




GALENTIS

**MODEL OF ORGANISATION, MANAGEMENT AND CONTROL
PURSUANT TO LEGISLATIVE DECREE 8 JUNE 2001, N° 231
GENERAL PART**


DOCUMENT APPROVED BY THE BOARD OF DIRECTORS ON 17 DECEMBER 2015

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1 THE ADMINISTRATIVE LIABILITY OF ENTITIES

1.1 REGULATORY FRAMEWORK

The Legislative Decree 8 June 2001, N° 231, bearing the *Regulation of the administrative liability of legal entities, companies and associations including those without legal status, and the regulation of Article 11 of the Law 29 September 2000, N° 300*, introduced into Italian law a special system of administrative liability for entities (partnerships and joint-stock companies in particular).

It is a system of administrative liability to be added to the liability of the individual who has committed certain illegal acts and that aims to involve, in the punishment of the same, the Entities in whose interest or advantage the offences in question were made.

This system aims to extend the punishment of criminal offences identified in the Decree to the Entities that have benefited from or in whose interest these offences have been committed.


The Decree is intended to align Italian legislation on the liability of legal persons with the international conventions long signed by Italy, in particular the Brussels Convention of 26 July 1995 on the protection of the financial interests of the European Community, the Brussels Convention of 26 May 1997 on combating bribery of public officials of both the European Community and the Member States and the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international and business transactions.

The innovative aspect of the Legislative Decree N° 231/2001 is represented by the provision of the administrative liability of the legal person depending on committing a criminal offence.

With the entry into force of this Decree, companies can no longer be said to be unrelated to the direct consequences of criminal acts committed by individuals in their interest or to their advantage. The system of sanctions provided for by the Legislative Decree N° 231/2001 is particularly severe. In fact, in addition to financial penalties, there are those of suspension and partial or total disqualification of business activities that can have permanent effects on the companies which are concerned.

As for the offences listed above, these currently include the following types:

- a) crimes against the Public Administration;
- b) corporate crimes;
- c) crimes against the public faith;
- d) market abuse;

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- e) crimes against individuals;
- f) crimes of terrorism;
- g) computer crimes;
- h) transnational crimes;
- i) offences relating to health and safety in the workplace;
- l) environmental crimes;
- m) offences related to the use of non-EU workers who do not comply with the residence permit.

1.2 ADMINISTRATIVE LIABILITY EXEMPTIONS


Article 6 of the Decree establishes that the company is not punishable administratively if it proves that the Governing Body has adopted and effectively implemented, before the commission of the offence, *“Models of organisation and management designed to prevent crimes such as that which occurred”*.

The same regulation also provides for the establishment of an internal control organ within the entity - the Supervisory Board - with the task of supervising the functioning, effectiveness and compliance with such models, as well as soliciting their updating.

These models of organisation, management and control, as per Art. 6, paragraphs 2 and 3, of the Legislative Decree N° 231/2001, must meet the following requirements:

- identify the activities within which offences under the Decree may be committed;
- make provision for specific protocols aimed at planning the formation and implementation of decisions in relation to the offences to be prevented;
- identify ways of managing financial resources in order to prevent such offences being committed;
- provide obligations of informing the body responsible for supervising the functioning and observance of the Models;
- introduce a disciplinary system for sanctioning any failure to respect the measures indicated in the organisational Model.

Where the offence is committed by individuals who are representatives, directors or managers of the entity, or of one of its organisational units with financial and functional autonomy, or by persons who exercise, even de facto, management and control of the same, the entity is not liable if it proves that:

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- the governing body has adopted and effectively implemented, before the offence was committed, a Model capable of preventing offences of the type that occurred;
- the task of supervising the functioning and observance of the Model and its updating, has been entrusted to a body of the entity with independent powers of initiative and control;
- the persons who committed the offence did so by fraudulently eluding the Model;
- there was no omission or insufficient supervision on the part of the Supervisory Board as regards compliance with the Model.

In case, however, the offence is committed by persons subject to the management or supervision of one of the aforementioned subjects, the company is liable if the commission of the offence was made possible by lack of compliance with management and supervisory obligations.

Administrative liability is excluded if, before the commission of the offence the entity has adopted and effectively implemented a Model capable of preventing offences of the type that occurred.

The Model must establish appropriate measures to ensure business is conducted in compliance with the law, discovering and quickly eliminating situations of risk.

1.3 EFFECTIVE IMPLEMENTATION OF THE MODEL

Effective implementation of the Model requires:


- a periodic review and if necessary amendment of the same when significant violations of regulations are discovered or when changes occur to the organisation or activity;
- a disciplinary system to impose sanctions on non-compliance with the measures indicated in the Model.

1.4 TYPES OF SANCTIONS APPLICABLE TO THE ENTITY PURSUANT TO THE LEGISLATIVE DECREE N° 231/2001

The Decree sets out the types of sanctions for administrative violations according to the offence.

The applicable sanctions are:

- a) monetary sanctions;
- b) disqualifying sanctions;
- c) confiscation;
- d) publication of the sentence.

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The disqualification sanctions are:

- disqualification from performing activities;
- suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- ban on contracting with the Public Administration, except for obtaining the performance of a public service;
- exclusion from benefits, loans, grants and subsidies, as well as the revocation of those already granted;
- ban on advertising goods or services.

Notwithstanding the reduction hypothesis of financial sanctions provided for in Art. 12 (cases of reduction of monetary sanctions) and Art. 26 (attempted offences), no liability arises for the Entities if they prevented the fulfilment of the action or the realisation of the event.

1.5 THE SITUATION OF GALENTIS S.R.L. AND THE OBJECTIVES THE COMPANY INTENDS TO PURSUE


Galentis S.r.l. is active in the field of research, production and trade, in Italy and abroad, of raw materials and semi-finished products for the pharmaceutical industry, as well as active pharmaceutical ingredients and all other chemical products, organic and inorganic in general.

Production at Galentis S.r.l. takes place by multistage chemical synthesis. The processes are discontinuous (batch) and are conducted both in dedicated and non dedicated reactors. Production is characterised as fine chemical activity, with relatively limited quantities of end products (about 200 tons/year). The production process consists of a sequence of synthesis steps with isolation of the intermediates.

The Galentis S.r.l. plant consists of two buildings, located in the second industrial area of the Town of Marcon. The total area of 8,000 square meters is located to the east of Via delle Industrie N° 11.

The company began as Galentis S.p.A.. Following the merger in 1999 with the company GRB S.r.l., Galentis S.p.A. acquired authorisation from the Ministry of Health for the production of pharmaceutically active ingredients obtained through chemical synthesis and concentrated on the fine chemicals market and A.P.I. (Active Pharmaceutical Ingredients).

