Centro Cardiologico
Monzino

Organisation, management and control model

pursuant to Legislative Decree no. 231 of 8 June 2011

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Issue 0: 27 March 2007
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1.1 Decision to adopt the Model

This Model was adopted by the Board of Directors under Resolution dated 27 March 2007, subsequently amended and updated by the Resolution of the Board of Directors of 26 February 2010, of 26 September 2012, of 3 March 2015, of 10 December 2015 and of 10 July 2017.

1.2 Definitions

- **Director(s):** Refers to the director/directors of Centro Cardiologico Monzino S.p.A.;
- **ATS:** Refers to the *Agenzia di Tutela della Salute* [Healthcare Protection Agency] of reference;
- **Sensitive Activities:** Refers to the procedures of activities of the Agency in which there is a risk of commission of Offences;
- **Centro Cardiologico Monzino/Centre/Hospital/Company:** Refers to Centro Cardiologico Monzino S.p.A.;
- **C.C.** Refers to the Italian Civil Code;
- **Board of Statutory Auditors:** Refers to the Company's Board of Statutory Auditors (pursuant to Article 2397 of the Italian Civil Code et seq.);
- **Board of Directors:** Refers to the Company's Board of Directors (pursuant to Article 2380-*bis* of the Italian Civil Code et seq.);
- **Partner Consultant(s):** Refers to consultants, external partners, commercial/financial partners, agents, representatives and, generally, third parties operating on behalf or in the interests of Centro Cardiologico Monzino S.p.A.;
- **C.P.:** Refers to the Italian Penal Code;
- **Decree:** Refers to Legislative Decree no. 231 of 8 June 2001;
- **Employee(s):** Refers to the individuals subject to the direction and oversight of the Senior Management or Individuals in a Senior Position, pursuant to Article 5, section b) of the Decree, including contracted university staff, scholars and internal contracted partners;
- **Corporate Management**: Refers to the set of management functions of Centro Cardiologico Monzino for which the Company's Chief Executive Officer is appointed;
- **Entity or Entities:** Refers to the entity or entities to which the Decree applies;
- **Model:** Refers to this organisation, management and control model, as provided for by Article 6 and 7 of the Decree;
- **Supervisory Body or SB:** Refers to the Company's internal body, vested with autonomous powers of initiative and control, overseeing the functioning of and compliance with the Model, as provided for by the Decree;
- **Sensitive Processes:** Refers to the area of activity or function in which there is a risk of commission of Offences. These refer to processes in which phases, sub-phases or activities may, in principle, provide the conditions, opportunities or means for the commission of offences, instrumental to the actual commission of specific offences;
- **Public Administration or P.A.:** Refers to any Public Administration body, including its staff and public service officers;
- **Offences:** Refers to the specific offences to which the discipline provided for by the Decree applies, with its subsequent amendments and additions;
- **Region:** Refers to the Lombardy Region;
- **Senior Management or Individuals in a Senior Position:** Refers to the individuals holding offices of representation, administration or management of the Company, as well as individuals who exercise, including *de facto*, the management and control of the Company, pursuant to Article 5, section a) of the Decree;
- **HR:** Refers to the Human Resources Department;
- **SSN:** Refers to the Italian National Health Service;
- **TUF:** Refers to Legislative Decree no. 58 of 24 February 1998.
- **Consolidated Security Act** – refers to Legislative Decree 81/08 and subsequent amendments and additions.

1.3 Decree

On 4 July 2001, Legislative Decree no. 231 of 8 June 2001 – issued in execution of Delegated Law no. 300 of 29 September 2000, on the "Discipline of the administrative responsibility of legal entities, companies and associations, including those with no legal capacity" - entered into force. The Decree introduced the liability of Entities for administrative offences resulting from crime into the Italian legal system.

In this way, the Italian law on liability of legal entities has been adapted to certain international conventions, to which Italy had long adhered (Brussels Convention of 26 July 1995 on the protection of the financial interests of the European Community, Brussels Convention of 26 May 1997 on the fight against corruption, involving officials of the European Com-

munity and Member States, OECD Convention of 17 December 1997 on the fight against corruption amongst foreign public officials in financial and international transactions).

The Decree applies:

- to the private sector, to companies and associations - renowned and unrenowned - and to entities with legal capacity;
- to the public sector, only to financial public entities (with the explicit exclusion of the State, local government agencies, non-financial public entities and entities carrying out constitutional functions).

The Decree is complex and innovative, since the penal liability of the individual committing an offence adds to that of the Entity in the interests of which or to the benefit of which such offence was committed.

Indeed, Article 5 of the Decree states that the Entity is called upon to respond whenever certain offences (specified in that Decree) are committed "in its interest or to its sole benefit", by:

a) individuals holding offices of representation, administration or management of the Entity or one of its organisational units, vested with financial and functional autonomy, as well as by individuals who also exercise the management and control thereof (so-called Senior Management or Individuals holding a Senior Position);

b) individuals subject to the direction or oversight of one of the parties referred to in section a) above.

The Entity's liability is defined by an administrative lawyer, even though it is attributed to penal proceedings and is also characterised by being completely independent of that of the individual committing the offence. Indeed, pursuant to Article 8 of the Decree, the Entity may be declared liable even if the actual perpetrator of the offence is not responsible or has not been identified and even if the offence is extinguished for causes other than amnesty; furthermore, any possible accusation of the Entity's liability resulting from the commission of the offence does not exclude the personal criminal liability of whom conducted the crime.

The Entity's liability cannot be attributed to any offence, but is limited to the specific crimes referred to in Articles 24, 24-*bis*, 24-*ter*, 25, 25-*bis*, 25-*bis*1, 25-*ter*, 25-*quater*, 25-*quater*.1, 25-*quinquies*, 25-*sexies*, 25-*septies*, 25-*octies*, 25-*novies*, 25-*decies*, 25-*undecies* and 25-*duodecies* of the Decree and, more specifically:

(i). **offences against the Public Administration**[1], referred to in Articles 24 and 25 of the Decree;

(ii). **offences against public faith,** referred to in Article 25-*bis*, introduced by Legislative Decree no. 350/2001, converted with amendments by Law no. 409/2001; amended by Law no. 99/2009; amended by Legislative Decree 125/2016[2];

(iii). **crimes against industry and trade**, referred to in Article 25-*bis* 1, introduced into the Decree by Law no. 99 of 23 July 2009[3];

(iv). **corporate offences**, referred to in Article 25-*ter*, introduced into the Decree by Legislative Decree no. 61/2002, amended by Law no. 190/2012 and by Law 69/2015[4];

(v). **crimes of terrorism or subverting democratic order**; referred to in Article 25-*quater*, introduced into the Decree by Law no. 7/2003[5];

(vi). **crimes relating to female genital mutilation**, referred to in Article 25-quater.1, introduced into the Decree by Law no. 7 of 9 January 2006[6];

(vii). **crimes against the person**; referred to in Article 25-*quinques*, introduced into the Decree by the article added by Law no. 228/2003; amended by Law no. 199/2016[7];

(viii). **market abuse,** referred to in Article 25-*sexies*, introduced into Legislative Decree 231/2001 by Article 9 of Law no. 62 of 18 April 2005[8];

(ix). **offences of manslaughter and severe or very severe accidental injuries, committed in breach of the regulations of accident prevention and the protection of health and hygiene in the workplace**, referred to in Article 25-*septies*, introduced into the Decree by Article 9 of Law no. 123 of 3 August 2007;

(x). **offences involving the receipt of stolen goods, money laundering and use of unlawfully obtained cash, goods or assets, as well as self-laundering,** referred to in Article 25-*octies*, introduced into the Decree by Article 63 of Legislative Decree no. 231 of 21 November 2007;

(xi). **offences relating to breach of copyright**, referred to in Article 25-*novies*, introduced into the Decree by Law

no. 99 of 23 July 2009[9];

(xii). **Computer crimes**, referred to in Article 24-*bis*, introduced into the Decree by Law no. 48/2008; amended by Legislative Decree no. 7 and 8/2016[10];

(xiii). **organised crime**, referred to in Article 24-*ter*, introduced into the Decree by Law no. 94/2009 and amended by Law 69/2015[11];

(xiv). **transactional offences**, Article 10 of Law no. 146 of 16 March 2006 provides for the administrative liability of Entities, including with reference to the crimes specified by that law which display the features of transnationality[12].

(xv). **environmental crimes**, referred to in Article 25–*undecies* of the Decree, introduced by Legislative Decree 121/2011 and subsequent amendments and additions.[13];

(xvi). **offence involving the employment of citizens from third-party countries with irregular residence** referred to in Article 25–*duodecies* of the Decree, introduced into the Decree by Legislative Decree no. 121/2011, amended by Law no. 68/2015 [14].

The categories listed above are set to increase further, partly due to the legislative tendency to extend the administrative liability referred to in the Decree in accordance with international and EU obligations, to environmental crimes.

Article 4 of the Decree also specifies that in the cases and conditions provided for by Articles 7, 8, 9 and 10[15] of the Italian Penal Code, there is an administrative liability of Entities whose head offices are based in the territory of the State for crimes committed abroad by Senior Management and Staff working under the instructions of the Senior Management, provided that such Entities do not pertain to the State of the place in which the crime was committed.

Below is a diagrammatic indication of the crimes that shall be dealt with for the purposes of preparing this Model, such as crimes against the Public Administration, corporate offences (including corruption between individuals), crimes of manslaughter and severe or very severe accidental injuries, committed by breaching regulations on accident prevention and the protection of health and hygiene in the workplace, the offence of employing citizens from third-party countries with irregular residence and, lastly, offences of receiving stolen goods, money laundering and use of unlawfully obtained cash, goods or assets, as well as self-laundering. The remaining offences are omitted, the commission of which is only abstractly considered in the Model.

Crimes against the P.A.
Article 317 of the Italian Penal Code
Illegal abuse of a position or office for personal gain
Article 318 of the Italian Penal Code
Corruption in the exercise of office
Article 319-*ter*, paragraph 1 of the Italian Penal Code
Corruption in judicial proceedings
Article 319 of the Italian Penal Code
Corruption due to actions contrary to duties of office (aggravated pursuant to Article 319-*bis* of the Italian Penal Code)
Article 319-*quater* of the Italian Penal Code
Undue incitement to give or promise benefits;
Article 320 of the Italian Penal Code
Corruption by public service officers
Article 321 of the Italian Penal Code
Penalties for the offender
Article 322 of the Italian Penal Code
Abetting of corruption
Article 640, paragraph 2, no. 1 of the Italian Penal Code
Fraud against the State or Other Public Body
Article 640-*bis* of the Italian Penal Code
Fraud aggravated by obtaining public disbursements
Article 316-*bis* of the Italian Penal Code
Embezzlement against the State
Article 316-*ter* of the Italian Penal Code
Undue receipt of disbursements to the detriment of the State
Article 640-*ter* of the Italian Penal Code
Computer fraud
Article 377-*bis* of the Italian Penal Code
Incitement not to make statements or to make threatening statements to the judicial authority.

Corporate Offences
Article 2621 of the Italian Civil Code
False corporate communications
Article 2621-*bis* of the Italian Civil Code
Minor offences;
Article 2622 of the Italian Civil Code
False corporate communications by listed companies
Article 2625 of the Italian Civil Code

Impeding control Impeding control
Article 2626 of the Italian Civil Code
Undue reimbursement of contributions
Article 2627 of the Italian Civil Code
Unlawful distribution of profits and reserves
Article 2628 of the Italian Civil Code
Unlawful transactions on corporate shares or quotas or those of the parent company
Article 2629 of the Italian Civil Code
Transactions to the detriment of creditors
Article 2629-*bis* of the Italian Civil Code
Non-disclosure of conflict of interest
Article 2632 of the Italian Civil Code
Fictitious capital formation
Article 2633 of the Italian Civil Code
Undue distribution of corporate assets by liquidators
Article 2635 of the Italian Civil Code
Corruption between individuals
Article 2635-*bis* of the Italian Civil Code
Incitement of corruption between individuals
Article 2636 of the Italian Civil Code
Unlawful influence over the shareholders' meeting
Article 2637 of the Italian Civil Code
Market manipulation
Article 2638 of the Italian Civil Code
Impeding the exercise of office of the public supervisory authorities*Offences against workplace safety introduced by Article 9 of Law no. 123 of 3 August 2007*

- Crime of manslaughter committed in breach of accident prevention regulations and regulation on health and hygiene in the workplace; and
- Crime involving severe or very severe accidental injuries committed in breach of accident prevention regulations and regulation on health and hygiene in the workplace.

Environmental Crimes
Article 137 of Legislative Decree 152/06
Criminal sanctions in terms of water discharges;
Article 256 of Legislative Decree 152/06
Unauthorised waste management activities;
Article 256 of Legislative Decree 152/06
Site reclamation;
Article 258 of Legislative Decree 152/06
Breach of disclosure obligations, withholding of mandatory records and forms;
Article 259 of Legislative Decree 152/06
Unlawful trafficking;
Article 260 of Legislative Decree 152/06
Organised waste trafficking activities;
Article 260-*bis* of Legislative Decree 152/06
Computer system for tracking waste;
Article 279 of Legislative Decree 152/06
Sanctions for atmospheric emissions;
Article 3 of Law 549/1993
Use of ozone-harming substances.
Article 452-*bis* of the Italian Penal Code
Environmental pollution;
Article 452-*quater* of the Italian Penal Code
Environmental disaster;
Article 452-*quinquies* of the Italian Penal Code
Accidental crimes against the environment;
Article 452-*sexies* of the Italian Penal Code
Trafficking and abandonment of highly radioactive material;
Article 452-*octies* of the Italian Penal Code
Aggravating circumstances;
Article 727-*bis* of the Italian Penal Code
Killing, destroying, capturing, taking or holding protected animal or plant species;
Article 733 of the Italian Penal Code
Destruction or deterioration of habitat within a protected site.

Offence of employing third-party citizens with irregular residence
Article 22, paragraph 12-bis, of Legislative Decree no. 286 of 25 July (Consolidated Immigration Act).

Offences involving the receipt of stolen goods, money laundering and the use of unlawfully obtained cash, goods or assets, as well as self-laundering (added by Legislative Decree no. 231/2007; amended by Law no. 186/2014)

i. Receiving stolen goods (Article 648 of the Italian Penal Code)
ii. Money Laundering (Article 648-*bis* of the Italian Penal Code)
iii. Use of unlawfully obtained cash, goods or assets (Article 648-*ter* of the Italian Penal Code)

iv. Self-Laundering (Article 648-*ter* 1 of the Italian Penal Code)

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Article 9 of the Decree lists the sanctions that may be imposed upon the Entity, specifically:

- pecuniary sanctions;
- prohibitive penalties (prohibited execution of business, suspension or withdrawal of authorisations, licences and permits, prohibited contracting with the public administration, exclusion from financing and/or revocation of funds already granted, prohibited advertising of goods or services);
- confiscation;
- publication of the sentence.

1.4 Conditions for exempting the Entity from liability.

Articles 6 and 7 of the Decree provide for the exemption of the Entity's liability for crimes committed by Senior Management individuals and by Employees, where the Entity proves that:

- the governing body has adopted and effectively implemented, prior to the commission of the offence, organisation and management models suitable for preventing crimes such as that committed;
- the task of overseeing the functioning and compliance of the models and ensuring their updating was entrusted to a body of the entity, vested with autonomous powers of initiative and control (SB);
- the individuals committed the crime by fraudulently evading the organisation and management models;
- there has been no lack of or insufficient oversight by the SB.

The Decree also states that the organisation and management models must meet the following requirements:

- identify the activities in which the offences may be committed;
- provide for specific procedures aimed at planning for the training and implementation of the Entity's decisions in relation to the offences to be prevented;
- identify methods for managing the financial resources suitable for preventing the commission of such offences;
- providing for disclosure obligations as regards the Supervisory Body;
- introducing a disciplinary system suitable for penalising non-compliance with the measures specified in the model.

Note:

1 As per the latest amendments by Law 69/2015.

2 Such crimes include: Falsification of coins, spending and introduction into the State, after agreement, of falsified coins (Article 453 of the Italian Penal Code); alteration of coins (Article 454 of the Italian Penal Code); spending and introduction into the State, without agreement, of falsified coins (Article 455 of the Italian Penal Code); spending of falsified coins received in good faith (Article 457 of the Italian Penal Code); falsification of revenue stamps, introduction into the State, purchase, holding or entry into circulation of falsified revenue stamps (Article 459 of the Italian Penal Code); counterfeiting of watermarked paper used for the production public credit cards or revenue stamps (Article 460 of the Italian Penal Code); manufacture or holding of watermarks or tools intended for the falsification of coins, revenue stamps or watermarked paper (Article 461 of the Italian Penal Code); use of counterfeit revenue stamps (Article 464 of the Italian Penal Code); counterfeiting, alteration or use of distinctive trademarks or patents, models and designs (Article 473 of the Italian Penal Code); introduction into the State and trade of counterfeit goods (Article 474 of the Italian Penal Code).

3 Such crimes include: Disruption of the freedom of trade or industry (Article 513 of the Italian Penal Code); unlawful competition with threat or violence (Article 513-*bis* of the Italian Penal Code); fraud against domestic industries (Article 514 of the Italian Penal Code); fraud in the exercise of trade (Article 515 of the Italian Penal Code); sale of non-genuine food as genuine (Article 516 of the Italian Penal Code); sale of industrial products with misleading labels (Article 517 of the Italian Penal Code); manufacture and trade of goods made by usurping industrial property securities (Article 517-*ter* of the Italian Penal Code, a crime introduced *ex novo*); counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-*quater* of the Italian Penal Code, a crime introduced *ex novo*).

4 As further detailed in the relevant special section B of the Model.

5 Concern "*crimes with purposes of terrorism or subverting democratic order, provided for by the Italian Penal Code and by special*

laws", as well as crimes, other than those specified above, "*that are, in any case, committed in breach of the provisions of Article 2 of the International Convention for the Suppression of Terrorism Financing, established in New York on 9 December 1999*". This Convention punishes anyone who, illegally and deliberately, provide or collects funds knowing that these shall, even partially, be used to perform: (i) acts aimed at causing the death - or serious harm - of civilians, when the action is aimed at intimidating a population, or coercing a government or international organisation; (ii) acts constituting a crime pursuant to the conventions on: flight and navigation safety, protection of nuclear material, protection of diplomatic agents, repression of attacks using explosive. The category "crimes with purposes of terrorism or subverting democratic order, provided for by the Italian Penal Code and special laws" is referred to generically by the Legislator, without specifying the specific regulations the breach of which would entail the application of this article.

In any case, it may be possible to identify the main eligible offences: associations with purposes of terrorism, including international or subverting the democratic order (Article 270-*bis* of the Italian Penal Code) and assistance to associates (Article 270-*ter* of the Italian Penal Code).

6 Refers to crimes involving female genital mutilation, pursuant to Article 583-*bis* of the Italian Penal Code.

7 These crimes include: subjection to slavery (Article 600 of the Italian Penal Code); child prostitution (Article 600-*bis* of the Italian Penal Code); child pornography (Article 600-*ter* of the Italian Penal Code); possession of pornographic material (Article 600-*quater* of the Italian Penal Code); tourism initiatives aimed at exploiting child prostitution (Article 600-*quinques* of the Italian Penal Code); slavery and slave trade (Article 601 of the Italian Penal Code); purchase and disposal of slaves (Article 602 of the Italian Penal Code); unlawful intermediation and exploitation of labour (Article 603-*bis* of the Italian Penal Code). On 6 April 2014, Legislative Decree 39/2014, entered into force, issued in implementation of Directive 2011/93/EU concerning the fight against the abuse and sexual exploitation of children and child pornography, which has, *inter alia*, introduced some significant amendments into Legislative Decree 231/2001 for specific incriminating cases governing the healthy development and sexuality of children, which are included in, alongside other crimes against the person, the meaning of Article 25-*quinquies* of aforementioned Legislative Decree 231/2001. In fact, the new regulation increases the number of specific aggravating circumstances provided for these types of crime by Article 602-*ter* of the Italian Penal Code and requires that the punishment provided for by Articles 600-*bis* [Child Prostitution], 600-*ter* [Child Pornography], 600-*quater* [Possession of Pornographic Material], 600-*quater*.1. [Virtual Pornography] and 600-*quinquies* [Tourism Initiatives aimed at Exploiting Child Prostitution] is increased in the event that the crime is committed by multiple individuals, is committed by an individual belonging to a criminal offence association in order to facilitate the activity or is committed with serious violence or causes, due to repeated conduct, serious harm to the child. An increased punishment is also provided for to an extent not exceeding two thirds in cases in which the crimes referred to above are committed with the use of means to prevent the identification of access details to electronic networks. In addition to these novations, Legislative Decree 39/2014 extends the scope of the administrative liability of entities to a further specific incriminating case and introduces new sanctionable obligations of employers. Indeed, Article 3 states that "in paragraph 1, section c), of Article 25-*quinquies* of Legislative Decree 231/2001, after the text "600-*quater*.1," the following is included: "as well as for the offence referred to in Article 609-*undecies*"". This refers to the offence of child kidnapping, which is punished with imprisonment for one to three years, for the kidnap of an individual aged under 16 years, in order to commit one of the crimes provided for above and punished by the specific incriminating act, aimed at protecting child sexuality. In accordance with Article 609-*undecies* of the Italian Penal Code, "kidnapping refers to any act aimed at eliciting a child's trust through artifices, flattery or threats made, including through the use of internet networks or other networks or means of communication".

