



Compagnia di San Paolo

Organisational, Management and Control

MODEL

pursuant to

Legislative Decree no. 231 of 8 June 2001

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Introduction

Chapter 1 - The Compagnia di San Paolo Group

The Compagnia di San Paolo Group (the “Group”) consists of **Compagnia di San Paolo** (the “Compagnia”), a foundation of banking origin that pursues objectives of social utility in order to promote civil, cultural and economic development through its work in the relevant sectors¹; its **Operating Bodies** (specialist entities through which the foundation channels its projects in the relevant sectors), and the **Compagnia di San Paolo-Sistema Torino** (“CSP-ST”), a non-profit limited liability consortium company, which mainly carries out accounting, administration and management activities for and on behalf of its members, namely the Compagnia and its Operating Bodies.

Compagnia di San Paolo

Since 25 January 1563, when it was founded as a charitable brotherhood, the Compagnia has been an institution serving the community where it is based.

Today, the Compagnia is a private independent non-profit entity, open to dialogue and collaboration with the local, national and European public institutions, that pursues the purposes of public interest and social assistance in order to promote the civil, cultural and economic development of the communities in which it works.

The Compagnia pursues its goals by managing and administering the assets it has accumulated over the centuries, which the Entity is committed to transferring intact to future generations.

While continuing to maintain its priority focus on certain local and national areas – above all Turin and Piedmont, in addition to Genoa and Liguria and Naples and Campania – the Compagnia also intends to become a “European foundation” that collaborates with major international foundations.

The foundation achieves its mission of social utility through its work in the relevant sectors.

Within the relevant sectors, the Compagnia works in two different ways: on one hand by implementing and developing its own projects, and on the other hand by making outright grants to support projects submitted by public entities and private non-profit entities, considered worthwhile following a specific selection process.

For its own projects, the Compagnia identifies and manages, either directly or through active collaboration, projects considered suitable for the achievement of its goals. To this end, it can also create Operating Bodies or acquire controlling interests in operating enterprises, thereby acting as an operational foundation.

¹Article 3 of the Articles of Association of the Compagnia identifies the following sectors as relevant: scientific, economic and legal research; education; art; conservation and enhancement of cultural heritage and environmental assets; healthcare; assistance to the underprivileged.

For the funding of projects submitted by third parties, the Compagnia acts as a grant-making foundation.

The Compagnia has therefore adopted a “mixed” model, which combines grant-making with proactive and operational activities, creating a true “non-profit group”, in which the Operating Bodies play a key role.

According to its Articles of Association (Article 6), the Compagnia carries out its activities through the following bodies:

- *Chair*, appointed by the Governing Council, which also appoints up to two Vice Chairs. The Chair and the Vice Chairs are not part of the Governing Council and, if they come from there, they are replaced. The Chair's term of office is four years, like the Governing Council, and expires when its term of office expires. The Chair is the Compagnia's legal representative and chairs the meetings, sets the agenda, and directs the proceedings of the Governing Council, without the right to vote, and of the Management Board. The Chair can adopt urgent measures, on behalf of the Compagnia, and reports on them to the Management Board;
- *Governing Council*, consisting of people selected from local, national and European institutions. The Council remains in office for four years and sets the objectives and planning guidelines of the Compagnia, verifying the results. It also appoints the members of the Management Board – Management Body, headed by the Chair – and the Board of Auditors;
- *Management Board*, appointed by the Governing Council, of which the Chair and the Vice Chairs are members by right. The term of the Management Board is the same as the Governing Council and expires when its term expires. The Management Board has all the powers of ordinary and extraordinary management of the Compagnia. Accordingly, it is the Management Board that takes the decisions in relation to the actions in the relevant sectors;
- *Board of Auditors*, control body of the Compagnia appointed by the Governing Council. The term of the Auditors is the same as the Governing Council and expires when its term expires. In accordance with the provisions of the Articles of Association of the Compagnia, the Board of Auditors performs the functions specified in the provisions of Article 2403.1 of the Italian Civil Code. The Board of Auditors is also subject to the provisions of Articles 2403 bis to 2407 of the Italian Civil Code, because they are compatible, and the Governing Council and the Management Board are considered as being equivalent to the shareholders' meeting and the board of directors respectively.

Those duties, established by the Italian Civil Code, are therefore considered to be an integral part of the Organisational, Management and Control Model, even if not expressly referred to in the individual *Protocols*;

- *Secretary General*, appointed by the Management Board, is the head of Compagnia's operational structure and oversees the execution of the resolutions of the Bodies.

The offices of members of the Governing Council, the Management Board, the Board of Auditors and the Secretary General are incompatible with each other.

The Governing Council has the power to appoint *Thematic Commissions* ("Commissions") that, in close collaboration with the Secretary General and with the aid of the heads of the offices, are tasked with overseeing the preparation of the thematic contributions, in the form of consultation documents, to the (multi-year and annual) general planning guidelines. The thematic contributions prepared by the Commissions are submitted to the Governing Council for initial examination and discussion in a special meeting. These thematic contributions, together with the indications arising from the specific meeting of the Governing Council, are submitted to the Management Board by the Secretary General, after having consulted with the Coordinators of the Thematic Commissions. Once the contributions from the Management Board have been received, the final draft of the general planning guidelines is submitted to the Governing Council for final discussion and approval.

The Governing Council has established seven Thematic Commissions in the following areas of expertise, focused on the objectives set in Article 3.1 of the Articles of Association: for scientific, technological and health research (Scientific and Technological/Health Research Commission), for economic, legal, socio-political, historical and internationalism research (Economic, Legal, Socio-Political, Historical and Internationalism Research Commission), for art and conservation and enhancement of cultural heritage and environmental assets (Art and Culture Commission), for assistance to the underprivileged (Social Policies and Voluntary Activities Commission), for the adoption of asset management procedures and criteria (Assets Commission), for the assessment of the Compagnia's activities (Assessment Commission), and for the revision of the articles of association and regulations (Article of Association and Regulations Commission).

For matters relating to the management of financial assets, the Governing Council relies on the Assets Commission, which, in addition to providing thematic contributions within the general planning guidelines, takes part in the drafting/revision of the Deed of Regulation on the procedures and criteria for the Entity's asset management, which are to be approved by the Governing Council on proposal by the Management Board, monitoring their application and requesting the relevant information to that end from the competent Bodies, where necessary. The Management Board is aided by the Investment Committee, a body that performs an exclusively advisory and investigative role, established to strengthen the Management Board's focus on issues relating to the allocation of assets, in order to create the conditions for the Management Board to be able to take decisions in a suitably informed and effective manner.

The organisational structure of the Compagnia is made up of line units that perform their tasks within the institutional activities and staff units that provide support to the institutional activities and the management of the Entity's financial assets. In addition, within the institutional activities, the line units – Institutional Areas – may be accompanied by temporary working groups – Programmes –

established to manage a complex line of action, over a set time period, involving issues that are multifaceted and intersectorial by nature.

Operating Bodies

The Compagnia also carries out its activities through its own structures, called Operating Bodies, which are specialist entities through which actions in the relevant sectors are channelled.

The role and positioning of the Operating Bodies, from the perspective of the Compagnia's strategic objectives, is based on the underlying idea that the Compagnia's mission can be best achieved through a "group" structure, where the Compagnia, acting as the central core, is supplemented by specialised structures, capable of combining grant-making – concentrated within the "parent" – with a more intensive operating capacity. The majority of these institutions have now also become a centre of attraction for initiatives proposed from outside, and have been able to gather or activate additional resources.

Every year, the Compagnia provides support to the ordinary activities of its Operating Bodies (to which funds can be added for specific projects), based on the planning guidelines established by it.

At the time of writing of this document, the Operating Bodies of the Compagnia are:

- *Ufficio Pio*, which provides support to the weaker members of society, through actions aimed at people and households in difficulty, in the Municipality of Turin and the surrounding municipalities. Thanks to the joint work of its delegates and operators, Ufficio Pio operates through the granting of financial subsidies and as a testing ground for measures aimed at overcoming welfare dependency, by developing actions and programmes aimed at social integration and recovery of personal independence;
- *Fondazione 1563 per l'Arte e la Cultura*, which seeks to promote the protection, enrichment and recognition of artistic and cultural heritage and archive and library assets, as well as the implementation of research and high level training in the field of humanities studies. In particular, the foundation is responsible for managing and developing the Compagnia's Historical Archive and promoting studies and research on the Baroque period and culture;
- *Fondazione per la Scuola*, which develops projects with educational institutions, the Ministry of Education and its decentralised offices, local authorities, associations, and school-related organisations. It works to promote better quality education, to help schools make the most of the opportunities offered by scholastic independence, facilitate the sharing and spreading of best practice, and contribute to the training of teachers;
- *Istituto Superiore Mario Boella*, a centre for applied research and innovation focused on Information and Communication Technologies (ICT). Founded by the Compagnia and by the *Politecnico* of Turin, the Institute uses the

technological and process expertise of its researchers, working in close cooperation with the worlds of business, academia and government;

- *Istituto Superiore sui Sistemi Territoriali per l'Innovazione (SITI)*, founded by the Compagnia and by the *Politecnico* of Turin, which operates in the area of research and training for sustainability of innovation and socio-economic growth, by offering solutions to complex problems in the areas of infrastructure development, local area transformation processes, and the enhancement and protection of cultural and environmental assets;
- *Fondazione Collegio Carlo Alberto*, founded by the Compagnia and by the University of Turin, which is now the centre of a comprehensive system of advanced education (masters and doctorates) and research in the economic and political-institutional field, with several research networks. Its activities are based on the use of research fellows/affiliates and assistant professors selected from the international job market;
- *Human Genetics Foundation (HuGeF) – Torino*, founded by the Compagnia, the University and the *Politecnico* of Turin, which develops high level research and advanced training in the field of genetics, genomics and human proteomics and the associated disciplines.

Compagnia di San Paolo-Sistema Torino

In 2012 the Compagnia and its Operating Bodies established a limited liability consortium company, called “Compagnia di San Paolo – Sistema Torino società consortile a responsabilità limitata”.

The company is not-for-profit and performs the following activities, primarily to and on behalf of its members:

- administrative, corporate and accounting management, including the processing of financial data;
- management control;
- real estate management, including ordinary and extraordinary maintenance and renovation, and provision of general related services;
- management of purchases of goods and services and their suppliers;
- management of personnel;
- provision of information technology services;
- provision of training services;
- searching for funds and assistance for grant and funding requests from national and European projects, in addition to support for the management of the projects funded.

Chapter 2 - Structure of the Organisational, Management and Control Model

This document, together with its Attachments, constitutes the Organisational, Management and Control Model of the Compagnia and its Operating Bodies (the "Model"), adopted by the Management Board of the Compagnia in accordance with Legislative Decree no. 231 of 8 June 2001. The content of this Model therefore applies to the Compagnia and its Operating Bodies, as well as CSP-ST solely for the activities carried out for the Compagnia and its Operating Bodies.

It should also be noted that this Organisational, Management and Control Model does not apply to CSP-ST for all the services not provided to the Compagnia and the Operating Bodies, in light of the following considerations:

- specific features of CSP-ST, linked to the operations carried out and its legal form, that exposes it to types of risk of offence under Legislative Decree 231/2001 that are different in part and do not completely overlap with the types identified for the Compagnia and its Operating Bodies;
- operations outside the Group. CSP-ST can offer its services to non-profit Entities from outside the Group; over time, therefore, it may significantly increase its exposure to risks of offence under Legislative Decree 231/2001 not directly linked to the operations of the Group.

To better reflect its specific features, for the conduct of services not provided to the Compagnia and its Operating Bodies, CSP-ST has produced and adopted its own Organisational, Management and Control Model, which is coordinated and integrated with this Model in order to maintain a single vision and approach to all the issues that are transversal and common to the various Bodies.

Through the adoption of this Model, the Operating Bodies adhere to its principles and content, unless there are specific circumstances relating to the nature, size or type of activity, the organisational structure, and the allocation of internal mandates, that impose or suggest the adoption of different measures in order to more effectively and efficiently achieve the objectives set out in the Model, whilst safeguarding its fundamental principles. The Operating Bodies that, due to different operational requirements, intend to make changes to the Model and its Attachments, must consult with the Surveillance Body beforehand.

The Model consists of two sections and a series of Attachments: a general section (Section 1) describing the content of Legislative Decree 231/2001 and a specific section (Section 2) detailing the content of the Organisational, Management and Control Model of the Compagnia and its Operating Bodies.