In 2001 Galentis S.p.A. was authorised by the Ministry of Health to produce the active ingredients belonging to the class B 3.2. qualified as steroid hormones and synthetic analogues. In December 2007, the company New G. S.r.l. incorporated Galentis S.p.A. and changed its name to Galentis S.r.l.

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In February 2012 Galentis S.r.l. was incorporated by the company Specialty Coating Systems SCS Inc. and transformed into Galentis S.r.l. a single shareholder company subject to the management and control of SCS.


The administration of Galentis S.r.l. is headed by a Board of Directors consisting of four directors. The Board of Directors has appointed a Managing Director with extensive powers of representation and administration. The Managing Director shall, among other things, fulfil all legal obligations imposed on the employer in matters of safety at work and all legal obligations relating to environmental protection. The Managing Director has the funds with a single signature for all transactions valued below EUR 100,000; for transactions of a value exceeding this figure the joint signature of the Chairman of the Board and the Managing Director is required. For transactions with a value between EUR 25,000 and EUR 99,999 the Managing Director must be previously authorised by the Chairman of the Board of Directors or by another Director by written communication.

The quality system of Galentis S.r.l. was certified according to ISO 9001:2008 in May, 2015.

Galentis S.r.l. also operates in compliance with the guidelines of Good Manufacturing Practises (GMP). GMP describe methods, equipment and the means and management of production to ensure appropriate quality standards. GMP require firms to: document, by means of special records, every aspect of the process and each operation; use personnel who have received special training; actively take care of cleaning and sanitising; regularly check the proper functioning of instruments and machinery; validate processes and handle complaints.

In compliance with Good Manufacturing Practices Galentis S.r.l. has appointed a Quality Assurance Manager, with the task of ensuring the documentation, control and efficiency of its quality system. The main activity of the Quality Assurance Manager, especially in companies in the supply chain, is to verify that: medicinal products are designed and developed in a manner respectful of the rules of Good Manufacturing Practice and Good Laboratory Practice; the responsibilities of management and production and control operations are clearly specified; the drugs are not sold or provided to third parties, before a Qualified Person has certified that each production batch has been manufactured and tested in accordance with the provisions of the authorisation for its placing on the market and any other regulation relating to the production, control and approval of medicinal products; there is an internal process for inspection and quality checks, making it possible to assess the effectiveness and applicability of the quality assurance system, and finally that all transactions are documented and traceable in respect of each production batch.

The Quality Assurance Manager is independent of the Administration, does not occupy other functions and is not vested with formal delegations of functions.

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Galentis S.r.l., being already equipped with a management system for quality, safety and the environment, consisting of multiple procedures and operating instructions, in the spring of 2015 set itself the goal of adopting the Organisational Model required by Legislative Decree N° 231/2001, in order to strengthen the safeguards for the protection of legality, to prevent the commission of certain offences on the part of its directors and employees, and to avoid the application of financial and disqualifying sanctions provided for in the said Decree.


The Organisational Model therefore includes the organisational and operational control tools already operational within Galentis S.r.l., such as:

- the Code of Ethics;
- the firm's procedures and organisation charts;
- risk analysis carried out through the examination of documents and discussions with heads of department;
- the control system which provides the distinction between controller and controlled, and the traceability of operations;
- training and continuous information given to employees.

1.6 EXONERATION OF THE ENTITY'S LIABILITY

In summary, the Decree provides that the company is not liable for offences:

- if the top management, and/or subordinates have acted in their exclusive interest or in the interest of third parties and in the event that the Company proves it has adopted and effectively implemented organisational and management models designed to prevent these offences;
- if an organism of the entity, with independent powers of initiative and control, has been entrusted the task of supervising the functioning and observance of the models of organisation: the so-called Supervisory Body;
- if people have committed the offence by fraudulently eluding the models of organisation and management.

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1.7 THE SO-CALLED IMPLIED OFFENCES

OFFENCES COMMITTED IN RELATION WITH THE PUBLIC ADMINISTRATION (ART. 24, LEGISLATIVE DECREE N° 231/01).

Embezzlement of funds of the State or other public body (Art. 316-bis, Penal Code);

Misappropriation of contributions, loans or other payments from the State or other public body or the European Communities (Art .316-ter, Penal Code);

Fraud against the State or other public body or the European Communities (Art. 640, paragraph 2, N° 1, Penal Code);

Aggravated fraud to obtain public funds (Art. 640-bis, Penal Code);

Computer fraud against the State or other public body (Art. 640-ter, Penal Code).

COMPUTER OFFENCES AND ILLICIT DATA PROCESSING (ART. 24-BIS, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY THE LAW 18 MARCH 2008 N° 48, ART. 7].

falsification of a public computer document or document having probative effect (Art. 491-bis, Penal Code);

illegal access to a computer or telecommunications system (Art. 615-ter, Penal Code);

illegal possession and distribution of access codes to computer or telecommunications systems (Art. 615-quarter, Penal Code);

distribution of equipment, devices or programmes aimed at damaging or interrupting a computer or telecommunications system (Art. 615-quinquies, Penal Code);

interception, prevention or interruption of computer or electronic communications (Art. 617-quarter, Penal Code);


installation of equipment designed to intercept, prevent or interrupt computer or electronic communications (Art. 615-quinquies, Penal Code);

damage to information, data and computer programmes (Art. 635-bis, Penal Code);

damage to information, computer data and programmes used by the State or other public entity or public utility (Art. 635-ter, Penal Code);

damage to computer or electronic systems (Art. 635-quarter, Penal Code);

damage to computer or telecommunications systems of a public utility (Art. 635-quinquies, Penal Code);

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computer fraud of electronic signature certification (Art. 640-quinquies, Penal Code)

OFFENCES OF ORGANISED CRIME (ART. 24-TER, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY THE LAW 15 JULY 2009, N° 94, ART. 2, PARA. 29].

Criminal association (Art. 416, Penal Code, with the exception of the sixth paragraph);

Criminal association aimed at reducing or maintaining in slavery, trafficking in persons, the purchase and sale of slaves and offences relating to violations of provisions on illegal immigration under Art. 12, Legislative Decree N° 286/1998 (Art. 416, sixth paragraph, Penal Code);

Mafia-type association (Art. 416-bis, Penal Code);

Political-mafia electoral exchange (Art. 416-ter, Penal Code);

Kidnapping for the purpose of ransom (Art. 630, Penal Code);

Association aimed at illicit trafficking in narcotic drugs or psychotropic substances (Art. 74, Decree of the President of the Republic, 9 October 1990, N° 309);

Illegal manufacture, introduction into the State, offering for sale, sale, possession and carrying in a public place or open to the public of weapons of war or warlike weapons or parts of the same, explosives, illegal weapons and more common firearms (Art. 407, para. 2, letter a, number 5, Code of Criminal Procedure).