8 These crimes include: crimes involving the abuse of privileged information (Article 184 of the TUF) and market manipulation (Article 185 of the TUF) referred to in the Consolidated Finance Act, Legislative Decree no. 58 of 28 February 1998.

9 Aforementioned Law 99/2009 punishes: the disclosure to unauthorised public via an electronic network system, of protected intellectual property, or part thereof; the unauthorised use of other property not intended for publication; the duplication of programmes for processing, distribution, sales etc., of programmes contained in media not flagged up by Società italiana degli autori ed editori (SIAE) [Italian Society of Authors and Editors]; the duplication, reproduction, etc. of intellectual property intended for television, film, etc.; producers or importers of media not subject to "SIAE" labelling; the production, installation, etc. of equipment for decoding audio-visual transmissions with limited access

10 These crimes include: abusive access to a computer or electronic system (Article 615-*ter* of the Italian Penal Code); possession and abusive disclosure of access codes to computer or electronic systems (Article 615-*quater* of the Italian Penal Code); dissemination of equipment, devices or programmes aimed at damaging or af-

fecting the operation of a computer system (Article 615-*quinquies* of the Italian Penal Code); interception, impediment or interruption of computer or electronic communications (Articles 617-*quater* and 617-*quinquies* of the Italian Penal Code); damage to computer systems (Article 635-*bis* of the Italian Penal Code); damage to information, data and computer programmes used by the State or by another public entity or, in any case, of public use (Article 635-*ter* of the Italian Penal Code); damage to information, data and computer programmes (Article 635-*quater* of the Italian Penal Code); damage to computer or electronic systems of public use (Article 635-*quinquies* of the Italian Penal Code); falsification of a computer document (Article 491-*bis* of the Italian Penal Code); Computer fraud by an individual providing electronic signature services (Article 640-*quinquies* of the Italian Penal Code).

11 Such crimes include: criminal association (Article 416 of the Italian Penal Code); mafia-like associations, including foreign association (Article 416-*bis* of the Italian Penal Code); political-mafia electoral exchange (Article 416-*ter* of the Italian Penal Code); seizure of persons for the purpose of robbery or extorsion (Article 630 of the Italian Penal Code); association for the unlawful trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree no. 309/1990); terms of maximum duration of preliminary investigations (Article 407, paragraph 2, section a), number 5) of the Italian Code of Criminal Procedure).

12 In this case, no further provisions were introduced in the body of Legislative Decree no. 231/2001. The liability of Entity results from an autonomous provision contained in aforementioned Article 10 of Law no. 146/2006, which sets out the specific administrative sanctions applicable to offences, stating - by way of reference - in the final paragraph that "*the provisions of Legislative Decree no. 231 of 8 June 2001 apply to the administrative offences referred to in this article*".

13 As further detailed in the relevant special section D of this Model.

14 As further detailed in the relevant special section E of this Model.

15 For further details, please refer to Articles 7, 8, 9 and 10 below of the Italian Penal Code: Article 7: Offences committed abroad

According to Italian law, citizens or foreigners who commit any of the following offences abroad shall be punished:

1. crimes against the Italian State;
2. crimes involving the counterfeiting of the State's seal and the use of such counterfeit seal;
3. crimes of falsehood in legal currencies in the territory of the State, or in revenue stamps or Italian public credit cards;
4. crimes committed by public officials serving the State, abusing their powers or breaching the duties pertaining to their office;
5. any other crime for which special legal or international convention provisions establish the applicability of the Italian criminal law.

Article 8: Political crime committed abroad.

Citizens or foreigners who, in a foreign territory, commit a political crime not listed amongst those specified under no. 1 of the preceding article, shall be punished in accordance with Italian law, at the request of the Minister of Justice.

If it is a crime punishable upon complaint of the injured party, a claim shall be required in addition to this request.

For the purposes of the criminal law, a political crime is any crime that injures a political interest of the State, or the political right of a citizen. A common crime determined, in full or in part, by political reasons is also considered a political crime.

Article 9: Common crime by a citizen abroad.

A citizen who, outside of the cases specified in the two preceding articles, commits, in foreign territory, a crime for which Italian law imposes the death penalty or life imprisonment, or imprisonment for no less than three years, shall be punished in accordance with that law, provided that they are located within the territory of the State.

If it concerns a crime for which a restrictive punishment of personal freedom is imposed for a lesser duration, the offender shall be punished at the request of the Minister of Justice or at the request or following the complaint of the injured party.

In the cases provided for by the preceding provisions, if a crime is committed against the European Community, a foreign State or foreign national, the offender shall be punished at the request of the Minister of Justice, provided that his/her extradition is not granted, or has not been accepted by the Government of the State in which he/she has committed the crime.

Article 10: Common crime by a foreigner abroad.

A foreigner who, outside of the cases specified by Articles 7 and 8, commits, in a foreigner territory, a crime for which Italian law imposes the death penalty or life imprisonment, or imprisonment for no less than one year, shall be punished in accordance with that law, provided that he/she is located in the territory of the State and that this is requested by the Minster of Justice, or at the request or following the complaint of the injured party.

If the crime is committed against the European Community, a foreign State or a foreign national, the offender shall be punished in accordance with Italian law, at the request of the Minister of Justice, provided that:

1. he/she is located in the territory of the State;
2. it concerns a crime for which the death penalty or life imprisonment is imposed, or imprisonment for no less than three years;
3. his/her extradition is not granted, or is not accepted by the Government of the State in which he/she committed the crime, or by the State to which he/she belongs.

2.
ADOPTION OF THE MODEL

2.1 Purpose of the Model

The purpose of the Model is to create, in relation to the Company's Sensitive Activities, a structured and organic system, comprising codes of conduct, policies, procedures and control activities, aimed at preventing the commission of Offences within the framework of the Entity's efficient governance structure.

This system is specifically based on:

- a specific Ethical Code of Conduct, which sets the ethical principles and general guidelines of conduct that Senior Management, Employees and Partners are required to comply with whilst performing their duties;
- a series of procedures that indicate the operating procedures for the work carried out;
- a clear organisational structure, consistent with the company's business and such as to ensure a transparent representation of the training process and implementation of corporate decisions;
- an internal management system of delegations and authorisation to represent the Company externally, that ensures a clear allocation of tasks, consistent with the organisational structure and with the control and management system;
- a system for managing and controlling financial resources that promptly identifies the onset of any critical situations;
- a staff communication and training system, covering all elements of the Model;
- an adequate disciplinary system to penalise breaches of the Model and of the Ethical Code of Conduct;
- the allocation to a body within the Company, of the task of overseeing the functioning of and compliance with the Model and responsible for its updating (SB).

2.2 Construction of the Model

The drafting of the Model was preceded by a series of preparatory activities, subdivided into the following phases:

1) Identifying Sensitive Activities and "*as-is analysis*"
   The identification of Sensitive Activities was carried out by examining the corporate documentation (organisation charts, activities performed, main processes, minutes of the Board of Directors' meeting, powers of attorney, *inter alia*) and a series of interviews with key individuals within the corporate structure.
   By carrying out this analysis process, it was possible to identify, within the corporate structure, a series of Sensitive Activities in the performance of which the commission of Offences could arise. Following this investigation phase, the methods for managing the Sensitive Activities, the system for controlling these (four-eyes principle, procedure tracking, documentation of controls, etc.) and the compliance of the latter with the commonly accepted internal control principles were all identified.
   A reconsideration of past corporate activity was also carried out in order to verify any at-risk situations and their causes.
   It should be noted that the Sensitive Activities also include those that could have an indirect impact on the commission of Offences (for example: selection and hiring of staff, incentive system; consultancy and professional services, purchase of goods and services).
2) Performing a "gap analysis"
   Based on the situation of the existing controls and procedures in relation to the Sensitive Activities, as well as the provisions and purposes of the Decree, the actions for improving the current internal control system (existing processes and procedures) and essential organisational requirements to define the Model were all identified.
   For the purposes of the final updating of this Model, the results of the "as is gap analysis" activity carried out in relation to the verification of the controls and procedures regarding environmental crimes are shown in certain documents submitted to the Company on 7 March 2014.
3) Structure of the Model
   This model comprises a "General Section" and individual "Special Sections" prepared for the various categories of crime considered in the Decree. The General Section contains the rules and general principles of the Model. Special Section A, called "Offences Committed in Relations with the Public Administration", applies to the specific types of Offences pursuant to Articles 24 and 25 of the Decree. Special Section B, called "Corporate Offences" applies to the specific types of Offences provided for by Article 25-*ter* of the Decree. Special Section C, called "Offences Resulting from the Breach of Workplace Safety Regulations" applies to the types of crime provided for in the Decree with the introduction of new Article 25-*septies*. Special Section D, called "Environmental Crimes" applies to the specific types of Offences provided for by Article 25-*undecies* of the Decree.

Special Part E, called "Offence Concerning the Employment of Citizens from Third-Party Countries with Irregular Residence", applies to the type of offence provided for by the Decree with the introduction of new Article 25-*duodecies*. Finally, Special Section F, called "Offences of Receiving Stolen Goods, Money Laundering and the Use of Unlawfully Obtained Cash, Goods or Assets, as well as Self-Laundering" applies to the types of Offences provided for by Article 25-*octies* of the Decree.

2.3 Amendment, Supplementation and Implementing of the Model

Any amendment and supplementation to the Model shall be the responsibility of the Company's Board of Directors.
The Supervisory Body is responsible for updating the Model, proposing, to the Board of Directors, the necessary amendments and supplements.
The Board of Directors and Supervisory Body, for their respective fields of competence, are responsible for the proper implementation and monitoring of compliance with the Model.

2.4 Recipients of the Model

The rules contained in this Model refer to:

- individuals who hold positions of representation, administration or management of the Company or who exercise, including *de facto*, the management and control thereof (Senior Management Individuals);
- all Employees of the Company subject to the direction or supervision of one of the Senior Management individuals;
- Consultants, commercial/financial partners, agents, representatives and, generally, third parties operating on behalf or in the interests of the Company.

The Model and contents thereof are disclosed to interested parties by suitable means to ensure its effective acknowledgement, in accordance with the specification of Chapter 3.6 below; therefore, the recipients of the Model are required to comply in a timely manner with all provisions, including in the fulfilment of duties or correctness and diligence resulting from the legal relationship they have established with the Company.

3.
COMPONENTS OF THE MODEL

3.1 Existing Policies, Procedures and Control System

As described above, in the preparation of this Model, account was firstly taken of the policies, procedures and control systems already existing within the Company, as applicable, in accordance with the provisions of the Decree, as Crime prevention measures.

Specifically, in addition to the Code of Ethics, the Company has a detailed set of rules and procedures, collected in a database and accessible to all employees and partners of Centro Cardiologico Monzino through the corporate intranet.

3.2 Corporate Objective

The Company's objective is to construct and manage nursing homes and polyclinics, including the conduct of training and both clinical and basic scientific research activities in the biomedical sector.

The Company may carry out all commercial, industrial, equity and real estate financial transactions, as well as research activities, deemed necessary or useful by the administration for achieving the corporate objective. The Company may also provide endorsements, sureties and any other guarantee, including real guarantees, also due to debts of companies belonging to the group; it may acquire funds from partners with or without a reimbursement obligation within the limits of law; it may also assume, non-predominantly and not in the interests of the public, interests and investments in other companies or businesses with a similar or related objective.

3.3 Corporate Governance

The Company's governance comprises:

- Board of Directors
- Board of Statutory Auditors
- Audit of Accounts
- Organisational System

Board of Directors

The Company is managed by a Board comprising between 3 and 11 Directors, or a Sole Director, as resolved upon by the Shareholders' meeting at the time of appointment.

The Directors shall remain in office for three financial years, notwithstanding the lesser period established by the resolution and can be re-elected.

When not elected by the Shareholders' Meeting, the Board shall elect a Chairman amongst its members and one or more Deputy Chairmen and shall determine their powers.

The Company's legal representation in terms of third parties is allocated to the Sole Director or, separately, to the Chairman and Deputy Chairmen and, if appointed, to the Chief Executive Officer.

Board of Statutory Auditors

The Board of Statutory Auditors exercises the functions provided for by Article 2403 of the Italian Civil Code, i.e., it oversees compliance with the law and Articles of Association, compliance with the principles of correct administration and, specifically, the organisational, administrative and accounting structure adopted by the Company and the specific functioning thereof.

Audit of Accounts

The audit of accounts, pursuant to the Articles of Association, is the responsibility of the Board of Statutory Auditors or, upon the resolution of the Shareholders' Meeting, that of an audit firm listed in the registry of auditors.

Organisational System

The Company's organisational system is defined based on the powers conferred by the Board of Directors.

The main functions of the organisation of the Company are, currently, the following:

- Chief Executive Officer
- Healthcare Department
- Clinical Area
- Central Administration, Finance and Control Department
- Scientific Department
- Director General of Institutional and Labour Relations
- Human Resources Management and Organisation Department
- Central Communication, Marketing and Customer Service Department
- Central Computer Systems and Technologies Department
- Research Management Department
- Clinical and Operational Units/Services and Research Departments

as described in further detail in the Organisational Chart shown in **Appendix 1**.

The HR department periodically provides for the development and dissemination of the organisational chart of Centro Cardiologico Monzino.

Authorisation System

The authorisation system is based on the following principles:

- delegations and authorisations link the power to the relat-

ed area of responsibility and competence;
- each delegation and authorisation defines, in an unequivocal manner, the powers of the delegate, specifying his/her limits in compliance with the regulations in force, including those in force in the healthcare sector;
- the powers allocated along with the delegations and authorisations are consistent with the corporate objectives.

The system specifically provides for the allocation of:
- powers of permanent representation, which are granted solely by the Board of Directors;
- powers relating to individual business, granted with ad hoc notarial authorisations or other forms of delegation in relation to the content.

3.4 Establishment of the Supervisory Body

The Decree, in Article 6, paragraph 1, section b), establishes that the task of overseeing the functioning and compliance of the Model, as well as ensuring the updating thereof, must be entrusted to a body of the entity vested with autonomous powers of initiative and control.
The feature of autonomy of powers of initiative and control implies that such body must be:
- in a position of independence with respect to those it must supervise;
- lacking in operational duties;
- vested with financial autonomy.

The establishment of a body with the features specified above was approved, for the first time, by resolution of the Board of Directors of 27 March 2007. This resolution establishes that the body shall be referred to as the Supervisory Body, specifies its functions and powers, as described in Chapter 4 below of this General Section and provides it with an autonomous budget.

3.5 Code of Ethics

In carrying out their work, the Senior Management, Employees and Partners of the Company must comply with the rules set out in the Code of Ethics adopted by the Centre.
The Code of Ethics sets out the ethical principles and general guidelines of conduct that Senior Management, Employees and Partners are required to comply with whilst performing and in relation to their work duties. The Code of Ethics is supplemented by the *Regulation on the Prevention of Conflicts of Interest and Intellectual Property Rights.*

The Supervisory Body has the task of verifying the consistency of the Code of Ethics with the Organisation, Management and Control Model adopted and proposing, to the Board of Directors, Chief Executive Officer and Directorate General any amendments or updates thereof.

3.6 Employee and Partner Information and Training System

The Model adopted by the Company, along with the Code of Ethics, is made available and can be consulted by Employees directly on the INTRANET, as can the other procedures specifying the operational methods of the work activity.
The adoption of the Model and its updates, by the Company, shall be disclosed to Employees, including new recruits, by submitted the Model and Code of Ethics and, at the same time, requesting the issuance by Employees of a statement confirming their receipt of the Model and their commitment to comply therewith.
For new recruits, the Model shall be submitted by HR along with the remaining documentation generally submitted at the time of recruitment and the former shall be required to issue a statement confirming their receipt of the Model and their commitment to comply therewith.
A specific Employee training shall also be required and performed, in terms of the contents of the Decree.
Participation in training on the Model is mandatory: non-participation in the training activities comprises a breach of the Model itself.
The Head of Human Resources, in agreement with the Supervisory Body, shall prepare an annual training plan.
The information and training system is constantly verified and, where necessary, amended by the Supervisory Body, in partnership with the Human Resources Department.

3.7 Disciplinary System

The definition of a disciplinary and penalties system (in proportion to the breach and vested with deterrent powers), applicable in the event of breach of the rules referred to in this Model, is intended to ensure the efficacy of the Model itself.
In fact, the definition of a penalty system comprises, pursuant to Article 6, paragraph 1 of the Decree, an essential requirement of the Model.
The application of the penalty system implies the mere breach of the provisions of the Model; it is therefore activated regardless of the conduct and outcome of the criminal

proceedings that may be launched by the judicial authority in the event that the conduct to be reprimanded also includes a specific Offence or Administrative Crime.
Without prejudice to the obligations of Centro Cardiologico Monzino resulting from Workers' Statute, employment contract and applicable National Collective Bargaining Agreement, Employee conduct that can penalised including the following:

- breach of internal procedures provided for or referred to in this Model (for instance, non-compliance with required procedures, non-disclosure to the SB regarding required information, omission of controls, etc.) or the adoption, in performing activities related to Sensitive Process, of conduct that that does not comply with the requirements of the Model or with the procedures referred to therein;
- breach of internal procedures provided for or referred to in the Model or the adoption, in performing activities related to Sensitive Processes, conduct that does not comply with the requirements of the Model or with the procedures referred to therein that expose the Company to a situation at risk of commission of an Offence;
- adoption, in performing activities related to Sensitive Processes, of conduct that does not comply with the requirements of this Model, or with the procedures referred to herein and potentially unequivocally directed at the commission of one or more Offences;
- adoption, in performing activities related to Sensitive Processes, conduct that is clearly in breach of the requirements of this Model, with the procedures referred to herein, such as to result in the potential application by the Company of the penalties provided for by the Decree.

The penalties and any request for compensation for damages shall be in proportion to the Employee's level of liability and autonomy, the possible existence or previous disciplinary measures imposed on the former, the intentionality of his/her conduct, as well as the severity thereof, that is, the level of risk to which the Company may be reasonably deemed exposed - pursuant to and for the purposes of the Model - as a result of the reprimanded conduct.

Penalties

The breach by Employees of the individual rules of conduct referred to in this Model comprise a disciplinary offence.
The applicable disciplinary measures as regards such workers - in accordance with the procedures provided for by Article 7 of Law no. 300 of 30 May 1970 (Workers' Statute) and any specific applicable regulations - are those provided for by the penalty system of the National Collective Bargaining Agreement in force, specifically:

- verbal reprimand;
- written reprimand;
- fine, not exceeding the amount of four hours of the hourly rate;
- suspension from work and from remuneration for up to ten days;
- dismissal (including, if necessary, prior precautionary suspension).

Notwithstanding - and referred to herein - all provisions of the National Collective Bargaining Agreement, including the requirement that:

- the disciplinary dispute is submitted to the worker no later than thirty days after the healthcare management and administrative bodies have become aware of the shortcoming;
- the disciplinary measure is not adopted by the employer after thirty days of the worker's submission of the deduction;
- the aforementioned thirty-day deadline shall be suspended if the employee asks to be heard personally along with the trade union representative, with the aforementioned deadline resuming *ab initio* for a further thirty days of the date on which the parties meet to discuss the dispute;
  the principle of progressiveness and proportionality of the penalties, in relation to the severity of the shortcoming and, therefore, the type and extent of each of the penalties shall be determined in relation to the following general criteria referred to in the National Collective Bargaining Agreement.
  In the event of breach of the Model by Consultants or Partners, depending on the severity of the breach and as provided for by the respective contractual agreements, such breaches shall be penalised by terminating the contract and/or by the payment of fines.

As regards the detection of breaches, the disciplinary procedures and imposition of penalties, the powers already conferred upon the Company Management remain unchanged.
The penalty and disciplinary system is constantly verified and, where necessary, amended at the request of the Supervisory Body, in partnership with the Human Resources Department.

3.8 Measures against Directors

In the event of breach of the Model by one or more members of the Board of Directors, the Supervisory Body shall inform the entire Board of Directors and Board of Statutory Auditors, which shall take appropriate actions, such as, for example, convening a Shareholders' Meeting, in order to adopt the most appropriate measures provided for by law, the revocation of delegations possibly conferred upon the directors and so forth.

3.9 Measures against Statutory Auditors

In the event of breach of the Model by one or more members of the Board of Statutory Auditors, the Supervisory Body shall inform the entire Board of Statutory Auditors and Board of Directors, which shall take the appropriate actions, such as, for example, convening a Shareholders' Meeting, in order to adopt the most appropriate measures provided for by law.

