workers to "seriously hazardous situations, with regard to the characteristics of work to be performed and employment conditions.

This latter circumstance therefore takes effect when the work requested from workers and employment conditions in which they are asked to perform work leads to certain situations where workers are objectively exposed to serious hazards.

The seriousness of the hazard is not measured by the law, whilst the nature of the hazard would seem to be identified, out of necessity, in characteristics involving prevention against accidents and protection of workplace health and safety.

With regard to direct liability on the part of organisations in respect of offences involving illegal employment of workers characterised by serious exploitation, it should however be noted that, objectively, as a consequence of Article 5, paragraph 1, first part of Legislative Decree n° 231/2001, the criteria according to which the organisation is considered directly liable for the offence committed by its representatives or by those working for the organisation on the grounds that they effectively exercise management or control, consists of an "interest" (taken as a consequence of the offence) or consists of a "advantage" (a benefit obtained through the offence).

Furthermore, liability for the offence as per Article 22, paragraph 12, n° 286 of 25 July 1998, which punishes an employer who directly employs foreign workers lacking residency permits or whose residency permit has expired, been revoked or cancelled, cannot be ruled out by citing good faith on the grounds that the employer relied on guarantees provided by workers employed in respect of the fact that there position in Italy is regular (in this regard the Supreme Court of Cassation, Criminal Division I, n° 32934 of 11/07/2011).

Moreover, not only are those materially entering into employment agreements criminally liable in respect of offences as per Article 22, paragraph 12 of Legislative Decree n° 286 of 25 July 1998, which punishes employers directly employing foreign workers lacking residence permits or whose permit has expired, been revoked or cancelled; those who, though they do not directly hire them, take advantage of workers illegally by employing them on a more or less stable basis, are also criminally liable.

Furthermore, it should be specified that the amount of the fine varies, though subject to the maximum amount set by Legislative Decree n° 109/2012 (in other words 150,000.00 Euro), in accordance with the value of a single quota, which, pursuant to Article 10, paragraph 3 of Legislative Decree n° 231/2001 ranges from 258.00 to 1549.00 Euro, which must be commensurate with the "organisation's financial and asset-related conditions." (Article 11, paragraph 2); in addition, payment of a reduced amount is not allowed (Article 10, paragraph 3).

3. SENSITIVE PROCESSES WITHIN THE FRAMEWORK OF OFFENCES RELATING TO THE EMPLOYMENT OF THIRD COUNTRY NATIONALS WITHOUT RESIDENCY PERMITS

I. Managing employment/contractual relations with foreign workers.

II. Selection of personnel and allocation of tasks.

III. Handling documentation required for hiring and documentation/information to be sent to employment and immigration organisations/associations.

4. GENERAL RULES

4.1. Broad outlines of the system

In performing all the operations pertaining to the types of offences considered in this special part, as well as the rules set out in this Model, Employees and Consultants/Partners to the extent which is necessary for them to perform their functions, must be apprised of and comply with any related rules laid down by IFOM.

4.2. General principles of conduct

This Special Part provides for an express prohibition on IFOM's Employees, Recipients and Consultants/Partners:

- behaving in such a manner, or collaborating or causing such behaviour as – considered either directly or indirectly– amounts to one of the offences included in the offences referred to above;
- breaching the principles and procedures existing and/or provided for in this Special Part.

As a consequence, this Special Part provides for an express obligation on the aforementioned individuals to:

1) behave in a correct, transparent cooperative manner in accordance with laws and internal procedures, in all activities pertaining to the hiring of foreign workers;
2) promptly, correctly and in good faith, make all communications to the regulatory authorities required by law, regulations and the procedures in respect of the functions for handling the hiring of foreign workers, carried out by the relevant authorities and the Supervisory Body, raising no impediments to any supervisory functions performed by same.

5. CHECKS CARRIED OUT BY THE SUPERVISORY BODY

Without prejudice to the discretionary powers held by the Supervisory Body to take action and carry out specific checks following reports received, the Supervisory Body periodically carries out random checks on sensitive activities in order to verify that they have been correctly performed in respect of the rules set out in this Model.