A section describing the Rules of conduct is also attached to the Model.

The persons assigned to manage the activities that have been identified as at-risk pursuant to Legislative Decree 231/2001, and as such are governed by specific Protocols, are responsible for ensuring that the internal regulations are continuously updated, and that they adhere and conform to the salient features of the above-mentioned Protocols.

Even though they are not attached, the above-mentioned Protocols, the organisational chart, the system of powers and mandates and the internal procedures in place at the Compagnia and its Operating Bodies, and their content, constitute an integral part of this Model.

Section 1 – The regulatory framework

Chapter 3 - Administrative liability of legal persons, companies and associations, and related penalties

Legislative Decree 231/2001, containing the “Provisions on the administrative liability of legal persons, companies and associations, including those without legal personality”, was issued in partial implementation of Enabling Law no. 300 of 29 September 2000, as part of the adaptation of domestic regulations to several international and European Union conventions². It introduced within Italian legislation the notion of direct liability of an Entity for the commission of Crimes and Administrative Offences by persons functionally linked to the Entity, when those unlawful actions lead to an advantage or a benefit for the Entity.

It is a liability that, despite having been defined as “administrative” by the legislature, and even though it involves penalties of that nature, has the typical features of criminal liability, given that it primarily results in the commission of criminal offences³ and is determined through criminal proceedings⁴.

The Entities may be considered liable whenever one of the Crimes or the Administrative Offences is committed in their interest or to their advantage: there is an “**interest**” when the illegal conduct is carried out with the exclusive intent of generating a benefit for the Entity, regardless of whether that objective has been achieved; the “**advantage**”, on the other hand, arises when the perpetrator of the offence, despite not having acted to favour the Entity, has nevertheless generated a benefit of any kind for that Entity's, either financial or otherwise. In contrast, an “**exclusive benefit**” for the perpetrator of the offence excludes the liability of the Entity.

The administrative liability of the Entity also extends to the cases where one of the Crimes remains in the **attempted** form.

Another condition for the regulations to apply is that the Crime or Administrative Offence is **committed by key persons**, namely:

- individuals holding a representative, administrative or management role in the Entity or in one of its organisational units with financial and functional autonomy, and persons who, de facto or otherwise, manage and control the entity (Top-Level Persons);
- persons subject to the management or supervision of one of the Top-Level Persons (referred to as Subordinates or Assistants).

² The Enabling Law ratifies and implements various international conventions, drawn up based on the European Union Treaty, including:

- the Convention on the protection of the financial interests of the European Communities (Brussels, 26 July 1995);
- the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union (Brussels, 26 May 1997);
- the OECD Convention on combating bribery of foreign public officials in international business transactions (Paris, 17 December 1997).

³ In addition to administrative offences, under Law no. 62 of 18 April 2005.

⁴ Except for the administrative offences of market abuse, determined by Consob.

From the structure of Legislative Decree 231/2001 it can be seen that the administrative liability of the Entity does not exclude, but is instead summed together with the liability of the individual who committed the unlawful conduct.

The penalty system for the Entity establishes particularly severe measures such as **fin**es and **prohibitory penalties**, as well as **confiscation**, **publication** of the **conviction judgement**, and **placement in receivership**. The prohibitory measures, which can lead to even more severe consequences than the financial penalties for the Entity, consist of the prohibition from the exercise of the Entity's activities, the suspension and revocation of permits, licenses or concessions, the prohibition from contracting with the public administration (except for obtaining the performance of a public service), the exclusion from benefits, loans, grants or subsidies and possible revocation of those granted, and the prohibition on advertising goods or services. In any case, the Prohibitory Penalties do not apply (or are revoked, if already applied as a precautionary measure) if the Entity, prior to the opening statement of the proceedings of first instance has adopted conduct of "active repentance" (compensation or reparation of the damage, elimination of damaging or dangerous consequences of the Crime, provision of the profits of the Crime to the Judicial Authority for confiscation, elimination of organizational deficiencies that led to the Offence, adopting organizational models suitable to prevent Offences being committed again). Whenever this "active repentance" conduct is identified, the prohibitory penalties will be replaced by fines.

The administrative liability also applies for offences committed abroad, provided they are not regulated by the country where the offence has been committed and the Entity has its principal place of business in Italy.

Chapter 4 - Crimes and offences that result in administrative liability

The catalogue of Crimes originally established by Legislative Decree 231/2001 has been progressively expanded: crimes against the public administration and its assets (Articles 24 and 25) have been accompanied by computer crimes and unlawful processing of data (Article 24-*bis*); organised crime (Article 24-*ter*); crimes involving the counterfeiting of money, public credit instruments, duty stamps, and distinctive signs or instruments (Article 25-*bis*); offences against industry and trade (Article 25-*bis* 1); corporate crimes (Article 25-*ter*); offences committed for the purposes of terrorism or of subverting the democratic order envisaged by the criminal code and special laws (Article 25-*quater*); crimes related female genital mutilation (Article 25-*quater* 1); crimes relating to offences against the person (Article 25-*quinquies*); crimes of market abuse (Article 25-*sexies*) and related administrative offences (Article 187-*quinquies* Consolidated Law on Finance); cross-border crimes covered by the Law 146/2006 (Articles 3 and 10); offences of manslaughter or serious or grievous bodily harm through negligence committed in violation of the rules on health and safety at work (Article 25-*septies*); crimes of receiving, laundering and using money, goods or assets of unlawful origin, and self-laundering (Article 25-*octies*); offences relating to breach of copyright (Article 25-*novies*); crimes of inducement not to make statements or to make false statements to the supervisory authorities (Article 25-

decies); environmental crimes (Article 25-*undecies*); as well as the crime of employment of illegally staying third-country nationals (Article 25-*duodecies*).

The Crimes and Administrative Offences that are currently relevant under Legislative Decree 231/2001 are listed below:

- **Crimes committed in relations with the Public Administration** - (Article 24 of the Decree)
 - Misappropriation of funds from the State or other public body (Article 316-bis Criminal Code);
 - Misappropriation of contributions, loans or other payments from the State or other public body or the European Communities (Article 316-ter Criminal Code);
 - Fraud against the State or other public body or the European Communities (Article 640, comma 2, no. 1, Criminal Code);
 - Aggravated fraud to obtain public funds (Article 640-bis Criminal Code);
 - Computer fraud against the State or other public body (Article 640-ter Criminal Code).
- **Computer crimes and unlawful processing of data** - (Article 24-bis of the Decree)
 - electronic documents (Article 491-bis Criminal Code);
 - unauthorised access to a computer or telecommunications system (Article 615-ter Criminal Code);
 - unauthorised possession and disclosure of access codes to computer or telecommunications systems (Article 615-quater Criminal Code);
 - distribution of equipment, devices or computer programmes intended to damage or interrupt a computer or telecommunications system (Article 615-quinquies Criminal Code);
 - unlawful interception, impediment or interruption of computer communications or telecommunications (Article 617-quater Criminal Code);
 - installation of equipment designed to intercept, impede or interrupt telecommunications or computer communications (Article 617-quinquies Criminal Code);
 - damage to computer information, data or computer programmes (Article 635-bis Criminal Code);
 - damage to information, data and computer programmes used by the State or other public body or of public utility (Article 635-ter Criminal Code);
 - damage to computer or telecommunications systems (Article 635-quater Criminal Code);

- damage to computer or telecommunications systems of public utility (Article 635-quinquies Criminal Code);
- computer fraud by the provider of electronic signature certification services (Article 640-quinquies Criminal Code).
- **Organised crime-** (Article 24-ter of the Decree)
 - Criminal association (Article 416 Criminal Code, first five paragraphs);
 - Criminal association to commit the crimes of reduction to slavery or servitude, trafficking in persons, purchase and sale of slaves, and crimes relating to breaches of the provisions on illegal immigration in Article 12 of Legislative Decree 286/1998 (Article 416, paragraph 6 Criminal Code);
 - Mafia-type association (Article 416-bis Criminal Code);
 - Crimes committed under the conditions of Article 416 - *bis* of the Criminal Code for mafia-type organisations or in order to facilitate the activities of those associations;
 - Mafia-related political election exchange (Article 416-ter Criminal Code);
 - Criminal association aimed at illicit trafficking of narcotic or psychotropic substances (Article 74, Presidential Decree no. 309 of 9 October 1990);
 - Kidnapping for robbery or extortion (Article 630 Criminal Code);
 - Illegal manufacture, introduction into the State, offering for sale, sale, possession and carrying in public places or places open to the public, of weapons of war or warlike weapons or parts thereof, explosives, clandestine weapons and other common firearms (Article 407, paragraph 2, lett. a), n. 5), Criminal Procedure Code).
- **Crimes committed in relations with the Public Administration** - (Article 25 of the Decree).
 - Extortion (Article 317 Criminal Code);
 - Undue inducement to give or promise benefits (Article 319-quater Criminal Code);
 - Bribery for the performance of an official act (Article 318 Criminal Code);
 - Bribery to obtain an act contrary to official duties (Article 319 Criminal Code);
 - Aggravating circumstances (Article 319-bis Criminal Code);
 - Bribery in judicial proceedings (Article 319-ter, paragraph 1, Criminal Code);
 - Penalties for the briber (Article 321 Criminal Code);
 - Incitement to bribery (Article 322 Criminal Code).

- **Crimes involving the counterfeiting of money, public credit instruments, duty stamps and distinctive signs or instruments** - (Article 25 bis of the Decree)
 - Counterfeiting of money, spending and introduction into the State, with complicity, of counterfeit money (Article 453 Criminal Code);
 - Alteration of money (Article 454 Criminal Code);
 - Spending and introduction into the State, without complicity, of counterfeit money (Article 455 Criminal Code);
 - Spending of counterfeit money received in good faith (Article 457 Criminal Code);
 - Counterfeiting of duty stamps, introduction into the State, purchase, possession or circulation of counterfeit duty stamps (Article 459 Criminal Code);
 - Counterfeiting of watermarked paper used for the manufacture of public credit instruments or duty stamps (Article 460 Criminal Code);
 - Manufacture or possession of watermarks or instruments for counterfeiting money, duty stamps or watermarked paper (Article 461 Criminal Code);
 - Use of counterfeit or altered duty stamps (Article 464 Criminal Code);
 - Counterfeiting, alteration or use of marks, trade marks or distinguishing signs or patents, models and designs (Article 473 Criminal Code);
 - Introduction into the State and sale of products with false markings (Article 474 Criminal Code).
- **Offences against industry and trade**- (Article 25-bis 1 of the Decree)
 - Disruption to the freedom of industry or trade (Article 513 Criminal Code);
 - Unfair competition with threats or violence (Article 513-bis Criminal Code);
 - Fraud against national industries (Article 514 Criminal Code);
 - Fraudulent trading (Article 515 Criminal Code);
 - Sale of non-genuine food items as genuine (Article 516 Criminal Code);
 - Sale of industrial products with false marks (Article 517 Criminal Code);
 - Manufacture and sale of goods produced through misappropriation of industrial property rights (Article 517-ter Criminal Code);
 - Infringement of geographical indications or appellations of origin of food products (Article 517-quater Criminal Code).

- **Corporate crimes-** (Article 25-ter of the Decree)
 - False corporate disclosures (Article 2621 Civil Code);
 - False corporate disclosures by listed companies (Article 2622 Civil Code);
 - Impediment of control activities (Article 2625, paragraph 2, Civil Code);
 - Unlawful return of capital contributions (Article 2626 Civil Code);
 - Illegal allocation of profits and reserves (Article 2627 Civil Code);
 - Unlawful transactions on shares or equity interests of the parent company (Article 2628 Civil Code);
 - Transactions prejudicial to creditors (Article 2629 Civil Code);
 - Failure to disclose a conflict of interest (Article 2629-bis Civil Code)
 - Fictitious formation of company capital (Article 2632 Civil Code);
 - Unlawful allocation of company assets by liquidators (Article 2633 Civil Code);
 - Bribery between private individuals (Article 2635, paragraph 3, Civil Code);
 - Undue influence at the Shareholders' Meeting (Article 2636 Civil Code);
 - Stock manipulation (Article 2637 Civil Code);
 - Hindering the work of public supervisory authorities (Article 2638, paragraph 1 and 2, Civil Code).
- **Crimes committed for the purposes of terrorism or subverting the democratic order envisaged by the criminal code and special laws** (Article 25-quater of the Decree);
- **Female genital mutilation**(Article 25-quater 1 of the Decree);
 - Female genital mutilation (Article 583 – bis Criminal Code).
- **Offences against the person** - (Article 25-quinquies of the Decree)
 - Reduction to or retention in slavery or servitude (Article 600 Criminal Code);
 - Child prostitution (Article 600-bis Criminal Code);
 - Child pornography (Article 600-ter Criminal Code);
 - Possession of pornographic material (Article 600-quater Criminal Code);
 - Virtual pornography (Article 600 – quater 1 Criminal Code);
 - Tourism aimed at the exploitation of child prostitution (Article 600-quinquies Criminal Code);
 - Trafficking in persons (Article 601 Criminal Code);
 - Purchase and sale of slaves (Article 602 Criminal Code).