3.10 Measures against Collaborators or Business Partners

In the event of breach of the Model by Partners, depending on the severity of the breach, the Supervisory Body, along with the Board of Directors and, if applicable, the Board of Statutory Auditors, shall assess whether to terminate the contractual relationship and shall make provisions for a possible penalty provided for by the agreement under specific clauses stipulated therein. These clauses may provide for the right to terminate the agreement and/or the payment of penalties.

4.
SUPERVISORY BODY

4.1 Composition

The Supervisory Body is constituted collectively. It interacts with the Board of Directors and reports directly thereto.

The Company's Board of Directors has considered that the composition of the Supervisory Body that best meets the requirements specified by the Decree is as follows:

· an individual who is not a member of the Company and is vested with a high level of honesty and professionalism, acting as Chairman of the Body;

• an individual selected amongst the following members of the Company:

- regular auditor
- independent director
- member of the Ethics Committee
- *internal auditor*
- *compliance officer*

• one or more individuals, who are not members of Centro Cardiologico Monzino and vested with a high level of honesty and professionalism, selected amongst the following professional categories:

- auditors
- lawyers
- doctors or biologists
- healthcare organisation experts.

The Supervisory Body, is vested, pursuant to Article 6, paragraph 1, section b), of the Decree, with "autonomous powers of initiative and control".

The autonomy and independence required by the regulation are guaranteed by the fact that the Supervisory Body is based outside of production processes, free from a hierarchical relationship with individual managers of the operating facilities and in the position of staff to the Board of Directors, including an individual who is not a member of the Company, as Chairman of such Supervisory Body.

The professionalism of the Supervisory Body is ensured:

• by the specific professional skills of its members;

• by the Supervisory Body's entitlement to use autonomous financial resources in order to make use of external advisory and the specific professionalism of the heads of the various corporate departments and that of the Company's Partners.

The Supervisory Body's continuity of action is ensured by the circumstance that it operates within the Company.

The definition of the aspects pertaining to the Supervisory Body's continuity of action, such as the planning of verification activities, the procedures for implementing them, recoding the minutes of meetings, the procedures and specific content of information flows relating to Sensitive Activities and any changes to the organisational structure and internal functioning, are remitted to a specific internal regulation issued by such Supervisory Body.

4.2 Term of office and replacement of members

The Board of Directors appoints the Supervisory Body by means of a special Board resolution that determines its number of members (which varies from a minimum of 3 to a maximum of 5) and their term of office, normally no less than three years (except for justified exceptions). The Board of Directors is also responsible for periodically assessing the adequacy of the Supervisory Body, in terms of organisational structure and powers granted, providing, by means of a Board resolution, for any changes and/or additions deemed necessary.

In order to ensure the requirements of independence and autonomy, as of the time of the appointment and for the entire term of office, the members of the Body:

· shall not hold executive or representative offices within the Company's Board of Directors;

· shall not carry out operational or business functions within the Company;

· shall not have significant business relations with the Company, with subsidiaries of the Company or with associated companies, except as a result of an employment relationship or in terms of membership of the Board of Statutory Auditors, neither shall it have significant business relationships with directors with powers of attorney (executive directors);

· shall not have relations with or be a family member of an executive director, family member referring to a non-legally separated spouse, parents and relations up to the fourth degree of kinship;

· shall not be direct or indirect owners of shares in the Company's capital;

· must not have been sentences, or subject to investigation, due having committed an Offence (including administrative crimes or offences of a similar nature).

The members of the Supervisory Body are required to sign, on an annual basis, a statement confirming their aforemen-

tioned independence and, in any case, to immediately inform the Board and Supervisory Body itself of the onset of any prohibitive conditions.
The appointed members of the Supervisory Body shall remain in office for the entire term of office received, irrespective of the change in members of the Board of Directors appointing them, unless the renewal of the Board of Directors depends on an Offence having been committed; in this case, the newly elected Board of Directors shall establish a new Supervisory Body.
The incompatibilities referred to in the preceding sections, incapacity and death represent cases of automatic forfeiture; subject to cases of automatic forfeiture, members of the Body cannot be revoked by the Board of Directors without just cause.
The following are cases of just cause for revocation:

- a conviction of the Company pursuant to the Decree or a final plea bargain, resulting from acts of "omission or insufficient oversight" by the Supervisory Body, as provided for by Article 6, paragraph 1, section d) of the Decree;
- a conviction or plea bargain issued against a member of the Supervisory Body for having committed an Offence (or administrative crime/offence of a similar nature);
- lack of confidentiality of information of which the members become aware whilst carrying out their duties of office;
- lack of attendance to more than three consecutive meetings without just cause.

In the event of dismissal or automatic forfeiture of a regular member of the Supervisory Body, the latter shall promptly inform the Board of Directors, which shall make the necessary decisions without delay.

The Supervisory Body shall cease to exist if, due to dismissals or other reasons, there is a lack of majority of members. In this case, the Board of Directors shall appoint new members.

4.3 Rules of Convocation and Operation

The Supervisory Body may govern, by specific regulation, the rule for its operation, based on the principles listed below:

- the Supervisory Body meets quarterly and the relevant documentation is distributed at least 3 days prior to the meeting;
- meetings are held in person, by video or video-conference (or a combination of these);
- each Managing Director, the Board of Directors and the Board of Statutory Auditors may request that the Supervisory Body meets at any time;
- a majority of members in office is required for the validity of the meeting;
- ad hoc meetings may be held and all decisions made during these meetings must be reported in the subsequent quarterly meeting;
- decisions are made based on unanimous decisions; in the absence of unanimity, the majority decision shall prevail and this shall be immediately reported to the Board of Directors;
- the minutes of the meeting record all decisions made by the Body and reflect the main considerations made to reach such decisions; these minutes are filed by the Supervisory Body in its archives.

Until the Supervisory Body has formalised the above regulation, the convocation and operation thereof is based on the principles specified above.

4.4 Functions

The Chairman of the Supervisory Body has the main task of chairing the events of the Body's meetings. The Chairman may ask one of the members of the Supervisory to chair *pro tempore*, in the event that Chairman him/herself is unavailable or if a specific situation so requires. The Chairman has the task of preparing the agenda for the meetings, drafting an annual control plan to monitor the activities governed by the Model and, if necessary, to prepare the operating procedures of the Supervisory Body itself.
The main functions of the Supervisory Body are as follows:

- overseeing the effective application of the Model, by preparing and implementing a supervisory and monitoring programme;
- overseeing the adequacy of the Model, i.e., the efficacy thereof in preventing Offences;
- overseeing the maintenance, over time, of the Model's efficacy requirements;
- promoting the updating of the Model, if necessary.

To this end, the Supervisory Body is entrusted with the following tasks:

- ensuring the updating of the mapping of Sensitive Activities;
- periodically verifying the internal delegations and author-

isations in force, recommending changes in the event that these are no longer consistent with organisational and management responsibilities;
- periodically checking the financial resources generation and use system, specifying, where necessary, possible improvements to the relevant functions;
- promoting and ensuring the preparing of instructions regarding information flows to the Supervisory Body itself from Employees and Partners;
- reporting, to the Board of Directors and General Management, the breach of the Model and monitoring the application of disciplinary penalties;
- promoting and monitoring initiatives for disseminating knowledge of and compliance with the Model by recipients thereof.

4.5 Powers

So that the Supervisory Body has the features of autonomy and independence required by the Decree, the Board of Directors confers upon it the following powers:
- power to access all documents and all information relating to the Company;
- power to use all facilities of the Company, which are required to cooperate, auditors and external consultants;
- power to collect information from all Employees and Partners, including Senior Management and auditing firms, in relation to all Company activities;
- power to request, through appropriate channels and persons, the meeting of the Board of Directors and Board of Statutory Auditors to address urgent issues;
- power to ask the heads of department to attend, without power of decision, meetings of the Supervisory Body.

4.6 Information Flows to the Supervisory Body

The Company's Chief Executive Officer shall periodically report to the Supervisory Body on all breaches of the Code of Ethics detected, comprising breaches of this Model.
The Supervisory Body may request periodic reports from the company responsible for the statutory audit of accounts and Heads of the company's departments, relating to the activities carries out respectively in relation to the application of this Model.
Notwithstanding the hierarchical information obligations resulting from the application of Employment Contracts and Corporate Regulations, Directors, Employees and Partners of the Company who become aware of breaches of the provisions of this Model and, in any case, of any act or event that may incur a liability of the Company pursuant to the Decree due to administrative or corporate offences resulting from offences against the Public Administration, in terms of workplace and environmental safety, are obliged to report these to the Supervisory Body, by sending an email to the address "odv@ccfm.it", or using any other means of communication, in non-anonymous form.Body, by sending an email to the address "odv@ccfm.it", or using any other means of communication, in non-anonymous form.
Informers shall, in good faith, be guaranteed against any form of retaliation, discrimination or penalisation.
To this end, the Supervisory Body shall adopt the appropriate measures to ensure the confidentiality of the informer's identity, notwithstanding the legal obligations and protection of the Company's rights and those of persons mistakenly accused and accused in bad faith.
The Supervisory Body carefully and impartially assesses reports received and may carry out all checks and in-depth analyses required for this purpose.
If the report potentially summons, due to liability (direct or indirect) one of the members of the Supervisory Body, or the office held by that member, the Supervisory Body shall carry out the assessments referred to above on the interested party, but excluding the latter from the assessment and decision-making process.
In addition to the reports referred to above, the Supervisory Body must necessarily and immediately submit a notice regarding:
- requests for legal assistance submitted by Employees in the event of the launch of legal proceedings for Offences;
- measures and/or news from judicial police bodies, or from any other Authority, from which it is possible to conduct corporate investigations, possibly also against unknown persons, for Offences;
- evidence from the disciplinary proceedings carried out and any sanctions imposed, with specific reference to Offences, or the procedures for filing such proceedings with relevant grounds for doing so;
- any transfer of money between the Company and any other subsidiary, parent company or associated company that is not justified in a specific contract entered into under

market conditions;
- pending items, including those against the subsidiary or associated companies, amounting to more than 2,000,000 which have not been reconciled within 60 days of their appearance, with express indication of the related reasons;
- any anomaly or irregularity detected in the verification of invoices issued or received by the Company.

Members of the Supervisory Body are required to maintain the strictest and most professional secrecy regarding the information of which they become aware whilst executing their duties and must act with utmost diligence to prevent any external leak of confidential news or information.

4.7 Information Flows from the Supervisory Body

The Supervisory Body reports on its activity:
- continuously to the Chief Executive Officer;
- on an annual basis to the Board of Directors.

To this end, the Supervisory Body prepares:
- ad hoc reports for the Chief Executive Officer;
- a descriptive annual report for the Board of Directors, containing a summary of all activities carried out during the year, the checks and audits performed, as well as any updates to the mapping of Sensitive Activities; in this report, the Supervisory Body also outlines an annual business plan for the following year.

The Chairman of the Board of Directors, each Managing Director, the Board of Directors and the Board of Statutory Auditors are entitled to convene the Supervisory Body at any time.

Supervisory Body meetings with the Board of Directors and with the Board of Statutory Auditors are recorded and copies of the minutes are filed by the Supervisory Body.

4.8 Filing

All information collected and all reports received or prepared by the Supervisory Body are kept for 10 years in a special file, including in an electronic file.

Access to this file is permitted to members of the Supervisory Body, the Chairman of the Board of Statutory Auditors and the Centre's Directors.

Only the Supervisory Body is permitted to make amendments.

Special Section A

Offences committed in relations with the Public Administration

1. FUNCTION OF SPECIAL SECTION A

This Special Section A is intended for Senior Management, Employees and Partners of the Company.

The purpose of this Special Section is to provide all recipients, as identified above, with rules of conduct aimed at preventing the commission of so-called offences against the Public Administration, as better specified in Chapter **2** below.

Specifically, this Special Section A aims to:

- detail the procedures that the Senior Management, Employees and Partners of the Company are required to comply with in order to apply the Model correctly, in relation to the offences described in this Special Section A;
- provide the Supervisory Body and managers of other corporate departments cooperating therewith the executive tools for exercising control, monitoring and audit activities.

2. SPECIFIC CASES OF OFFENCES IN RELATIONS WITH THE PUBLIC ADMINISTRATION (ARTICLES 24 AND 25 OF LEGISLATIVE DECREE 231/2001)

This Special Section A reports the offences that may be committed against the State, by another Public Body, which may be committed as part of the relations between the Company and the P.A. Below is a brief description of the individual cases considered in Articles 24 and 25 of Legislative Decree 231/2001 and subsequent amendments and additions[16].

2.1 Public Official and Public Service Officer

Firstly, it is necessary to clarify the concepts of "Public Official" and "Public Service Officer" since, in offences involving illegal abuse of a position or office for personal gain and corruption, only conduct involving the promise or transfer of benefits to such individuals shall be penalised.

Article 357 of the Penal Code defines "**public officials** as those who exercise a public legal, judicial or administrative role", specifying that "the administrative function governed by public law regulations and authoritative acts, characterised by the formation and manifestation of the will of the public administration or by its performance, by means of authoritative or certifying powers, is public".

The Italian Penal Code therefore provides for three types of public functions: legislative, judicial and administrative.

The first two (legislative and judicial) are not expressly defined by Article 357

of the Italian Penal Code because they have typical features that enable them to be identified immediately; specifically:

- the legislative function refers to activities carried out by public bodies (Parliament, Regions and Government) which, according to the Italian Constitution, have the power to issue acts of a legal value;
- the judicial function refers to activities carried out by judicial bodies (civil, penal and administrative) and their auxiliaries (chancellor, secretary, expert, interpreter, etc.), in order to apply the law to the specific case.

The administrative function, as defined by the second paragraph of Article 357 of the Italian Penal Code, is an activity characterised by the fact that it is governed by public law regulations or by authoritative acts of the P.A. (differentiating it from private-sector activities which are governed by private law instruments, such as a contract) and by that fact that it is accompanied by the ownership of at least one of the following powers:

16 As per the latest amendments by Law 69/2015.

- the power to form and manifest the will of the PA (e.g.: mayor or councillor of a municipality, members of tender committees, public company executives, etc.);
- authoritative power is that which allows the P.A. to implement is intentions by actual commands, with respect to which the individual is in a position of subjection. This refers to the activity in which so-called imperial power is express, which includes both powers of coercion (arrest, search, etc.) and powers of hierarchical supremacy within public offices.
  This authoritative power implies the exercise of jurisdiction through which the PA's position of supremacy over private individuals is explained (for example, law enforcement officers, members of employment inspection committees for a public body, officials of supervisory bodies – Banca d'Italia and Consob – etc.);
- certifying powers, meaning the power to draw up documents to which the legal order attributes privileged probative effectiveness (e.g., notaries, doctors) and, at the same time, attributes, to the certifier, the power of attesting a fact that proves a false claim.

Article 358 of the Italian Penal Code defines "**public service officials** as those who, under any title, provide a public service", meaning "an activity governed similarly to the public function, but characterised by the lack of powers typical of the latter and with the exclusion of simple duties involving the order and provision of merely material work":

- "under any title" means that the individual exercises a public function, even without a formal or regular investiture (responsible for a "*de facto*" public service). It does not involve a relationship between the P.A. and the individual providing the service.
- "Public service" refers to an activity governed by public law regulations and by authoritative acts, but characterised by a lack of authoritative powers.

Public services, therefore, as with public functions, are activities governed by public law regulations or by authoritative acts which, however, do not have powers typical of public functions.

Examples of public service officials are: employees of supervisory authorities who do not contribute to form the will of the authority and who do not have authoritative powers, employees of bodies that carry out public services, even if these are private entities, public office employees, etc.

It must also be considered that Article 322-*bis* of the Italian Penal Code governs offences of embezzlement, illegal abuse of a position or office for personal gain, undue incitement to award or promise benefits, corruption and incitement of corruption by members of bodies of the European Communities and officials of the European Committees and foreign countries.

The provisions of Articles 314, 316, from 317 to 320 and 322, paragraphs 3 and 4, also apply:

1) to members of the Commission of European Communities, of the European Parliament, of the Court of Justice and of the European Court of Auditors; 2) to officials and agents hired by contract pursuant to the Articles of Association by European Community officials or by the regime applicable to agents of the European Communities; 3) to individuals commanded by Member States or by any public or private entity of the European Communities which exercise functions corresponding to those of officials or agents of the European Communities; 4) to members and staff of entities established on the basis of treaties that constitute the European Communities; 5) to those who, in other European Union Member States, perform functions or activities corresponding to those of public officials and public service managers; 5-*bis*) to lawyers, attorneys, prosecutors, officials and agents of the International Criminal Court, to individuals commanded by States forming part of the Treaty establishing the International Criminal Court, who exercise functions corresponding to those of officials or agents of that Court, to members and staff of entities constituted on the basis of the Treaty establishing the International Criminal Court.

The provisions of Articles 319-*quater,* paragraph 2, 321 and 322, paragraphs 1 and 2, also apply if cash or another benefit is given, offered or promised to the individuals referred to in sections 1) to 5) above and to individuals who exercise functions or activities corresponding to those of public officials and public service managers in other foreign countries or international public organisations, if the offence is committed to procure, for themselves or for others, an undue advantage in international financial transactions or in order to obtain or maintain an economic or financial business.

The individuals referred to in sections 1) to 5) above are classified in the same way as public officials, if they exercise corresponding functions and as public service managers in other cases.

By way of example, also with specific reference to the relations with the Company, the following are Public Officials:

- Emergency Doctor;
- Doctor practising in agreement with the Italian National Health Service;
- University Employees;
- Members of the Local Health Authority Tender Committee;
- Italian Military Police;
- Traffic Police.

2.2 Corruption

Corruption in the exercise of office (Article 318 of the Italian Penal Code)

"*Public officials who, due to the exercising of their duties or powers, unduly receive, for themselves or for a third-party, cash or another benefit or who accept a promise thereof, shall be punished by imprisonment of one to six years".*

Corruption due to actions contrary to duties of office (Article 319 of the Italian Penal Code)

"*Public officials who, due to omission or delay or due to having omitted or delayed a duty of their office, or due to fulfilling or having fulfilled an act contrary to their duties of office, receive, for themselves or for a third party, cash or another benefit or accepts a promise thereof, shall be punished by imprisonment for six to ten years".*

Aggravating Circumstances (Article 319-bis of the Italian Penal Code)

"*The penalty shall be increased if the offence referred to in Article 319 concerns the granting of public employment, wages or pensions, or the stipulation of agreements involving the administration to which the public official belongs, as well as the payment or reimbursement of taxes".*

Corruption in Legal Proceedings (Article 319-ter of the Italian Penal Code)

"*If the offences specified in Articles 318 and 319 are committed to favour or harm a party in civil, criminal or administrative proceedings, the penalty of imprisonment for six to twelve years shall apply.*

If the offence results in the unfair sentencing of someone to imprisonment for no more than five years, the penalty shall be imprisonment for six to fourteen years; if it results in unfair sentencing to imprisonment for more than five years or life imprisonment, the penalty shall be imprisonment for eight to twenty years".

Undue Incitement to Grant or Promise Benefits (Article 319-quater of the Italian Penal Code)

"Unless the offence is a more serious offence, a public official or public service manager who, by abusing his/her position or his/her powers, incites someone to unduly grant or promise, to themselves or to a third party, cash or another benefit, shall be punished by imprisonment for six to ten and a half years.

In the cases provided for in the first paragraph, whomever grants or promises cash or another benefit shall be punished by imprisonment for up to three years".

Corruption by Public Service Officers (Article 320 of the Italian Penal Code)

"*The provisions of Articles 318 and 319 also apply to Public Service Officers.*

In any case, the penalties shall be reduced to no more than one third".

Penalties for the Offender (Article 321 of the Italian Penal Code)

"*The penalties set forth in the first paragraph of Article 318, in Article 319, in Article 319-bis, in Article 319-ter and in Article 320 in relation to the aforementioned provisions of Articles 318 and 319, also apply to those who grant or promise a Public Official or Public Service Office cash or another benefit".*

Incitement to Offend (Article 322 of the Italian Civil Code)

"*Anyone who offers or promises cash or another benefit to a public official or public service officer, to exercise their duties or powers, shall be subject, if the offer or promise is not accepted, to the penalty set forth in the first paragraph of Article 318, reduced by one third.*

If the offer or promised is made to incite a public official or public service officer to omit or delay a duty of their office, or to act contrary to their duties, the offender shall be subject, if the offer or promise is not accepted, to the penalty set forth in Article 319, reduced by one third.

The penalty referred to in the first paragraph shall apply to public officials or public service officers who solicit a promise or grant of cash or another benefit to exercise their duties or powers. The penalty referred to in the second paragraph shall apply to public officials or public service officers who solicit a promise or grant of cash or another benefit from an individual for the purposes specified in Article 319".