By virtue of the oversight tasks assigned to the Supervisory Body in this Model, it is guaranteed, generally speaking, free access to all the organisation's significant documentation.

Special Part F

CORRUPTION BETWEEN PRIVATE PARTIES

1. PURPOSE OF SPECIAL PART F

This Special Part F is intended for IFOM's Senior Executives, Employees and Temporary Members of Staff.

The objective of this Special Part is that all Recipients, as identified above, adopt rules of conduct which are consistent with requirements set down in same in order to prevent the occurrence of offences contemplated therein.

More specifically, the purpose of this Special Part is to:

a) detail procedures which the Recipients are expected to comply with in order to correctly apply the Model;

b) provide the Supervisory Body and the heads of the other functions which cooperate with the Supervisory Body with the operational tools to carry out required control activities, monitoring and verification.

2. TYPES OF CORRUPTION BETWEEN PRIVATE PARTIES

Law n° 190/2012, containing "Provisions to prevent and combat corrupt practices and illegality in public organisations," with effect from 28 November 2012, fully replaces Article 2635 of the civil code (Embezzlement following transfer of items in lieu of payment or the promise of benefits) with the following provisions: Article 2635 of the civil code (Corruption between private parties):

1. Unless the deed constitutes a more serious offence, directors, general managers, senior managers responsible for drafting corporate accounts documents, auditors and liquidators which, following the transfer of items in lieu of payment or the promise of payment of money or other benefits, for one's own benefit or for others, commit or fail to commit acts, in breach of obligations pertaining to their office or obligations of loyalty, causing harm to the company, are punishable with a custodial sentence of between one and three years.

2. A custodial sentence of up to one year and six months is applied if the deed is committed by a person reporting to or supervised by one of the persons indicated in the first paragraph.

3. Those giving or promising money or other benefits to persons indicated in the first and second paragraph are subject to the same penalty.

4. The penalties established in the previous paragraphs are doubled if the company's securities are listed in Italian or European Member State regulated markets or distributed amongst the public to a significant extent, pursuant to Article 116 of the consolidated law governing financial intermediation, as per Legislative Decree n°, 58, of 24 February 1998 and as subsequently amended and modified.

5. The matter is prosecuted subject to the victim bringing a private prosecution, unless the deed distorts competition for the acquisition of goods or services.

The Italian legislator therefore intended to adapt national laws to the provisions of the Strasbourg Convention of 27 January 1999, ratified by means of law n° 110 of 28.6.2012.

Law 190/12, is entitled: "Provisions to prevent and combat corruption and illegality in the public sector"; it intervenes in two directions:

1. This provision for preventing corruption, identifying and regulating a "National Anticorruption Authority", imposing new duties on the Public Sector, is also valid for companies in which the public sector has shareholdings and for subsidiaries (solely with regard to activities which are in the public interest), making regulatory amendments and delegating authority to the government to take additional measures (law 190/12 Article 1 paragraphs from 1 to 74).

2. It intervenes in order to combat illegality, innovating the regulatory framework of the criminal code with regard to corruption and extortion, amending Article 2635 of the civil code regarding corruption between private parties and introducing new predicate offences regarding administrative liability in accordance with Legislative Decree 231/01 (law 190/12 Article 1 paragraph 75 et seq.).

With regard to matters affecting IFOM, this Special Part focuses on this latter aspect of the law.

The conduct in question may consist in promising or transferring items in lieu of payment or other benefits. It is necessary to distinguish between two different forms of corruption affecting different sensitive activities or risk areas within IFOM. The first group concerns processes which may, on the one hand, allow the benefit deriving from a corrupt agreement to accrue, and on the other hand, may allow the accrual of an amount of money which is necessary for the corrupt practice to be carried out. Firstly, one can envisage that a corrupt agreement may have as its benefit a surcharge on the sale of goods or services to the organisation to which the corrupt person belongs. For IFOM, the possibility of this type of conduct is marginal, given the "peculiarity" of our operations.

The second group of possible behaviours is more complex, affecting other benefits as the quid pro quo for the corrupt agreement. Moreover, this expression may represent the weak link in the regulatory system which, absent clearer definitions, is likely to inordinately limit an organisation's entrepreneurial freedom, significantly widening the scope of behaviours which potentially may be prosecuted in court.

