

Manucor S.p.A.

**ORGANISATION, MANAGEMENT AND CONTROL MODEL
PURSUANT TO LEGISLATIVE DECREE
8 JUNE 2001, NO. 231**

Approved by the Board of Directors in full on 29 October 2021

N. Revision 01	Approved by the Board of Directors.	29 October 2021

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CAPITOLO 1

DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 The regime of administrative liability of entities

Legislative Decree no. 231 of 8 June 2001 laying down the "*Rules on the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law no. 300 of 29 September 2000*" (hereinafter referred to as the "**Decree**"), introduced into Italian law a system of administrative liability (substantially comparable to criminal liability) for entities (meaning companies, associations, consortia, etc., hereinafter referred to as "**Entities**") for certain offences committed, in the interest or to the advantage of those entities, by hereinafter referred to as "**Entities**") for certain offences committed, in the interest or to the advantage of those entities, by:

- natural persons who hold functions of representation, administration or management of the Entities themselves or of one of their organisational units with financial and functional autonomy; this category also includes all persons delegated by the directors to manage or direct the company or its branches;
- natural persons exercising, even de facto, the management and control of such entities;
- natural persons subject to the direction or supervision of one of the persons indicated above. Specifically, this category includes employees and those persons who, although not part of the staff, have a task to perform under the direction and control of senior persons. Particular importance is given to the activity actually carried out, rather than to the existence of a contract of employment, in order to prevent the organisation from circumventing the legislation by delegating to an external party activities that may constitute offences.

As indicated above, in order to incur liability under the Decree, the offence must be committed in the interest or to the advantage of the company; it must therefore have been committed in an area relating to the specific activities of the company and the latter must have obtained a benefit, even if only potentially. The existence of at least one of the two alternative conditions is sufficient:

- the 'interest' exists when the offender has acted with the intention of favouring the company, regardless of whether this objective was actually achieved;
- the 'advantage' exists when the company has derived, or could have derived, a positive result, economic or otherwise, from the offence.

According to the Court of Cassation (Criminal Court of Cassation, 4 March 2014, no. 10265), the concepts of interest and advantage are not to be understood as a unitary concept, but rather as dissociated, the distinction between what could be understood as a possible gain foreshadowed as a consequence of the offence, as opposed to an advantage clearly achieved as a result of the offence being clear. The Court of Milan (ord. 20 December 2004) and the Supreme Court of Cassation have also expressed the same view (see also Criminal Court of Cassation, 4 March 2014, no. 10265), according to which it is sufficient that the criminal conduct is aimed solely at pursuing a given utility, regardless of whether this is actually achieved.

The liability of the body exists, therefore, not only when it has gained an immediate pecuniary advantage from the commission of the offence, but also in the event that, even in the absence of such a result, the fact is motivated by the interest of the body.

It is also important to note that, where the offence is committed by qualified persons of another company belonging to a group, the concept of interest may be extended to the detriment of the parent company. The Court of Milan (ord. 20 December 2004) ruled that the characteristic element of the group interest lies in the fact that it is not configured as being proper and exclusive to one of the members of the group, but as being common to all subjects belonging to the group. For this reason, it is stated that the offence committed by the subsidiary may also be charged to the parent company, provided that the natural person who committed the offence also belongs functionally to it¹.

This liability is in addition to the (criminal) liability of the natural person who materially committed the offence.

With the adoption of the Decree, Italy has brought its domestic legislation on the liability of legal persons into line with the international conventions to which Italy is a party².

1.1.1 Sanctions

The sanctions³ provided for against Entities, as a consequence of the commission or attempted commission of the offences referred to in the Decree, are as follows:

- financial penalties (up to EUR 1.5 million, except in special cases). These penalties are always applied if the judge finds the entity liable. They depend on a system sized in "quotas" that are determined by the judge. The amount of the fine depends on the seriousness of the offence, the degree of liability of the company, the activity carried out to eliminate or mitigate the consequences of the offence or to prevent the commission of other offences. The judge, in determining the *quantum of* the penalty, also takes into account the economic and patrimonial conditions of the company;
- disqualification sanctions, such as a ban on exercising a business activity, suspension or revocation of licences or concessions, a ban on contracting with the Public Administration, exclusion or revocation of funding and contributions, and a ban on advertising goods and services; these sanctions may be applied in addition to the pecuniary sanctions, but only if expressly provided for in respect of the offence for which proceedings are being brought and only if at least one of the following conditions applies:
 - o the entity has derived a significant profit from the offence and the offence was committed by a senior person, or by a subordinate person, but only if the commission of the offence was made possible by serious organisational deficiencies;
 - o in the event of repeated offences.