Corruption involves an agreement between an individual and public official or public service officer by means of which the

former gives or promises the latter a sum of cash or another benefit with a view to or following the fulfilment of a duty by the public official.
Corruption is a necessarily bilateral offence, in the sense that, for it to be committed, both the public official or public service officer, who accepts the grant or promise of a benefit, and the individual, who gives or promises the cash or benefit, need to be involved.
Generally, except for certain exception, the Italian Penal Code punishes both the public official or public service officer and the individual.
The Italian Penal Code provides for various forms of corruption:

- proper or improper, depending on whether the offending agreement has a purpose contrary to duties of office or in compliance with duties of office (improper corruption is punished less severely than proper corruption);
- antecedent or subsequent, depending on whether the offending agreement precedes or follows the fulfilment of the duty of office;
- active or passive, depending on whether the public official's or public service offer's conduct is deemed passive and that of the individual is deemed active.

In this regard, it should be noted that, in the case of antecedent corruption, the offence exists merely if a sum of cash or other benefit has been given or even simply promised to the public official, without the act needing to be completed (the latter only comprises the purpose for which the promise or grant is to be made).
It should also be noted that the purpose of the promise or grant may involve both a sum of cash given - even indirectly or by an intermediate individual - to the public official or public service officer and any benefit, even non-equity-related, in favour thereof or of individual related thereto (say, for example, the allocation of fictitious advice to a member of the public official's family or the hiring of that family member).
With regard to this offence, risk profiles within the Company are identified under the following three profiles:

1. in the event that Senior Management or Employees thereof act as offenders against public officials or public service officers (active corruption);
2. in the event that Senior Management or Employees of the Company, in performing advertising activities (exercising a public function and/or public service) accept undue remuneration and/or benefit and/or promise of remuneration and/or benefit (passive corruption);
3. in the event that Senior Management or Employees of the Company contribute to the offence of corruption (for example, by providing any type of aid to the public official to commit the offence or acting as a mediator between the individual and public official).

2.3 Illegal Abuse of a Position or Office for Personal Gain[17]

Illegal Abuse of a Position or Office for Personal Gain (Article 317 of the Italian Penal Code)

"A public official or public service manager who, by abusing his/her position or his/her powers, forces someone to unduly grant or promise, to themselves or to a third party, cash or another benefit, shall be punished by imprisonment for six to twelve years."

Illegal abuse of a position or office for personal gain involves the exploitation, by the public official or public service office, of their subjective position or attributions associated therewith, in order to force or incite someone to give or promise undue benefits.
Illegal abuse of a position or office for personal gain, as for corruption, is a bilateral offence, as it requires the conduct of two separate parties, the abuser and the abused; however, unlike corruption, only the abuser shall be punished, as the abused is the victim of the offence.

2.4 Fraud against the State or Other Public Body and Computer Fraud

Fraud against the State or Other Public Body (Article 640, paragraphs 1 and 2 no. 1)

"*Anyone who, by artifice or scam, incites someone by misrepresentation, procuring for themselves or for others unfair profit to the detriment of others, shall be punished by imprisonment for six months to three years and with a fine of € 51 to € 1,032.*

17 For completeness, it should also be noted that, pursuant to Article 317-*bis*, entitled "Accessory Penalties" (as per the latest amendment by Article 1, paragraph 75, section e), of Law no. 190 of 6 November 2012) the conviction for the offences referred to in Articles 314, 317, 319 and 319-*ter* implies permanent prohibition from public offices. Nevertheless, if, due to attenuating circumstances, imprisonment is imposed for less than three years, the conviction shall involve a temporary prohibition.

The penalty shall be imprisonment for one to five years and a fine of € 309 to € 1,549:
1) if the offence is committed to the detriment of the State or of another public body [...]".

Computer Fraud (Article 640-ter of the Italian Penal Code)
"*Anyone who, by altering, in any way, the operation of a computer or electronic system or by unduly acting, by any means, on data, information or programmes contained in a computer or electronic system pertaining thereto, procures, for themselves or for others, unfair profit to the detriment of others, shall be punished by imprisonment for six months to three years and with a fine of € 51 to € 1,032.*
The penalty shall be imprisonment for one to five years and a fine of € 309 to € 1,549 in the event of one of the circumstances provided for by number 1 of paragraph two of Article 640, or if the offence is committed by abusing the position of system operator.
The penalty shall be imprisonment for two to six years and a fine of € 600 to € ,000, if the offence is committed by theft or undue use of digital identity, to the detriment of one or more parties.
The crime is punishable upon complaint by the injured person, unless any of the circumstances referred to in the second and third paragraph or any other aggravating circumstance occurs.
The offence of fraud to the detriment of the State or other public body occurs when, by fraudulently misrepresenting someone through by means of artifice or scam, unfair profit is gained for themselves or for others, to the detriment of the State or other public body. This specifically refers to the submission, to the financial administration, of documentation containing false information in order to obtain an undue tax rebate; or, more generally, to the submission, to insurance or local administration bodies, notifications containing false data in view of any benefit or tax break from the Company.
The offence of computer fraud to the detriment of the State occurs when the damage against the State is caused by altering a computer or electronic system, or through abusive data intervention.
Interference can take place in various forms: during the collection and entry of data, during processing or during issuance. In all of these cases, the intervention takes place on the computer memory, on whose correct functioning the offender interferes in such a way as to cause undue accumulation of wealth to the detriment of the State or other public body.
For example, the offence includes the modification of information relating to the accounting situation of an existing contractual relationship with a public body, or the alteration of tax and/or insurance data contained in a database of the PA.
With reference to the aforementioned activity, the following offences may be considered:
Fraud Aggravated by Obtaining Public Disbursements (Article 640, paragraph 2-bis of the Italian Penal Code)
"*The penalty shall be imprisonment for one to six years and a prosecution shall be launched ex officio if the offence referred to in Article 640*[18] *concerns payments, loans, soft loans or other similar disbursements, granted or supplied by the State, other public bodies or European Communities".*
Undue receipt of disbursements to the detriment of the State (Article 316-ter of the Italian Penal Code)
"*Unless the offence constitutes the crime provided for by Article 640-bis, anyone who, through the use or submission of false statements or documents or making false claims, or by omitting required information, unduly obtains, for him/herself or for others, soft loans or other similar disbursements, however named, granted or supplied by the State, other public bodies or European Communities shall be punished by imprisonment for six months to three years.*
When the sum unduly received is equal to or less than € 3,999.96, only the administrative penalty involving the payment of a sum of cash from € 5,164 to € 25,822 shall apply. This penalty cannot, in any case, exceed triple the benefit obtained".
Embezzlement to the detriment of the State (Article 316-bis of the Italian Penal Code)
"*Anyone, outside of the public administration, who obtains from the State, other public body or European Communities, grants, subsidies or loans intended to promote initiatives aimed at performing works or to perform activities of public interest, not allocated to the intended purpose, shall be punished by imprisonment for six months to four years".*

18 Article 640 of the Italian Penal Code (*Fraud*) punishes "*anyone who, by artifice or scam, incites someone by misrepresentation, procuring for him/herself or for others unfair profit to the detriment of others*".

All activities relating to the obtaining of grants, loans, soft loans or other similar disbursements supplied by the State, other public bodies or European Communities and the management of these by the Company have risk profiles.
Specifically:

- Articles 640-*bis* of the Italian Penal Code and Article 316-*ter* of the Italian Penal Code punish the use of false documents or artificial conduct in general, aimed at obtaining the disbursements mentioned above; by way of example, cases are cited involving unduly obtaining a public loan aimed at supporting business activities in certain sectors, by producing false documentation attesting to the existence of the requirements for obtaining the loan;
- Article 316-*bis* punishes those who, having obtained sums from the PA or European Communities aimed carrying out works and for developing activities of public interest, such sums intended for purposes other than those for which they were supplied; this includes requesting and obtaining a public loan granted for the hiring of staff, within the company, pertaining to privileged categories, or renovating properties damaged during natural disasters which, once achieved, are not used for those purposes.

It should be noted that grants and subsidies are pecuniary outright grants that may be periodic or *una tantum,* fixed or calculated according to variable parameters, binding according to their existence and size or purely discretionary. Loans are negotiated acts characterised by the obligation to allocate the sums or reimbursements or by additional or different charges. Soft loans are provisions of sums of cash with the obligation of reimbursement for the same amount, but with interest at a lower rate that market interest rates. In any case, the regulations take into consideration all supplies of cash characterised by a benefit compared with market conditions.

Incitement Not to Make Statements or to Make Misleading Statements to the Judicial Authority (Article 377-bis of the Italian Penal Code).

"*Unless the offence constitutes a more severe offence, anyone who, with violence or threat, or by offering or promising cash or other benefit, incites an individual called to make statements before the judicial authority, to be used in criminal proceedings, not to make statements or to make misleading statements, when such individual is entitled not to respond, shall be punished by imprisonment for two to six years*".

3.
SENSITIVE PROCESSES IN TERMS OF OFFENCES AGAINST THE P.A.

This chapter specifies the areas that the Company, in light of the activities carried out (and the type of relations with P.A.) and as a result of the audits conducted in accordance with the provisions of paragraph 2.2 of the General Section, has identifies (also in consideration of the existing internal policies and procedures), as being most exposed to the commission of Offences.

For more information, the list contains a brief description of the features of each activity and the related risk of commission of an offence.

a) **Information Flows to the Region/Local Health Authority – Hospitalisation**

The business in question comprises the flow of data concerning the services provided by the Company to patients hospitalised under the Italian National Health System, or solvent patients, with indirect reimbursement, in order to obtain reimbursement from the relevant Local Health Authority, as well as for medical devices used, for which total or partial reimbursement is required.

The risk of an offence being committed is linked to the possibility of informing the Local Health Authority and Region of the provision of services not carried out or concerning a service maliciously carried out incorrectly, in order to receive payments exceeding those that would have actually be payable based on the services actually carried out.

b) **Information Flows to the Region/Local Health Authority – Outpatient Services**

The business in question involves the flow of data concerning services provided by Centro Cardiologico Monzino to outpatients under the Italian National Health System, in order to obtain reimbursement from the relevant Local Health Authority.

The risk of an offence being committed is linked to the possibility of informing the relevant Region of the provision of services not carried out or maliciously carried out incorrectly in order to receive payments exceeding those that would have actually been payable based on the services actually carried out.

c) **Information Flows to the Region/Local Health Authority – Medicinal Products (File F)**

File "F" is a pathway for managing, activating and accounting for drugs administered and supplied by hospitals for outpatient and home use, in order to ensure therapeutic continuity. File-F flow data submitted shall be used to monitoring pharmaceutical spending and to reimburse costs incurred.

The risk of an offence being committed is linked to the possibility of misleading the P.A., by sending incorrect or inaccurate information, in order to obtain from the Local Health Authority and Region reimbursements for drugs referred to in File "F" plus any amount actually owed.

d) **Information Flows to the Region/Local Health Authority – Emergency Department**

The business in question concerns the flow of data concerning services provided by Centro Cardiologico Monzino to the emergency department, in order to obtain reimbursement from such services from the relevant Local Health Authority.

The risk of an offence being committed is linked to the possibility of reporting the provision of services not carried out or concerning a service maliciously carried out incorrectly, in order to receive payments exceeding those that would have actually be payable based on the services actually carried out.

e) **Submission of notifications/documentation to the Ministry of Health and managing relations and possible inspections by the former in order to obtain grant disbursements for current research.**

This activity consisted of submitting the documentation/information necessary to obtain disbursements for current research and the subsequent submission of such documentation/information to the Ministry of Health.

The activity in question has risk profiles pertaining (i) to the possibility of false or inaccurate statements being made, in order to unduly obtain disbursements that are otherwise undue and (ii) to the possibility that the grants received are used for purposes other than those for which they were intended.

f) **Submission of notifications/documentation to the Ministry of Health, the EEC and managing relations and possible inspections in order to obtain restricted grant disbursements (targeted research).** This activity consisted of submitting the documentation/information necessary to obtain disbursements for current targeted research and the subsequent submission of such documentation/information to the relevant authority. The activity in question has risk profiles pertaining (i) to the possibility of false or inaccurate statements being made, in order to unduly obtain

disbursements that are otherwise undue and (ii) to the possibility that the grants received are used for purposes other than those for which they were intended.

g) **Selecting staff and remuneration policies**
The risk of offence concerns the possibility that the function in question is used as a means of support to commit corruption, by means of favouring remuneration granted to Centro Cardiologico Monzino, by selecting and hiring staff favoured by members of the P.A.

h) **Flow of data pertaining to social security and welfare contributions.**
The risk profile relates to the possibility of making false or incorrect statements whilst filling in and submitting Form F24.

i) **Managing inspections (tax, social security, NOC, NAS, finance, etc.)**
In light of the various obligations that Centro Cardiologico Monzino must implement in terms of the P.A., the Company is often subject to inspections and audits by public officials. These inspection, which have, to date, always been completed without launching inquires by the Company, are normally carried out by the Head of the Department in question, along with the Head of the Hospital Department involved. The risk of offence, in the activity in question, involves the possibility of inciting a public official not to carry out an inspection or to express a positive judgement on the conduct of Centro Cardiologico Monzino, possibly also omitting the imposition of penalties or other measures as a result of the audits carried out.

j) **Purchase of assets**
The risk of offence concerns the possibility that the function in question is used as a means of support to commit corruption, by (i) assigning orders to suppliers favoured by public entities as a means of remuneration by favouritism or (ii) creating financial resources through which the individual supplier could corrupt a public official on behalf of Centro Cardiologico Monzino.

k) **Purchase of goods – medicinal products and hospital devices**
The risk of offence concerns the possibility that the function in question is used as a means of support to commit corruption, by (i) assigning orders to suppliers favoured by public entities as a means of remuneration by favouritism or (ii) creating financial resources through which the individual supplier could corrupt a public official on behalf of Centro Cardiologico Monzino.

l) **Selecting suppliers and managing purchases**
The risk of offence concerns the possibility that the function in question is used as a means of support to commit corruption, by (i) assigning orders to suppliers favoured by public entities as a means of remuneration by favouritism or (ii) creating financial resources through which the individual supplier could corrupt a public official on behalf of Centro Cardiologico Monzino.

m) **Assigning and managing consultant tasks**
The risk of offence concerns the possibility that the function in question is used as a means of support to commit corruption, by (i) assigning consultancy tasks to individuals favoured by public entities as a means of remuneration by favouritism or (ii) creating financial resources through which the individual consultant could corrupt a public official on behalf of Centro Cardiologico Monzino.

n) **Data security**
Risk profiles pertain to the possibility of modifying, creating or deleting data contained in computer systems, in order to support the commission of other corporate offences.

o) **Managing narcotics**
The risk associated to the activity in question involves the illegal management of narcotics, in order to procure benefits for Centro Cardiologico Monzino.

4.
GENERAL RULES

4.1 The System in General

This paragraph outlines the general rules that must inform the Company's organisational system.

All Sensitive Activities must be carried out in accordance with current laws, the regulations of the Code of Ethics, the policies and corporate procedures and the rules contained in this Model.

In general, the Company's organisational system must be characterised by the following factors:

- Organisational tools (e.g. Organisational charts, organisational notifications, procedures, etc.) must be based on general principles of:
- knowledge within the Company;
- clear and formal delimitation of roles, with a full description of the tasks of each function and their powers;
- clear description of reporting lines.
- Each decision-making process must be characterised by the following factors:
- *four eyes* principle, comprising the separation, within each process, between at least the individual responsible for decision making and the individual responsible for the performance stage;
- documentation and traceability of each action carried out within the process;
- documentation of checks carried out on the process.

4.2 The delegation and authorisation system

In principle, the delegation and authorisation system must be characterised by elements of "security" in order to prevent offences (traceability and records of sensitive transactions) and, at the same time, allowing for the efficient management of corporate activities.

"Delegation" refers to the internal act of assigning functions and tasks, reflected in the organisational communications system and "authorisation" refers to the unilateral legal business with which the Company assigns powers of representation in terms of third parties. Managers of a corporate function who need, to carry out their duties, powers of representation, are granted a "general functional authorisation" of an adequate extension and consistent with the functions and powers of management allocated to managers by means of "delegation".

The essential requirements that a delegation system needs to have, in order to effectively prevent Offences, are as follows:

- all those who, on behalf of the Company, maintain relations with the P.A. must be vested with formal delegation in this sense (a special contractual clause must be provided for Consultants);
- the power of managed granted by delegation must be based on the relevant responsibility and on an adequate position in the organisational chart and must be updated as a result of any organisational changes;
- each delegation must specifically and unequivocally indicate:
- the powers of the delegate;
- the party (entity or individual) to which the delegate report hierarchically or statutorily;
- the management powers allocated along with the delegations and their enforcement must be consistent with the corporate objectives;
- the delegate must have adequate spending powers appropriate to the functions assigned thereto.

The essential requirements of the authorisation allocation system, in order to effectively prevent Offences, are as follows:

- general functional authorisations are granted exclusively to individuals vested with internal delegation that describes the relevant management powers and, where necessary, are accompanied by a specific notification that sets the extension of powers of representation and possibly also sets the spending limits;
- the authorisation can be conferred upon individuals expressly identified in the authorisation itself, or to legal entities, which shall act be means of their attorneys, vested, for this purpose, with similar powers;
- an ad hoc procedure must govern methods and responsibilities to ensure a timely updating of the authorisations, establishing the cases in which these must be allocated, modified and revoked (e.g. assumption of new responsibilities, transfer to various duties inconsistent with those for which it was granted, retirements, dismissals, etc.).

The Supervisory Body shall, with the support of other competent functions, periodically verify the delegations and authorisations system and their consistence with the duties and powers of management allocated to the delegate or attorney, recommending any changes in the event that the power of management and/or the role does not correspond to the powers of representation conferred upon the attorney or if there are other anomalies.

4.3 General principles of conduct

This paragraph contains the general rules with which Senior Management, Employees and Partners must comply when they engage in activities for or on behalf of the Company.

Firstly, it is expressly prohibited for Senior Management, Employees and Partners to implement, collaborate in or cause conduct that, individually or collectively, supplements, whether directly or indirectly, the specific offences included among those considered in this Special Section A or that constitute breaches of the principles and corporate procedures provided for herein.

In terms of the aforementioned conduct, the following are specifically prohibited (also in accordance with the provisions of the Code of Ethics):

- making cash donations or agreeing to benefits of any kind (promised recruitment) to public officials, whether Italian or foreign;
- distributing gifts and presents in excess of normal business or courtesy practices; any form of gift to public officials or their family members, that may influence the independence of judgement or incite the assurance of any benefit for the Company, is specifically prohibited;
- providing services for outsourcers, consultants and Partners that are not adequately justified in the context of the contractual relationship established therewith;
- remunerating outsourcers, consultants and Partners, which is not adequately justified in relation to the type of office to be carried out and to the practices in place on a local level;
- receiving cash, gift or any other benefit or accepting a promise, from anyone who is, or intends, to enter into a contract with the Company and wishes to unduly obtain treatment in breach of the regulations or provisions, provided by someone in the Company who has the power or, in any case, a more favourable treatment than that due;
- receiving cash, gifts or any other benefit from pharmaceutical companies, pharmaceutical representatives, pharmaceutical warehouses, pharmacies or from anyone else who produces, sells or promotes any prescriptible healthcare product to members of the Company, except for promotional items of moderate value or other benefits, provided that they are approved in advance in writing by the Supervisory Body;
- promising or providing benefits or other similar incentives in proportion to the achievement of unreachable and/or unreasonable objectives to be achieved in the financial year, unless they have been previously approved in writing by the Supervisory Body, having consulted with the Board of Statutory Auditors;
- submitting incorrect statements to national or EU public bodies in order to achieve public disbursements, grants or loans;

  facilitating or influencing the independence of judgement in the context of tenders and/or calls for funding for scientific research activities;
- allocating sums received from national or EU public bodies by way of disbursements, grants or loans to purposes other than those for which they were intended;
- making payments in cash or in kind;
- hiring employees of the Company, employees of the P.A., State or European Communities, of any role or level, their spouses and parents, or former employees of the P.A., State or European Communities, within three years of completing an act for which one of the aforementioned parties is responsible, from which a benefit is derived for the Company;
- providing unnecessary services, invoicing for services not actually provided, invoicing, using a DRG code, that provides for a higher level of payment than the DRG code corresponding to the service provided to the patient; providing outpatient services in relation to hospitalisations, as services included amongst those to be provided as a result of hospitalisation; duplicating invoices for the same service; omitting the issuance of credit notes if completely or partially non-existent or non-fundable services have been invoiced, even in error.

5.
SUPERVISORY BODY AUDITS

Notwithstanding the discretionary power of the Supervisory Body to act with specific audits following reports received (to which reference is made to the provisions of the General Section of this Model), the Supervisory Body shall carry out periodic sample checks on Sensitive Activities, aimed at checking the correct execution of these in relation to the rules referred to in this Model.
Due to the oversight activity allocated to the Supervisory Body in this Model, this body shall generally be ensured free access to all relevant corporate documentation.