In order to assess possible risk areas relating to commission of the offence in question, first and foremost it should be borne in mind that, Article 2635 of the civil code, notwithstanding the fact that it is entitled "Corruption between private parties" is only applied in dealings between organisations. In fact, the law punishes corrupt practices which damage an organisation's assets, and therefore only punishes corrupt practices in cases where they have an adverse effect on an organisation's assets rather than corrupt practices per se.

It therefore follows that the potential risk areas involving the commission of the offences in question relate to relations between IFOM and third-party companies with which IFOM comes into contact during its activities.

Within the framework of these relations, one could theoretically envisage IFOM'S employees promising a benefit in exchange for services on more favourable conditions.

The scope of potential perpetrators of this offence, pursuant to Article 2635 of the civil code extends not only to directors, general managers and, generally speaking, all those who have been identified as Senior Executives, but also those who report to them and are supervised by them.

It therefore goes without saying that this Special Part must be addressed to all employees, as well as to third parties who, reporting to or supervised by Senior Executive, act in the interest of, and to the advantage of IFOM.

Corrupt practices between private parties is included in Legislative Decree n° 231/2001, under Article 25-ter which provides for liability involving corporate offences, contemplated and punishable under Articles 2624 et seq. of the civil code. Though noting this position, we do not deem it necessary to include this offence in procedures for preventing corporate offences, instead, dedicating an ad hoc section.

Specifically, the new subparagraph s-bis of Article 25-ter refers to "cases contemplated by the third paragraph of Article 2635" which contemplates an "active aspect" of the offence involving several parties (transfer of items in lieu of payment/promise of benefits by "anybody" in favour of qualified parties)

3. SENSITIVE PROCESSES WITHIN THE FRAMEWORK OF CORRUPTION BETWEEN PRIVATE PARTIES

The offence described in the previous paragraph is considered with regard to possible corrupt agreements.

Therefore, on the basis of IFOM's operations, a document entitled "Appendix A" placed on file by IFOM, has been drawn up. This document defines the areas in which any related offences may be committed and the probable conduct engaged in which amounts to the offence, contemplated by the Decree.

4. GENERAL RULES

4.1. Broad outlines of the system

The general principles of conduct within the risk areas identified are as follows:

- duty to comply with IFOM's code of ethics;
- obligation to comply with employment procedures and/or instructions provided by the Foundation;
- an absolute prohibition on asking, encouraging or suggesting that agents, distributors, temporary members of staff;
- or other partners engage in business conduct, which is prohibited by this Model;
- an obligation to clearly and transparently document every stage of activities carried out.

4.2. General principles of conduct

IFOM condemns any conduct carried out by anybody on their own account, consisting in promising offering, directly or indirectly, money or other benefits to Italians or foreigners, which may allow IFOM to obtain an interest or advantage.

5. CHECKS CARRIED OUT BY THE SUPERVISORY BODY

Without prejudice to the discretionary powers held by the Supervisory Body to take action and carry out specific checks following reports received (for which reference should be made to the general part of this Model), the Supervisory Body periodically carries out random checks on sensitive activities in order to verify that they have been correctly performed in respect of the rules set out in this Model. By virtue of the oversight tasks assigned to the Supervisory Body in this Model, it is guaranteed, generally speaking, free access to all the organisation's significant documentation.

Special Part G

THE OFFENCE OF GROOMING MINORS

1. PURPOSE OF SPECIAL PART G

This Special Part G is intended for IFOM's Senior Executives, Employees and Temporary Members of Staff.

The objective of this Special Part is that all Recipients, as identified above, adopt rules of conduct which are consistent with requirements set down in same in order to prevent the occurrence of offences contemplated therein.

More specifically, the purpose of this Special Part is to:

- detail procedures which the Recipients are expected to comply with in order to correctly apply the Model;
- provide the Supervisory Body and the heads of the other functions which cooperate with the Supervisory Body with the operational tools to carry out required control activities, monitoring and verification.