OFFENCES COMMITTED IN RELATIONS WITH PUBLIC ADMINISTRATION (ART. 25, LEGISLATIVE DECREE 231/01).

Bribery (Art. 317, Penal Code);

Corruption through the conduct of duties (Art. 318, Penal Code);

Corruption through an act contrary to official duties (Art. 319, Penal Code);

Aggravating circumstances (Art. 319-bis, Penal Code);


Corruption in judicial proceedings (Art. 319-ter, Penal Code);

Undue induction to give or promise benefit (Art. 319 quarter, Penal Code);

Bribery of a person in public service (Art. 320, Penal Code)

Penalties for the corrupter (Art. 321, Penal Code);

Incitement to corruption (Art. 322, Penal Code);

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Embezzlement, bribery, undue inducement to give or promise benefit, corruption or incitement to corruption of members of the European Community bodies and officials of the European Communities (Art. 322 bis, Penal Code).

OFFENCES OF COUNTERFEITING CURRENCY (ART. 25-BIS, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY THE LEGISLATIVE DECREE 25 SEPTEMBER 2001 N° 350, ART. 6, LEGISLATIVE DECREE CONVERTED WITH AMENDMENTS BY LAW N° 409 OF 23/11/2001; AMENDED BY LAW N° 99 OF 23/07/09].

Forgery of money, passing and introduction into the State, acting in concert, of counterfeit money (Art. 453, Penal Code);

Altering money (Art. 454, Penal Code);

Passing and introduction into the State, without acting in concert, of counterfeit money (Art. 455, Penal Code);

Passing counterfeit money received in good faith (Art. 457, Penal Code);

Counterfeiting revenue stamps, introduction into the State, purchase, possession or circulation of counterfeit revenue stamps (Art. 459, Penal Code);

Counterfeiting watermarked paper used for the manufacture of public credit cards or revenue stamps (Art. 460, Penal Code);

Manufacture or possession of watermarks or instruments intended for the counterfeiting of currency, tax stamps or watermarked paper (Art. 461, Penal Code);

Use of counterfeit or altered revenue stamps (Art. 464, Penal Code);

Counterfeiting, alteration or use of trademarks or distinctive signs or patents, models and designs (Art. 473, Penal Code);

Introduction into the State and marketing of products with false trademarks (Art. 474, Penal Code).


OFFENCES AGAINST INDUSTRY AND TRADE (ART. 25-BIS.1, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED WITH LAW N° 99 OF 23/07/09]

Disruption of the freedom of industry or trade (Art. 513, Penal Code);

Illegal competition with threats or violence (Art. 513 – bis, Penal Code);

Fraud against home market industry (Art. 514, Penal Code);

Fraudulent trading (Art. 515, Penal Code);

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Sale of non-genuine foodstuffs as genuine (Art. 516, Penal Code);

Sale of industrial products with misleading signs (Art. 517, Penal Code);

Manufacture and sale of goods made by usurping industrial property rights (Art. 517-ter, Penal Code);

Counterfeiting geographical indications or designations of origin for agricultural and food products (Art. 517-quarter, Penal Code).

CORPORATE OFFENCES (ART. 25-TER, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LEGISLATIVE DECREE 11/04/2002 N° 61, ART. 3].

False corporate communications (Art. 2621, Civil Code and 2621-bis, Civil Code);

False corporate communications to the detriment of shareholders or creditors (Art. 2622, paragraphs 1 and 3, Civil Code);

False statements (Art. 2623, paragraphs 1 and 2, Civil Code);

False reports or communications of the auditing company (Art. 2624, paragraphs 1 and 2, Civil Code);

Preventing Control (Art. 2625, paragraph 2, Civil Code);

Fictitious capital formation (Art. 2632, Civil Code);

Undue repayment of contributions (Art. 2626, Civil Code);

Illegal distribution of profits and reserves (Art. 2627, Civil Code);

Illegal transactions involving holdings or shares of the parent company (Art. 2628, Civil Code);

Operations to the detriment of creditors (Art. 2629, Civil Code);


Improper distribution of company assets by liquidators (Art. 2633, Civil Code);

Unlawful influence on the meeting (Art. 2636, Civil Code);

Market rigging (Art. 2637, Civil Code);

Failure to disclose a conflict of interest (Art. 2629-bis, Civil Code) [Article added by Law 28 December 2005 N° 262, Art. 31];

Obstruction of performance of public supervisory authorities (Art. 2638, paragraphs 1 and 2, Civil Code);

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Private corruption (Art. 2635, paragraph 3, Civil Code.) [Article added by Law N° 190/2012].

OFFENCES WITH THE PURPOSE OF TERRORISM OR SUBVERSION OF DEMOCRACY PROVIDED BY THE PENAL CODE AND SPECIAL LAWS (ART. 25-QUATER, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LAW 14 JANUARY 2003 N° 7, ART. 3].

Association for purposes of terrorism including international terrorism or subversion of democratic order (Art. 270 bis, Penal Code);

Assistance to associates (Art. 270 ter, Penal Code);

Recruitment for the purpose of terrorism including international terrorism (Art. 270 quarter, Penal Code);

Training for the purpose of terrorism including international terrorism (Art. 270 quinquies, Penal Code);

Conduct with the purpose of terrorism (Art. 270 sexies, Penal Code);

Attacks for terrorist or subversive purposes (Art. 280, Penal Code);

Act of terrorism with deadly or explosive devices (Art. 280 bis, Penal Code);

Kidnapping for the purpose of terrorism or subversion (Art. 289 bis, Penal Code).

PRACTICES OF MUTILATION OF FEMALE GENITAL ORGANS (ART. 583-BIS PENAL CODE) (ART. 25-QUATER.1, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LAW 9 JANUARY 2006 N° 7, ART. 8]

- Practices of mutilation of female genital organs (Art. 583 bis, Penal Code).

OFFENCES AGAINST INDIVIDUALS (ART. 25-QUINQUIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LAW 11/08/2003 N° 228, ART. 5].

Reduction or maintenance in slavery or servitude (Art. 600, Penal Code);

Child prostitution (Art. 600-bis, Penal Code);


Child pornography (Art. 600-ter, Penal Code);

Possession of pornographic material (Art. 600-quarter, Penal Code);

Virtual pornography (Art. 600-quater 1, Penal Code) [added by Art. 10, Law 6 February, 2006 N° 38];

Tourism initiatives aimed at exploiting child prostitution (Art. 600-quinquies, Penal Code);

Trafficking in persons (Art. 601, Penal Code);

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Purchase and sale of slaves (Art. 602, Penal Code);

Soliciting of minors (Art. 609, Penal Code).