Special Section B

Corporate Offences

1. FUNCTION OF SPECIAL SECTION B

This Special Section B is intended for Senior Management, Employees and Partners of the Company.

The purpose of this Special Section is to provide all recipients, as identified above, with rules of conduct aimed at preventing the commission of so-called corporate offences, as better specified in Chapter **2** below.

Specifically, this Special Section B aims to:

- detail the procedures that the Senior Management, Employees and Partners of the Company are required to comply with in order to apply the Model correctly, in relation to the offences described in this Special Section B;
- provide the Supervisory Body and managers of other corporate departments cooperating therewith the executive tools for exercising control, monitoring and audit activities.

2. SPECIFIC CASES OF CORPORATE OFFENCES

This Special Section B refers to corporate offences. Below is a brief description of the individual cases considered by the Decree

2.1 Offences of false corporate communications, minor events and false corporate communications by listed companies[19].

ARTICLE 2621 of the Italian Civil Code – False Corporate Communications

"Outside of the cases provided for by Article 2622, directors, general managers and executives responsible for drawing up the corporate accounting documents, or auditors and liquidators, who, in order to obtain for themselves or for others an unfair profit, in the financial statements, reports or other corporate communications intended for shareholders or the public, as required by law, consciously expose relevant material facts that are not true or omit relevant material facts, whose disclosure is imposed by law, on the economic, equity or financial situation of the company or of the group to which the company belongs, in a manner which is capable of inciting others to err, shall be punished with the penalty of imprisonment for one to five years.

The same penalty also applied if the falsehoods or omissions concern assets owned or administered by the company on behalf of third parties."

Article 2621-bis of the Italian Civil Code - Minor Offences

"*Unless more serious offences are committed, the penalty of imprisonment for six months to three years shall apply if the offences referred to in Article 2621 are minor offences, taking into account the nature and size of the company and the methods and effects of conduct. Unless a more serious offence is committed, the same penalty as that referred to in the preceding paragraph shall apply when the offences under Article 2621 concern companies that do not exceed the limits set forth in the second paragraph of Article 1 of Royal Decree no. 267 of 16 March 1942. In this case, the offence may proceed to a lawsuit of the company, shareholders, creditors or other recipients of the corporate communication*".

Article 2622 of the Italian Civil Code – False corporate communications of listed companies

"*The directors, general managers and executives responsible for drawing up the corporate accounting documents, or the*

19 As per the latest amendments by Law no. 69/2015.

auditors and liquidators of companies issuing financial instruments admitted to trading in an Italian regulated market or a regulated market of another European Union country, who, in order to obtain an unfair profit for themselves or for others, in the financial statements, reports or other corporate communications intended for shareholders or the public, consciously expose material facts that are not true or omit relevant material facts whose disclosure is required by law on the economic, equity or financial situation of the company or of the group to which the company belongs, in a manner that is likely to incite others to err, shall be punished with the penalty of imprisonment for three to eight years.

The companies specified in the preceding paragraph include:

1) companies issuing financial instruments for which an application is submitted to trading on an Italian or other EU regulated market;

2) companies issuing financial instruments admitted to trading on a multilateral Italian trading system;

3) companies controlling companies that issue financial instruments admitted to trading on an Italian or other EU regulated market;

4) companies that make an appeal for public saving or that manage it. The provisions referred to in the preceding paragraph also apply if the falsehoods or omissions concern assets owned or administered by the company on behalf of third parties".

In this regard, they mainly refer to the draft financial statement and reports, although illegal conduct may also concern other corporate communications, such as documents to be published pursuant to Articles 2501-*ter* - 2504-*novies* of the Italian Code, in the event of circulation or division, or, in the case of down payments on dividends, pursuant to Article 2433-*bis* of the Italian Civil Code.

Exposure of facts that are not true or the concealment of information may be carried out, not only through the material alteration of accounting data (such as, for example, in the case of recording in the financial statement services never provided or provided at a lower value than the actual value), but also through an artificial assessment of assets or values entered in those disclosures, such as, for example, assessment of fixed or financial assets that are part of the Company's equity, calculated in non-compliance with the criteria specified in the report or with those provided for by law or based on unreasonable parameters and in such a way as to deceive shareholders or creditors.

Thus, the offence may specifically be committed in the interests of the Company in the event, for instance, of the creation of illiquid occult reserves, obtained through the underestimation of asset items or the overestimation of liabilities to promote the self-financing of the company or to hedge any losses that occurred during the financial year.

By way of example, the triangulation transaction concluded (recognised in the event that a company transfers values to another which, in turn, sends them on to a third) and corporate constructions (a company incorporates or acquires the full shareholding of another and the latter carries out the same transaction with a third, in order to reach a company that is usually based in a tax haven) are also cited.

There are also many economic and financial instruments that can be used to transfer money from one company to another: overpayments or false invoicing (for instance, for fictitious consultancy or provisions of goods or fictitious services), active loans, instrumental use of derivative products, stipulating futures contracts on securities, indices, stipulating options on shares or currency, etc.

Offences can also be committed in the event that the information concerns assets held or administrated by a company on behalf of third parties.

2.2 Offence of fraudulent statements in a prospectus

Article 2623 of the Italian Civil Code provides for the offence of fraudulent statements in a prospectus:

"Anyone who, in order to obtain for themselves or for others an unfair profit, in the prospectuses required for the purpose of soliciting investment or admission to listing on regulated markets, or in documents to be published during public tenders of purchase or exchange, with the awareness of falsehood and the intention to deceive the recipients of the prospectus, exposes false information or concealed data or notices in a manner capable of inciting the aforementioned recipients to err, shall be punished, if the conduct has not caused any financial loss, with imprisonment for up to one years.

If the conduct referred to in the first paragraph causes financial loss to the recipients of the prospectus, the penalty shall be imprisonment for one to three years".

Article 34 of Law no. 262 of 2005 (so-called Law on Savings) introduced the new offence of *fraudulent statements in a prospectus:*

"*Anyone who, in order to obtain for themselves or for others an unfair profit, in the prospectuses required for soliciting investment or admission to listing on regulated markets, or in documents to be published for public tenders of purchase or exchange, with the intention of deceiving the recipients of the prospectus, exposes false information or concealed data or notices in such a way as to incite the aforementioned recipients to err, shall be punished by imprisonment for one to five years*", providing, at the same time, for the abrogation of Article 2623 of the Italian Civil Code.

Since Article 25-*ter,* sections c) and d) makes express reference to Article 2623 of the Italian Civil Code as a prerequisite of administrative misconduct, the abrogation of the regulations of the Italian Civil Code, accompanied by the addition of Article 25-*ter* with reference to the new case of Article 173-*bis* of the TUF, should determine, as a result, the non-applicability of the administrative penalty pursuant to Decree on the new offence of fraudulent statements in a prospectus.

In this regard, it should be noted that the majority doctrine[20] found that the removal (as unreasonable in terms of principle) from the Italian Civil Code of the offence in question involve the inapplicability to the collective entity of the offence of fraudulent statements in a prospectus.

The offence may be based on the assumption that false information is exposed or data and notices are concealed in the information prospectuses required to solicit investment (please see Article 1, sections c) and t), and 94 of the TUF) or admission to listing on regulated markets (Articles 113 and 114 of the TUF), as well as in documents to be published for Public Offers and IPOs (Article 102 of the TUF).

2.3 Offences involving the undue return of grants and illegal distribution of assets

Unlawful restitution of contributions (Article 2626 of the Italian Civil Code)

"Directors who, outside of the cases of legitimate reduction of share capital, return, even simultaneously, contributions to shareholders or free them from the obligation to execute them, shall be punished by imprisonment for up to one year".

As regards the activity related to returning contributions, this may have unlawful connotations when performed outside of cases of legitimate reduction of share capital (Article 2306 of the Italian Civil Code) or reduction of surplus capital (Article 2445 of the Italian Civil Code).

The conduct can be carried out in a clear manner, i.e., resulting from the resolution that the sums are unduly intended for restitution outside of the cases provided for by law, or in a simulated manner, for instance, by making fictitious commercial transactions with a shareholder, involving the transfer to the latter of sums taken from the share capital. In this case, the payment of sums to the shareholder takes place formally on the basis of the fictitious trade (for example, a simulated purchase of assets from the shareholder), but which, in essence, involves an unlawful restitution of contributions.

All actions taken by directors or officials called to provide support thereto relating to the restitution of contributions to shareholders or freeing them from the obligation execute them are taken into consideration.

The advisory activity provided by directors and other corporate functions in favour of customer companies when the latter relates to the conduct of the activities specified above is also taken into consideration.

Unlawful distribution of profits (Article 2627 of the Italian Civil Code)

"Unless the offence is a serious offence, directors who distribute profits or down payments on profits not actually achieved or intended by law for a reserve, or who distribute reserves, even if not comprised of profits, which, by law, cannot be distributed, shall be punished with imprisonment for up to one year.

The restitution of profits or replenishment of reserves prior to the deadline for approving the financial statements shall extinguish the offence".

The offence exists if profits or down payments on profits not actually achieved or intended, by law, for a reserve, are distributed, or when reserves are distributed, even if not comprised of profits, which cannot, by law, be distributed.

As regards profits, the deadline must be understood in its broadest sense, including any increase in net equity compared with the nominal value of the capital, even if independent (unlike operating profit) from the conduct of the business activity.

20 Please see *ex multis*, Cerqua, "Pursuant to Article 2623", in Lanzi and Cadoppi in "*Corporate Offences*", Commentary updated to Law no. 262 of 28.12.2005, on the protection of savings, Padua, 2007, page 57.

Profits or down payments on profits not actually achieved (and, therefore, fictitious), or non-distributable as intended by law for a legal reserve, must also be dealt with, such as those imposed on the company by Articles 2423 paragraph 4, 2426, no. 4 and 2428 of the Italian Civil Code.
The distribution of reserves, even if not comprised of unavailable profits, shall also be punished.
In this regard, it should be noted that the cause for extinguishing the offence represented by the restitution of profits or replenishment of reserves by the deadline provided for approving the financial statements shall only extinguish the liability of the individual committing the offence, not also the liability of the company.
In relation to that offence, all determinations and all activities supporting those determinations, relating to the distribution of profits to shareholder, down payments on profits or reserves may be taken into consideration.

2.4 Offences of unlawful transactions on assets or corporate shares of the parent company and fictitious formation of capital

Unlawful transactions on assets or corporate shares of the parent company (Article 2628 of the Italian Civil Code)

"Directors who, outside of the cases permitted by law, purchase or subscribe for corporate shares, harming the integrity of the share capital or reserves that, by law, cannot be distributed, shall be punished by imprisonment for up to one year.
The same penalty applies to directors who, outside of the cases permitted by law, purchase or subscribe for shares or quotas issued by the parent company, harming the share capital or reserves that, by law, cannot be distributed.
If the share capital or reserves are replenished before the deadline provided for approving the financial statements for the year in which the offence was committed, the offence shall be extinguished".

It should be noted that the cause for extinguishing the offence represented by the replenishment of the share capital by the deadline provided for approving the financial statements shall only extinguish the liability of the individual committing the offence, not also the liability of the company.

Fictitious formation of capital (Article 2632 of the Italian Civil Code)

"Directors and contributing shareholders who, even in part, fictitiously form or increase the share capital by allocating shares or quotas to an extent that, in total, exceeds the amount of the share capital, mutually subscribe for shares or quotas, significantly overestimate the transfer of assets or credits, or the company's equity in the case of transformation, shall be punished by imprisonment for up to one year".

As regards activities related to the allocation of shares, an offence is committed when these are issued for a nominal value that is lower than that declared, since the capital would be inflated to an extent corresponding to the difference between the assignment value and the nominal value.
As regards the mutual subscription of shares, this is penalised as it creates an illusory multiplication of corporate wealth and the offence also exists when the transactions are not related, it being sufficient that they comprise the subject of a single agreement.
Also, the significant overestimation of contributions or assets in kind, or receivables or equity of the company in the case of transformation (which is when the criteria of reasonableness and correlation between the result of the estimate and the assessment parameters followed and exposed, criteria already partially explained by the legislator under Article 2343 of the Italian Civil Code are breached) shall be penalised as it creates an illusory increase in wealth.

2.5 Offences of Transactions to the detriments of creditors and unlawful distribution of corporate assets by the liquidator

Transactions to the detriment of creditors (Article 2629 of the Italian Civil Code)

"Directors who, in breach of the statutory provisions for the protection of creditors, make reductions in the share capital or carry out mergers with other companies or spin-offs, causing damage to creditors, shall be punished, following the complain of the injured party, by imprisonment for six months to three years. Compensation for damage to creditors prior to conviction shall extinguish the offence".

The regulation punishes directors who carry out transactions involving the reduction of share capital, merger or spin-off, in such a way as to cause damage to creditors.
As regards transactions involving the reduction of share capital, the following examples of criminally relevant conduct can be mentioned: execution of the resolution to reduce the share capital, despite the opposition of corporate creditors or in

absence of the resolution by the Court.
With reference to merger and spin-off transactions, the execution of such transactions must take place before the deadline referred to in Article 2503, paragraph 1, where the exceptions provided for therein do not occur or in the event of opposition and without the authorisation of the Court.

Unlawful distribution of corporate assets by the liquidator (Article 2633 of the Italian Civil Code)

"Liquidators who, by distributing corporate assets amongst shareholders before paying corporate creditors or the provision of sums necessary to satisfy them, causing damage to creditors, shall be punished, following the complaint of the injured party, by imprisonment for six months to three years. Compensation for damage to creditors prior to conviction shall extinguish the offence".

The offence is committed whenever the liquidator distributes corporate assets before paying all corporate creditors or without making provisions for the resources intended to that end, thus causing damage to the company's creditors (i.e., when the amount of assets is not such as to permit the fulfilment of the reasons of such creditors).
In both cases considered herein, compensation for damages caused to creditors before the conviction shall extinguish the offence.
The existence of this extinction in favour of an individual does not, however, exempt the entity from liability.

2.6 Offence of non-disclosure of conflict of interests

Non-disclosure of conflict of interest (Article 2629 of the Italian Civil Code)

"Directors or members of the Board of Directors of a company with securities listed on Italian or other EU regulated markets or widely distributed among the public pursuant to Article 116 of the Consolidated Act as referred to in Legislative Decree no. 58 of 24 February 1998 and subsequent amendments, or a party subject to supervision under the Consolidated Act as per Decree no. 385 of 1 September 1993, the aforementioned Consolidated Act referred to in Legislative Decree no. 58 of 1998, Law no. 576 of 12 August 1982 or Legislative Decree no. 124 of 21 April 1993, who breaches the obligations provided for by Article 2391, paragraph one, shall be punished by imprisonment for one to three years, if damage is caused to the company or to third parties as a result of the breach"

The offence in question occurs when a member of the Board of Directors or Governing Body of a company breaches the discipline regarding the interests of the directors provided for by the Italian Civil Code, causing damage thereto or to a third party.
Specifically, Article 2391 of the Italian Civil Code requires the members of the Board of Directors to communicate with other members of the Board and with the auditors on any interests that these, on their own behalf or on that of third parties, have in a certain transaction of the company, specifying the nature, terms, origin and extent thereof.
If the Chief Executive Officer has an interest in a certain company transaction, he must refrain therefrom, submitting it to the decisions of the entire Board.
In both cases, the resolution of the Board of Directors must adequately justify the reasons and advantages of the transaction.

2.7 Market manipulation offences – Unlawful market manipulation administration

Market Manipulation (Article 2637 of the Italian Civil Code)

"Anyone who publishes false information, or implements simulated transactions or other artifices capable of causing a significant change in the price of unlisted financial instruments or for which no application for admission to trading on a regulated market has been submitted, or of significantly affecting the public's trust in the financial stability of banks or banking groups, shall be punished by imprisonment for one to five years".

2.8 Offence of hindering the exercise of duties of the public supervisory authorities and impeded control

Offence of hindering the exercise of duties of the public supervisory authorities and impeded control (Article 2638 of the Italian Civil Code) [21]

"Directors, general managers and executives responsible for drawing up the corporate accounting documents, or the auditors and liquidators of companies or entities and other parties submitted by law to the public supervisory authori-

21 Article as amended by Article 39, Law no. 262 of 28 December 2005 and lastly by Article 101, paragraph 1, Legislative Decree no. 180 of 16 November 2015, pursuant to the provisions of Article 106, paragraph 1 of the same Legislative Decree 180/2015.

ties, or subject to obligations in respect of the above, who, in their notifications to the aforementioned authorities, under law, for the purpose of hindering the exercise of oversight duties, expose material facts that are untrue, despite being subject to assessments, on the economic, equity or financial situation of those subject to oversight or, to the same end, conceal, by other fraudulent means, all or part of the facts they ought to have disclosed, regarding the same situation, shall be punished by imprisonment for one to four years. The punishment is extended in the event that the information concerns assets held or administrated by the company on behalf of third parties. Directors, general managers and executive responsible for drawing up the corporate accounting documents, or auditors and liquidators of the company, or entities and other parties submitted by law to the public supervisory authorities, or required to comply with the obligations in respect of the above, who, in any form, even by omitting disclosures due to the aforementioned authorities, consciously hinder their duties, shall be punished with the same penalty.
The penalty shall be doubled if this concerns companies with securities listed on Italian or other EU regulated markets or widely distributed among the public pursuant to Article 116 of the Consolidated Act referred to in Legislative Decree no. 58 of 24 February 1998.

3- -bis For the purposes of the criminal law, the authorities and functions of the resolution referred to in the implementing decree of Directive 2014/59/EU are vested with oversight authorities and functions".

The conduct is divided into modalities (false disclosures and hindering the supervisory authority) with the aim of hindering the duties of the aforementioned authorities, identified not only in Consob and Banca d'Italia, but also in any other relevant authority with oversight powers (for example, the Italian Competition Authority, Italian Data Protection Authority, etc.).

In the first case, the conduct consists of exposing, in disclosures addressed to the supervisory authority and specifically required by law, of material facts that are untrue, even if subject to assessment, on the economic, equity or financial situation of the company, or concealing by fraudulent means, either wholly or in part, facts that ought to have been disclosed.

In the second case, any conduct, whether active or omissive, which, in any form, even by omitting disclosures due to the authority, that hinders the oversight duties, shall be penalised.

Impeded Control **(Article 2625 of the Italian Civil Code)**

"Directors who, by concealing documents or using other artifices, impede or in any case hinder the conduct of control activities legally attributed to shareholders or to other corporate bodies, shall be punished by a pecuniary penalty of up to € 10,329.
If the conduct causes damage to shareholders, imprisonment for up to one year shall apply following the complaint of the injured party.
The penalty shall be doubled if this concerns companies with securities listed on Italian or other EU regulated markets or widely distributed among the public pursuant to Article 116 of the Consolidated Act referred to in Legislative Decree no. 58 of 24 February 1998.

For the purposes of this regulation, the activities implemented by the Board of Directors, as well as by employees who collaborate with the latter and with other corporate bodies, who may influence the initiatives and activities of control for which the shareholders are responsible, shall be taken into account.

This refers, more precisely, to activities that influence:

- the initiatives of control of shareholders provided for by the Italian Civil Code and by other regulatory acts, such as, for example, Article 2422 of the Italian Civil Code, which provides for the right of shareholders to inspect the corporate books;
- the activities of control of the Board of Statutory Auditors, provided for by the Italian Civil Code and by other regulatory measures, such as, for example Articles 2403 and 2403-*bis*, which provide for the power of members of the Board of Statutory Auditors to proceed with acts of inspection and audit and to request information from the directors on the performance of corporate transactions or on certain business affairs.

The offence if committed not only when, by concealing documents or by means of other artifices, the aforementioned ac-

tivities are impeded, but also when they are merely hindered. For the offence to be committed, the conduct must result in damage to shareholders.
The members of the Board of Directors and individuals in any role who collaborate therewith, as well as regards any other initiative of control by the members of the Board of Statutory Auditors, must provide the information and documentations to which they are entitled and must permit he exercise of control activities, refraining from implementing any activity that may impede or even merely hinder these initiatives.
The offence – which punishes the unlawful hindering of control activities assigned to shareholders, to members of the corporate bodies and to the auditing firms – exists not only when, by concealing document or by means of other artifices, the aforementioned activities are impeded, but also when they are merely hindered.
For the offence to be committed, the conduct must result in damage to shareholders.