2. TYPE OF OFFENCE INVOLVING GROOMING MINORS

Legislative Decree n° 39/2014 issued "to implement the 2011/93/UE2 *directive relating to combating abuse and sexual exploitation of minors and child pornography*", contains a number of amendments to Legislative Decree n° 231/2001 governing organisations' administrative liability. In this regard, importance should be attached to the introduction – under Article 25 –quinquies, subparagraph c) of Legislative Decree n° 231/2001 – of the offence involving "*grooming minors*" pursuant to Article 609-undecies criminal code amongst predicate offences

Specifically, the offence involving grooming minors carries a custodial sentence of between one and three years when a minor who is younger than 16 is groomed in order to commit one of the deeds contemplated and punishable under the law designed to protect minors' sexuality. In accordance with Article 609-undecies of the criminal code, "grooming means any action designed to gain the trust of a minor through stratagems, flattery or threats also carried out through the use of Internet or other networks or means of communication".

This is a common offence, which can be committed by anybody, though requiring that the victim has a particular position and, specifically, is younger than 16. It is an offence which carries risks, as in order to be prosecuted, it is not necessary for the minor to fall into the groomer's trap, but it is sufficient for the groomer to act in a way which is not necessarily violent, in order to shape the minor's will; it is precisely because the young person is particularly weak and exposed to influences coming from the world of adults. This is a specific intent offence, which must be committed in order to commit more serious sexual offences, and it represents a residual case of punishability by reason of the fact that the perpetrator is prosecuted only when the deeds committed by the perpetrator do not amount to a more serious offence.

Commission of this type of offence in IFOM should not be excluded a priori, but all occasions in which the organisation's activities involve minors, even marginally and also when these activities are assigned to service providers, should be examined very carefully. In such cases, the organisation should identify appropriate instruments in order to assess the reliability of its employees and any temporary members of staff, otherwise risking to expose itself to what is known as the "risk of contagion" which may provoke enormous damage in terms of reputation as well as legal consequences.

3. SENSITIVE PROCESSES WITHIN THE FRAMEWORK OF THE GROOMING OF MINORS

The offence described in the previous paragraph has been taken into consideration with regard to the activities carried out by YouScientist, an office dedicated to training and disseminating scientific knowledge, an activity which is performed particularly with regard to schools of every level and type, and therefore also involving minors.

4. GENERAL RULES

4.1. Broad outlines of the system

The general principles of conduct within the risk areas identified are as follows:

- duty to comply with IFOM's code of ethics;
- obligation to comply with employment procedures and/or instructions provided by the Foundation.
- compliance with the provisions of Article 25 bis of the Presidential Decree. 313/2012, "Judicial and criminal records certificate requested by the employer".

The law provides that the judicial and criminal records certificate as per Article 25 must be applied for by the party intending to hire the person in order to carry out organised professional or voluntary activities involving direct, regular contact with minors, in order to verify whether or not convictions exist for any of the offences as per Articles 600-bis [Child Prostitution], 600-ter [Child Pornography], 600 – quater [Holding Pornographic Material], 600 –quinquies [Tourism designed to exploit Child Prostitution] and 609 – undecies [Grooming Minors] of the criminal code, in other words, disqualification from carrying out activities entailing direct, regular contact with minors". Failure to comply with this obligation on the part of employers carries a fine of between 10,000.00 Euro and 15,000.00 Euro.

4.2. General principles of conduct

IFOM requests the judicial and criminal records certificate as per Article 25 bis of Presidential Decree. 313/2012 from all workers hired after Legislative Decree 39/2014 came into force, and who are to work, either entirely or partially, in order to create the YouScientist projects or who could come into contact otherwise with minors.

5. CHECKS CARRIED OUT BY THE SUPERVISORY BODY

Without prejudice to the discretionary powers held by the Supervisory Body to take action and carry out specific checks following reports received, the Supervisory Body periodically carries out random checks on sensitive activities in order to verify that they have been correctly performed in respect of the rules set out in this Model.

By virtue of the oversight tasks assigned to the Supervisory Body in this Model, it is guaranteed, generally speaking, free access to all the organisation's significant documentation.