Exceptionally applied with definitive effects, prohibitory sanctions are usually temporary, ranging from three months to one year, and concern the specific activity to which the offence committed by the entity relates. They may also be applied as a precautionary measure, prior to the conviction, at the request of the Public Prosecutor, if there are serious indications of the liability of the entity and there are well-founded and specific elements indicating a concrete danger that offences of the same type as the one being prosecuted may be committed.

¹ The Supreme Court of Cassation (Court of Cassation, 5th Criminal Section, judgment no. 24583 of 2011), with reference to the latter issue, has ruled that the liability for crime of the parent or ultimate parent company exists when the crime is committed in the course of the subsidiary's activity:

- has been committed in the immediate and direct interest or advantage not only of the subsidiary but also of the parent company;
- has been committed with a causally significant contribution, proven in a concrete and specific manner, of natural persons functionally linked to the parent company.

² Such as: 1) the *Brussels Convention of the European Community of 26 July 1995* on the protection of financial interests; 2) the *Convention of 26 May 1997*, also signed in Brussels, on the fight against corruption involving officials of the European Community or officials of Member States; and 3) the *OECD Convention of 17 December 1997* on combating bribery of foreign public officials in international business transactions.

³ Art. 9 et seq, Chapter I, Section II "Sanctions in general" of the Decree.

- confiscation (and preventive seizure as a precautionary measure) of the profit derived by the organisation from the offence, including for equivalent amounts⁴;
- publication of the judgment (in the event of the application of a disqualification sanction⁵): this consists of the publication of the judgment once only, in full or in extracts at the expense of the entity, in one or more newspapers indicated by the judge in the judgment and by posting in the municipality where the entity has its head office.

1.1.2 Offences

The types of offence relevant for the purposes of the Decree and subsequent additions may be included in the following categories:

- offences against the Public Administration⁶;
- computer crimes and unlawful processing of data⁷;
- organised crime offences⁸;
- offences against public faith⁹ relating to forgery of money, public credit cards, revenue stamps and instruments or signs of recognition;
- offences against industry and trade¹⁰;
- corporate offences¹¹;
- crimes of terrorism and subversion of the democratic order¹²;
- practices of female genital mutilation¹³;
- offences against the individual, such as the exploitation of child prostitution, child pornography, including via the Internet, solicitation of minors, trafficking in human beings and enslavement¹⁴;
- market abuse¹⁵;
- culpable homicide and grievous and very grievous bodily harm, committed in breach of the rules on accident prevention and health and safety at work¹⁶;
- handling stolen goods, money laundering and use of money, goods or benefits of criminal origin; self-laundering¹⁷;
- copyright infringement offences¹⁸;
- the offence of inducing people not to make statements or to make false statements to the judicial authorities¹⁹;
- environmental crimes²⁰;

⁴ The profit of the crime has been defined by the United Sections of the Court of Cassation (see Criminal Court of Cassation, S.U., 27 March 2008, no. 26654) as the economic advantage of direct and immediate causal derivation from the offence, and concretely determined net of the actual utility possibly obtained by the injured party in the context of the synallagmatic relationship with the body; the United Sections specified that any business-type parameter must be excluded from this definition, so that the profit cannot be identified with the net profit realised by the body (except in the case, provided for by law, of receivership of the body). According to the Court of Naples (order of 26 July 2007), the concept of profit does not include the loss of assets caused by the failure to pay out sums for costs that should have been incurred.

⁵ Art. 18, Section II.

⁶ Articles 24 and 25, Chapter I, Section III "Administrative liability for offences" of the Decree.

⁷ Art. 24-bis, Section III.

⁸ Art. 24-ter, Section III.

⁹ Art. 25-bis, Section III.

¹⁰ Art. 25-bis1, Section III.

¹¹ Article 25-ter, Section III.

¹² Art. 25-quater, Section III.

¹³ Art. 25-quarter1, Section III.

¹⁴ Art. 25-quinquies, Section III.

¹⁵ Art. 25-sexies, Section III.

¹⁶ Art. 25-septies, Section III.

¹⁷ Art. 25-octies, Section III.

¹⁸ Art. 25-novies, Section III.

¹⁹ Art. 25-decies, Section III.

²⁰ Art. 25-undecies, Section III.