OFFENCES OF MARKET ABUSE (ART. 25-SEXIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LAW 18 APRIL 2005 N° 62, ART. 9].

Abuse of privileged information (Legislative Decree 24.02.1998, N° 58, Art. 184);

Market manipulation (Legislative Decree 24.02.1998, N° 58, Art. 185);

Ancillary penalties (Legislative Decree 24.02.1998, N° 58, Art. 186);

Confiscation (Legislative Decree 24.02.1998, N° 58, Art. 187).

OFFENCES OF MANSLAUGHTER AND SERIOUS OR VERY SERIOUS BODILY HARM, COMMITTED IN BREACH OF ACCIDENT PREVENTION AND HYGIENE AND HEALTH PROTECTION REGULATIONS AT WORK (ART. 25-SEPTIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LAW 3 AUGUST 2007 N° 123, ART. 9].

Manslaughter (Art. 589, Penal Code);

Very serious or serious bodily harm (Art. 590, Penal Code).

RECEIVING, LAUNDERING AND USE OF MONEY, GOODS OR BENEFITS OF ILLICIT ORIGIN, SELF LAUNDERING (ART. 25-OCTIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LEGISLATIVE DECREE 21 NOVEMBER 2007 N° 231, ART. 63, PARA. 3]

Receiving (Art. 648, Penal Code)


Laundering (Art. 648-bis, Penal Code);

Use of money, goods or benefits of unlawful origin (Art. 648-ter, Penal Code);

Self-laundering (Art. 648-ter 1, Penal Code) [offence added by Law 15 December 2014, N° 186, Art. 3, paragraph 5].

OFFENCES RELATING TO INFRINGEMENT OF COPYRIGHT (ART. 25-NOVIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LAW N° 99 OF 23/07/09]

Making available to the public, in a system of computer networks through connections of any type, of a protected work, or part of the same (Art. 171, paragraph 1, lett. A bis of Law N° 633/1941);

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Offences referred to in the previous paragraph committed on the works of others not intended for publication, if the same would offend their honour or reputation (Art. 171, paragraph 3, of Law N° 633/1941);

Unauthorised duplication, for profit, of computer programmes; import, distribution, sale or possession for commercial or business purposes or leasing of programmes on support not marked by SIAE; provision of means to remove or circumvent the protection devices of computer programmes (Art. 171-bis, paragraph 1, of Law N° 633/1941);

Reproduction, transfer to another support, distribution, communication, display or performance in public, of the contents of a database;

Extraction or re-utilisation of the database; distribution, sale or concession of databases under lease (Art. 171-bis, paragraph 2, of Law N° 633/1941);


Unauthorised duplication, reproduction, transmission or public dissemination by any means, in whole or in part, of intellectual property intended for television, cinema, sale or rental of discs, tapes or similar support or any other support containing phonograms or video recordings of musical works, cinematographic or audiovisual works or sequences of moving images; literary, dramatic, scientific or educational, musical or dramatic music or multimedia works, even if included in collective or composite works or databases; reproduction, duplication, transmission or unauthorised disclosure, sale or trade, transfer of any kind or illegal import of more than fifty copies or examples of works protected by copyright and related rights; input into a system of computer networks through connections of any type, of a work protected by copyright, or part of the same (Art. 171-ter of Law N° 633/1941);

Failure to notify the SIAE of support identification data not subject to marking or false statements (Art. 171 septies of Law N° 633/1941);

Fraudulent production, sale, import, promotion, installation, modification, utilisation for public and private use of equipment or parts of equipment for decoding conditional access audiovisual transmissions via air, satellite, cable, in both analogue and digital form (Art. 171-octies of Law N° 633/1941).

INDUCTION TO NOT MAKE STATEMENTS OR MAKE DECEITFUL STATEMENTS TO A JUDICIAL AUTHORITY (ART. 25-DECIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY THE LAW 3 AUGUST 2009 N° 116, ART. 4].

Induction not to make statements or to make deceitful statements to a judicial authority (Art. 377-bis, Penal Code).

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TRANSNATIONAL OFFENCES (LAW 16 MARCH 2006, N° 146, ARTS. 3 AND 10).

Article 3 of the Law defines as transnational offences any offence punishable with imprisonment of not less than four years, if an organised criminal group is involved, as well as:

- a) it is committed in more than one State;
- b) or it is committed in one State but a substantial part of its preparation, planning, management or control takes place in another State;
- c) or it is committed in one State but involves an organised criminal group engaged in criminal activities in more than one State;
- d) or it is committed in one State but has substantial effects in another State.

Criminal conspiracy (Art. 416, Penal Code);

Mafia-type association (Art. 416-bis, Penal Code);

Criminal conspiracy for the smuggling of tobacco processed abroad (Art. 291-quater of the Decree of the President of the Republic of 23 January 1973, N° 43);

Conspiracy aimed at illicit trafficking in narcotic drugs or psychotropic substances (Art. 74 of the Decree of the President of the Republic 9 October 1990, N° 309);


Provisions against illegal immigration (Art. 12, paragraphs 3, 3 bis, 3-ter and 5 of Legislative Decree 25 July 1998, N° 286).

ENVIRONMENTAL OFFENCES (ART. 25-UNDECIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY THE LEGISLATIVE DECREE N° 121 OF 7 JULY 2011; AMENDED BY THE LAW N° 68 OF 22.05.2015 (OFFICIAL GAZETTE GENERAL SERIES N° 122 OF 28.5.2015), IN FORCE FROM 29.05.2015]

Penal Code, Art. 452-bis - Environmental Pollution; Penal Code, Art. 452-quater - Environmental disaster; Penal Code, Art. 452-quinquies - Culpable offences against the environment; Penal Code, Art. 452-sexties Traffic and abandonment of highly radioactive material; Penal Code, aggravated criminal association pursuant to Art. 452-octies - Aggravating circumstances; Penal Code, Art. 727-bis - Killing, destruction, catching, taking, possession of specimens of protected wild animal or plant species; Penal Code, Art. 733-bis - Destruction or deterioration of habitat within a protected site;

Legislative Decree 152/06, Art. 137 – Penal sanctions

Paragraph 2.

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When the conduct described in paragraph 1 relates to discharges of industrial wastewater containing hazardous substances in the families and groups of substances listed in tables 5 and 3/A of Annex 5 to the third part of this Decree, the sanction is imprisonment from three months to three years and a fine from EUR 5,000 to EUR 52,000.