Special Part H

TAX OFFENCES

1. THE PURPOSE OF SPECIAL PART H

This Special Part H is intended for IFOM's Senior Executives, Employees and Freelance Contractors.

The purpose of this Special Part is to provide all recipients, as identified above, with rules of conduct in order to prevent environmental offences from being committed, as described in greater detail in chapter **2** below.

More specifically, the purpose of this Special Part H is to:

- detail the procedures which the Foundation's Senior Executives, Employees and Freelance Contractors are expected to comply with in order to correctly apply the Model, with regard to the offences described in this Special Part H;
- provide the Supervisory Body, and the heads of the other corporate functions which cooperate with the Supervisory Body, with the operational tools to carry out required control activities, monitoring and verification.

2. THE TYPES OF TAX OFFENCE

This Special Part H refers to tax offences. Hereinbelow is a brief description of each specific offence contemplated by the Decree.

2.1. The offence of fraudulent representation through the use of invoices or other documents for non-existent operations, contemplated by article 2, paragraph 1 and 2-bis of Legislative Decree 74/2000.

1. Whosoever, in order to evade income tax or value-added tax, availing themselves of invoices or other documentation for non-existent operations, includes sham liabilities in one of the [annual] declarations relating to such taxation, is punishable with a custodial sentence of between four and eight years.

2. An offence is deemed to have been committed, through availing oneself of invoices or other documents for non-existent operations, when these invoices or documents are registered in the mandatory accounts' records, or are kept for evidentiary purposes in dealings with the financial authorities.

2-bis. If the total amount of sham liabilities is lower than Euro one hundred thousand, the custodial sentence is between one year and six months and six years.

2.2. The offence of fraudulent representation through the use of other stratagems contemplated by article 3, of Legislative Decree 74/2000.

1. Aside from those cases contemplated by article 2, whosoever, in order to evade income tax or value-added

tax, by objectively or subjectively undertaking simulated operations or otherwise availing oneself of false documents or other fraudulent means to hinder assessments and to mislead the financial authorities, includes income in one of the declarations relating to such taxation which is in an amount lower than the real amount or sham liabilities or sham receivables and withholdings, is punishable with a custodial sentence of between three and eight years, when, jointly:

a) the taxation evaded is greater than Euro three thousand, with regard to each one of the individual taxes;

b) the total amount of unreported income, including through the inclusion of sham liabilities, is greater than five per cent of the total amount of income indicated in the declaration in question, or in any event, is greater than Euro one million five hundred thousand, or otherwise if the total amount of receivables and sham withholdings reducing taxation is greater than five per cent of the total amount of taxation or in any event greater than Euro thirty thousand.

2. An offence is deemed to have been committed, availing oneself of false documents when these documents are registered in the mandatory accounts' records, or are kept for evidentiary purposes in dealings with the financial authorities.

3. With regard to application of the provisions of paragraph 1, simple breaches of obligations to issue invoices and to register income in the accounts records or indicating income in the invoices or in the records which is lower than the real amount do not constitute fraud.

2.3. The offence of filing a false tax declaration contemplated by article 4, Legislative Decree 74/2000[31]

1. Aside from those cases contemplated by articles 2 and 3, whosoever, in order to evade income tax or value-added tax, includes income in one of the annual declarations relating to such taxation which is in an amount lower than the real amount or includes sham liabilities, is punishable with a custodial sentence of between two years and four years and six months, when jointly:

a) the taxation evaded is greater than Euro one hundred thousand, with regard to each one of the single taxes;

b) the total amount of unreported income, including through the inclusion of sham liabilities, is greater than ten per cent of the total amount of income indicated in the declaration in question, or in any event, is greater than Euro two million.

1-bis. In order to apply the provisions of paragraph 1, no account is taken of incorrect classification, of assessment of income or liabilities which are objectively real, in respect of which the criteria actually applied have been indicated in the financial statements or otherwise other documentation which is fiscally material, of breach of the criteria for determining the relevant financial year, of non-relevance and of non-deductibility of real liabilities.