- **Market abuse (Crimes)** - (Article 25-sexies of the Decree)
 - Insider trading (Article 184 Consolidated Law on Finance);
 - Market manipulation (Article 185 Consolidated Law on Finance).

Article 187-*quinquies* of the Consolidated Law on Finance, as amended by Law 62 of 2005, imposes the administrative liability of entities for administrative offences relating to market abuse. Notably:
- **Market abuse (Administrative Offences)** - (Article 187-quinquies Consolidated Law on Finance)
 - Insider trading (Article 187-bis Consolidated Law on Finance);
 - Market manipulation (Article 187-ter Consolidated Law on Finance).
- **Manslaughter or grievous bodily harm through negligence, committed in violation of the rules on health and safety at work-** (Article 25-septies of the Decree)
 - Manslaughter (Article 589 Criminal Code);
 - Bodily harm through negligence (Article 590, paragraph 3, Criminal Code).
- **Receiving, laundering and using money, goods or assets of unlawful origin, as well as self-laundering** - (Article 25-octies of the Decree)
 - Receiving stolen goods (Article 648 Criminal Code);
 - Money laundering (Article 648-bis Criminal Code);
 - Using money, assets or benefits of unlawful origin (Article 648-ter Criminal Code);
 - Self-laundering (Article 648-ter.1 Criminal Code);
- **Offences relating to breach of copyright** - (Article 25-novies of the Decree)
 - Making a protected intellectual property, or part thereof, available to the public, in a system of computer networks through connections of any kind (Article 171, Law 633/1941 paragraph 1 lett a) bis);
 - Crimes referred to in the paragraph above committed on the work of others not intended for advertising, or with misappropriation of authorship, or with distortion, mutilation or other modification of the work, if offensive to honour or reputation (Art. 171, Law 633/1941, paragraph 3);
 - Unauthorised duplication, for profit, of computer programs; import, distribution, sale or possession for commercial or business purposes or leasing of programs on media not marked by the SIAE (Italian Society of Authors and Publishers); production of means for removing or circumventing the protection devices of computer programs (Article 171-bis Law 633/1941 paragraph 1);

- Reproduction on media not marked by the SIAE, transfer to another medium, distribution, communication, display or demonstration to the public, of the contents of a database in order to gain profit; extraction or reuse of the database in violation of the rights of the maker and the user of a database; distribution, sale or leasing of databases (Article 171-bis Law 633/1941 paragraph 2);
- Crimes committed for profit, for non-personal use, and characterised by one of the following forms of conduct (Article 171-ter, Law 633/1941, paragraph 1):
 - unauthorised duplication, reproduction, transmission or diffusion in public with whatever means, in whole or in part, of intellectual property intended for television, cinema, sale or rental of disks, tapes or similar media or any other media containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images (lett. a);
 - unauthorised reproduction, transmission or diffusion in public with whatever means, of literary, dramatic, scientific or educational, musical or dramatic-musical, multimedia works, or parts thereof, even if included in collective or composite works or databases (lett. b);
 - introduction in the State, possession for sale or distribution, trade, rental, or transfer of any kind, public projection, broadcast via television by whatever method, and broadcast via radio, of the illegal duplications or reproductions referred to in letters a) and b) without having contributed to their duplication or reproduction (lett. c);
 - possession for sale or distribution, trade, sale, rental, transfer of any kind, public projection, broadcast via radio or television by any method, of videotapes, cassettes, any medium containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images or other media that required the affixing of the SIAE mark, which lack that mark or have a counterfeit or falsified mark (lett. d);
 - retransmission or distribution by any means of an encrypted service received by means of equipment or parts of equipment for decoding broadcasts with conditional access, in the absence of agreement with the legitimate distributor (lett. e);
 - introduction in the State, possession for sale or distribution, sale, rental, or transfer of any kind, commercial promotion, or installation, of devices or special decoding elements that permit access to an encrypted service without payment of the fee due (lett. f);
 - manufacture, import, distribution, sale, rental, transfer of any kind, advertising for sale or rental, or possession for commercial purposes, of devices, products or components, or the provision of services, whose commercial use or prevalent purpose is to circumvent effective

technological protection measures or that are designed, produced, adapted or developed to enable or facilitate the circumvention of such measures (lett. *f-bis*);

- unauthorised removal or alteration of the electronic rights-management information referred to in Article 102-*quinquies*, or distribution, import for distribution, broadcast by radio or television, communication or making available to the public, of works or other protected materials from which such electronic information has been removed or altered (lett. *h*).
- Crimes characterised by one of the following forms of conduct (Article 171-ter, Law 633/1941, paragraph 2):
 - reproduction, duplication, transmission or unauthorised broadcasting, sale or trade, transfer of any kind or illegal import of more than 50 copies or pieces of works protected by copyright and related rights (lett. *a*);
 - input for profit of a work or part of work protected by copyright within a system of computer networks through connections of any kind, in violation of the exclusive right of communication to the public due to the author (lett. *a-bis*);
 - engagement in the forms of conduct contemplated by Article 171-ter, paragraph 1, Law 633/1941, by those exercising the activities, for business purposes, of reproduction, distribution, sale or marketing, or import of works protected by copyright and associated rights (lett. *b*);
 - promotion or organisation of the illegal activities identified in Article 171-ter, paragraph 1, Law 633/1941 (lett. *c*).
- Failure to notify the SIAE of identification data of media that does not require marking, by producers or importers of such media, or misrepresentation regarding the fulfilment of the obligations regarding the mark (Article 171-septies, Law 633/1941);
- Fraudulent production, sale, import, promotion, installation, modification, utilisation for public and private use, of equipment or parts of equipment for decoding audiovisual broadcasts with conditional access via air, satellite, cable, in both analogue and digital form (Article 171-octies, Law 633/1941).
- **Inducement not to make statements or to make false statements to the judicial authorities** - (Article 25-decies of the Decree)
 - Inducement not to make statements or to make false statements to the judicial authorities (Article 377 - bis Criminal Code).
- **Environmental offences**- (Article 25- undecies of the Decree)
 - Crimes envisaged by the Criminal Code:
 - Environmental pollution (Article 452-bis Criminal Code);

- Environmental disaster (Article 452-quater Criminal Code);
- Traffic and abandonment of highly radioactive material (Article 452-sexies Criminal Code);
- Killing, destruction, catching, taking, possession of specimens of protected wild fauna and flora species (Article 727-bis Criminal Code);
- Destruction or adverse modification of habitats within a protected site (Article 733-bis Criminal Code).
- Crimes established by the Environmental Code set forth in Legislative Decree no. 152 of 3 April 2006:
 - Water pollution (Article 137)
 - unauthorised discharge (absent, suspended or revoked authorisation) of industrial waste water containing hazardous substances (paragraph 2);
 - discharge of industrial waste water containing hazardous substances in violation of the requirements imposed by the authorisation or by competent authorities (paragraph 3);
 - discharge of industrial waste water containing hazardous substances in violation of table limits or more restrictive limits established by Regional Authorities or Autonomous Provincial Authorities or by the competent authority (paragraph 5, first and second sentence);
 - violation of the prohibitions on discharge on the ground, in groundwater and underground (paragraph 11);
 - discharge at sea by ships or aircraft of substances or materials whose spillage is prohibited, except in minimal quantities authorised by competent authorities (paragraph 13).
 - Unauthorised waste management (Article 256)
 - collection, transportation, recovery, disposal, trade and brokerage of non-hazardous and hazardous waste, without the required authorisation, registration or notification (Article 256, paragraph 1, lett. a) and b);
 - construction or operation of an unauthorised landfill (Article 256, paragraph 3, first sentence);
 - construction or operation of an unauthorised landfill designated, in part or otherwise, for the disposal of hazardous waste (Article 256, paragraph 3, second sentence);
 - non-permitted mixing of waste (Article 256, paragraph 5);
 - temporary storage at the place of production of hazardous medical waste (Article 256, paragraph 6).
 - Contaminated sites (Article 257)

- pollution of the soil, subsoil, surface water and groundwater with concentrations exceeding the risk threshold (unless necessary decontamination measures are taken, in accordance with the project approved by the competent authority) and failure to notify the competent authorities (paragraph 1 and 2). The conduct of pollution referred to in paragraph 2 is aggravated by the use of hazardous substances.
- Forgery and use of false waste analysis certificates (Articles 258 and 260-bis)
 - preparation of a false waste analysis certificate (with regard to information on the nature, composition and physico-chemical characteristics of the waste) and use of a false certificate during transportation (Article 258, paragraph 4, second sentence);
 - preparation of a false waste analysis certificate, used in the SISTRI waste traceability control system; inserting a false certificate in the data to be provided for waste tracking (Article 260-bis, paragraph 6);
 - transport of hazardous waste without a hard copy of the SISTRI - Area handling sheet or the waste analysis certificate, as well as use of an analysis certificate containing false information about the waste transported within the SISTRI system (Article 260-bis, paragraph 6 and 7, second and third sentence);
 - transport of waste with fraudulently altered paper copy of the SISTRI - Area handling sheet (Article 260-bis, paragraph 8, first and second sentence). The conduct identified in paragraph 8, second sentence, is aggravated if the waste is hazardous.
- Illegal waste trafficking (Articles 259 and 260)
 - shipment of waste constituting illegal traffic (Article 259, paragraph 1). The conduct is aggravated if the waste is hazardous;
 - activities organized through several operations and preparation of means and continuing operations, for the illegal trafficking of waste (Article 260). Crime, characterized by the specific intent of unfair profit and multiple significant conduct (transfer, receipt, transportation, export, import or abusive handling of large quantities of waste). The penalty is aggravated in the case of highly radioactive waste (paragraph 2).
- Air pollution (Article 279)
 - violation, in the exercise of a business, of the emission limit values or of the requirements laid down by the authorisation, plans and programs or legislation, or by the competent authority, which also results in the exceeding air quality target limits set by current regulations (paragraph 5).

- Crimes under Law no. 150 of 7 February 1992 in the area of international trade in specimens of flora and fauna in danger of extinction and keeping of dangerous animals
 - import, export, transport and illegal use of animal species (in the absence of a valid certificate or license, or contrary to the requirements dictated by those measures); detention, use for profit, purchase, sale and exhibition for sale or for commercial purposes of specimens without the required documentation; unlawful trade in artificially propagated plants (Article 1, paragraph 1 and 2 and Article 2, paragraph 1 and 2). The conduct referred to in Articles 1, paragraph 2, and 2, paragraph 2, is aggravated in the case of repeat offences and offences committed in the exercise of business activities;
 - falsification or alteration of certificates and licenses; notifications, communications or false or altered statements for the purpose of obtaining a certificate or license; use of false or altered certificates and licenses for the importation of animals (Article 3-bis, paragraph 1);
 - possession of live specimens of wild or captive bred mammal and reptile species, which constitute a danger to health and public safety (Article 6, paragraph 4).
- Offences under Law no. 549 of 28 December 1993, concerning the protection of stratospheric ozone and the environment
 - Ozone pollution: violation of the provisions which provide for the termination and reduction of the employment (production, utilisation, marketing, import and export) of substances harmful to the ozone layer (Article 3, paragraph 6).
- Crimes envisaged by Legislative Decree no. 202 of 6 November 2007, on pollution of the marine environment by ships
 - negligent spill of pollutants at sea by ships (Article 9, paragraph 1 and 2);
 - intentional spill of pollutants at sea by ships (Article 8, paragraph 1 and 2).

The conduct referred to in Articles 8, paragraph 2 and Article 9, paragraph 2 is aggravated if the violation causes permanent or particularly serious damage to water quality, to animal or vegetable species or to parts thereof.