2.9 Offence of corruption between individuals and instigators

ARTICLE 2635 of the Italian Civil Code - Corruption between individuals

"Unless the offence is a more serious crime, the directors, general managers and executives responsible for preparing the corporate accounting documents, or the auditors and liquidators of companies or private entities that, even by personal interjection, solicit or receive, for themselves or for others, cash or other unlawful benefits, or accept a promise thereof, to fulfil or omit an act in breach of the obligations pertaining to their office or loyalty obligations, are punished by imprisonment for one to three years. The same penalty applies if the offence is committed by anyone in the company's or private entity's organisation who exercises management duties other than those of the individuals referred to in the preceding sentence. The penalty of imprisonment for up to one and half years applies if the offence is committed by anyone who is subject to the direction or supervision of an individual specified in the first paragraph. Anyone who, even by personal interjection, offers, promises or gives cash or any other unlawful benefit to the individuals specified in the first and second paragraphs, shall be punished with the penalties provided for herein. The penalties set forth in the previous paragraphs shall be doubled if they concern companies with securities listed on Italian or other EU regulated markets or widely distributed among the public pursuant to Article 116 of the Consolidated Act of the provisions regarding financial intermediation, referred to in Legislative Decree no. 58 of 24 February 1998 and subsequent amendments. This will follow a complaint made by the injured party, unless a distortion of the competition in the purchase of goods or services results from the offence. Notwithstanding the provisions of Article 2641, the extent of the confiscation for an equivalent value cannot be less than the value of the benefit given, promised or offered".

Article 2635-bis incitement of corruption between individuals

Anyone who offers or promises cash or any other unlawful benefit to the directors, general managers or executives responsible for drawing up the corporate accounting documents, or to auditor or liquidators of companies or private entities, as well as those who carry out, therein, a work activity with the exercise of management duties, in order to fulfil or omit an act in breach of the obligations pertaining to their role or of the obligations of loyalty, shall be subject, if the offer or promise is not accepted, to the penalty set forth in the first paragraph of Article 2635, reduced by one third. The penalty referred to in the first paragraph applies to the directors, general managers and executives responsible for drawing up the corporate accounting documents and to auditors and liquidators of companies or private entities, as well as to anyone who carries out work activities therein with the exercise of management duties, who solicit for themselves or for others, even by personal interjection, a promise or grant of cash or any other benefit, to fulfil or omit an act in breach of the obligations pertaining to their office or of the obligations of loyalty, if the solicitation is not accepted. This shall follow a complaint by the injured party.

The Legislator therefore intends to adapt the national regulations to the requirements of the Strasbourg Convention of 27 January 1999, ratified by Law no. 110 of 28/06/2012.
Law 190/12, entitled: "Provisions for the Prevention and Repression of Corruption and Unlawfulness in the Public Administration", intervenes on two levels:

1) such provisions for prevention, by identifying and governing a "National Anti-Corruption Authority", imposing new obligations on the Public Administrations, including for

companies participating therein and for their subsidiaries (limited to activities of public interest), by providing regulatory changes and delegating to Government further interventions in this regard (Law 190/12 Article 1, paragraphs 1 to 74);

2) in terms of repression, by innovating the discipline of the Italian Penal Code for offences of illegal abuse of office or position for personal gain and corruption, amending Article 2635 of the Italian Civil Code on corruption between individuals and introducing new offences under Administrative Liability, pursuant to Legislative Decree 231/01 (Law 190/12 Article 1, paragraph 75 et seq.).
   As far as we are concerned, this special section is based on the final aspect of the legislation.

3) Legislative Decree 38/2017 reforms the offence of corruption between individuals, entering into force on 14 April 2017 (published in Official Journal no. 75 of 30/03/2017) and incorporating in the regulation the amendments specified by framework decision 2003/568/GAI of the European Council (22 July 2003).
   The measure reforms Article 2635 of the Italian Civil Code, introduces Article 2635-*bis* "Incitement of corruption between individuals" and, finally, intervenes in Article 25-*ter* of Legislative Decree 231/2001.

This chapter specified the activities that Centro Cardiologico Monzino, as a result of the audits performed and, in consideration of the provisions of paragraph 2.2 of the General Section, identifies (also in consideration of the existing internal policies and procedures) the areas most exposed to the commission of Offences.
For more information, the list contains a brief description of the features of each activity and the related risk of commission of an offence.

a) **Management of relations with the auditing firm in relation to the activity of disclosure, by the latter, to third parties, relating to the economic, equity and financial situation.**
   The risk pertaining to the activity in question involves the potential concealment of documents or the implementation of artifices capable of impeding or hindering the control or auditing activities allocated to the auditing firm.

b) **Provision of disclosures to shareholders and to third parties relating to the economic, equity and financial situation of Centro Cardiologico Monzino.**
   The risk profiles pertain to the possible representation of false and untrue data or to the omission or alteration of data, in order to provide a representation of the accounting/equity situation of Centro Cardiologico Monzino that differs the actual situation.

c) **Transactions relating to the share capital and corporate activity**
   The risk pertaining to the activity in question involves the potential performance of unlawful extraordinary transactions, the potential unlawful management of corporate bodies and the incorrect holding of accounting records.

d) **Provision of disclosures to the public supervisory and management authorities of relations therewith**
   The risk profiles relate to the potential disclosure of false or inaccurate data, in order to provide a representation of facts pertaining to Centro Cardiologico Monzino that differs from the actual representation and the possibility of inciting the public authority not to carry out an inspection or to express a positive judgement on the conduct of Centro Cardiologico Monzino, even by possibly omitting the imposition of penalties or other measures resulting from the checks carried out.

e) **Data Security**
   Risk profiles pertain to the possibility of modifying, creat-

ing or deleting data contained in computer systems, in order to support the commission of other corporate offences.

f) **Purchase-related transactions (in relation to Article 25–*ter*, paragraph 1, section s-*bis*)**
The risk profiles pertain to the possibility of obtaining, from a supplier of goods and services, better supply conditions by means of potential corruption.

g) **Procedures relating to negotiations and the stipulation of agreements and "diagnostic packages" (in relation to Article 25–*ter*, paragraph 1, section s-*bis*)**
The risk profiles pertain to the processes dedicated to the stipulation of agreements with Insurance Companies offering Healthcare Policies and to negotiations for the sale of "diagnostic packages" to private-sector companies.

h) **Staff selection-related procedures (in relation to Article 25–*ter*, paragraph 1, section s-*bis*)**
The risk profiles pertain to the recruitment process. Article 2635 of the Italian Civil Code mentions the possibility of Giving/promising cash or a benefit to third parties, including directly by means of corruption.

4.1 The System in General

In carrying out all of the operations pertaining to corporate management, in addition to the rules referred to in this Model, Individuals in a Senior Management position, Employees and Partners must, generally, acknowledge and comply with:

- the Code of Ethics;
- the operating procedures for the management and processing of confidential information and for the external disclosure of documents and information;
- corporate procedures, documentation and the provisions pertaining to the hierarchical-functional corporate and organisational structure of the Company and, generally, any other documentation relating to the internal control system in place at the Company;
- the regulations pertaining to the Company's administrative, accounting and financial system.

4.2 General principles of conduct

This paragraph contains the general rules with which Senior Management, Employees and Partners must comply when they engage in activities for or on behalf of the Company.
This Special Section provides for the express prohibition of the Company's corporate bodies (and Employees and Partners to the extent necessary for the duties carried out by them) to put in place, collaborate with or give cause for such conduct that, taken individually or collectively, comprise, whether directly or indirectly, the specific offences included among those considered in chapter **2** of this Special Section B or that breach the corporate principles and procedures provided for therein.
Specifically, in carrying out the activities considered at risk, the addresses will have to comply with the following general principles of conduct:

- maintain proper, transparent and collaborative conduct, in compliance with the laws and internal corporate procedures, in all activities aimed at formalising the financial statements and other corporate communications, in order to provide shareholders and third parties with true and correct information on the economic, equity and financial situation of the Company.
  In this regard, it is prohibited to:
- represent or transmit - for the preparation and representation of the financial statements and consolidated financial statements, reports and prospectuses or other corporate

communications - false, incomplete or, in any case, not reflective of the reality, on the economic, equity and financial situation of the Company;

- omit data and information required by law and by the procedures in force concerning the economic, equity and financial situation of the Company.
- It is essential to maintain correct and transparent conduct, ensuring full compliance with the legislation and regulations, as well as with the internal corporate procedures, in acquiring, processing and disclosing data and information necessary to permit potential investors and Shareholders to reach a legitimate judgement on the Company's economic, equity and financial situation.

  In this regard, it is prohibited to:
- alter or, in any case, incorrectly report data and information intended for the drafting of information prospectuses;
- report the data and information used in such a way as to provide a misrepresentation and untrue reflection of the Company's economic, equity and financial situation.
- It is therefore necessary to strictly comply with all regulations set forth by law to protect the integrity and effectiveness of the share capital, in order not to undermine the guarantees of creditors and third parties in general.

  In this regard, it is prohibited to:
- return contributions to shareholders or free them from the obligation to execute them, except in cases of legitimate reduction of share capital;
- distribute profits or down payments on profits not actually achieved or intended, by law, for a reserve;
- make reductions in share capital, carry out mergers or demergers, in breach of the legal provisions on the protection of creditors, causing injury thereto;
- fictitiously form or increase the share capital, allocating shares for a value less than their nominal value to increase the share capital.
- It is necessary to ensure the normal operation of the Company and corporate bodies, guaranteeing and facilitating any form of internal control on the corporate management, as well as the free and correct formation of the intention of the shareholder's meeting.

In this regard, it is prohibited to:

- implement conduct that materially prevents, or in any case hinders, by concealing documents or using other fraudulent means, the performance of control and audit activities on the corporate management by the Board of Statutory Auditors or by the auditing firm;
- implement, during shareholders' meetings, simulated or fraudulent acts aimed at altering the normal procedure of forming the intention of the shareholders' meeting.
- It is necessary to refrain from implementing simulated or otherwise fraudulent procedures, capable of significantly distorting the "external perception" of the Company, by all internal and external interlocutors, in terms, for example, of research carried out, qualitative departmental data, economic/equity and financial results achieved, disclosed by the Company itself;
- It is also necessary to correctly and comprehensive carry out, in a timely manner, all disclosures required by law and by the regulations to the Supervisory Authorities, without any obstacle to the exercise of the duties carried out by the latter. In this regard, it is prohibited to:
- omit carrying out, with due completeness, accuracy and timeliness, all periodic reports required by law and by the applicable regulations to the Supervisory Authorities, as well as the submission of data and documents required by legislation and/or specifically requested by the aforementioned Authorities;
- disclose, in the aforementioned communications and documentation transmitted, facts that are untrue, or to conceal facts relating to the Company's economic, equity or financial situation;
- implement any conduct that hinders the exercise of supervisory duties, also as part of the inspections by the public Supervisory Authorities (e.g.: express opposition, vexatious waste or even obstructive or non-cooperative behaviour, such as delays in communications or the provisions of documents, delays in meetings organised for specific times, etc.).
- Relationships must be maintained on the basis of fairness, responsibility and transparency with credit institutions.

The Centre condemns any conduct, by anyone on its behalf, involving the direct or indirect promise or offer of cash or other benefits to Italian or foreign parties, that may lead to the Centre obtaining an unlawful interest or advantage.

5.
SUPERVISORY BODY AUDITS

Notwithstanding the discretionary power of the Supervisory Body to act with specific audits following reports received (to which reference is made to the provisions of the General Section of this Model), the Supervisory Body shall carry out periodic sample checks on Sensitive Activities, aimed at checking the correct execution of these in relation to the rules referred to in this Model.
Due to the oversight activity allocated to the Supervisory Body in this Model, this body shall generally be ensured free access to all relevant corporate documentation.

Special Section C

Offences of manslaughter and severe or very severe accidental injuries committed in breach of accident prevention regulations and regulation on health and hygiene in the workplace - provided for and approved definitively by the provisions on health and safety in the workplace

1. FUNCTION OF SPECIAL SECTION C

This Special Section is intended for Senior Management, Employees and Partners of Centro Cardiologico Monzino.
The purpose of this Special Section is to provide all recipients, as identified above, with rules of conduct aimed at preventing the commission of so-called offences in terms of safety in the workplace, as better specified in Chapter **2** below.
Specifically, this Special Section C aims to:

- detail the rules of conduct that the Senior Management, Employees and Partners of Centro Cardiologico Monzino are required to comply with in order to apply the Model correctly, in relation to the offences described in this Special Section C;
- provide the Supervisory Body and managers of other corporate departments cooperating therewith the executive tools for exercising control, monitoring and audit activities.

2. SPECIFIC OFFENCES IN RELATION TO HEALTH AND SAFETY IN THE WORKPLACE

This Special Section C refers to the offences committed in breach of safety regulations. Below is a brief description of the individual cases considered by the Decree

*

Law no. 123/2007, in force since 25 August 2007, extends to Article 9 the liability of the entity in terms of manslaughter and severe or very severe injuries in breach of accident prevention regulations.
Specifically, the aforementioned law introduces, by amending the Decree, Article 25-*septies* below, which, in turn, is amended by subsequent legislative provisions:

"Article 25-*septies*: Offences of manslaughter and severe or very severe accidental injuries committed in breach of accident prevention regulations and regulation on health and hygiene in the workplace."

"*1. In relation of the crime referred to in Article 589 of the Italian Penal Code, committed in breach of Article 55, paragraph 2, of the Legislative Decree implementing the delegation referred to in Law no. 123 of 3 August 2007, on health and safety in the workplace, a pecuniary penalty is applied in the amount of 1,000 shares. In the event of a conviction for the offence referred to in the previous paragraph, the restrictive penalties referred to in Article 9, paragraph 2, shall apply, for a term of no less than three months and no longer than one year.*

1. *Except as provided for by paragraph 1, in relation to the offence referred to in Article 589 of the Italian Penal Code, committed in breach of the regulations on the protection of health and safety in the workplace, a pecuniary penalty in the amount of no less than 250 shares and no more than 500 shares shall apply. In the event of a conviction for the offence referred to in the previous paragraph, the restrictive penalties referred to in Article 9, paragraph 2, shall apply, for a term of no less than three months and no longer than one year.*
2. *In relation to the offence referred to in Article 590, paragraph three, of the Italian Penal Code, committed in breach of the regulations on the protection of health and safety in the workplace, a pecuniary penalty in the amount of no more than 250 shares shall apply. In the event ofa conviction for the offence referred to in the previous paragraph, the restrictive penalties referred to in Article 9, paragraph 2, shall apply, for a term of no longer than six months."*

3. SENSITIVE PROCESSES IN TERMS OF SAFETY OFFENCES

Any activity carried out within the Company may be considered abstractly susceptible to the occurrence of events that may lead to the commission of one of the Offences provided for in this Special Section C. The risk profiles relating to this type of Offence are recognisable in any conduct attributable to the Company, against an economic and non-economic advantage, involving the omission or inadequacy of the provisions of time in force in terms of safety, which, as a result, would lead to the injury of an employee/partner.

By way of example, the following can be specified:

a) the training management process: in theory, the company could obtain an economic benefit from failure to execute, within the times required by legislation, the mandatory training according to the Consolidated Safety Act or by entrusting the training to unqualified and, therefore, less costly, teachers, than teachers with the safety training requirements. As a result of this lack of or incomplete training, an accident could occur or an occupational illness could develop, which would therefore materialise the assumed offence.

b) The process of managing contracted works: the assignment of contract work is a process at risk of commission of an assumed offence, since, in theory, the company could obtain an economic advantage from assigning works to an unqualified company that does not take appropriate security measures to reduce risks of interference. As a result of this choice, an accident could occur and, therefore, the assumed offence would materialise.

c) the PPE management process: the process for managing PPE is a sensitive process as PPE constitutes the final barrier to prevent a potential accident. Improper PPE management could undermine this barrier; specifically, the company could obtain an economic benefit from the provision of less costly, but inadequate, PPE or from the failure to provide PPE.

d) The maintenance management process: the preventive or interventional management on systems and equipment present within the corporate premises is a sensitive process as it is easy to imagine the economic benefit that the company would obtain in the event of failure to provide for periodic or interventional maintenance procedures. If, as a result of lack of maintenance, an accident were to occur or an occupational illness were to develop, this would materialise the assumed offence.

4. GENERAL RULES

4.1 The System in General

The Company believes that the components of an effective system for preventing the Offences referred to in this Special Section C, that should be implemented on a corporate level to ensure the efficacy of the Model, are as follows:

- The Code of Ethics.
  As an expression of the corporate policy on health and safety in the workplace, the Code of Ethics specifies the vision, essential values and beliefs of the company in this field.
- The Organisational Structure.
  In this context, particular attention is paid to the specific individuals operating in this field, including the Prevention and Protection Department Manager (*Responsabile del Servizio di Prevenzione e Protezione* "RSPP"), the Prevention and Protection Department Staff (*Addetti al Servizio di Prevenzione e Protezione* "ASPP"), the Workers' Safety Representative (*Rappresentante dei Lavoratori per la Sicurezza* "RLS"), the Company Doctor (*Medico Competente* "MC"), the first aid staff, fire emergency staff – where present. The specific individuals provided for other reference standards such as, for example, Legislative Decree 230/1995 and subsequent amendments and additions, as well as the safety requirements and documentation, must also be taken into account.
- Training and Coaching.
  The performance of tasks that may affect health and safety in the workplace requires adequate expertise, to be verified and maintained through continuous training and coaching aimed at ensuring that all staff, at every level, are aware of the importance of compliance of their actions with the Organisational Model and the possible consequence of conduct that deviates from the rules set forth in that Model.
  Training in the field of Health and Safety in the workplace must also comply with the provisions of the Consolidated Safety Act, the guidelines of the State Regions Agreements of 21.12.2011 and 07.07.2016 and further specific agreements that should become binding.
- Disclosure and Involvement.
  The circulation of information within the company is of significant value for encouraging the involvement of all parties concerned and for enabling awareness and commitment at all levels.
- "The System for Managing Health and Safety in the Workplace"

In this context, the adoption of an adequate system for managing health and safety in the workplace, implemented in accordance with British Standard OHSAS 18001:2007, is particularly important. Article 30, paragraph 5 of Legislative Decree no. 81/2008, states that the organisational management and control models defined on the basis of these guidelines are presumed to comply with the requirements of Legislative Decree no. 231/2001 (Article 6).

- The Safety Monitoring System.
  The management of health and safety in the workplace must include an internal (periodic) verification phase for maintaining risk prevention and protection measures adopted, assessed as appropriate and effective.
  Finally, it is necessary that the Company carries out a further periodic monitoring on the operation of the preventive system adoption. The monitoring of the operation must allow for the adoption of the most appropriate decisions and must be conducted by competent staff, ensuring objectivity and impartiality, as well as independence from the audited workplace.

4.2 General principles of conduct

This paragraph contains the general principles of conduct which the Company, Senior Management, Employees and Partners must comply with in accordance with the provisions of the Model and in order to avoid the commission of any of the offence referred to in this Special Section. Specifically:

- periodic update of the Risk Assessment Document;
- implementation of an internal management system that provides, *inter alia*, for the definition of appropriate corrective and/or preventive actions where situations of non-compliance with legal provisions occur;
- provision of internal procedures and/or operating notes with which the recipients of the Model or external staff must comply as part of their work within the Company;
- provision of specific training courses for Employees and Partners, differentiated according to their tasks carried out;
- disclosure of adequate information to external staff regarding the potential risks to which they could be exposed;
- constant updating of the accidents book and commitment to the implementation of measures to reduce the risk of repeated accidents occurring;
- compliance by Senior Management, Employees and Partners with every possible caution (even not expressly specified) aimed at preventing any damage;
- preparation of Single Documents on the Assessment of Risk Interference (*Documenti Unici di Valutazione dei Rischi Interferenziali* or DUVRI), where necessary, when Cardiologico Monzino awards contracts.

5.
SUPERVISORY BODY AUDITS

Also in this context, notwithstanding the discretionary power of the Supervisory Body to act with specific audits following reports received (to which reference is made to the provisions of the General Section of this Model), the Supervisory Body shall carry out periodic sample checks on the accuracy of procedures, including in terms of safety and hygiene in the workplace, aimed at checking the correct execution of these in relation to the rules referred to in this Model.
Due to the oversight activity allocated to the Supervisory Body in this Model, this body shall be ensured free access to all relevant corporate documentation.

Special Section D

Environmental Crimes

1. FUNCTION OF SPECIAL SECTION D

This Special Section D is intended for Senior Management, Employees and Partners of the Company.

The purpose of this Special Section is to provide all recipients, as identified above, with rules of conduct aimed at preventing the commission of so-called environmental crimes, as better specified in Chapter 2 below.

Specifically, this Special Section D aims to:

- detail the procedures that the Senior Management, Employees and Partners of the Company are required to comply with in order to apply the Model correctly, in relation to the offences described in this Special Section D;
- provide the Supervisory Body and managers of other corporate departments cooperating therewith the executive tools for exercising control, monitoring and audit activities.

2. SPECIFIC TYPES OF ENVIRONMENTAL CRIME (Article 2 of Legislative Decree 121/2011 and Article 1 of Law no. 68 of 22 May 2015)

This special section D refers to offences committed that cause damage to the environment, contemplated by Article 2 of Legislative Decree 121/2011 and Article 1 of Law no. 68 of 22 May 2015.