Paragraph 3

Whoever, outside the cases referred to in paragraph 5, makes a discharge of industrial waste water containing dangerous substances in the families and groups of substances listed in tables 5 and 3/A of Annex 5 to Part Three of this Decree without complying with the authorisation requirements, or other requirements of the competent authority in accordance with articles 107, paragraph 1, and 108, paragraph 4, shall be punished with imprisonment up to two years.

Paragraph 5

Whoever, in relation to substances listed in table 5 of Annex 5 to Part III of this Decree, in conducting a discharge of industrial waste water, exceeds the limit values specified in Table 3 or, in the case of discharge on the ground, in Table 4 of Annex 5 to the third part of this Decree, or the more restrictive limits set by the regions or autonomous provinces, or by the competent authority in accordance with Art. 107, paragraph 1, shall be punished with imprisonment up to two years and a fine of EUR 3,000 to EUR 30,000. If the limit values established for substances in Table 3/A of the same Annex 5 have also been exceeded, imprisonment from six months to three years applies, and a fine of EUR 6,000 to EUR 120,000.


Paragraph 11

Whoever does not observe the exhaust prohibitions laid down in Articles 103 (discharges on the ground) and 104 (discharges to the subsoil and groundwater) shall be punished with imprisonment up to three years.

Paragraph 13

A term of imprisonment of two months to two years always applies if the discharge in the sea by vessels or aircraft contains substances or materials for which a total ban is imposed on spillage under the provisions contained in international conventions on the matter and ratified by Italy, unless they are in such quantities as to be rapidly rendered harmless by physical, chemical and biological processes, that occur naturally in the sea, and provided that prior authorisation has been obtained from the competent authority.

Legislative Decree N° 152/06, Art. 256 – Unauthorised waste management activity

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Paragraph 1

Whoever engages in the collection, transport, recovery, disposal, trade and brokerage of waste in the absence of the required authorisation, registration or notification referred to in Articles 208, 209, 210, 211, 212, 214, 215 and 21 will be punished:

- a) with a term of imprisonment from three months to one year or with a fine of EUR 2,600 to EUR 26,000 in the case of non-hazardous waste;
- b) with a term of imprisonment from six months to two years and with a fine of EUR 2,600 to EUR 26,00 in the case of hazardous waste.

Paragraph 3

Whoever sets up and manages an unauthorised dumping ground shall be punished by a term of imprisonment from six months to two years and a fine from EUR 2,600 to EUR 26,000. A term of imprisonment of one to three years is applied and a fine of EUR 5,200 to EUR 52,000 if the dumping ground is allocated, even in part, for the disposal of hazardous waste. Confiscation of the land on which the illegal dumping is performed follows the verdict or the judgment given under Article 444 of the Code of Criminal Procedure, if the area is the property of the author or joint author of the offence, without prejudice to the obligations of remediation or restoration of the state of the locations.

Paragraph 5

Whoever, in violation of the prohibition of Article 187, unlawfully mixes waste shall be punished with the sanction referred to in paragraph 1, letter b).


Paragraph 6, first sentence

Whoever engages in temporary storage of hazardous medical waste at the place of production, in violation of the provisions of Article 227, paragraph 1, letter b), shall be punished by a term of imprisonment of three months to one year or with a fine from EUR 2,600 to EUR 26,000. An administrative fine from EUR 2,600 to EUR 15,500 is applied for quantities not exceeding two hundred litres or equivalent amounts.

Legislative Decree N° 152/06, Art. 257 – Site remediation

Paragraph 1

Whoever causes pollution of soil, subsoil, surface water or groundwater with concentrations exceeding the threshold of risk shall be punished by a term of imprisonment from six months to one year or by a fine from EUR 2,600 to EUR 26,000, if remediation is not provided in

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accordance with the project approved by the competent authority under the procedure laid down in Article 242 and subsequent articles. In case of failure to make the communication referred to in Article 242, the offender shall be punished by a term of imprisonment from three months to one year or a fine from EUR 1,000 to EUR 26,000.

Paragraph 2

A term of imprisonment from one year to two years and a fine from EUR 5,200 to EUR 52,000 are applied if the pollution is caused by hazardous substances.

Legislative Decree N° 152/06, Art. 258 – Violation of obligations concerning disclosure, mandatory registers and forms

Paragraph 4, second sentence

Companies which collect and transport their own non-hazardous waste set out in Article 212, paragraph 8, which do not adhere, on a voluntary basis, to the traceability control system for waste (SISTRI) referred to in Article 188-bis paragraph 2, letter a) and transport waste without the form referred to in Article 193 or indicate in the same form incomplete or inaccurate data are sanctioned with an administrative fine from EUR 1,600 to EUR 9,300. The penalty provided for in Article 483 of the Penal Code is applied to those who, in the preparation of a waste analysis certificate, provide false information on the nature, composition and the physical-chemical characteristics of the waste and to those who make use of a false certificate during transport.

Legislative Decree N° 152/06, Art. 259 - Illegal trafficking of waste


Paragraph 1

Whoever makes a shipment of waste constituting illegal traffic under Article 2 of the (EEC) Regulation 1 February 1993, N° 259, or makes a shipment of waste listed in Annex II to that regulation in violation of Article 1, paragraph 3, letters a), b), c) and d) of that regulation is liable to a fine from EUR 1,550 to EUR 26,000 and imprisonment of up to two years. The penalty is increased in case of shipments of hazardous waste.

Legislative Decree N° 152/06, Art. 260 - Organized activities for the illegal trafficking of waste

Paragraph 1

Whoever, in order to obtain an unfair profit, with multiple operations and through the preparation of means and continuing organised operations, sells, receives, transports, exports, imports, or otherwise improperly handles large quantities of waste shall be punished by imprisonment from one to six years.

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Paragraph 2

If highly radioactive waste is involved, the penalty of imprisonment from three to eight years is applied.

Legislative Decree N° 152/06, Art. 260-bis – Computer control system for tracking waste

Paragraph 6

The penalty provided for in Article 483, Penal Code is applied to those who, in the preparation of a certificate of analysis of waste, used as part of the waste tracking control system, provide false information on the nature, the composition and the chemical and physical characteristics of the waste and insert a false certificate in the data to be provided for waste tracking.

Paragraph 7, second and third sentence

A carrier who fails to accompany the transport of waste with a paper copy of the SISTRI - HANDLING AREA card and, where necessary on the basis of current regulations, with the copy of the analytical certificate that identifies the properties of the waste, shall be punished with a fine from EUR 1,600 to EUR 9,300. The penalty provided for in Article 483 of the Penal Code is applied in the case of transport of hazardous waste. This last penalty applies also to the person who, during transport makes use of a waste analysis certificate containing false information on the nature, the composition and the chemical and physical characteristics of the waste transported.