- **Crime of employment of illegally staying third-country nationals** - (Article 25-duodecies of the Decree)
 - Crime of employment of illegally staying third-country nationals (Article 22 paragraph 12-bis - Legislative Decree 286/1998).
- **Cross-border crimes** (Law no. 146 of 16 March 2006, Articles 3 and 10)

Article 3 defines a transnational crime as a crime punishable with imprisonment of not less than four years, if it involves an organised criminal group, as well as: a) being committed in one or more States; b) or being committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State; c) or being committed in one State, but in which an organised crime group is implicated that is involved in criminal activities in one or more States; d) or being committed in one State but with substantive effects in another State.

- Criminal association (Article 416 Criminal Code);
- Mafia-type association (Article 416-bis Criminal Code);
- Criminal association for the smuggling of foreign processed tobacco (Article 291-quater of the consolidated text in Presidential Decree no. 43 of 23 January 1973);
- Association aimed at illicit trafficking of narcotic or psychotropic substances (Article 74, Presidential Decree no. 309 of 9 October 1990);
- Provisions against illegal immigration (Article 12, paragraph 3, 3 bis, 3-ter and 5, of the consolidated text in Legislative Decree no. 286 of 25 July 1998);
- Inducement not to make statements or to make false statements to the judicial authorities (Article 377 – bis Criminal Code);
- Aiding and abetting (Article 378 Criminal Code).

Chapter 5 - Adoption of the Model as a possible exemption from administrative liability

Legislative Decree 231/2001 provides for a specific form of exemption from administrative liability depending on the Crimes, if the Entity is able to prove that:

- 1) *before the offence was committed, the management body has adopted and effectively implemented an organizational and management Model suitable for preventing offences of the type committed;*
- 2) *the task of monitoring the functioning and compliance of the Model and its updating has been entrusted to a body of the Entity (Surveillance Body), with independent powers of initiative and control;*
- 3) *the people who have committed the crime have fraudulently evaded the organisational and management Model;*
- 4) *supervision by the body referred to in point 2) was not insufficient or lacking.*

The Entity's liability is therefore attributed to "guilt by organization", namely the failure to adopt or failure to comply with required standards concerning the organisation and activity of the Entity.

However, the Entity is not exempted from liability by merely adopting the Model, because the Model must also be shown to be specifically efficient and effective.

With regard to the first of these requirements in particular, Legislative Decree 231/2001 – in Article 6, paragraph 2 – prescribes the following preparatory phases for the correct implementation of the Model:

- *identifying the activities within which there is a possibility of the Crimes established by Legislative Decree 231/2001 being committed;*
- *establishing specific protocols for directing the formulation and implementation of the Entity's decisions in relation to the Crimes to be prevented;*
- *identifying suitable financial management methods for preventing the Crimes from being committed;*
- *establishing disclosure obligations to the body responsible for supervising the implementation of and compliance with the Model (Surveillance Body);*
- *putting in place an effective internal disciplinary system to punish non-compliance with the measures required by the Model.*

Lastly, Legislative Decree 231/2001 establishes that the Model may be adopted “on the basis” of codes of conduct drawn up by the representative associations of the Entities.

Accordingly, in preparing this document, the Compagnia has made reference to the Guidelines issued by Confindustria (association of Italian industries) on 7 March 2002 and its update, following the expansion of the catalogue of relevant crimes under the legislation, the study document for foundations on Legislative Decree 231/2001 issued by the ACRI (Italian association of foundations and savings banks), and the document “Il Modello 231/2001 per gli Enti non profit” (the 231/2001 Model for non-profit Entities) drawn up by the Consiglio Nazionale dei Commercialisti e degli Esperti Contabili (Italian National Board of Accountants and Accounting Experts) in October 2012.

Among other things, these Guidelines suggest:

- the identification of the risk areas, to determine the areas/sectors of the Entity where there is a possibility of the offences under the Decree being committed;
- the setting up of a suitable control system to prevent the risks through the adoption of specific protocols. In particular, the components of the control system must conform to the following principles:
 - verifiability, traceability, coherence and consistency of all operations;
 - application of the principle of separation of functions;
 - documentation of controls;
 - establishment of an adequate system of penalties for violation of the procedures established by the Model;
 - identification of the requirements of the Surveillance Body, namely autonomy and independence, professional expertise and continuity of action. The first of these requirements will be satisfied by selecting its

members from those who do not already perform operational tasks in the Entity, since that characteristic would undermine objectivity of judgement when assessing conduct and the Model. The tasks of the Surveillance Body may be assigned either to already existing internal functions or specifically created bodies; moreover, they can consist of a single individual or have a board structure. The members of the control structure may also be selected from people from outside the Entity, provide they have specific expertise with respect to the functions that the Surveillance Body is required to perform;

- disclosure obligations to the body responsible for supervising the implementation of the Model and compliance.

Section 2 – The Organisational, Management and Control Model of the Compagnia and its Operating Bodies

Chapter 6 – The aim of the Model

The Compagnia and the Operating Bodies have decided to adopt a specific Organisational, Management and Control Model, as per the Decree. They believe that this Model will be an effective instrument to lead everyone who works for the Compagnia and the Operating Bodies to operate with integrity and transparency, and that it will provide a more effective way to prevent the criminal offences and administrative offences under the relevant legislation being committed.

In particular, by adopting this Model, the Compagnia and its Operating Bodies intend to pursue the following aims:

- to make all persons operating on behalf of the Compagnia and its Operating Bodies in “Sensitive Activities” (i.e. those activities which, by their nature, are at risk for the offences identified in the Decree) aware of the fact that, should they breach the rules governing such activities, they may incur disciplinary and/or contractual consequences, as well as criminal and administrative penalties;
- to stress that any such unlawful conduct is strongly condemned, since (even if the Compagnia and its Operating Bodies appear to benefit from it) such behaviour is in breach not only of the law, but also of the ethical principles that the Compagnia and its Operating Bodies intend to apply to all their activities;
- enable the Compagnia and its Operating Bodies, thanks to monitoring of at-risk areas, to take swift action to prevent or combat any criminal offences and punish conduct in breach of the Model.

Chapter 7 - Target Recipients of the Model

The Target Recipients of this Model are the members of company boards and employees of the Compagnia and its Operating Bodies. The Target Recipients receive specific and differentiated training and information on the content of the Model.

Consultants and collaborators of the Compagnia and its Operating Bodies – as well as the beneficiary entities and CSP-ST as regards their dealings with the Compagnia and its Operating Bodies – must comply with the requirements of Legislative Decree 231/2001 and the ethical principles set out therein by confirming that they have read the Model. These persons are also subject to the rules and control principles contained in the *Protocols* relevant to their specific area of activity.

The Compagnia and its Operating Bodies also require suppliers and partners to comply with the provisions of Legislative Decree 231/2001 through specific contractual clauses.

Chapter 8 - Updating the Model

Legislative Decree 231/2001 expressly requires the Model to be updated to ensure that it constantly reflects the specific requirements of the Compagnia and the Operating Bodies and their actual operations. Generally speaking, amendments and/or updates to the Model are made in the event of:

- changes and additions to Legislative Decree 231/2001 and to the criminal offences and administrative offences;
- significant amendments to the organisational structure of the Compagnia and/or the Operating Bodies, new activities and/or new processes that have a significant effect on the Group's organisational structure.

The Model may also be amended in the event of violations and/or in view of the results of checks on its effectiveness.

In particular, the Compagnia's Management Board is responsible for updating the Model and therefore also adding to and/or amending it, except for those amendments for which the Management Board has expressly appointed another body. The Surveillance Body is responsible for the general supervision of updates, which is understood to mean solicitation of the Management Board in this sense and not their direct approval.

On this point, it is noted that the Model adopted by the Management Board on 10 February 2010 was updated through subsequent resolutions on 9 May 2011, 15 October 2012, 6 October 2014 and, most recently, 13 November 2015. These updates were designed to adapt the content of the Model to organisational changes within the Group and the most recent legislative changes and case law on administrative liability of Entities.

Chapter 9 - Construction of the Model

During the initial drafting of the Organisational, Management and Control Model, the Compagnia carried out a survey of "Sensitive Activities" to examine their associated risk profiles and to assess the effectiveness of internal control systems on significant unlawful actions. In addition, the Compagnia established and defined the composition of the Surveillance Body, in order to create a structure that would be particularly focused on monitoring and updating the functioning of the Model, which is one of the Body's responsibilities.

In constructing this Model, the Compagnia therefore proceeded according to subsequent, logical steps to:

- map the Sensitive Activities;
- identify risk profiles;
- identify control structures and perform gap analyses;

- identify a Surveillance Body ("SB") responsible for supervising compliance with the Model, including by monitoring actions taken within the Compagnia and the Operating Bodies, and updating the Model;
- identify the resources available to the SB, with a suitable number and value in view of its responsibilities and the expected results that can reasonably be achieved;
- identify the general principles of an adequate internal control system in areas relevant for the purposes of Legislative Decree 231/2001 and in particular:
 - verifiability and traceability of all relevant operations for the purposes of Legislative Decree 231/2001;
 - compliance with the principle of separation of functions;
 - identification of powers of authorisation that are in line with the responsibilities assigned;
 - communication to the SB of relevant information.

During the risk mapping, staff at the Compagnia and its Operating Bodies were made aware of the purpose of the Model and its Attachments. At the mapping stage, the Heads of organisational units at the Compagnia and its Operating Bodies were also informed of the scope of Legislative Decree 231/2001 and the phases involved in drawing up the Model.

The specific Model "construction" phases were structured as described below.

9.1 Document collection and analysis

The first phase involved examining the documentation of the Compagnia and its Operating Bodies (e.g. articles of association, decisions of management boards, procedures, organisational chart, circulars, internal regulations, set of powers and mandates) in order to identify the applicable regulatory and operational environment.

9.2 Mapping of activities, identification of control structures and gap analysis

In light of the information collected, meetings were held with the Heads of organisational units to discuss and examine the information already obtained and proceed to map "at-risk activities" in relation to the main criminal offences under Legislative Decree 231/2001 and administrative offences under the Consolidated Law on Finance (TUF).

Therefore, the areas at risk of commission of the aforesaid criminal offences and administrative offences (meaning the areas of activities whose performance could result *directly* in the commission of one of the aforementioned unlawful actions) and the "instrumental" areas (meaning the areas in which, in principle, the conditions, opportunities and means for the commission of these breaches could be created) have been identified. The results of these activities have been formalised in "Memorandum" documents setting out the areas at-risk of the commission of criminal offences and administrative offences, including instrumental areas, the controls in place to prevent them, and any gaps identified.

These documents are available to the Surveillance Body for the purposes of the activities under its responsibility.

Specifically, for each activity, the reason for the existence of each risk profile has been stated and, therefore, each activity has been grouped into the relevant risk and/or instrumental area in order to assess the adequacy of existing controls. Based on the mapping described above and the existing control mechanisms, an analysis was carried out to assess the adequacy of the existing internal control system, i.e. the ability to prevent or identify breaches sanctioned by Legislative Decree 231/2001.

The areas covered by the Decree were assessed in view of the existing system of preventive measures/controls to identify any misalignments with best practices and to find solutions to remedy them.

At this stage, particular attention was dedicated to identifying and governing processes for the management and control of financial resources in activities deemed to be at-risk of significant breaches under Legislative Decree 231/2001, and to strengthen the preventive measures for areas where risks could arise.

9.3 Assessment of the system of powers, mandates and representation powers

The system of powers at the Compagnia and the Operating Bodies is based on the fundamental criteria of formal identification and clarity, communication and separation of roles, allocation of responsibility, representation, identification of hierarchies and operational activities.

The existing organisational tools (e.g. organisational charts, organisational communications, procedures) are based on the following general principles:

- their knowledge within the organisational structure;
- clear description of reporting lines.

The system of mandates and powers was also assessed with reference to the activities of the Compagnia and its Operating Bodies, checking for any requirements for adaptations. In principle, the system of mandates and powers must be appropriate to prevent criminal offences and ensure effective and efficient management of the activities of the Compagnia and its Operating Bodies. Accordingly, the system must be structured around the following rules:

- duties and responsibilities must be clearly and appropriately allocated;
- ongoing checks are performed on the exercise of delegated powers;
- the matrix and the limits of any “cascading” mandates must be documented;
- the mandated person must have appropriate spending powers in view of the functions assigned to them.

Any internal procedures must, for each process, provide a clear definition of the roles of the actors involved and ensure the separation of functions between the various actors, in view of rules on who initiates and who concludes the actions, and who monitors the process.