- the crime of employment of third-country nationals illegally staying in Italy, if it constitutes an offence²¹;
- transnational crimes²²;
- offences of procuring unlawful entry and aiding and abetting illegal stay²³;
- racism and xenophobia²⁴;
- fraud in sporting competitions and unlawful gaming or betting activities and games of chance by means of prohibited devices²⁵;
- tax offences²⁶;
- smuggling and customs offences²⁷.

1.1.3 Offences committed abroad

The liability provided for in the aforementioned Decree also applies in relation to offences committed abroad in the cases provided for in Articles 7, 8, 9 and 10 of the Criminal Code and provided that the State of the place where the offence was committed does not prosecute for them.

1.2 The adoption of the "Organisation and Management Model" as the company's duty to prevent, as far as possible, the commission of the offences provided for in the Decree

Article 6 of the Decree provides for a particular form of exoneration from the liability in question if the entity proves:

- a) to have adopted and effectively implemented through its management body, before the commission of the offence, organisational and management models suitable to prevent offences of the kind committed;
- b) to have entrusted an internal body, endowed with autonomous powers of initiative and control, with the task of supervising the functioning of and compliance with the models, as well as ensuring that they are updated;
- c) that the persons who committed the offence acted by fraudulently circumventing the aforementioned organisation and management models;
- d) that there has been no omission or insufficient supervision by the body referred to in subparagraph (b) above.

The conditions listed above must be combined in order for the liability of the company to be excluded. The company's exemption from liability depends, therefore, on the adoption and effective implementation of a crime prevention model and the establishment of a Supervisory Board which is responsible for monitoring the compliance of the activity with the standards and procedures defined in the model.

Although the model acts as a cause of non-punishability, whether the predicate offence has been committed by a person in a senior position or by a person in a subordinate position, the Decree is much stricter and more severe where the offence has been committed by a person in a senior position, since, in such a case, the entity must prove that the offence has been

²¹ Art. 25-duodecies, Section III.

²² Law No 146 of 16 March 2006.

²³ Art. 25-duodecies, Section III.

²⁴ Art. 25-terdecies, Section III.

²⁵ Art. 25-quaterdecies, Section III.

²⁶ Art. 25-quinquiesdecies, Section III.

²⁷ Art. 25-sexiesdecies, Section III.

committed by fraudulently evading the model; the Decree requires a stronger proof of extraneousness since the entity must also prove some kind of internal fraud by senior persons.

In the case of offences committed by persons in a subordinate position, the company can only be held liable if it is established that the commission of the offence was made possible by failure to comply with management or supervisory obligations. In this case, it is a question of genuine fault in organisation: the company indirectly consented to the commission of the offence, by failing to supervise the activities and persons at risk of committing a predicate offence.

Adopting a model pursuant to the Decree is not compulsory under the law, although, on the basis of the criteria for attributing the offence to the entity, it is the only tool which, if effectively implemented, can possibly prevent the entity from being involved in the commission of the offences provided for in the Decree.

It follows, therefore, that the adoption of an effective and efficient model is in the interest of society.

The mere adoption of the model is not a sole and sufficient condition for the exclusion of the company's liability; the Decree merely regulates certain general principles, without however providing specific characteristics. The model operates as a cause of non-punishability only if:

- effective, i.e. reasonably capable of preventing the offence(s) committed;
- effectively implemented, i.e. whether its content is applied in company procedures and in the internal control system.

As regards the effectiveness of the model, the Decree provides that it must have the following minimum content:

- the activities of the company in which offences may be committed are identified;
- there are specific protocols aimed at planning the formation and implementation of the company's decisions, in relation to the offences to be prevented;
- methods of managing financial resources are identified which are suitable for preventing the commission of offences;
- a disciplinary system is introduced to sanction non-compliance with the measures indicated in the model;
- there are obligations to provide information to the Supervisory Board;
- in relation to the nature and size of the organisation, as well as the type of activity carried out, appropriate measures are taken to ensure that the activity is carried out in compliance with the law and to detect and eliminate risk situations in a timely manner.

1.3 Guidelines drawn up by Confindustria

The Decree provides that organisation and management models may be adopted, guaranteeing the above requirements, on the basis of guidelines drawn up by the associations representing the category and judged suitable by the competent ministries. In this regard, in 2002 Confindustria issued its "Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree 231/01" ("**Guidelines**"), updated over the years, which can be summarised as follows

- identification of risk areas, aimed at verifying in which area/sector of the company the offences provided for in the Decree may be committed;
- setting up a control system capable of preventing the risks of the above-mentioned offences being committed through the adoption of specific protocols.