Below is a brief description of the individual cases considered by the Decree and deemed relevant to the Company.

2.1 Offences relating to water discharges

Article 137 of Legislative Decree 152/06 (hereinafter also referred to as the "Consolidated Environmental Act") - criminal penalties for water discharges;

a) for the offences referred to in Article 137:

1. for breaching paragraphs 3, 5, first sentence and 13, a pecuniary penalty of 150 to 250 shares;
2. for breaching paragraphs 2, 5, second sentence and 11, a pecuniary penalty of 200 to 300 shares;

Article 137 - Criminal Penalties

"1. Anyone who initiates or, in any case, makes new discharges of industrial wastewater, or continues to make or maintain these discharges after the authorisation has been suspended or revoked, shall be punished by imprisonment for two months to two years or by a fine of € 1,500 to € 10,000.

2. When the conduct described in paragraph 1 concerns industrial wastewater discharges containing harmful substances belonging to the families and groups of substances specified in tables 5 and 3/A of Appendix 5 in the third section of this decree, the penalty shall be imprisonment for three months to three years.

3. Anyone who, outside of the cases referred to in paragraph 5, discharges industrial wastewater containing harmful substances belonging to the families and groups of substances specified in tables 5 and 3/A of Appendix 5 in the third section of this decree, without complying with the authorisation requirements or other legal requirements of Articles 107, paragraph 1 and 108, paragraph 4, shall be punished by imprisonment for up to two years.

...omissis...

5. Anyone who, in relation to the substances specified in table 5 of Appendix 5 in the third section of this decree, in discharging industrial wastewater, exceeds the limit values set in table 3 or, in the case of waste on land, in table 4 of Appendix 5 in the third section of this decree, or the more restrictive limits set by the regions or autonomous

provinces or by the competent Authority pursuant to Article 107, paragraph 1, shall be punished by imprisonment for up to two years and by a fine of € 3,000 to € 30,000. If the limit values set for the substances contained in table 3/A of the same Appendix

5 are exceed, imprisonment for six months to three years and a fine of € 6,000 to € 120,000 shall apply.

...omissis...

11. Anyone who does not comply with the waste prohibitions provided for by Articles 103 and 104 (land and subsoil waste) shall be punished by imprisonment for up to three months.

...omissis...

13. The penalty of arrest for two months to two years shall always apply if discharge into seawater by vessels or aircraft contains substances or materials for which an absolute prohibition is imposed on spillages pursuant to the provisions contained in the international conventions in force in this regard and ratified by Italy, unless they are in quantities that rapidly made harmless by the physical, chemical and biological processes that occur naturally in the sea and provided that they occur with the prior authorisation of the competent authority."

In this regard, it is noted that punishable conduct is related to discharge into the sewage system or into surface water of all "industrial" waste containing substances deemed hazardous and listed in tables 3A and 5 of the third appendix to the fifth section of the Consolidated Environmental Act.

Where, therefore, the substances in question are not present in the work cycle and, as a result, in wastewater, the conduct punishable by the Consolidated Environmental Act in relation to exceeding the legal limits on discharge rather than that related to the absence of a permit or lack of compliance with the requirements related thereto, shall not be punishable under the Decree.

The foregoing also applies if the conduct implemented by Senior Management or by their staff are implemented in the interests of the Company. CCM processes include the use, in research laboratories and at the hospital, of the substances listed in table 5 and, therefore, this article is applicable. The importance is hereby specified of monitoring the acquisition and introduction into the production cycle of new substances listed in the tables above, in order to prevent any breaches of authorisation and/or cases of exceeding the limits set in the tables.

2.2 Offences relating to waste management

Article 256 of Legislative Decree 152/06 - Unauthorised waste management activities.

a) for the offences referred to in Article 256:

1. for breaching paragraphs 1, section a) and 6, first sentence, a pecuniary penalty of up to 250 shares;
2. for breaching paragraphs 1, section b), 3, first sentence and 5, a pecuniary penalty of 150 to 250 shares;
3. for breaching paragraph 3, second sentence, a pecuniary penalty of 200 to 300 shares.

Article 256 - Unauthorised waste management activities

1. Anyone who carries out waste collection, transportation, recovery, disposal, sale or intermediation activities lacking the required authorisation, registration or notification referred to in Articles 208, 209, 210, 211, 212, 214, 215 and 216 shall be punished:

a) by the penalty of imprisonment for three months to one year or a fine of € 2,600 to € 26,000, in the case of non-hazardous waste;

b) by the penalty of imprisonment for six months to two years and a fine of € 2,600 to € 26,000, in the case of hazardous waste.

...omissis...

3. Anyone who carries out or manages an unauthorised discharge shall be punished by imprisonment for six months to two years and a fine of € 2,600 to € 26,000. The penalty of imprisonment for one to three years and a fine of € 5,200 to € 52,000 shall apply if the discharge is intended, even partially, for the disposal of hazardous waste. The sentence of conviction or the judgement issued pursuant to Article 444 of the Italian Code of Criminal Procedure is followed by the confiscation of the area in which the abusive discharge is carried out, if owned by the perpetrator or by a participant in the offence, subject to the obligations of reclamation or restoration of the condition of the locations.

...omissis...

5. Anyone who, in breach of the prohibition referred to in Article 187, carries out unauthorised activities involving the mixing of waste, shall be punished by the penalty referred to in paragraph 1, section b).

6. Anyone who carries out a temporary deposit, at the production site, of hazardous medical waste, in breach of the provisions of Article 227, paragraph 1, section b), shall

be punished by the penalty of imprisonment for three months to one year or the penalty of a fine of € 2,6000 to € 26,000. The pecuniary administrative sanction of € 2,600 to € 15,500 for amounts not exceeding 200 litres or equivalent amounts.

It is important to note that, from the scope of application of the Decree, paragraph 2 of Article 256 is excluded, referring to the uncontrolled dumping of waste or the disposal of waste in surface water or underground water. However, the inadequate management of a temporary deposit of waste, especially if the terms of the law are abnormally exceeded, could be a cause for the magistrate to consider this under the cases specified in paragraph 1 of Article 256. Waste mixing is not permitted, unless explicitly authorised and this is a particularly critical issue as it is often and willingly carried out to optimise waste transportation, in order to reduce the costs thereof, with a clear benefit to the Company.

Temporary deposit hazardous medical waste at the production site is, ultimately, a daily reality at Centro Cardiologico and that fact it is one of the specific offences indicated by the Decree must reflect on the attention of the legislator on the healthcare/hospital realities.

Article 258 of Legislative Decree 152/06 - Breach of obligations of disclosure, holding mandatory records and forms.

a) due to the breach of Article 258, paragraph 4, second sentence, a pecuniary penalty of 150 to 250 shares.

...omissis...

4. Anyone who transports waste without the form referred to in Article 193 or who specifies, in the form, incomplete or inaccurate data, shall be punished with a pecuniary administrative penalty of € 1,600 to € 9,300. The penalty referred to in Article 483 of the Italian Penal Code shall apply in the case of transportation of hazardous waste. This final penalty also applies to those who, in the preparation of a certificate of waste analysis, provide false indications on the nature, composition and chemical-physical characteristics of waste and who make use of a false certificate during transportation.

In this case, the focus is placed on the veracity of the data declared during the preparation of a certificate of analysis used to classify waste.

It is also clear in this case that the interests of the Company are easily materialised in lower transport and disposal costs in the event of an analysis that reveals lower concentrations than the actual concentrations of hazardous chemical substances or the abatement of which would be particularly costly.

This specific case may also include the allocation of an incorrect EWC code (EWC codes are numeric sequences, comprising 6 digits combined in pairs, aimed at identifying waste, normally based on the production process from which it origh inated) in order to save disposal costs.

Article 260 - Organised waste trafficking activities:

a) for the offences referred to in Article 260, a pecuniary penalty of 300 to 500 shares, in the case provided for by paragraph 1 and of 400 to 800 shares in the case provided for by paragraph 2.

Article 260 - Organised waste trafficking activities

1. Anyone who, in order to obtain an unfair profit, with several operations and through the preparation of vehicles and continuous organised activities, transfers, received, transports, exports, imports or, in any case, abusively handles large amounts of waste, shall be punished by imprisonment for one to six years.

2. In the case of highly radioactive waste, the penalty of imprisonment for three to eight years shall apply.

The specific case in question is not deemed applicable to the case of the Centre, especially if the incident is deemed to be a continuous and organised illegal activity. Any issues relating to filling in records and forms fall within the scope of specific cases identified by aforementioned Article 258.

Article 260-*bis* - Computer system for tracking waste.

a) due to the breach of Article 260-bis, a pecuniary penalty of 150 to 250 shares in the case provided for paragraphs 6, 7, second and third sentence and 8, first sentence and a pecuniary penalty of 200 to 300 shares in the case provided for by paragraph 8, second sentence.

Article 260-bis - Computer system for tracking waste

...omissis...

6. The penalty referred to in Article 483 of the Italian Penal Code applies to those who, on preparing a certificate of waste analysis, used as part of the waste tracking system, provide false indications on the nature, composition and

chemical-physical characteristics of the waste and to those who enter a false certificate in the data to be provided for the purposes of tracking waste.

7. *If a transporter does not accompany the transportation of waste with a hardcopy of the SISTRI [Waste Tracking System] – MOVEMENT AREA card and, if necessary, based on the applicable law, with a copy of an analytical certificate identifying the characteristics of waste, shall be punished by a pecuniary administrative sanction of € 1,600 to € 9,300. The penalty referred to in Article 483 of the Italian Penal Code shall apply in the case of transporting hazardous waste. This final penalty also applies to those who, during transportation, use a certificate of waste analysis containing false indications on the nature, composition and chemical-physical characteristics of the transported waste.*
8. *If a transporter accompanies the transportation of waste with a fraudulently altered hardcopy of the SISTRI [Waste Tracking System] - MOVEMENT AREA, shall be punished by the penalty provided for by the combined provisions of Articles 477 and 482 of the Italian Penal Code. The penalty shall be increased to up to one third in the case of hazardous waste.*

...omissis...

Again, it is important to emphasise the importance of the veracity of analytical data used to classify waste. The intention of the legislator is also clear in this case to punish such misleading statements made with the clear intention of saving on the costs for transporting and/or disposing of the waste in question.

2.3 Offences relating to atmospheric emissions

Article 279 - Penalties relating to atmospheric emissions

a) due to the breach of Article 279, paragraph 5, a pecuniary penalty of up to 250 shares.

Article 279 - Penalties

...omissis...

5. *In the cases provided for by paragraph 2, the penalty of imprisonment for up to one year shall always apply if the exceeding of emission limit values also results in exceeding the air quality limit values provided for the legislation in force.*

   Paragraph 2, to which paragraph 5 refers, pursuant to the Decree, relates exclusively to exceeding the limits set forth in the appendices to the Consolidated Environmental Act or in the air protection plans or in accordance with the authorisation requirements. The fact that they are not authorised to carry out activities that generate atmospheric emissions is not, therefore, relevant *per se* to the purposes of the Decree.

   If unauthorised activities are carried out, but which, however, do not generate emissions that exceed the limits referred to above, perpetrators shall be penalised pursuant to the Consolidated Environmental Act, but the Company's administrative liability shall not be called into question. If, following an analysis, it is proven that unauthorised activities generate emissions that exceed such limits, perpetrators may be penalised pursuant to both the Consolidated Environmental Act and the Decree.

Article 3 Law 549/1993 – Use of ozone-harming substances.

4. In relation to the commission of offences provided for by Article 3, paragraph 6, of Law no. 549 of 28 December 1993, a pecuniary penalty of 150 to 250 shares shall be applied to the entity.

...omissis...

6. *Anyone who breaches the provisions of this article shall be punished by imprisonment for up to two years and a fine of up to triple the value of the substances used for manufacturing, importing or marketing purposes. In more serious cases, the conviction shall be followed by the revocation of the licence, based on which the illegal activity is carried out.*

   The article in question mainly concerns manufacturers, traders and installers of refrigeration systems, rather than end users. However, a user's liability could be called into question in the event of use of prohibited substances to fill high-powered refrigeration circuits, which should instead be replaced as they cannot be recharged with latest-generation gas.

2.4 Main new environmental crimes

Article 25-*undecies*, paragraph 1, section a): due to the breach of Article 452-*bis*, paragraph 5, a pecuniary penalty of up 250 to 600 shares.

Article 452-bis – Environmental pollution.

"*Anyone who abusively causes a significant and measurable impairment or deterioration to the following, shall be pun-*

ished by imprisonment for two to six years and a fine of € 10,000 to € 100,000:

1) water or air, or of extensive or significant portions of the soil or subsoil;

2) ecosystem, biodiversity, including agrarian, flora or fauna. When pollution is produced in a protected natural area or in an area subject to landscape, environmental, historic, artistic, architectural or archaeological constraint, or when it damages protected species of animals or plants, the penalty shall be increased".

Article 25-*undecies*, paragraph 1, section b): due to the breach of Article 452-*quater*, a pecuniary penalty of 400 to 800 shares.

Article 452-quarter – Environmental disaster.

"*If any of the offences under Articles 452-bis and 452-quater is committed due to negligence, the penalties provided for by the same articles shall be reduced by one to two thirds.*

If the commission of any of the offences referred to in the preceding paragraph results in the hazard of environmental pollution or environmental disaster, the penalties shall be further reduced by one third".

Article 25-*undecies*, paragraph 1, section c): due to the breach of Article 452-*quater*, a pecuniary penalty of 200 to 500 shares.

Article 452-quinquies. - Accidental crimes against the environment;

"*If any of the offences under Articles 452-bis and 452-quater is committed due to negligence, the penalties provided for by the same articles shall be reduced by one to two thirds.*

If the commission of any of the offences referred to in the preceding paragraph results in the hazard of environmental pollution or environmental disaster, the penalties shall be further reduced by one third".

As regards the crimes referred to in Article 25-*undecies*, paragraph 1, introduced by Law 68/2015, it is noted that there are no significant risks.

This chapter specifies the activities that Centro Cardiologico Monzino, as a result of the audits carried out and procedural specifications stated in paragraph 2.2 of the General Section, has identified as being most exposed to the commission of Environmental Crimes.

a) Waste production during the daily activities of the company's various departments and services.

The risk pertaining to the activity in question involves the possible incorrect differentiation of waste in the various departments, with a specific risk relating to the possible mixing of waste performed in those departments. Other risk relates to potentially incorrect conduct involving the temporary deposit of medical waste produced therein.

b) Waste production and collection during the cleaning of premises used for company activities.

The risk pertaining to the activity in question involves the possible incorrect differentiation of waste in the various departments during the performance of daily or technical cleaning, with a specific risk relating to the possible mixing of waste performed. Other risk relates to potentially incorrect conduct involving the temporary deposit of medical waste, due to the failure to collect medical waste from the various areas of the hospital.

c) Water discharges resulting from the daily activities of the company's various departments and services.

The risk pertaining to the activity in question could potentially be explained in the case of inclusion in hospital activities of even a single substance listed in tables 3A or 5 in Appendix 5 to the third section of the Consolidated Environmental Act. It is believed that laboratory activities are most likely to include these substances and, therefore, the majority of attention regarding the risks associated therewith are related to laboratory activities.

d) Generation of atmospheric emissions resulting from the various activities existing in the company's premises, such as, for example, sterilisation department, laboratory activities and auxiliary plant management.

The risk pertaining to the activity in question is deemed limited, as the emissions generated by laboratory activities and by the department facilities, such as the central heat-

ing system, shall barely exceed the limits provided for by Legislative Decree 152/06. There is also a need to monitor the purchase and use of "H340-350-350i-360F-360D" hazardous substances, as this may involve new authorisation requirements and new risks of exceeding the limits listed in the tables. The greatest risk is believed to be associated with the possible non-compliance with the authorisation requirements specified in the various authorisations that may be required over time.

e) Proper management of the temporary deposit of waste in the specifically designated external area.

The risk pertaining to the activity in question is in the possible exceeding of the time frames provided for by the legislation to conduct a temporary deposit of waste. Specifically, the risk concerns waste generated less frequently, for which frequent collections are not scheduled by the transporters involved. Temporary deposit also involves the risk of incorrect differentiation of hazardous and non-hazardous waste, such as managing the WEEE stored therein. Another risk associated with the presence of an external temporary deposit area is that of waste mixing.

f) Classification of waste products and analytical characterisation thereof.

The risk pertaining to the activity in question is associated with the correct classification of waste products and, specifically, the correct analytical characterisation thereof. Deliberate misrepresentations or deliberate omissions, could result in inaccurate analytical reports, with incorrect specifications regarding the risk of waste and possible savings in disposal costs.

4.1 The System in General

The general rules that must, in any case, guide the conduct of individuals in a Senior Management position, or that of Employees and Partners are those specified by Legislative Decree 152/06.

To help its employee to comply with these rules, the Company has provided for this Organisational Model and a Management System certified in accordance with the standard ISO 14001:2004, which provides support by means of proceduralized, daily and extraordinary activities.

A training an information plan aimed at educating all possible individuals involved, on environmental implications and their conduct, has also been implemented. The training in question is differentiated according to the various involvements of the parties concerned in processes or areas at particular risk commission of an offence and shall be further differentiated for members of the Supervisory Body and for those responsible for the internal control plan.

The Company has decided to plan an "audit plan" on an annual basis, which will verify all processes identified as critical or potentially critical, as regards Environmental Crimes.

It is also important to note the possibility of introducing an item in the budget referring to environmental issues.

4.2 The delegation and authorisation system

"Delegation" refers to the internal act of assigning functions and tasks, reflected in the organisational communications system and "authorisation" refers to the unilateral legal business with which the Company assigns powers of representation in terms of third parties. Managers of a corporate function who need, to carry out their duties, powers of representation, are granted a "general functional authorisation" of an adequate extension and consistent with the functions and powers of management allocated to managers by means of delegation.

The essential requirements that a delegation system needs to have, in order to effectively prevent Offences, are as follows:

- the power of management conferred by delegation must be based on the relative responsibility allocated and an adequate position in the organisational chart; in the event of organisational changes, the allocated power of management must consequently by updated;
- each act of delegation must specifically and unequivocally indicate the powers of the delegate and the subject (body or individual) to whom the delegate must report hierarchi-

cally or statutorily;
- the delegate's management powers and their enforcement must be consistent with the corporate objectives;
- the delegate must have adequate spending powers appropriate to the functions assigned thereto.

The essential requirements of the authorisation allocation system, in order to effectively prevent Offences, are as follows:
- general functional authorisations are granted exclusively to individuals vested with internal delegation that describes the relevant management powers and, where necessary, are accompanied by a specific notification that sets the extension of powers of representation and possibly also sets the spending limits;
- the authorisation can be conferred upon individuals expressly identified in the authorisation itself, or to legal entities, which shall act be means of their attorneys, vested, for this purpose, with similar powers;
- an ad-hoc power of attorney must govern the procedures and responsibilities to ensure the timely updating of powers of attorney, establishing the cases in which these must be allocated, modified and revoked.

The Supervisory Body shall periodically verify the delegations and authorisations system and consistence with the duties and powers of management allocated to the delegate or attorney, recommending any changes in the event that the power of management and/or the role does not correspond to the powers of representation conferred upon the attorney or if there are other anomalies.

4.3 General principles of conduct

It is expressly prohibited for Senior Management, Employees and Partners to implement conduct that, individually or collectively, supplements, whether directly or indirectly, the specific offences included among those considered in this Special Section D or that constitute breaches of the principles and corporate procedures provided for herein.

The conduct of the individuals concerned must be guided by the corporate procedures defined in relation to waste management, water discharges and atmospheric emissions.

The procedures mentioned deal with the following aspects that may concern the scope of committing the Environmental Crimes described.

The waste management procedure must duly take into account:
- the waste classification phase, in order to clarify the scrupulous implementation of this phase to prevent the shipping of incorrectly encoded waste;
- the collection phase at the Centro Cardiologico Monzino's departments and subsequent transfer to the temporary deposit area;
- the management of the temporary deposit - with the express provision to avoid the mixing of waste - and the definition of the areas for transferring the waste and times for storing the waste in the deposit;
- the document compilation phase, with a brief summary of the procedures for compiling the loading and unloading records and forms, in order to prevent any incorrect compilations from being made against the company's directions;
- the choice of contractors of reference, through the prior and periodic verification of waste management permits;
- the full or shared responsibilities of the various key players involved in the waste management process.

The procedure for managing atmospheric emissions must consider:
- the periodic verification of the authorisation requirements of the various corporate processes that generate atmospheric emissions;
- the procedures and times provided for the granting of licences or the renewal of permits for atmospheric emissions;
- the preparation of an analytical control plan to verify compliance with the limits imposed on the scope of atmospheric emissions;
- the definition of a plan of periodic checks to analyse compliance with the possible requirements of the authorisation;
- the clear definition of the provision of adequate financial resources to carry out the checks referred to in the preceding points;
- the full or shared responsibilities of the various key players involved in the waste management process.