Mandates must also ensure compliance with rules on the coherence of the position held by the mandated person at the Compagnia or the Operational Body, avoiding potential misalignments between their work and the powers delegated to them; they must define the powers of the mandated persons and the reporting hierarchies they must respect; lastly, the management powers allocated in mandates and their use must be in line with the objectives of the Compagnia and the Operational Body.

9.4 Review of the Disciplinary System

Article 6.2.c of Legislative Decree 231/2001 expressly requires the organisation to *"put in place an effective disciplinary system to punish non-compliance with the measures required by the Model"*.

9.5 Review of contractual clauses

The need to add specific clauses to govern relationships with beneficiary entities and some types of collaborators, consultants, suppliers and partners according to the requirements of Legislative Decree 231/2001 has been assessed.

9.6 Establishment of a Surveillance Body

For the purposes of exemption from administrative liability, Legislative Decree 231/2001 requires entities to establish an internal body with autonomous powers of initiative and control to supervise the functioning and observance of the Model and to ensure it is kept updated.

Chapter 10 – Sensitive Activities of the Compagnia and its Operating Bodies

As described above, the construction of this Model started with a precise identification of the activities performed by the Compagnia and its Operating Bodies. Based on the results of this process, the relevant processes in terms of the commission of criminal offences and administrative offences were identified.

In view of the specific operations of the Compagnia and its Operating Bodies, the risk profiles identified relate to the types of criminal offence described in Article 24, 24-bis, 25, 25-bis1, 25-ter, 25-quater, 25-sexies, 25-septies, 25-octies, Article 25-novies, Article 25-decies 25-undecies e 25-duodecies of Legislative Decree 231/2001, the administrative offences described in the TUF and the cross-border offences described in Law 146/2006. However the risks of committing the following criminal offences in the interest or advantage of the Compagnia or the Operating Bodies were considered remote: organised crime (Article 24-ter), counterfeiting (Article 25 bis), female genital mutilation (Article 25 quater.1), offences against individual liberty (Article 25-quinquies). Nevertheless, the rules of conduct set out in the Model, designed to prevent the offences listed above, would also be appropriate to prevent the criminal offences of articles 25 quater 1 and 25 quinquies.

Consequently, based on the analysis described above, the following Sensitive Activities were identified:

- **Offences against the Public Administration and bribery between private individuals⁵**

- management of relations with persons of external significance for the Compagnia and its Operating Bodies;
- management of payments for goods and services/consultancies and professional services;
- selection and management of suppliers and consultants/external professionals/referees;
- personnel selection and recruitment;
- personnel management in terms of the bonus system and career path;
- management of gifts and entertainment expenses;
- management of requests for public funding for employee training;
- management of reimbursements of employee expenses;
- management of relations with public pension and social security bodies;
- management of the process of disbursement of grants as part of the Compagnia's operations;
- management of reports and requests of the Independent Auditors;
- participation in competitions for government grants;

- **Corporate Crimes**

- management of relations with the Supervisory Authorities;
- management of relations with the Board of Auditors;
- management of conflicts of interest;
- investing;

- **Market abuse crimes and administrative offences**

- management of inside information;
- management of conflicts of interest;
- investing;

- **Crimes for the purpose of terrorism or subversion of democratic order, crimes against the person and transnational organised crime**

- management of the process of disbursement of grants as part of the Compagnia's operations;

⁵ Although the offence of "Bribery between private individuals" is listed among "Corporate Crimes" (Article 25-ter of the Decree), it can be considered equivalent, in terms of how it is performed and the relevant rules of control and conduct, to the offence of "Bribery" (Article 25 of Legislative Decree 231/2001).

- selection of suppliers of manual labour, including contractors, for the part relating to offences against individuals;
- **Manslaughter or grievous bodily harm through negligence, committed in violation of the rules on health and safety at work**
 - management of health and safety at work;
- **Receiving, laundering and using money, goods or assets of unlawful origin, as well as self-laundering**
 - management of the process of disbursement of grants as part of the Compagnia's operations;
- **Cybercrime**
 - use, management and monitoring of IT systems;
 - management of documentation for evidentiary purposes;
- **Environmental offences**
 - waste management and prevention of leaks of ozone depleting substances into the atmosphere;
- **Employment of illegally-resident foreign nationals**
 - selection and recruitment of employees;
 - selection and assignment of tasks to consulting firms and/or professionals;
 - selection of suppliers of manual labour, including contractors.
- **Offences against industry and trade**
 - conducting research for the invention of innovative industrial assets
- **Inducement not to provide statements or untruthful statements to the supervisory authorities**
 - management of relations with persons of external significance for the Compagnia and its Operating Bodies.

In reference to each of these risk areas, specific protocols set out the procedures to mitigate the risks of committing the offences (see Attachments 1-13 Protocols).

Chapter 11 - The Surveillance Body

11.1 Role of the Surveillance Body

In implementation of the Decree, the Compagnia's Management Board established the Surveillance and Control Body on 26 October 2009, making it responsible for monitoring the functioning and compliance of this Organisational, Management and Control Model, and to manage its updating.

In accordance with Legislative Decree 231/2001, the SB's operations must be autonomous and independent, professional and consistent, so as to ensure effective and efficient implementation of the Model.

The autonomy and independence of the SB translates into its autonomy of control from all forms of interference or influence by any member of the legal entity and, in particular, the management body.

To ensure compliance with the requirements of autonomy and independence – and to secure sufficient guarantees to prevent the SB or any of its members being removed or penalised as a result of carrying out their duties – the SB reports exclusively to the Compagnia's Management Board.

In accordance with Legislative Decree 231/2001 and recommendations of the main industry associations, the Compagnia has appointed a multi-member SB.

The SB comprises three members nominated by the Management Board with expertise in law, accounting, audit and internal control.

The members of the SB include one person who works full-time for the Compagnia and therefore knows its operations thoroughly, plus two members from outside the company with particular technical skills and expertise in the application of Legislative Decree 231/2001, as specified below.

To further strengthen the autonomy and independence of the SB, the internal member is chosen from among those persons who do not hold management and/or operational positions within the Compagnia (e.g. Members of the Management Board, heads of institutional areas, administrators) but who work in control and supervision.

Members hold office for five years and can be re-appointed any number of times. The Compagnia's Management Board establishes the annual fee payable to the members of the SB for the entire term in office.

11.2 Functioning of the SB

At its first meeting the SB can set the frequency of meetings, although the Chairman of the SB or its members may request additional meetings in writing as and when necessary for the effective performance of the duties of the SB. In addition, the Management Board, Chairman and Secretary General of the Compagnia can also convene meetings of the SB whenever it requires clarifications, information or opinions.

11.3 Required expertise, integrity and reasons for ineligibility of SB members

The external members of the SB shall be chosen from among experts (e.g. lecturers or freelance professionals) in business/economics or law, or in any case from among persons that have adequate specialist expertise for the function, for example having been or still being a member of supervisory bodies.

Anyone who meets the conditions set out in Article 2382 and Article 2399 of the Civil Code cannot be appointed members of SB, with the exception – solely for the internal member – of the condition set out in Article 2399.B) of the Civil Code.

In addition, a person cannot be appointed as a member of the SB if they have been convicted and sentenced as detailed below, even if judgement is not final or

the sentence has been conditionally suspended, or in the event of a judgement issued pursuant to articles 444 et seq. of the Criminal Procedure Code, unless rehabilitated:

- to imprisonment for a period not less than one year for one of the offences provided for by Royal Decree 267 of 16 March 1942;
- to imprisonment for more than one year, for one of the offences under the rules on banking, finance, securities and insurance, and the rules governing markets, securities and payment instruments;
- to imprisonment for a period not less than one year for a crime against the public administration, against public faith, against property, against the public economy, or for a tax offence;
- for any offence committed with criminal intent subject to imprisonment for not less than two years;
- for one of the offences covered by Title XI of Book V of the Civil Code;
- for an offence that leads and has led to conviction resulting in disqualification, even temporary, from public office, or temporary disqualification from managerial positions for legal entities and enterprises;
- for one of the criminal offences or administrative offences set out in the Decree, even if with sentences lower than those stated above;
- anyone found to have been a member of the SB in companies that are subject to the penalties laid down in article 9 of the Decree;
- anyone definitively subject to one of the injunctions set out in Article 67, Legislative Decree 159 of 2011, as amended.

Candidates to become members of the SB must sign a self-declaration in lieu of affidavit that they are not ineligible for any of the reasons mentioned above, expressly undertaking to communicate any changes to the content of such statements.

11.4 Dismissal of SB members

The Compagnia's Management Board can dismiss members of the SB only if significant violations of their mandate are discovered that relate to their duties under the law or this Model; The Management Board can also dismiss one or more members if it becomes aware of any of the reasons for ineligibility or forfeiture indicated below.

11.5 Forfeiture of SB members

SB members forfeit their position if, after their appointment, they:

- are in one of the situations contemplated in Article 2399 Civil Code;
- no longer meet the integrity requirements;

- are found, after appointment, to have been a member of the SB in companies or entities subject to the penalties laid down in article 9 of the Decree in relation to offences or administrative offences (as per the Consolidated Law on Finance) committed during their term in office;
- are found by the Management Board to have been careless, incompetent or to have acted with gross negligence in performing the tasks assigned to the SB and performed by it in accordance with law and this Model, and in particular in the identification and consequent resolution of breaches under the Model, and also – in the most serious cases – to have committed offences.

11.6 Suspension of SB members

The following circumstances are grounds for suspension of an SB member:

- the application of a personal precautionary measure;
- the provisional application of one of the precautionary measures provided for by Article 67 of Legislative Decree 159 of 2011, as amended.

11.7 Tasks and functions of the SB

As regards supervision of the Model's functioning and compliance, the SB is responsible for:

- supervising the Target Recipients' observance of the Model's requirements on an ongoing basis, with particular regard to sensitive activities;
- checking on transactions or specific actions resulting from sensitive activities, on a regular and ad-hoc basis;
- collecting, processing and storing all relevant information acquired in the performance of its duties;
- setting up an email inbox that can be accessed solely by the members of the SB, then informing the Target Recipients of this address and of a physical mailing address to which they may submit – in a sealed envelope addressed to the members of the SB – reports of infringements of the Model, as well as reports of breaches committed by people required to comply with specific provisions of the Model;
- assess reports from the Target Recipients concerning possible infringements of the Model, as well as reports of breaches committed by people required to comply with specific provisions of the Model;
- perform appropriate inspections to ascertain violations of the Model, working in coordination on each occasion with the offices or relevant operational areas to obtain all information relevant to the investigation;
- prepare a brief report to explain the decision taken in each investigation carried out and provide a record of what happened;
- inform the offices or relevant operating areas or bodies of the Compagnia and the Operating Bodies of violations of the Model and infringements by persons required to comply with specific rules set out herein, in order to start disciplinary proceedings and assess whether to invoke the prescribed remedies;

- coordinate with the organisational units responsible for managing the training of staff of the Compagnia and the Operating Bodies, in order to prepare specific training programmes on appropriate dissemination of the Model;
- monitor initiatives for disseminating and raising awareness of the principles of the Model among the Target Recipients;
- answer Target Recipients' questions on the Model and receive any suggestions regarding its implementation and improved effectiveness;
- retain all documentation relating to the activities specified above.

As regards updating the Model – notwithstanding the Management Board's responsibility to approve amendments to the Model – the SB will inform the Board of any required implementation of the Model and periodically monitor its adequacy.

In this regard, the SB's responsibilities are:

- monitoring changes in relevant regulations;
- analysing Group activities in order to constantly update the list of sensitive activities;
- supervising updates to every part of the Model, to prevent criminal offences/administrative offences, in coordination with the offices and operational areas;
- evaluating changes to the Model in the event of criminal offences/administrative offences or significant violations;
- proposing any changes to the Model to the Management Board, either due to changes in the operations of the Compagnia and the Operating Bodies, or arising from changes to Legislative Decree 231/2001.

In carrying out these activities, the SB may engage the services of other offices/operating areas within the Compagnia and the Operating Bodies, as well as external consultants with specific skills, whose professional contribution may be required from time to time, without the need for the SB to obtain specific authorisation from the Management Board for the spending budget allocated each year upon request to the SB by the Board.

11.8 Reporting obligations to the SB

All Target Recipients of the Model must inform the SB of: (1) the commission or attempted commission of unlawful actions under the Decree or that are in any case relevant in terms of administrative liability of Entities; (2) violations of the conduct requirements and operational procedures set out in the Model that they personally discover; (3) in any case, any event, circumstance, act or omission discovered or observed in the performance of their responsibilities and tasks that violate the provisions of the Decree; (4) comments on the effectiveness of the Model, noting any future requirements.