1-ter. Aside from those cases contemplated by article 1-bis, assessments which, considered overall, differ by less than 10 per cent from those which are correct do not give rise to punishable acts. The amounts included in

[31] Introduced by Legislative Decree 75/2020 and provides for a fine of up to 300 units

such percentage are not taken into account when verifying whether the punishability threshold contemplated by paragraph 1, subparagraphs a) and b) has been exceeded.

2.4. The offence of failing to file a tax declaration contemplated by article 5, Legislative Decree 74/2000 [32]

1. Whosoever, in order to evade income tax or value-added tax, fails to file one of the declarations relating to such taxation, though obliged to do so, when the taxation which is evaded is greater than Euro fifty thousand, with regard to each one of the single taxes, is punishable with a custodial sentence of between two and five years.

1-bis. Whosoever fails to file a withholding tax declaration, though obliged to do so, when the total of the unpaid withholdings is greater than Euro five thousand, is punishable with a custodial sentence of between two and five years.

2. With regard to the provisions of paragraphs 1 and 1-bis, a declaration filed within ninety days following the expiry date or which is not signed or drawn up on a printed document in accordance with the required model, shall not be considered as failure to file.

2.5. The offence of issuing invoices or other documents for non-existent operations, contemplated by article 8, Legislative Decree 74/2000, paragraph 1 and paragraph 2 bis.

1. Whosever, in order to allow others to evade income tax or value added tax, issues or raises invoices or other documents for non-existent operations, is punishable with a custodial sentence of between four and eight years.

2. In order to apply the provisions of paragraph 1, issuing or raising more than one invoice or document for non-existent operations during the same taxation period is deemed as just one offence.

2-bis. If the false amount indicated in the invoices or documents for the taxation period, is lower than Euro one hundred thousand, the offence carries a custodial sentence of between one year and six months and six years.

2.6. The offence of concealment or destruction of accounts documentation contemplated by article 10, Legislative Decree 74/2000

1. Unless the deed constitutes a more severe offence, whosoever, in order to evade income tax or value-added tax to allow others to evade such taxation, conceals or destroys accounts records, either in their entirety or partially or documents which must be retained in accordance with law, so as to prevent reconstruction of income or sales, is punishable with a custodial sentence of between three and seven years.

[32] Introduced by Legislative Decree 75/2020 and provides for a fine of up to 400 units

2.7. The offence of unjustified set-off contemplated by article 10 quater, Legislative Decree 74/2000 [33]

1. Whosoever fails to pay sums due, offsetting receivables to which it is not entitled in an annual amount greater than Euro fifty thousand, pursuant to article 17 of Legislative Decree n° 241 of 9 July 1997, is punishable with a custodial sentence of between six months and two years.

2. Whosoever fails to pay sums due, offsetting receivables to which it is not entitled in an annual amount greater than Euro fifty thousand, pursuant to article 17 of Legislative Decree n° 241 of 9 July 1997, is punishable with a custodial sentence of between one year and six months and six years.

2.8. The offence of fraudulent non-payment of taxes contemplated by article 11, Legislative Decree 74/2000

1. Whosoever, in order to evade the payment of income tax or value-added tax or otherwise interest payments or related fines relating to such taxation in a total amount which is greater than Euro fifty thousand, simultaneously transfers ownership or undertakes other fraudulent actions in respect of their own property or the property of others in order to wholly or partially negate the forced collection procedure, is punishable with a custodial sentence of between six months and four years. Should the total amount of taxation, fines and interest be greater than Euro two hundred thousand, the custodial sentence is for between one year and six years.

2. Whosever, in order to obtain partial payment of taxation and related ancillary charges for themselves or for others, includes income in the documentation presented for tax settlement procedure purposes in an amount which is less than the real amount or sham liabilities in a total amount which is greater than Euro fifty thousand, is punishable with a custodial sentence of between six months and four years. If the amount referred to in the previous sentence is greater than Euro two hundred thousand, custodial sentence is for a period between one year and six years.