CAPITOLO 2

DESCRIPTION OF THE COMPANY - ELEMENTS OF THE GOVERNANCE MODEL

2.1 Company activities

Manucor S.p.A. (the "**Company**" or "**Manucor**") is a company incorporated under the laws of Italy, with registered office in Milan (MI) and production plant in Sessa Aurunca (CE), active in the production and marketing of polypropylene films for flexible *packaging* and labels.

2.2 Brief description of the corporate structure

The Company's corporate governance system is currently structured as follows:

Board of Directors

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, excluding the powers expressly attributed by law to the decision of the shareholders.

The Company has adopted a functional organisational structure, better described in the attached organisational chart (Annex 1 "Organigram").

With reference to the tasks of the main functions or *process owners*, it is specified that:

- the Chief Executive Officer is the legal representative of the Company with powers of ordinary and extraordinary administration with the exclusion of certain matters reserved for the exclusive competence of the Board of Directors;
- the Chief Financial Officer is responsible for managing the financial and accounting divisions of the Company;
- The Human Resources Manager is responsible for the selection and management of the company's staff;
- the Marketing & Sales Manager is responsible for managing commercial and contractual relations with customers;
- the Supply Chain & IT Manager supervises and ensures the operation of everything that is part of the company's logistics and checks that the *information technology* systems are kept up and running;
- the Operation Manager has the task of ensuring the efficiency of production processes and encouraging their improvement in full compliance with the regulations on workers' health and safety.

Social management is subject to first level control by the staff involved in sensitive activities; in addition, support, verification and control activities by external professionals in the field of *governance* and corporate accounting are envisaged.

In addition, the attention and the progressive implementation of the principle of "*segregation of duties*" by the Company is highlighted, in order to allow the introduction of preventive internal control systems.

CAPITOLO 3

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL AND THE METHODOLOGY FOLLOWED IN ITS PREPARATION

3.1 Methodology

The adoption of an organisational, management and control model in accordance with the Decree (hereinafter also referred to as the "**Model**"), together with the simultaneous presence of the Code of Ethics (Annex 2, hereinafter referred to as the "**Code**"), in addition to representing a reason for exempting the Company from liability with regard to the commission of certain types of offence, is an act of social responsibility, from which benefits accrue to all stakeholders: employees, creditors and all other parties whose interests are linked to the Company's fortunes.

The introduction of an additional control system, together with the establishment and dissemination of ethical principles, improving the *standards of* conduct adopted by the Company, increases the Company's trust and reputation with third parties, but, above all, fulfils a regulatory function. These tools, in fact, help to regulate the behaviour and decisions of those who, on a daily basis, are called upon to operate in the name of or on behalf of the Company.

Manucor has, therefore, intended to initiate a series of activities aimed at creating and adopting its own organisational model that complies with the requirements of the Decree and is consistent with both the principles already rooted in its *governance* culture and the indications contained in the Guidelines. To this end, a process aimed at adopting and implementing the Model (hereinafter the "**Project**") has been activated, taking into account the evolution of legislation and practice, as well as the company reality and organisational structure of Manucor.

The methodology chosen to carry out the Project, in terms of organisation, definition of operating methods, structuring in phases, assignment of responsibilities among the various company functions, was developed in order to guarantee the quality and authority of the results. The Project was divided into the following phases which are summarised below:

Stages	Activities
<i>Phase 1</i>	<i>Launch of the Project and identification of the processes and activities in which the offences referred to in Legislative Decree 231/01 may be committed</i> Collection and analysis of documentation and preliminary identification of the processes/activities in the context of which the offences referred to in the Decree may in abstract terms be committed (so-called "sensitive" processes/activities).
<i>Phase 2</i>	<i>Identification of process owner or key officers</i> Identification of the persons in the Company who, on the basis of their functions and responsibilities, have in-depth knowledge of the sensitive areas/activities, as well as of the control mechanisms currently in place, in order to determine the areas of intervention and a detailed interview plan.
<i>Phase 3</i>	<i>Analysis of sensitive processes and activities</i> Identification and analysis of sensitive processes and activities and existing control mechanisms, with particular attention to preventive controls and other <i>compliance</i> elements/activities.
	<i>Identification of control protocols</i>

<i>Phase 4</i>	Identification of the organisational requirements characterising a suitable organisation, management and control model pursuant to the Decree and of the control protocols with a preventive function, taking into account the procedures and practices already existing in Manucor.
<i>Step 5</i>	<i>Definition of the organisation, management and control model.</i> Definition of the organisational, management and control model pursuant to the Decree with all its components and operating rules.