The reports required as above must be provided in writing (see Attachment - Standard form for reports to the SB), to be sent directly to the SB as follows:

- delivered (or sent) in a sealed envelope addressed to “Organismo di Vigilanza della Compagnia di San Paolo – C.so Vittorio Emanuele II 75 - Turin, Italy”
- by email to OdV@compagniadisanpaolo.it.

The SB shall assess the reports received – including anonymous reports, provided they include factual information – and perform any consequent investigations, interviewing the person who made the report and/or the person responsible for the alleged violation, and providing a written explanation if it decides not to start an internal enquiry.

The SB will act in such a way as to protect people who make reports from any type of retaliation, discrimination, penalisation or consequence, ensuring that their identity is kept confidential notwithstanding legal requirements and the protection of the rights of the Compagnia, the Operating Bodies or of people accused in error and/or in bad faith.

To this end, the SB retains each report/communication it receives in a specific digital/hard-copy file kept in accordance with Decree 196/2003, notwithstanding its reporting obligations to the Management Board.

Only SB members are permitted to access these communications, and they undertake to use them solely for their own inspection and supervisory purposes: failure by SB members to comply with this duty of confidentiality is a violation of their responsibilities under this Model.

11.9 Processing reports of violations

The SB evaluates all reports of violations received or instances of non-compliance with the Model discovered in the course of its activities.

All Target Recipients of the Model must cooperate with the SB to enable the collection of further information deemed necessary by the SB for full and proper evaluation of the report.

The SB immediately informs the line manager of the person who committed the violation of breaches of the Model found in the course of its activities or reported by other offices or operating areas (having verified their validity), in order to apply the appropriate proceedings under the Disciplinary System set out in the Model.

If the violation is particularly serious or concerns the management, administration and control bodies of the Compagnia and/or the Operating Bodies, then the SB informs the Management Board and/or the corresponding boards of the Operating Bodies.

11.10 Surveillance Body reports to the Compagnia's Management Board

The SB reports to the Compagnia's Management Board on matters relating to the Model.

The SB can be called at any time by the Management Board of the Compagnia to report on its activities and to confer with it. The SB may also request to meet the Management Board of the Compagnia whenever it needs to report violations of

the Model promptly or call its attention to problems with the functioning and compliance of the Model.

The SB is responsible for providing the appropriate clarifications on issues relating to the interpretation of the Model or queries.

Every six months, the SB prepares a written report for the Management Board of the Compagnia, signed by all its members and concerning:

- the SB's activities during the period;
- any critical issues found in relation to conduct and events;
- the planned corrective actions and progress with their implementation.

Together with the report to the Compagnia's Management Board for the second half of the year, the SB will also prepare a statement to be included in the management report accompanying the financial statements and a plan of activities for the next year. The Management Board can also ask the SB to perform additional checks on specific topics.

The SB establishes, in good time, the procedures and timetable for all the different offices/operating areas to provide the necessary information so that it can effectively carry out the verification activities assigned to it.

11.11 Surveillance Body Relations

Relations with Operating Bodies

The SB oversees the functioning of the Model and compliance with it by the Operating Bodies and, to this end, maintains relationships with their boards in relation to issues concerning the Model.

To enable effective management of the SB's supervisory and control activities, each Operational Body must select an internal *contact person for internal controls*, who will be responsible for managing all communications with the SB and for supporting it – or the offices it appoints – with its activities.

The management board of each Operational Body is responsible for informing the SB of the *contact person for internal controls*.

Purely by way of example, the *contact person* will be responsible for the following tasks:

- informing the SB of the adoption of the Model by the governing body of Operational Body;
- sending the SB the information flows it requires;
- coordinating the implementation of the Model by the Operational Body.

Relations with the Compagnia's Control Body

The Surveillance Body will report to the Compagnia's Control Body at least annually on the results of its activities.

Coordination with CSP-ST's Surveillance Body

To ensure consistency between the Compagnia, its Operating Bodies and CSP-ST, as well as maintaining a unified vision on common subjects for their various

operating units, the two supervisory bodies will work closely together, including through reciprocal exchange of information.

In addition, in the event of significant events/information relating to the observance, functioning and amendment of the Model for which it is responsible, as well as changes to the system of mandates or their respective organisational and governance units, the relevant board shall promptly bring these events to the attention of the other board.

Chapter 12 – Disciplinary system

12.1 Purpose of the disciplinary system

To ensure the full effectiveness of this Model it is necessary to adopt an appropriate disciplinary system, with sanctions that are proportionate to the seriousness of the violation of the rules set out in the Model and the rules of conduct referred to herein by representatives, managers, employees, beneficiary entities, collaborators, consultants, suppliers and partners of the Compagnia and its Operating Bodies. In fact, under Article 6.1.e. of Legislative Decree 231/2001, establishing this disciplinary and/or contractual sanctions system is an essential requirement of the Model for the purposes of exemption from administrative liability.

The type and level of each of the sanctions established is decided taking into account the degree of imprudence, carelessness, negligence, culpability, or wilfulness of the act/omission, also considering whether the act/omission was repeated a number of times, and the work carried out by the person concerned and their position, together with any other relevant circumstances characterising the fact.

Disciplinary action will be pursued regardless of the initiation and/or pursuit and completion of a criminal case, since the principles and rules of conduct laid down in the Model are adopted by the Compagnia and the Operating Bodies in full autonomy and independently of any criminal offences which said conduct may constitute, which is the responsibility of the courts to ascertain.

This is in any case without prejudice to any claims for damages if violations of the rules of conduct set out in this Model cause tangible harm to the Entities, for example in the event that a judge applies the measures set out in Legislative Decree 231/2001 to such claims.

The Surveillance Body is responsible for verifying the adequacy of the disciplinary system and constantly monitoring the application of sanctions to employees, as well as of actions relating to external parties. The Surveillance Body will also report any violations that it becomes aware of during the performance of its own duties.

12.2 Disciplinary measures resulting from violations by middle management and office staff

Violation of the regulations and of the rules of conduct set out in this Model (considered as a whole, including its attachments) by non-management staff is considered a “disciplinary offence” and as such can be punished through a system of disciplinary measures in accordance with the relevant employment contract.

After the SB has been informed of the violation of the rules set out in the Model, or after the SB has performed inspections that find violations of these rules, a disciplinary investigation will be carried out.

This procedure will be conducted by the SB, in concert with the person responsible for HR management at the Compagnia or the Operating Bodies, in accordance with the relevant employment contract and article 7, Law 300 of 20 May 1970 (Law 300/1970).

If a disciplinary violation is found to have been committed, issuing any sanctions is the responsibility of the person/body appointed for this purposes on the basis of the system of powers and mandates in force at the Compagnia and the Operating Bodies.

The Compagnia and/or the Operating Body will issue the relevant employee with the most appropriate disciplinary sanction from among those listed below, considering the employee’s overall conduct and the general criteria specified in the preceding section:

- A **VERBAL WARNING** can be issued in the event of a slight violation of the principles and rules of conduct set out in this Model or in the event of actions, within a risk type identified in the Model, that are not in line with or not appropriate for the aforementioned principles and rules, with such action constituting a slight breach of the Model.
- A **WRITTEN WARNING** can be issued in the event of repeated slight violations of the principles and rules of conduct set out in this Model or in the event of repeated actions, within a risk type identified in the Model, that are not in line with or not appropriate for the aforementioned principles and rules, or the directives and instructions issued by management and superiors. This sanction will also be applied in the event of unjustified absence from the training courses on Legislative Decree 231/2001, the Model and other related subjects.
- A **SUSPENSION WITHOUT PAY FOR UP TO 10 DAYS** can be applied in the event of a violation of the principles and rules of conduct set out in this Model or in the event of event of actions, within a risk type identified in the Model, that are not in line with or not appropriate with respect to the provisions of

the Model, to such an extent that they are considered to be of a certain level of seriousness, or in the event of repetitions of disciplinary offences previously sanctioned with a WRITTEN WARNING.

- **DISMISSAL FOR JUST CAUSE (WITH NOTICE)** can be used in the event of an action that constitutes a significant violation of the principles and rules of conduct set out in this Model when carrying out an action covered by the risk profiles identified in the Model, exclusively when this action is only potentially likely to constitute a crime, or in the event of repetitions of disciplinary offences previously sanctioned with a Suspension.
- **DISMISSAL FOR JUST CAUSE (WITHOUT NOTICE)** can be used in the event of an action that constitutes a significant violation of the principles and rules of conduct set out in this Model when carrying out an action covered by the risk profiles identified in the Model, when this action is wilful or grossly negligent and when it is likely to constitute a crime or cause such serious harm to the relationship of trust that characterises the employment relationship that it cannot be continued, even provisionally.

This sanction will also specifically be applied in cases of:

- failure to prepare documentation required by the Model or incomplete or lacking preparation of this documentation in order to wilfully circumvent the requirements of the Model, or removal, destruction or alteration of this documentation;
- any action taken to wilfully circumvent the requirements of the Model;
- hindering controls and/or impeding access to information and documentation by the persons responsible for controls or decisions.

This is without prejudice to all provisions of Article 7, Law 300/1970, which are understood to be reproduced here in full. In particular:

- the obligation – in relation to the application of any disciplinary action – to inform the employee of the accusation in advance and to allow them to defend themselves;
- the obligation – except for the verbal warning – to issue the sanction at least 5 days after notification of the accusation (during which the employee may submit their explanations).

12.3 Disciplinary measures resulting from violations by management

The violation of the principles and rules of conduct set out in this Model by managers or in the event of actions that are not in line with the risk profiles identified in the Model will be subject to the most appropriate disciplinary measure.

After the SB has been informed of the violation of the rules set out in the Model, or after the SB has performed inspections that find violations of these rules, a disciplinary investigation will be carried out.

This procedure will be conducted by the SB, in concert with the Compagnia's Personnel Manager or person responsible for HR management at the Operating Bodies, in accordance with the relevant employment contract and article 7, Law 300 of 20 May 1970 (Law 300/1970).

In the event of the commission of the aforesaid violations by management staff, it is possible to apply the sanction of dismissal pursuant to Article 2119 of the Italian Civil Code, to be decided by the Management Board and/or the corresponding management boards of the Operating Bodies responsible for these decisions according to the Articles of Association, after a procedure conducted according to the rules of Article 7, Law 300 of 20 May 1970.

The failure by management staff to supervise the correct application by hierarchically junior employees of the rules of conduct, the rules and the procedures set out in the Model is a disciplinary offence. In addition, the violation of the rules of conduct contained in the Model by management staff themselves or, more generally, acting in their respective roles in a way that is not consistent with the conduct reasonably expected of a manager in light of their role and level of autonomy is also a disciplinary offence.

Depending on the seriousness of the manager's omission, in light of Article 2106 of the Italian Civil Code, if dismissal is not justified, then alternative disciplinary measures can be assessed, such as changes in their responsibilities and/or position, without prejudice to the limit set out in Article 2103 of the Italian Civil Code and the rule set forth in Article 7.4 of Law 300/1970.

12.4 Disciplinary measures resulting from violations by the Secretary General and/or Director

If the Secretary General and/or the Director has acted in any way that is not consistent or not in line with the rules of conduct set out in the Model, they may be subject to the sanctions set out in the disciplinary system for management (see section 14.3) if they are connected to the Compagnia and/or the Operating Bodies by an employment relationship and have a management role.

If the Secretary General and/or Director is not an employee of the structure, then the Surveillance Body, having confirmed the existence of a disciplinary violation, will provide the Management Board of the Compagnia and/or the board of the Operating Bodies with adequate information to take the appropriate actions. In the most serious cases, this could lead to the termination of the relationship and, if termination of the relationship is not appropriate, then alternative measures may be assessed.

12.5 Disciplinary measures resulting from violations by members of company boards

If a member of the Management Board of the Compagnia and/or the board of the Operating Bodies has acted in any way that is not consistent or not in line with the rules of conduct set out in the Model, this member may be subject to a disciplinary sanction commensurate with the intentionality and seriousness of the action (which may also take into account the level of risk to which the Compagnia

and/or the Operating Body was exposed) and the particular circumstances in which this action took place.