Paragraph 8

The carrier who accompanies the transport of waste with a fraudulently altered paper copy of the SISTRI – HANDLING AREA Card shall be punished with the sanction provided for by the combined provisions of Articles 477 and 482 of the Penal Code. The penalty is increased by up to a third in the case of hazardous waste.

Legislative Decree N° 152/06, Art. 279 – Sanctions

Paragraph 5

In the cases provided for in paragraph 2 a term of imprisonment up to one year shall always be applied if exceeding the emission limit values also determines the exceeding of air quality limit values required by law.

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Law N° 150/92, Art. 1

Paragraph 1

Unless the fact constitutes a more serious offence, punishment shall be by imprisonment from six months to two years and a fine from EUR 15,000 to EUR 150,000 for anyone who, in violation of the provisions of (EC) Regulation NN° 338/97 of 9 December 1996, and subsequent implementations and amendments, for specimens of the species listed in Annex A of the same Regulation, as amended: a) imports, exports or re-exports specimens, under any customs regime, without the prescribed certificate or license, or invalid certificate or license pursuant to Article 11, paragraph 2a, of (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments; b) fails to comply with the requirements for the safety of the specimens, specified in a permit or certificate issued in accordance with (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments and (EC) Regulation No. 939/97 of the Commission, of 26 May 1997, as amended; c) uses the aforementioned examples in a way different from the requirements contained in the authorisation provisions or certification issued together with the import license or subsequently certified; d) transports or has transited, also for third parties, specimens without the appropriate permit or certificate, issued in accordance with (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments and Regulation (EC) No. 939/97, of the Commission of 26 May 1997, and subsequent amendments, and, in the case of export or re-export from a third country party to the Washington Convention, issued in accordance therewith, or without satisfactory proof of their existence; e) trades in artificially propagated plants contrary to the provisions established under Article 7, paragraph 1, letter b) of (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments and (EC) Regulation N° 939/97 of the Commission of 26 May 1997 and subsequent amendments; f) holds, uses for profit, buys, sells, displays or holds for sale or for commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation.

Paragraph 2

In case of relapse, the applicable sanction is imprisonment for one to three years and a fine from EUR 30,000 to EUR 300,000. If the above offence is committed in the exercise of business activities, the sentence is accompanied by the suspension of the license for a minimum of six months to a maximum of two years.


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Law N° 150/92, Art. 2

Paragraphs 1 and 2

Unless the act constitutes a more serious offence, punishment shall be with a fine from EUR 20,000 to EUR 200,000 or by imprisonment from six months to a year, for anyone who, in violation of the provisions of (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, for specimens of the species listed in Annexes B and C of the same Regulation, as amended:

- a) imports, exports or re-exports specimens, under any customs regime, without the appropriate certificate or license, or with invalid certificate or license pursuant to Article 11, paragraph 2a, of (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments;
- b) fails to comply with the requirements concerning the safety of the specimens, specified in a licence or certificate issued in accordance with (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, and (EC) Regulation N° 939/97, of 26 May 1997, as amended;
- c) uses the above-mentioned specimens in a manner not complying with the requirements contained in the authorisation or certification measures issued together with the import license or subsequently certified;
- d) transports or has transited, also for third parties, specimens without a licence or certificate as prescribed, issued in accordance with (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, and (EC) Regulation N° 939/97, of the Commission of 26 May 1997, as amended, and, in the case of export or re-export from a third country party to the Washington Convention, issued in accordance therewith, or without satisfactory proof of their existence;
- e) trades in artificially propagated plants contrary to the provisions established under Article 7, paragraph 1, letter b) of (EC) Regulation N° 338/97 of the Council of 9 December 1996, and subsequent implementations and amendments, and (EC) Regulation N° 939/97 of the Commission, of 26 May 1997, as amended;
- f) holds, uses for profit, buys, sells, displays or holds for sale or for commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation, limited to the species listed in Annex B of the Regulations.

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In case of relapse, the applicable sanction is imprisonment for six months to eighteen months and a fine from EUR 20,000 to EUR 200,000. If the above offence is committed in the exercise of business activities, the sentence is accompanied by the suspension of the license for a minimum of six months to a maximum of twelve months.

L.aw N° 150/92, Art. 6

Paragraph 4

Whoever contravenes the provisions of paragraph 1 (Except as required by the law of 11 February 1992, N° 157, anyone is prohibited from holding live specimens of mammals and reptiles of wild species and live specimens of mammals and reptiles from reproduction in captivity which constitute a danger to health and public safety) shall be punished with imprisonment up to six months or a fine from EUR 15,000 to EUR 300,000.

Law N° 150/92, Art. 3-bis


Paragraph 1

In the cases provided for in Article 16, paragraph 1, letters a), c), d), e) and l) of (EC) Regulation N° 338/97 of 9 December 1996, as amended, concerning falsification or alteration of certificates, licenses, import notifications, declarations, communications of information in order to acquire a license or certificate, the use of false or altered certificates or licenses, the sanctions referred to in Book II, Heading VII, Chapter III of the criminal code shall apply. A fine of up to two hundred and fifty shares, in case of committing offences for which a penalty of no more than a maximum one year imprisonment is envisaged; Financial penalty from a hundred and fifty to two hundred and fifty shares, in the case of commission of offences for which a penalty of no more than a maximum of two years' imprisonment is envisaged; Financial penalty from two hundred to three hundred shares, in case of commission of offences for which a maximum penalty not exceeding three years' imprisonment is envisaged;

Law N° 549/93, Art. 3 – Cessation and reduction of the use of harmful substances

Paragraph 6.

Whoever violates the provisions of this Article shall be punished by imprisonment of up to two years and a fine of up to three times the value of the substances used for productive purposes, imported or marketed. In more severe cases, the sentence is followed by the withdrawal of the licence under which the unlawful activity is carried out.

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Legislative Decree N° 202/07, Art. 8 – Wilful pollution

Unless the act constitutes a more serious crime, the commander of a ship, flying any flag, as well as the crew members, the owner and operator of the ship, in the event that the violation has occurred with their competition, who wilfully infringe Article 4 are punishable by imprisonment from six months to two years and a fine of between EUR 10,000 to EUR 50,000.

If the violation referred to in paragraph 1 causes permanent damage or, otherwise, of particular gravity, to the quality of the water, to animal or vegetable species or to parts of these, imprisonment of one to three years applies and a fine from EUR 10,000 to EUR 80,000.