3. GENERAL RULES

3.1. The broad outline of the system

When conducting all the operations pertaining to accounts and tax management, in addition to the rules set forth in this Model, Senior Executives, Employees and Freelance Contractors must, in general, be familiar with and abide by:

- The Code of Ethics
- the operational procedures for managing and processing confidential information and for communicating documents and information outside the organisation;
- the organisation's procedures, documentation and provisions pertaining to the Foundation's hierarchical, functional and organisational structure and, in general, all other documentation relating to the internal control system in place within IFOM;

[33] Introduced by Legislative Decree 75/2020 and provides for a fine of up to 400 units

- the rules pertaining to IFOM's accounts and tax system.

3.2. General principles of conduct

This paragraph contains the general rules which Senior Executives, Employees and Freelance Contractors must abide by when engaging in activities in favour of or on behalf of IFOM.

This Special Part expressly prohibits IFOM's bodies (and Employees and Freelance Contractors in so far as is necessary to discharge their functions) from:

- engaging in, cooperating with or giving effect to conduct which, considered individually or collectively, either directly or indirectly amounts to the types of offence included amongst those considered in chapter 2 of this Special Part H or which breach the corporate principles and procedures provided for therein.

More specifically, when carrying out activities considered at risk, recipients shall abide by the following general principles governing conduct:

- behaving in a manner which is correct, transparent and cooperative, in accordance with legal rules and internal corporate procedures, in all activities carried out to ensure proper registration and control of tax documents and retention of such documentation (invoices received and issued) and all other matters (such as tax receipts) subject to registration:
- behaving in a manner which is correct, transparent and cooperative, in accordance with legal rules and internal procedures, in all activities intended to correctly prepare the annual declarations (income tax and value-added tax and with regard to activities pertaining to interest or fines relating to such taxation) and the filing of same with the relevant financial authorities.

  In this regard, it is prohibited to:

  · represent or send – for processing and representation of the aforementioned declarations – invoices, receipts, charts and/or tax data or accounts data which is false or non-existent or, which is not true and accurate.

  · omit data and information required by law and in accordance with procedures in force regarding the Foundation's accounts and tax situation,

- behaving in a manner which is correct and transparent, ensuring full compliance with legal provisions and regulations, in addition to internal procedures, when acquiring, processing or communicating tax data and annual declarations relating to income tax or value-added tax. In this regard it is prohibited to:

  · alter or record accounts data in the annual declarations relating to income tax or value-added tax in a manner which is incorrect.

  · illustrate accounts data and information used so as to provide an incorrect, false representation of IFOM's accounts and tax situation;

- scrupulously complying with all provisions required by law to protect the integrity and preservation of tax accounts;

- ensuring that the Foundation and its bodies function correctly, guaranteeing and facilitating every form of internal control over accounts and tax management.

  In this regard, it is prohibited to:

· behave in such a manner as to materially prevent or hinder, by concealing documents or through use of other fraudulent means, the control and auditing of accounts/tax management carried out by the internal auditor or auditing company,

- promptly, correctly and completely conducting all communications required by law and regulations vis-a-vis the Regulatory Authorities, refraining from hindering functions discharged by same.

  With regard to this point there is a prohibition on:

· failing to comprehensively, accurately and promptly provide regulatory reporting to the Regulatory Authority, on a periodic basis as required by law and applicable regulations, and failing to send data and documents required under regulations and/or as specifically requested by the aforementioned Authority;

· setting out false facts in the aforementioned communications and documentation sent, or concealing facts relating to IFOM's tax situation;

· behaving in such a manner as hinders the regulatory functions including during inspections by public Regulatory Authorities (deliberate opposition, specious refusal or other obstructionist conduct or failure to collaborate, such as delaying communications or delays in making documents available, delays in meetings organised in time etc).

- Engaging in relations with the relevant financial authorities predicated on principles of fairness, responsibility and transparency.

4. CHECKS CARRIED OUT BY THE SUPERVISORY BODY

Without prejudice to the discretionary powers held by the Supervisory Body to take action and carry out specific checks following reports received, the Supervisory Body periodically carries out random checks on sensitive activities in order to verify that they have been correctly performed in respect of the rules set out in this Model.

By virtue of the oversight tasks assigned to the Supervisory Body in this Model, it is guaranteed, generally speaking, free access to all the organisation's significant documentation.