The procedure relating to water discharges must involve the rigorous monitoring of the entry into the production cycle of a substance listed amongst those in tables 3A or 5 in Appendix V to the third section of Legislative Decree 152/06 since only following the possible presence of these substances in discharges does the aspect in question fall within the scope of applicability of the Decree.

5.
SUPERVISORY BODY AUDITS

Notwithstanding the discretionary power of the Supervisory Body to act with specific audits following reports received (to which reference is made to the provisions of the General Section of this Model), the Supervisory Body shall carry out periodic sample checks on Sensitive Activities, aimed at checking the correct execution of these in relation to the rules referred to in this Model.
Due to the oversight activity allocated to the Supervisory Body in this Model, this body shall generally be ensured free access to all relevant corporate environmental documentation

Special Section E

Offence of employing third-party citizens with irregular residence

1. FUNCTION OF SPECIAL SECTION E

This Special Section E is intended for Senior Management, Employees and Partners of the Centre.

The aim of this Special Section E is that all Recipients, such as those specified above, adopt rules of conduct that comply with the requirements herein, in order to prevent the occurrence of the Offences considered.

Specifically, this Special Section E aims to:

a) detail the procedures that the Recipients are required to comply with for the purpose of the correct application of the Model;
b) provide the Supervisory Body and managers of other departments cooperating therewith the executive tools for exercising control, monitoring and audit activities required.

2. SPECIFIC OFFENCES CONCENING THE EMPLOYMENT OF CITIZENS OF THIRD-PARTY COUNTRIES WITH IRREGULAR RESIDENCE

On 9 August 2012, Legislative Decree no. 109 of 16 July 2012 (published in

Official Journal no. 172 of 25/07/2012) entered into force, introducing, into Legislative Decree 231/2001, Article 25-*duodecies*, entitled "*Employment of Citizens of Third-Party Countries with Irregular Residence*".

Specifically, new Article 25-*duodecies* states that:

"*In relation of the commission of the offence referred to in Article 22, paragraph 12-bis, of Legislative Decree no, 286 of 25 July 1998 (Consolidated Immigration Act), the pecuniary penalty of 100 to 200 shares, within a limit of € 150,000.00, shall apply to the entity*".

Specifically, Article 22, paragraph 12-*bis*, of Legislative Decree no. 286/1998 states the following:

"*The penalties for the offences provided for by paragraph 12 (of Article 22) shall be increased by one third to half:*

a) if more than three workers are involved;
b) if the workers involved are younger than the minimum working age;
c) if the workers involved are subject to other particularly exploitative working conditions, as per the third paragraph of Article 603-bis of the Italian Penal Code".

The particularly exploitative conditions referred to in the third paragraph of Article 603-bis of the Italian Penal Code are, in addition to the other particularly exploitative conditions referred to in sections a) and b) "*the commission of the offence that exposes workers subject to situations of severe danger, with regard to the characteristics of the services to do be carried out and the working conditions*". In turn, the aforementioned Article 22, paragraph 12, of Legislative Decree no. 286/1998 states that:

"*An employer who hires foreign workers without the residence permit required by this article, or whose permit has expired and for which its renewal, revocation or cancellation has not been requested, pursuant to law, shall be punished by imprisonment for six months to three years and a fine of €5,000.00 for each worker employed*".

Regarding the legal situation, if an entity employs foreign workers without a residence permit, or whose permit has expired and for which its renewal, revocation or cancellation has not been requested, pursuant to law, shall be subject to a pecuniary penalty of 100 to 200 shares, amounting to a maximum of € 150,000.00, of the workers concerned are under the conditions, according to the alternative circumstances

between them, specified above. The entity's liability shall, therefore, only be called into question when the offence in question is aggravated by the number of individuals concerned or by them being underage or, lastly, by the provision of work under conditions of severe danger.

In keeping with the interpretive terms typical of the liability system pursuant to Legislative Decree 231/2001, the offence in question must also be committed in the interests, or to the benefit, of the entity.

As regards the exploitation indices referred to in the third paragraph of Article 603-bis of the Italian Penal Code, the first of the three circumstances provided for is, therefore, of a quantitative nature; from the aforementioned legislation, therefore, it is clear that the aggravating circumstance of multiple exploitation shall, in any case, apply if at least four workers are recruited.

The second circumstance punishes the involvement of an underage individual who has not yet reached the minimum working age (the minimum working age provided for by law is 16 years).

As previously stated in Legislative Decree no. 276/2003, for the offence of abusive intermediation and Legislative Decree no. 138/2011, converted by Law no. 148/2011 for the offence of unlawful intermediation with labour exploitation, the legislation in question chooses to characterise the conduct of those who hire non-EU minors, with whom the legal order does not recognise any possibility of carrying out work, as being more offensive.

The provision, therefore, is adapted in the wake of constitutional protection of child labour, in order to prevent intolerable forms of exploitation.

Lastly, the third circumstance of employment of foreigners without a regular residence permit, Legislative Decree no. 106/2009 focuses on the working conditions put in place by the intermediary to punish the commission of an offence that exposes workers "*to situations of severe danger, with regard to the characteristics of the services to be carried out and the working conditions*".

This final circumstance operates, therefore, when the services needing to be carried out by workers and the working conditions under which they are required to work resulted in situations of objective exposure to severe danger.

The severity of the danger is not measured by the regulation, whilst the nature thereof seems to necessarily identify the features of prevention and protection of health and safety in the workplace.

Regarding the direct liability of entities for offences involving the illegal employment of foreigners characterised by severe exploitation, it should also be noted that in objective terms, under Article 5, paragraph 1, first section, of Legislative Decree no. 231/2001, the criterion based on which the company is attributed the direct liability for the offence committed by its representatives or, in any case, by those who work for it, exercising the management or control thereof, comprises an "interest" (prefigured as a result of the offence) or "advantage" (benefit obtained from the offence).

Furthermore, the liability for the offence referred to in Article 22, paragraph 12, of Legislative Decree no. 286 of 25 July 1998, which punishes the employer who hires foreign workers without a residence permit or whose permit has expired, been revoked or cancelled, cannot only be ruled out by relying on the good faith of the employer entrusted with the reassurance provided by workers employed according to the regularity of their presence in Italian territory (in this sense, Criminal Cassation Section I, no. 32934 of 11/07/2011).

Furthermore, regarding the offence referred to in Article 22, paragraph 12, of Legislative Decree no. 286 of 25 July 1998, which punishes employers who employ foreign workers without a residence permit or whose permit has expired, been revoked or cancelled, does not only answer to those who materially stipulate an employment contract, but also those who, although not having employed them directly, take advantage thereof, taking on employees and, therefore, employing them more or less permanently, under unlawful conditions.

It is also noted that the amount of the penalty shall vary, albeit within the maximum limit set by Legislative Decree no. 109/2012 (i.e. €150,000.00), as the value of a single share which, pursuant to Article 10, paragraph 3 of Legislative Decree no. 231/2001, ranges from € 258.00 to € 1,549.00, paid in proportion to the "*entity's economic and equity conditions*" (Article 11, paragraph 2); payment of a small amount is also not permitted (Article 10, paragraph 3).

3. SENSITIVE PROCESSES IN TERMS OF OFFENCES CONCENING THE EMPLOYMENT OF CITIZENS OF THIRD-PARTY COUNTRIES WITH IRREGULAR RESIDENCE

d) Management of employment/contractual relations with foreign workers.
e) Staff selection activities and allocating duties.
f) Managing documentation required for recruitment and documentation/information to be submitted to organisations/association for employment and immigration.

4. GENERAL RULES

4.1 The System in General

In carrying out all of the procedures pertaining to the specific offences considered in this Special Section E, in addition to the rules referred to in this Model, the Recipients, to the extent necessary for the functions carries out by them, must generally be aware of and comply with the rules that may be set forth by the Centre.

4.2 General principles of conduct

This Special Section E provides for the express prohibition of Recipients of the Centre to:

- implement, collaborate or cause conduct that integrates, whether directly or indirectly, the specific offences including among those considered above;
- breach the existing and/or required principles and procedures of this Special Section E, the Code of Ethics and, more generally, of the Organisational Model.

This Special Section E, therefore, provides for the express obligation of the individuals specified above to:

- maintain correct, transparent and collaborative conduct, in compliance with the legal rules and internal procedures, in all activities pertaining to the employment of foreign workers;
- carry out, in a timely manner, correctly and in good faith, all communications required by law, the regulations and procedures relating to the functions responsible for managing the employment of foreign workers, the deputy authorities and the Supervisory Body, without imposing an obstacle to the exercise of oversight functions that may be carried out.

5.
SUPERVISORY BODY AUDITS

Notwithstanding the discretionary power of the Supervisory Body to act with specific audits following reports received, the Supervisory Body shall carry out periodic sample checks on sensitive activities, aimed at checking the correct execution of these in relation to the rules referred to in this Model. Due to the oversight activity allocated to the Supervisory Body in this Model, this body shall generally be ensured free access to all relevant documentation.

Special Section F

Offences involving the receipt of stolen goods, money laundering and the use of unlawfully obtained cash, goods or assets, as well as self-laundering

1. FUNCTION OF SPECIAL SECTION F

This Special Section F is intended for Senior Management, Employees and Partners of CCM.

The aim of this Special Section is that all Recipients, such as those specified above, adopt rules of conduct that comply with the requirements herein, in order to prevent the occurrence of the Offences considered herein.

Specifically, this Special Section aims to:

a) detail the procedures that the Recipients are required to comply with for the purpose of the correct application of the Model;
b) provide the Supervisory Body and managers of other departments cooperating therewith the executive tools for exercising control, monitoring and audit activities required.

This Special Section F refers to offences involving the receipt of stolen goods, money laundering, use of unlawfully obtained cash, goods or assets, as well as self-laundering. Below is a brief description of the individual cases considered by the Decree

2. OFFENCES INVOLVING THE RECEIPT OF STOLEN GOODS, MONEY LAUNDERING AND THE USE OF UNLAWFULLY OBTAINED CASH, GOODS OR ASSETS, AS WELL AS SELF-LAUNDERING (ADDED BY LEGISLATIVE DECREE NO. 231/2007; AMENDED BY LAW NO. 186/2014)

2.1 Receiving stolen goods (Article 648 of the Italian Penal Code)

Article 648 of the Italian Penal Code incriminates those who "outside of the cases of concerted action in an offence, receive or conceal cash or items obtained from any crime, or who, in any case, intervene in purchasing, receiving or concealing such items". Purchase refers to the effect of a trade activity, free of charge or for payment, through which the agent obtains possession of the asset. The term receive refers to any form of obtaining possession of an asset obtained from an offence, even if only temporarily or by mere complacence. Concealment refers to the hiding of assets obtained from a crime, after having received them. Receipt may also be carried out by intervening in the purchase, receipt or concealment of the item. This conduct is exposed in any mediation activity, not to be understood in a statutory sense (as specified by the jurisprudence), between the perpetrator of the main offence and the acquiring third party. The final paragraph of Article 648 of the Italian Penal Code extends the punishment "even when the perpetrator of the crime, from which the cash or items are obtained, is not responsible or is not punishable, or when there is no procedural condition relating to that crime". The purpose of incriminating receipt is to prevent the perpetration of harming the equity interests initiated with the commission of the main offence. Another objective of incrimination involves preventing the commission of the main offences, as a result of the limits imposed on the circulation of goods obtained from such offences.

2.2. Money Laundering (Article 648-*bis* of the Italian Penal Code)

This offence consists of the fact that anyone "outside of the cases of concerted action in an offence, replaces or transfers cash, goods or other assets obtained from a non-deliberate offence; i.e., performed in relation thereto due to other procedures, in order to hinder the identification of their illegal origin". The offence in question also exists when the perpetrator of the crime, from which the cash or items are obtained, is not responsible or is not punishable, or when there is no procedural condition relating to that crime. It is necessary that, prior to this, a non-deliberate offence was committed in which, however, the launderer did not participate in a concerted action. The penalty shall be increased when the offence is committed during the exercise of a pro-

fessional activity and shall be reduced if the cash, goods or other assets are obtained from an offence for which a penalty of imprisonment for a maximum of five years is imposed. The provisions also applies when the perpetrator of the offence, from which the cash or items are obtained, is not responsible or is not punishable, or when there is no procedural condition in relation to that offence. The offence of those who hinder the identification of the aforementioned goods after they have been replaced or transferred is significant.

2.3 Use of unlawfully obtained cash, goods or assets (Article 648-*ter* of the Italian Penal Code)

This is an offence committed by "anyone who, outside of the cases of concerted action in the offence and the cases provided for by Articles 648 (Receipt of Stolen Goods) and 648-*bis* (Money Laundering) of the Italian Penal Code, uses cash, goods or other assets obtained from a crime in economic or financial activities". Also in this case, the aggravating circumstance of a professional activity is provided for and extended to the individuals referred to in the final paragraph of Article 648, but the penalty shall be reduced if the offence is of a minor nature. The specific reference to the term "use", which is broader in meaning than "invest", which implies use for specific objective, expresses the meaning "any use". Referring to the concept of "activity" to specify the investment economy or finance) sector, permits the exclusion of the use of cash or other assets with occasional or sporadic nature. The specific nature of the offence with respect to that of money laundering lies in the purpose of hiding traces of the illegal origin of the cash, goods or other assets, pursued through the use of those resources in economic or financial activities. The legislator intends to punish those mediated activities which, unlike money laundering, do not immediately replace unlawfully obtained Goods, but that, in any case, contribute to the "cleansing" of illicit capital.

Article 64, paragraph 1, section f), of Legislative Decree no. 231 of 21 November 2007, which introduced the ninth administrative liability offence pursuant to Legislative Decree 231 of 2001, Article 25-*octies* and also repealed paragraphs 5 and 6 of Article 10 of Law no. 146/2006, contrary to transnational organised crime which previously provided for the entity's liability and the penalties pursuant to Legislative Decree 231 of 2001 for the offences of money laundering and use of unlawfully obtained cash, goods or assets (Articles 648-*bis* and 648-*ter* of the Italian Penal Code), is characterised by elements of transnationality, according to the definition contained in Article 3 of Law 146/2006. It follows that, pursuant to Article 25-*octies* of Legislative Decree 231 of 2001, the entity is now punishable for offences involving the receipt of stolen goods, money laundering and the use of illicit capital, even if carried out in a purely "national" context, provided that it leads to an interest or benefit for the entity itself.

2.4 Self-Laundering (pursuant to Article 648-*ter*1 of the Italian Penal Code)

Law 186/2014, in force since 01.01.2015, introduced, into the Italian order, the offence of self-laundering under Article 648-*ter*1 of the Italian Penal, the purpose of which is to punish the manipulation of the economic, business and financial system, through the use of illegally obtained cash or goods. Article 648-*ter*1 of the Italian Penal Code penalises anyone who, after committing a non-deliberate offence, uses, replaces or transfer the cash, goods or other illegally obtained assets into economic, financial, business or speculative activities, so as to hinder the identification of their illicit origin. As noted by the Doctrine, the availability of 'proprietary' economic means of illicit origin permits the use of further illegal activities, or direct uses that place the user in a privileged position with respect to their competitors, in compliance with the rules.

In this sense, self-laundering does not comprise, therefore, a portion of the assumed offence, but is an additional separate conduct, characterised by a specific value and, as such, independently punishable.

The specific structure of the offence of self-laundering makes the relationship between the offence and Legislative Decree 231/2001 very particular. If, in fact, Article 648-ter1 of the Italian Penal Code, from a criminal point of view, applies to those who invest the proceeds resulting from the prior commission of any non-deliberate crime, from an entity's perspective, the entry of the offence in the list of assumed offences under Legislative Decree 231/2001, shall apparently open the way to a series of offences, formally excluded from that decree.

Based on the assumption that self-laundering is committed if the following three conditions exist simultaneously:

- creation or concerted action to create – by means of a prior non-deliberate offence – a supply of cash, goods or other assets;
- use of the aforementioned supply, by means of an addi-

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SENSITIVE PROCESSES IN TERMS OF OFFENCES INVOLVING THE RECEIPT OF STOLEN GOODS, MONEY LAUNDERING AND THE USE OF UNLAWFULLY OBTAINED CASH, GOODS OR ASSETS, AS WELL AS SELF-LAUNDERING

tional and autonomous conduct, in business, economic and financial activities;

- creating a specific obstacle to the identification of the illegal origin of the aforementioned supply;

it follows that all non-deliberate offences, capable of generating profit, are a potential hazard to the entity, since their commission involves the first step to the commission of the offence of self-laundering. It is very clear, therefore, that even in the field of business, the prevention of the offence of self-laundering must be focussed on the prevention of non-deliberate offences, capable of generating investable profit.

Pending the formation of the first jurisprudential guidelines and by way of discretion, the best practices currently known suggest the consideration of possible offences, in addition to the specific offences previously considered by Legislative Decree 231/01, as well as, specifically, tax management-related activities. Therefore, in order to better protect the company, it has proceeded in this sense.

a) Management of financial resources
The risk profiles pertain to transactions carried out so as to hinder the identification of the unlawful origin of cash;

b) Investment management
The company's cash and cash equivalents, obtained illegally, could be used in a series of financial investments, for the purpose of concealing its illegal origin

c) Purchase management
Purchase transactions of a significant amount with newly formed companies that have a generic corporate object or corporate object that is inconsistent with the company's typical business.

d) Tax/fiscal management

all transactions and processes dedicated to the company's tax/fiscal management. With regard to point d) above, it should be added that, although the offences provided for by Legislative Decree 74/2000 do not fall within the category of offences pursuant to Legislative Decree 231/2001, the use of sums obtained from fraudulent tax savings in economic/business activities is abstractly capable of supplementing the offence of self-laundering. In the case of tax offences, which, by their nature, normally generate an economic advantage, the possibility of committing the new self-laundering offence is particularly high, given the possible recurrence of conduct provided for by the new regulation, that is, the replacement, transfer or use of cash or assets in economic and financial activities, so as to specifically conceal the identification of the illegal origin thereof.

Tax offences, the commission of which entails a potential hazard to the subsequent challenging of the self-laundering, are, therefore, as follows:

a) fraudulent statement through the use of invoices or other documents for non-existent transactions;
b) fraudulent statement by other artifices;
c) unfaithful statement;
d) omitted statement;
e) issuance of invoices or other documents for non-existent transactions;
f) concealment or destruction of accounting documents;
g) omitted payment of certificates held;
h) omitted VAT payment;
i) undue remuneration;
j) fraudulent subtraction in the payment of taxes.

4.
GENERAL RULES

4.1 The System in General

In carrying out all of the procedures pertaining to the specific offences considered in this Special Section, in addition to the rules referred to in this Model, the Employees, Consultants and Partners, to the extent necessary for the functions carries out by them, must generally be aware of and comply with the rules that may be set forth by CCM.

4.2 General principles of conduct

This Special Section provides for the express prohibition of the Company's Corporate Bodies (and Recipients, Employees, Consultants and Partners, to the extent necessary the duties carried out by them) to:

- implement, collaborate or cause conduct that integrates, taken individually or collectively, whether directly or indirectly, the specific offences including among those considered above;
- breach the principles and procedures existing within the company and/or provided for by this Special Section.

This Special Section, therefore, consequently provides for the express obligation of the individuals specified above to:

1. maintain correct, transparent and collaborative conduct, in compliance with the legal regulations and internal corporate procedures, in all activities aimed at issuing invoices and their recording, accounting, recording movements and preparation of the financial statements;
2. ensure that the entire corporate accounting management process is conducted in a transparent and documentable manner;
3. ensure that the entire corporate tax/fiscal management process is conducted in a transparent and documentable manner.

Specifically, it is absolutely prohibited to:

1. provide unnecessary services, invoicing for services not actually provided; duplicating invoices for the same service; omitting the issuance of credit notes if, even in error, non-existent or non-fundable services have been invoiced;
2. omit the documentary recording of Company funds and their movement;
3. request or use contributions, funds, soft loans or other supplies of the same type as those listed and supplied by the State, the PA in general or any public entity or by the EU or any other international organisation, by means of false statements, false documents or by omitting legally required information;

To ensure the objectivity and transparency of accounting/administrative/fiscal transaction and of investments/purchases, the company has, therefore, adopted a system that provides for:

- defined authorisation levels, according to which investment/purchase decisions can be made only by bodies and by the department explicitly assigned thereto, based on the authorisation and delegation system in place;
- segregation in the process providing for the involvement of multiple key players, with management, audit or approval responsibilities; tracking the decision-making process by documenting and filing (electronically and/or on paper) of all process activity by the department involved.

5.
SUPERVISORY BODY AUDITS

Notwithstanding the discretionary power of the Supervisory Body to act with specific audits following reports received, the Supervisory Body shall carry out periodic sample checks on Sensitive Activities, aimed at checking the correct execution of these in relation to the rules referred to in this Model. Due to the oversight activity allocated to the Supervisory Body in this Model, this body shall generally be ensured free access to all relevant documentation.

NOTE


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