Legislative Decree N° 202/07, Art. 9 – Negligent pollution

Unless the act constitutes a more serious crime, the commander of a ship, flying any flag, as well as crew members, the owner and operator of the ship, in the event that the violation has occurred with their cooperation, who negligently infringe the provisions of Article 4 are punishable by a fine of between EUR 10,000 to EUR 30,000. If the violation referred to in paragraph 1 causes permanent damage or, otherwise, of particular gravity, to the quality of the water, to animal or vegetable species or to parts of these, imprisonment of six months to two years applies and a fine from EUR 10,000 to EUR 30,000.

USE OF CITIZENS OF THIRD PARTY COUNTRIES WHOSE STAY IS ILLEGAL (ART. 25-DUODECIES, LEGISLATIVE DECREE N° 231/01) [ARTICLE ADDED BY LEGISLATIVE DECREE N° 109 OF 16 JULY 2012]

In relation to the commission of the offence referred to in Article 22, paragraph 12-bis of the Legislative Decree of 25 July 1998, N° 286 (the Consolidated Immigration Act), a monetary sanction from 100 to 200 shares is applied to the entity, within the limit of EUR 150,000.

Specifically, Article 22, paragraph 12-bis of the Legislative Decree N° 286/1998 provides:


"Penalties for the fact referred to in paragraph 12 (of Art. 22) are increased by a third to a half:

if the workers employed are more than three in number;

if the workers employed are minors of a non-working age;

if the workers employed are subject to the other particularly exploitative working conditions mentioned in the third paragraph of Art. 603-bis of the Penal Code".


The conditions of particular exploitation referred to in the third paragraph of Art. 603-bis, Penal Code are (in addition to the other particularly explicit exploitative conditions given in points a) and b)) "having committed the offence exposing the intermediated workers to situations of

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serious danger, having regard to the characteristics of the services to be performed and working conditions”.

In turn, the mentioned Article 22, paragraph 12, of Legislative Decree N° 286/1998 states that:

“The employer who employs foreign workers without a residence permit envisaged in this Article, or whose permit has expired and whose renewal has not been requested, in accordance with law, or has been revoked or cancelled, shall be punished with imprisonment from six months to three years and a fine of EUR 5,000.00 for each worker employed”.

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2 THE MODEL

2.1 THE CONSTRUCTION OF THE MODEL

The drawing up of the Model was preceded by a series of preliminary activities divided into different phases, managed by the in-depth study of Galentis S.r.l., in order to achieve a system of prevention and management of the risks of offences in line with the provisions of the Legislative Decree N° 231/2001.

This activity involved, in addition to the analysis of corporate documents (articles of association, Chamber of Commerce certificate, manuals, procedures, organisational charts, etc.), the conduct of interviews and discussions with top management, with the aim of identifying and listing contacts, conducts and the processes that may lead to the commission of one or more implied offences.

2.2 THE FUNCTION OF THE MODEL

Among the aims of the Organisational Model is to develop awareness and sensitivity in the recipients operating on behalf or in the interest of the Company that they may incur - in the event of conduct not complying with the law and company procedures - in offences involving criminally significant consequences not only for themselves but also for Galentis S.r.l.

In addition, the intent is to actively censure any illegal conduct, through the activities of the Supervisory Board and the imposition of disciplinary or contractual sanctions.


2.3 ADOPTION OF THE MODEL AND SUBSEQUENT AMENDMENTS

Galentis S.r.l. has chosen to proceed with the adoption of the Organisational Model, whose approval, integration and revision are the business of the Board of Directors.

2.4 COMPOSITION OF THE MODEL

The Organisational Model consists of:

- 1) General Part
- 2) Special Part (including the analysis of the risks of committing implied offences)
- 3) Code of Ethics

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3 THE SUPERVISORY BOARD (SB)

3.1 THE SUPERVISORY BOARD OF GALENTIS

The main requirements of the Supervisory Board, as proposed in the Guidelines for the preparation of the Organisation and Management Models issued by Confindustria, are:

- autonomy and independence;
- professionalism;
- continuity of action.

The Legislative Decree N° 231/2001 does not provide specific guidance on the composition of the Supervisory Board. In the absence of guidance, the Company has opted for a collegiate composition of its Supervisory Board, appointing three members, their selection being based on professional competence and integrity.


The members of the Supervisory Board must not have undergone:

- Conviction, even not definitive, and even in accordance with Art. 444 Code of Penal Procedure, for intentional offences mentioned in Legislative Decree N° 231/2001 or other intentional offences in any event prejudicing professional morality;
- conviction, even not definitive, of an offence that carries disqualification, even temporary, from public office, or temporary disqualification from managerial positions for legal entities and companies.

Should one of the grounds of ineligibility mentioned above be applicable to a person appointed, the person concerned shall automatically be removed from their office.

The Supervisory Board shall benefit - under its direct supervision and responsibility - in the performance of duties entrusted, from the collaboration of all the functions and structures of Galentis S.r.l. or external consultants, using the respective skills and professionalism. This option allows the Supervisory Board to ensure a high level of professionalism and the necessary continuity of action.

To this end the Board of Directors assigns, each year, a budget to the Supervisory Board taking into account the requests of the latter, to be formally presented to the Board.

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The allocation of the budget allows the Supervisory Board to operate independently and with the necessary tools for the effective performance of the task assigned to it by this Model, in accordance with the provisions of Legislative Decree N° 231/2001.

In order to guarantee the necessary stability to the members of the Supervisory Board, the revocation of the powers of the Supervisory Board and the assignment of such powers to another person may take place only for a just cause by a special resolution of the Board of Directors.

3.2 FUNCTIONS AND POWERS OF THE SUPERVISORY BOARD

The activities carried out by the Supervisory Board cannot be controlled by any other organ or structure of Galentis S.r.l., it being understood however that the governing body is in any case expected to perform a supervisory activity on the adequacy of its work, as the governing body has ultimate responsibility for the functioning and effectiveness of the Model.


The Supervisory Board is entrusted with the powers of initiative and control necessary to ensure effective and efficient supervision of the functioning and compliance with the Model as defined by Art. 6 of Legislative Decree N° 231/2001.

This Board is therefore entrusted with the task of supervising in general with regard to:

- the effectiveness of the Model and its adequacy with respect to the need to prevent the commission of the offences for which the Decree N° 231/01 applies;
- compliance with the provisions of the Model by recipients;
- updating of the Model in case any needs for adjustment occur in relation to changed business conditions or regulations.