After the SB has been informed of the aforementioned violation, or after the SB has performed inspections that find violations of these rules, a disciplinary investigation will be carried out by the SB. If a disciplinary offence is found to have been committed, the SB will provide adequate information to the Management Board of the Compagnia, which will take the appropriate decisions, which may consist of a verbal warning, written warning and, in the most serious cases, termination of the relationship or the transmission of the documentation to the Compagnia's Governing Council.

In the event of violation of the rules of conduct, requirements and/or procedures and/or internal rules set out in this Model by a member of the Board of Auditors of the Compagnia and/or the Operating Bodies, then the SB will provide appropriate information to the Management Board of the Compagnia and/or the corresponding boards of the Operating Bodies responsible for these decisions in accordance with the Articles of Association. If the violations constitute just cause for dismissal, then the Management Board of the Compagnia and/or the corresponding boards of the Operating Bodies responsible for these decisions under the Articles of Association will, on the SB's recommendation, take the appropriate measures and meet the other requirements set out by law.

12.6 Disciplinary measures resulting from violations by beneficiary entities, suppliers, consultants, collaborators and partners

If it is found that beneficiary entities of the Compagnia and/or the Operating Bodies have not complied with the rules of conduct and requirements set out in the Model, then the SB will send a brief written report to the Secretary General and/or the Director. These violations will then be managed by the Secretary General and/or Director together with the person responsible for the unit to which the report relates and could result in the suspension, termination or request for reimbursement of funding.

In addition, if it is found that suppliers, consultants, collaborators and partners of the Compagnia and/or the Operating Bodies have not complied with the rules of conduct and requirements set out in the Model, then the SB will send a brief written report to the Secretary General and/or the Director. These violations will then be managed by the Secretary General and/or Director together with the manager of the office to which the relationship/service refers and could result in the application of penalties and/or termination of contract in accordance with the relevant contractual agreements, without prejudice to the right to seek damages.

Chapter 13 - Training and internal communication

The administrative liability regime laid out in law, together with the Organisational, Management and Control Model adopted by the Compagnia and the Operating Bodies, form an overall system which must be reflected in the operational conduct of staff and board members.

As such, it is essential to implement a communication and training system for disseminating the contents of the Legislative Decree and of the Organisational Model adopted, including all its various components (e.g. the aims of the Model, its structure and key components, the powers and delegation system, identification of the Surveillance Body, information flows to the Surveillance Body). The purpose is to ensure that knowledge of the subject matter and compliance with the rules arising from it become an integral part of staff professional culture.

Training and internal communications for all staff – with due regard to their specific duties – have been structured with this in mind, to ensure widespread knowledge of the subjects in question and a corporate culture that embraces them, thereby mitigating the risk of offences being committed.

13.1 Internal communication

The Compagnia and the Operating Bodies inform all their respective staff of the adoption of this Organisational, Management and Control Model, by attaching a copy of it.

New hires receive a copy of the Organisational, Management and Control Model when they join, together with the other relevant documents.

By signing a declaration, staff members confirm they have received the documents and have read them fully, and undertake to comply with the rules they contain.

The Organisational, Management and Control Model is also published and available for consultation on the company intranet. The published documents are regularly updated to incorporate any intervening changes in legislation and in the organisational model.

13.2 Training

To ensure the effective implementation of the Model, it is a general objective of the Compagnia and the Operating Bodies to ensure that all Target Recipients of the Model know and are provided with the rules of conduct set out therein. All Target Recipients must have full knowledge of the propriety and transparency objectives that the Model is intended to achieve, as well as the methods through which the Compagnia and its Operating Bodies have sought to pursue them.

There is also a specific need to ensure that staff whose work has been found to be or could be “at risk” have proper knowledge of the Model’s requirements and the underlying basis for its effective implementation. These objectives apply to the staff of the Compagnia and the Operating Bodies.

Working in close coordination with the Compagnia's Personnel Manager or the person responsible for the management of human resources for the Operating Bodies, the SB will be responsible for assessing the effectiveness of the training plan as regards course content, method of delivery, their **repetition**, checking on **mandatory** attendance and **measures to be taken against anyone who does not attend** without just cause.

Accordingly, the Compagnia and the Operating Bodies have set up initiatives designed to ensure the widest possible dissemination of the requirements of the Model and consequent awareness among all staff.

Training activities for all staff at the Compagnia and the Operating Bodies have therefore been organised to illustrate the following topics:

- regulatory framework (consequences for the Entity due to the commission of crimes and administrative offences under Legislative Decree 231/2001, essential characteristics of the crimes and the Model's function in this context);
- the Model.

Participation in the training processes described above is mandatory and recorded. Attendees are required to sign in and the names of those present are sent to the SB.

For **new hires** or anyone unable to attend the courses discussed above for valid reasons, specific courses must be organised by agreement with the manager.

The **courses will be repeated** periodically in order to verify the effective application of the Model by Target Recipients and their awareness of the topics and requirements set out in the said Model.

13.3 Information for beneficiary entities, suppliers, consultants, employees and partners

Beneficiary entities, suppliers, collaborators, consultants and partners must be respectively informed by the Compagnia and its Operating Bodies of the adoption of this Model and the requirement to act in accordance with Legislative Decree 231/2001 and the aforementioned rules.

Attachments

Rules of conduct of the Compagnia di San Paolo and its Operating Bodies

INTRODUCTION

The Compagnia di San Paolo (hereinafter also the "Compagnia") is a private independent non-profit organisation, open to dialogue and collaboration with the local, national and European public institutions, that pursues the purposes of public interest and social assistance in order to promote the civil, cultural and economic development of the communities in which it works.

The Compagnia pursues its goals by managing and administering the assets it has accumulated over the centuries, which the Organisation is committed to transferring intact to future generations.

The foundation achieves its mission of social utility through its work in the relevant sectors. Within the relevant sectors, the Compagnia works in two different ways: on one hand by implementing and developing its own projects, and on the other hand by making outright grants to support projects submitted by public entities and private non-profit entities, considered worthwhile following a specific selection process.

The Compagnia also carries out its activities through the Operating Bodies, which are specialist entities through which actions in the relevant sectors are channelled. Every year, the Compagnia provides support to the ordinary activities of its Operating Bodies, based on the planning guidelines established by it.

The framework of rules in which the Compagnia and its Operating Bodies work is dictated by general laws, specific laws, the regulations that derive from them, their Articles of Association and the regulatory documents approved by the competent governing bodies.

The Compagnia and its Operating Bodies have adopted the following rules of conduct in order to define, clearly and transparently, the values they aspire to in the pursuit of their objectives of effectiveness and efficiency, basing their actions on the principles of legality, transparency, responsibility and objectivity in accordance with the fundamental characteristics of good conduct.

The rules of conduct define the values and rules that the members of the Governing Bodies, the Employees, the Beneficiary Entities, Consultants, Collaborators, the Suppliers, the Partners and all those (the "Target Recipients") who work in the name and on behalf of the Compagnia and its Operating Bodies must respect.

Directors and managers of the Compagnia and the Operating Bodies must, inter alia, ensure the actions of the entities comply with the rules of conduct, spreading knowledge of these rules among employees and collaborators and facilitating their dissemination.

The value and importance of the rules of conduct is heightened because organisations can be held liable if the criminal offences and administrative offences set out in Legislative Decree no. 231 of 8 June 2001 are committed.

CORE PRINCIPLES

Compliance with laws and regulations

All activities carried out in the name and on behalf of the Compagnia and its Operating Bodies must be performed in complete accordance with current laws and regulations. Any violations of laws or regulations cannot in any way be justified by the pursuit or achievement of the said Bodies' interests.

Each Target Recipient commits to diligently acquire the necessary knowledge of laws and regulations applicable to the performance of their functions, as are in force at the time.

In addition to the general principles of diligence and honesty set out in Article 2104 of the Italian Civil Code, each Employee must observe the conduct requirements set out in the applicable collective bargaining agreements.

Integrity

In the performance of their functions each Target Recipient must behave with transparency and moral integrity and, in particular, in accordance with the values of honesty, propriety and good faith. Pursuit of the Organisation's interests cannot in any way justify acting in violation of the principles of propriety and honesty; for these reasons the Target Recipients must refuse any form of benefit or gift, received or offered, that could be construed as being designed to influence the independence of judgment and the conduct of the parties concerned.

Propriety

Relations with third parties and relations with employees and collaborators must be based on the utmost propriety, which means fulfilling agreements, acting responsibly, upholding and protecting the assets of the Compagnia and its Operating Bodies, clear and functional management of information, and applying the principle of good faith to every action or decision.

Dignity and equality

Each Target Recipient acknowledges and respects personal dignity, the private life and personal rights of every individual.

Each Target Recipient will work with men and women of different nationalities, cultures, religions and ethnic backgrounds. The Compagnia and its Operating

Bodies reject and forbid any form of discrimination, nuisance or offensive behaviour, whether of a sexual, personal or other nature.

Professionalism and collaborative spirit

Each Target Recipient performs their activities with the professionalism required by the nature of their responsibilities and functions, undertaking to do the maximum possible to achieve their assigned objectives and assuming the responsibilities connected to their tasks. Each Target Recipient must undertake the necessary learning and continuous training duties with diligence. Reciprocal collaboration between persons involved in any way in the same project – particularly with reference to transparency and sharing important information – is an essential principle for the Compagnia and its Operating Bodies. The quality and efficiency of the internal organisation of the Compagnia and its Operating Bodies and their reputation depends significantly on the conduct of each Target Recipient, who must therefore contribute through their actions to upholding these values.

Traceability and Confidentiality of Information

Each Target Recipient must retain appropriate documentation for every transaction carried out, in order to be able to check reasons and characteristics of the transactions during the phases of authorising, executing, recording and auditing it.

The Compagnia and its Operating Bodies guarantee, in accordance with the law, the confidentiality of the information in its possession. The Target Recipients are forbidden to use confidential or inside information for reasons not connected to their operational responsibilities unless formally agreed, authorised or notified to the parties concerned.

Conflict of interest

In carrying out their functions, the Target Recipients must avoid actual or potential conflicts of interest. For example, a conflict of interest exists in the event of:

- exploiting their position for the pursuit of objectives that are not in line with those of the Compagnia and/or the Operating Bodies;
- using information obtained during work activities for their own benefit or that of third parties, against the interests of the Compagnia and/or the Operating Bodies; as specified below in greater detail, a conflict of interest exists in situations where the person can be influenced in their decisions/choices in such a way that would impair their ability to take decisions in the best interest of the Compagnia and/or the Operating Body;
- accepting positions or performing work of any kind for beneficiary entities, clients, suppliers, competitors and third-parties in general, against the interests of the Compagnia and/or the Operating Bodies;

Any situation that could potentially generate a conflict of interest or in any case impair the ability of the Target Recipient to take decisions in the best interest of the Compagnia and/or the Operating Bodies must be immediately reported by the Target Recipient to the Surveillance Body by sending an email to OdV@compagniadisanpaolo.it or via Internal Audit; accordingly, it is mandatory for the Target Recipient in question to abstain from performing any actions connected or related to this situation.

EXTERNAL RELATIONS

Relations with beneficiary entities, partners or external counterparties

Relations with beneficiary entities, partners or external counterparties are conducted in accordance with the fundamental principles laid out in this document, as well as the laws in force at the time.

Interactions with external counterparties must comply with the ideals of honesty, fairness, collaboration and transparency, and must be based on the principles of competence, professionalism, dedication and efficiency.

When developing initiatives with beneficiary entities, partners and external counterparties, the Target Recipients must comply with the rules of conduct expressed in this document. In particular, they must:

- establish relationships solely with beneficiary entities, partners and external counterparties that have a good reputation and whose ethical culture is comparable to that of the Compagnia and its Operating Bodies;
- ensure the transparency of agreements and avoid signing understandings or agreements that are in breach of the law;
- maintain transparent and collaborative relationships with beneficiary entities, partners and external counterparties; promptly inform the Surveillance Body – by sending an email to OdV@compagniadisanpaolo.it or via the Compagnia's Internal Audit office – of any action by a beneficiary entity, partner or external counterparty that appears to be contrary to the rules of conduct set out in this document;
- accept any gifts or donations from beneficiary entities, partners or external counterparties only if they are of modest value⁶ and consistent with generally accepted business practices and, in any case, do not compromise integrity and independence of judgment.

⁶ A limit of 150 euro has been established, based on applicable external regulations.

Relations with governments, institutions and public offices or offices with public functions

Relations with the Public Administration and public institutions (e.g. municipalities, ministries and their peripheral offices, public authorities, authorities and agencies operating in the public service sector, territorial authorities, local authorities, the Bank of Italy, the Data Protection Authority, universities, external auditors) are conducted with the maximum transparency and propriety, in accordance with the rules of conduct expressed in this document, as well as the articles of association of the Compagnia and the Operating Bodies and current laws.