In particular, the Supervisory Board is entrusted, for the completion and the performance of its functions, with the following duties and powers:

- carrying out targeted checks on specific activities at risk by having free access to relative data;
- promoting the updating of risk mapping in case of significant organisational change or extension of the type of offences considered by the Decree N° 231/2001;
- monitoring the information/training initiatives aimed at disseminating knowledge and understanding of the Model within the company promoted by the competent function;

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collecting and managing the information necessary to provide a constantly updated picture on the implementation of the Model;

reporting to the Chairman of the Board of Directors the protocol violations or deficiencies detected during the checks carried out, so that the same can adopt the necessary sanctions or adaptations, involving where necessary the Board of Directors;

detecting any divergences of conduct that might emerge from the analysis of information flows and reports which the heads of the various functions are required to draw up.

The Supervisory Board shall remain bound by confidentiality with respect to all information of which it has knowledge by reason of the performance of its duties.

3.3 INFORMATION REQUIREMENTS IN RESPECT OF THE SUPERVISORY BOARD – INFORMATION FLOWS

The Supervisory Board must be promptly informed of such acts, conduct or events that may result in a violation of the Model or that are relevant for the purposes of Legislative Decree N° 231/2001.

The information requirements of any conduct contrary to the provisions contained in the Model form part of the wider duty of diligence and duty of loyalty of the employee referred to in Articles 2104 and 2105 of the Civil Code.


In this regard, the following general requirements apply:

Any reports must be collected related to:

- I. the commission, or reasonable suspicion of commission, of the offences described in Legislative Decree N° 231/2001;
- II. the violation of regulations established to protect the health and safety at work and the environment, even if not constituting implied offences;
- III. conduct that can lead to a violation of the Model;

An employee who wishes to report a violation (or suspected violation) of the Model can contact their direct superior or, if the report remains unresolved, or the employee feels uncomfortable in turning to their direct superior to make the report, notify directly the Supervisory Board;

In order to effectively collect the reports described above, the Supervisory Board shall communicate to all stakeholders, the ways and forms of notifying the same;

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The Supervisory Board assesses with discretion and under its responsibility the reports received and cases where it is necessary to take action.

Those reporting in good faith are protected against any form of retaliation, discrimination or penalisation and in any case, their identity is kept confidential, without prejudice to the obligations of law and the protection of the rights of Galentis S.r.l. or persons accused wrongly and/or in bad faith.

In addition to the reports mentioned above, information concerning the following is to be transmitted to the Supervisory Board:

the measures taken by the judicial police, or any other authority, which indicate that investigations are taking place, even against unknown persons, for offences covered by Legislative Decree N° 231/2001 that may involve the Company;

requests for legal assistance made by directors or employees in the event of legal proceedings against them and in relation to the offences referred to in Legislative Decree N° 231/2001;

news relating to disciplinary proceedings taking place and any sanctions imposed or the orders to dismiss such proceedings and the reasons therefore;

communications concerning organisational and corporate changes.

All reports and communications addressed to the Supervisory Board may be sent to the following addresses:

Organismo di Vigilanza di Galentis S.r.l.

Via delle Industrie n. 11


30020 - Marcon (Ve)

or: **odv@galentis.it**

All information, disclosures and reports are preserved by the Supervisory Board in a special confidential archive (electronic or hard copy).

3.4 REPORTING BY THE SUPERVISORY BOARD TO THE CORPORATE BODIES


The Supervisory Board reports on the effectiveness and compliance with the Model, the emergence of any critical issues and the need to make modifications. To this end, the Supervisory Board prepares:

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annually, an information report on the activity carried out, to be presented to the Board of Directors;

immediately upon the occurrence of ascertained violations of the Model, with the presumed commission of offences, a communication to be presented to the Chairman of the Board and the Managing Director.

Regular meetings with one or more members of the Board of Directors must also be documented.

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4 MODEL DISTRIBUTION

The Company undertakes to promote the dissemination of the Model in relation to its employees, with different degrees of knowledge, depending on their position and role.

The principles and contents of the Model are also explained in training courses.

The structure of the training courses is defined by the Company in consultation with the Supervisory Board.

The Company undertakes to disclose the model also to those with whom it has business relationships. Commitment to the principles of the Model on the part of third parties which have contractual relationships with the Company – from the approval of this Model - shall be provided by a specific contractual clause.

5 DISCIPLINARY SYSTEM

5.1 FUNCTION OF THE DISCIPLINARY SYSTEM

The preparation of a disciplinary system constitutes, pursuant to Art. 6, paragraph 1, lett. e) of the Legislative Decree N° 231/2001, an essential requirement of the Model.


The application of the disciplinary system and related sanctions is independent of the conduct and outcome of legal proceedings where initiated by the judicial authorities in case the conduct to be censored also amounts to integrating a relevant offence under the Decree.

5.2 MEASURES IN RESPECT OF EMPLOYEES

Without affecting the obligations arising for the Company from the Workers' Statute, the following forms of conduct are sanctionable:

- a) violation of legal provisions referred to or given by the Legislative Decree N° 231/2001;
- b) violation of the procedures referred to or given in the Model (e.g. non-compliance with prescribed procedures, failure to communicate to the SB in relation to prescribed information, omission of controls, etc.).

Sanctions and any request for damages shall be commensurate with the level of responsibility and autonomy of the employee, with the possible prior existence of previous disciplinary measures borne by the same, the intentionality of their conduct and the gravity of the same,

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meaning by this the level of risk which the Company may reasonably be regarded as exposed to - pursuant to and by effect of the Legislative Decree N° 231/2001 - following the censured conduct.

The Managing Director is responsible for the practical application of disciplinary measures.

The sanctions applicable to employees - in accordance with the procedures provided for in Article 7 of the Law 30 May 1970, N° 300 (Workers' Statute) and any special regulations applicable - are those provided by the sanctioning mechanism of the CCNL National Collective Labour Agreement.

Ascertaining cases of infringement, the management of disciplinary proceedings and the imposition of sanctions are the responsibility of the Managing Director.

5.3 MEASURES WITH REGARD TO DIRECTORS

In case of violation of the Model by one or more members of the Board of Directors, the SB informs the entire Board of Directors, which takes the appropriate measures including, for example, calling the shareholders' meeting in order to adopt the most appropriate measures, including the suspension or dismissal of a director. In case of violation of the Model by all the members of the Board of Directors, the SB informs the shareholders of Galentis S.r.l.

5.4 MEASURES WITH REGARD TO CONSULTANTS AND PARTNERS

Any violation of the Model by Consultants or Partners is sanctioned in accordance with the contractual provisions.

This is without prejudice to any claim for compensation if such conduct causes material damage to the Company, as in the case of application to the same by the court of the measures envisaged by the Legislative Decree N° 231/2001.