In particular, purely by way of example, the following actions are prohibited both in Italy and in other countries:

- to personally promise, offer or in any way pay or provide sums of money, goods in kind or other benefits, also as a consequence of unlawful pressure, to public officials or private interlocutors responsible for performing public services, with the aim of furthering or favouring the interests of the Compagnia and/or the Operating Bodies. The above rules cannot be circumvented by using other forms of aid or assistance such as positions, consultancies, advertising, sponsorships, job opportunities, business opportunities, or any other kind of opportunity;
- to act in any way designed to unduly influence the decisions of officials who process or take decisions on behalf of the public administration;
- to provide or promise to provide, solicit or obtain information and/or documents that are confidential or in any case that could compromise the integrity or reputation of one or both parties in violation of the principles of transparency and professional propriety.

Actions by Target Recipients such as giving gifts or providing hospitality to Public Officials or public service officers are permitted where directly attributable to normal courtesy or considered customary in view of the occasion, provided they do not compromise the integrity and reputation of the Compagnia and its Operating Bodies and do not influence the recipient's independence of judgment.

Relations with suppliers of goods and services

The selection of suppliers of goods and services and, in any case, the purchase of goods and services of any kind is performed by the units responsible for this task, on the basis of objective and recordable criteria, based on the pursuit of the best balance between cost and quality.

In relations with suppliers, the Compagnia and its Operating Bodies act in accordance with the principles of transparency, equality, fairness and free competition. In particular, as part of these relationships the Compagnia and its Operating Bodies must:

- establish efficient, transparent and collaborative relations, by maintaining an open and frank dialogue in line with contractual best practices;
- secure suppliers' cooperation in continuously ensuring the best balance between quality, cost and delivery times;
- enforce the conditions stipulated in the contract;
- require suppliers to adhere to the rules of conduct adopted by the Compagnia and its Operating Bodies and include a specific provision for this in contracts;
- operate within the applicable regulations and require due compliance with those regulations.

In accordance with the rules on social responsibility, the Compagnia and its Operating Bodies demand that their suppliers comply in full with rules and legal requirements on labour, occupational health and safety, and environmental protection.

Relations with collaborators

In their relations with Collaborators, the Compagnia and its Operating Bodies must:

- carefully assess the need to use the services of external collaborators and select counterparties with appropriate professional qualifications and reputation;
- establish efficient, transparent and collaborative relations, by maintaining an open and frank dialogue in line with contractual best practices;
- secure collaborators' cooperation in continuously ensuring the best balance between service quality, cost and respect for deadlines;
- enforce the conditions stipulated in the contract;
- require Collaborators to adhere to the rules of conduct adopted by the Compagnia and its Operating Bodies and include a specific provision for this in contracts;
- operate within the applicable regulations and require due compliance with those regulations.

EXTERNAL COMMUNICATIONS

External communications

The Compagnia and its Operating Bodies recognise the fundamental role of the mass media in disseminating information. For this reason, relations with domestic and international interlocutors are managed in full respect of the principles of transparency, clarity, accuracy and timeliness.

Relations with the mass media are managed exclusively by those persons or units responsible for this task. Target Recipients are expressly forbidden to provide information to representatives of the mass media or to commit to provide such information without the authorisation of the competent persons/units. It is also forbidden to offer payments, gifts or other donations designed to influence the actions of the mass media.

Target Recipients responsible for external communication of information regarding the objectives, activities, areas of intervention and results of the Compagnia and its operating bodies – by participating in public meetings, conventions, conferences or seminars, or producing articles, essays and publications in general – must obtain consent from the management of their unit regarding the texts/reports prepared and communication guidelines, agreeing and checking their content with the unit responsible.

Circulation of information

In performing its activities, the Compagnia and its Operating Bodies ensure that the decisions taken are transparent. Information must be circulated in accordance with the principles of truth, accuracy and timeliness. For this purposes, reports to be circulated both internally and externally (institutional contacts, suppliers, partners) must be prepared carefully and in accordance with these principles.

HUMAN RESOURCES AND EMPLOYMENT POLICY

General principles

The fairness, competence, professionalism, reliability, knowledge and dedication of staff are key values that are essential for achieving the objectives of the Compagnia and its Operating Bodies.

In terms of selection – which is conducted in accordance with the rules of conduct set out in this document, equal opportunities, and without any form of discrimination – the Compagnia and its operating bodies ensure that the human resources hired meet the profiles required to meet the organisation's needs, avoiding favouritism or advantages of any kind.

In terms of the development of human resources, the Compagnia and its Operating Bodies are committed to creating and maintaining the necessary conditions for the skills, expertise and knowledge of each employee to be extended, with the aim of ensuring the successful achievement of the Organisation's objectives. For this reason, the Compagnia and its Operating Bodies pursue a policy based on recognising merit, in accordance with the principle of equal opportunities.

As such, employees are asked to foster and drive the acquisition of new skills, expertise and knowledge, and to perform their duties in full respect of the

Entities' organisational set-up, also to enable correct and orderly activation of the chain of internal controls and the formation of a precise and well-structured framework of responsibilities.

Selection, development and professional training

Staff selection and recruitment must comply rigorously with the standard rules set by the Compagnia and its Operating Bodies. It must also be in line with transparency rules when assessing requirements in terms of skills and expertise, knowledge and individual potential.

In the recruitment and management of staff, and in professional relationships, the Target Recipients must expressly and continuously show respect for people, their dignity and values, avoiding any discrimination based on gender, ethnic background, nationality, age, political opinions, religious beliefs, health, sexual orientation or socio-economic status.

Even the mere prospect of increased remuneration, other benefits or career progression is forbidden as a "quid pro quo" for actions in violation of laws, the rules of conduct expressed in this document and internal rules and regulations.

Any act of retaliation against Target Recipients who refuse to commit unlawful actions or who complain of or report such actions is forbidden.

Remuneration

Without prejudice to compliance with mandatory regulations, the remuneration system must – at all levels, both in terms of money and of benefits – be founded on the principle whereby remuneration is set solely on the basis of assessments of the level of training, specific professional expertise, experience, past good performance and achievement of assigned objectives.

Working environment

Within the working environment, Target Recipients must behave in a professional, orderly and polite manner.

The Compagnia and its Operating Bodies expressly forbid any kind of nuisance or shows of intolerance towards anyone in the workplace.

The Target Recipients work together to achieve shared results and commit to creating a calm and pleasant working environment.

Health and safety at work

The Compagnia and its Operating Bodies are committed to developing and implementing strategies, policies and plans designed to prevent and rectify any wilful or negligent action that could cause direct harm to staff of the Compagnia and its Operating Bodies and/or to the tangible and intangible assets of these Entities.

The Target Recipients commit to spreading and consolidating a culture of safety, improving risk awareness, promoting responsible behaviour by all collaborators and working to preserve – above all through preventive actions – the health and safety of staff.

These activities must be conducted in accordance with current regulations on health and safety at work; management processes must be based on advanced rules for protecting the environment and improving health and safety at work.

The Target Recipients must refrain from committing, conspiring to commit or causing actions that, taken individually or collectively, directly or indirectly constitute the criminal offences of manslaughter or serious or grievous bodily harm through negligence, committed in violation of the rules on health and safety at work as specified under Article 25-septies of Legislative Decree 231/2001.

Use of equipment and structures

The assets of the Compagnia and its Operating Bodies – specifically equipment located in workplaces – are used for service requirements in accordance with current regulations.

It is not permitted under any circumstances to use the assets – and in particular the IT and network resources – for purposes contrary to law, public order or public decency, or to commit or induce the commission of criminal offences or racist behaviour, to glorify violence or violate human rights.

Target Recipients must not make audiovisual, electronic, hard-copy or photographic recordings or reproductions of work documents, except if part of the normal functions assigned to them.

Internal Controls

The term “internal control system” means the combination of instruments and processes needed or useful to direct, manage and monitor the activities of the Compagnia and its Operating Bodies.

The Compagnia and its Operating Bodies adopt an internal control system to monitor and direct internal organisation, and to ensure the application of legal and regulatory standards, and the rules of conduct set out in this document.

In order to standardise methods and instruments, internal control of the Entities is centralised with the Compagnia, as per the decision to this effect of the Management Bodies. The system is organised to enable the Management Boards of the Compagnia and its Operating Bodies to assume their full responsibilities on a constant basis.

Within the internal control system, each unit monitors and ensures the compliance of its actions and activities with the legal requirements in force at the time and the rules of conduct expressed in this document. The individual units of the Compagnia and its Operating Bodies are responsible for performing first-level controls in their area of competence, detecting instances of non-compliance and

reporting these to the competent units of the Compagnia and its Operating Bodies.

ACCOUNTING INFORMATION

Accounting entries

Accounting records are kept in accordance with the principles of transparency, truthfulness, completeness, clarity, precision, accuracy and compliance with current regulations. Adequate documentation must be kept on every transaction, enabling easy recording in the accounts, the reconstruction of the transaction and the identification of any liability.

The Compagnia and its Operating Bodies ensure compliance with all applicable regulations and, in particular, rules on the preparation of financial statements and all types of mandatory administrative and accounting documentation.

Accounting procedures are based on widely accepted principles, systematically recording events deriving from the management of the Compagnia and its Operating Bodies.

Adequate supporting documentation must be kept for every accounting entry that reflects a transaction. This documentation must show the reason for the transaction that generated the entry and its authorisation. Supporting documentation must be easy to locate and filed according to suitable rules that ensure its easy consultation both by internal and external control entities.

In particular, internal and external control units must have free access to the data, documents and information necessary to perform their duties. It is expressly prohibited to impede or prevent the performance of control or statutory audit activities entrusted to internal and/or external control bodies.

Target Recipients must cooperate to ensure the correct and timely recording in the accounts of all management activities and must ensure that events are correctly and promptly represented, so that the administrative and accounting system can fulfil its purposes. Target Recipients must promptly report any errors or omissions in the process of recording management events, and must also report any actions that are not in line with the rules of conduct set out in this document.

Relations with internal and external control bodies

The Compagnia and its Operating Bodies conduct their relations with control bodies with the highest diligence, professionalism, transparency, cooperation and availability and in full compliance with their institutional role, carrying out all requirements and obligations in a prompt and timely manner.

All data and documents are made available in a timely manner, using clear, objective and exhaustive language, so as to ensure that accurate, complete,

faithful and truthful information is provided, while avoiding – and in all cases reporting through the appropriate procedure – any conflicts of interest.

GUIDELINES FOR IMPLEMENTATION OF THE RULES OF CONDUCT

The Compagnia and its Operating Bodies are responsible for informing the Target Recipients of the contents of this document and disseminating the rules of conduct also through training sessions. The Compagnia and its Operating Bodies are also responsible for verifying effective observance of the rules of conduct, and for updating this document in light of requirements that emerge due to changes in circumstances and in the surrounding environment (e.g. internal organisation, regulations).

Persons who become aware of violations of the rules of conduct expressed in this document – and/or the operational procedures deriving from these rules or other events that could alter the applicability and effectiveness of the rules of conduct – must promptly report this to the Surveillance Body by sending an email to OdV@compagniadisanpaolo.it. On receipt of these reports, the Surveillance Body performs the relevant checks, also availing of the services of the competent units within the Entities. The Surveillance Body then informs the relevant bodies of the violations of the rules of conduct expressed in this document.

All reports received by the Surveillance Body must be kept absolutely confidential; failure by Surveillance Body members to comply with this duty of confidentiality is a violation of their responsibilities under the Articles of Association. Persons who report violations in good faith must be protected from any type of retaliation, discrimination, penalisation or consequence, and in any case assured that their identity is kept confidential notwithstanding legal requirements and the protection of the rights of the Compagnia, its Operating Bodies or of people accused in error or in bad faith.

Any amendment and/or addition to this document must be made and approved following the same procedures used for its initial approval.

VIOLATIONS OF THE RULES OF CONDUCT AND SANCTIONS

The Compagnia and its Operating Bodies will act appropriately, impartially and consistently in issuing sanctions that are proportional to violations of the rules of conduct and in line with the relevant provisions on the regulation of working relationships.

Failure by Target Recipients to observe the rules of conduct will result in different sanctions depending on their position, without prejudice in all cases to the possibility to seek compensation for damage that may derive from such violations.