3.2 Purpose and structure of the Model: General Section and Special Sections according to the different offence hypotheses

The Model pursues the objective of setting up a structured and organic system of procedures and control activities, aimed at preventing, as far as possible, the commission of conduct that may constitute the offences covered by the Decree.

Through the identification of sensitive activities and their consequent proceduralisation, the intention is, on the one hand, to determine a full awareness in all those who work in the name and on behalf of Manucor that they may incur in an offence punishable by sanction; on the other hand, thanks to constant monitoring of the activity, to allow the Company to intervene promptly to prevent or counteract the commission of offences.

The Model is divided into this "General Part", which contains a description of the activity carried out by the Company and the definition of the structure necessary for the implementation of the Model, such as the functioning of the Supervisory Body and the sanctioning system, and into "Special Parts", the content of which consists of the identification of the activities that may be at risk for the commission of the offences provided for by the Decree, with the provision of the relevant control protocols. In particular, the structure of the Model with the provision of "Special Sections" allows for timely updating, through appropriate additions, should the legislator intend to include further relevant criminal offences.

Within each of the macro-areas taken into consideration, the sensitive activities and the control tools adopted for prevention are described. These tools are binding for the recipients of the Model, as defined below, and consist of obligations to do (compliance with procedures, reporting to control bodies) and obligations not to do (compliance with prohibitions), which are also expressly mentioned. Compliance with these obligations has a precise legal value; in the event of violation of these obligations, Manucor will react by applying the disciplinary system provided for in this document.

The Special Parts must also be related to the behavioural principles contained in the company procedures and in the Code of Ethics that guide the conduct of the recipients in the various operational areas, with the aim of preventing misconduct or conduct that is not in line with Manucor's directives. The special parts are as follows:

- Special Section A - Crimes in relations with the Public Administration;
- Special Section B - Offences related to violation of copyright;
- Special Section C - Corporate crimes;
- Special Section D - Culpable offences in violation of health and safety regulations at work;
- Special Section E - Offences of money laundering, receiving stolen goods and self laundering;
- Special Section F - Crimes related to immigration.

- Special Section G - Tributary Crimes;
- Special Section H - Smuggling offences;
- Special Section I - Instrumental Processes.

With reference to the other "predicate offences" for the administrative liability of Entities under the Decree, such as, by way of example, counterfeiting, crimes against the individual (slavery and child pornography), computer crimes, environmental crimes offences with the purpose of terrorism or subversion of the democratic order, transnational offences, association offences, organised crime offences, offences against industry and trade, *market abuse* offences, the offence of inducing people not to make or to make false statements to the judicial authority, racism and *xenophobia* offences, the offences of fraud in sporting competitions and unlawful gaming or betting, it should be noted that in relation to these offences, although taken into account in the preliminary analysis phase, no sensitive activities or processes have been identified (following subsequent analysis and considerations and interviews with key corporate figures), as it is considered that the risk of these offences materialising may be negligible and, therefore, no specific rules and/or procedures are envisaged, without prejudice, however, to the provision of reference to conduct that respects the principles contained in the Code.

In the event that it becomes necessary to proceed with the issuance of additional Special Sections, in relation to new cases of offences relating to the Company's *business* area that in the future will be included in the scope of application of the Decree, the Board of Directors of Manucor shall have the power to integrate this Model by means of a specific resolution.

3.3 Addressees of the Model

The Model and the relative General Section and Special Sections are addressed to the directors and employees (hereinafter referred to as "**Company Representatives**") of Manucor, as well as to external collaborators and those who work with the Company (hereinafter all referred to as "**Recipients**"). In particular, the objective of the Special Sections is that all the Recipients, as identified above, adopt rules of conduct in accordance with the provisions of each of them, in order to prevent the occurrence of the offences provided for in the Decree.

CAPITOLO 4

THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/01

4.1 Identification of the Supervisory Board

According to the provisions of the Decree (Article 6(1)(a) and (b)), the entity may be exempted from liability for the commission of the offences set out in the Decree if it has, inter alia, entrusted the task of continuously monitoring the operation of and compliance with the Model and ensuring that it is updated to a body with autonomous powers of initiative and control, the requirements of which (as also suggested by the Guidelines) are:

- **autonomy and independence**
 - absence of conflicts of interest, even potential ones, with Manucor;
 - possession of autonomous powers of initiative and control;
 - non-allocation of operational tasks within Manucor;
 - position of direct reference to the Board of Directors ;

- **professionalism** understood as:
 - possession of appropriate specialist skills;
 - the provision of specialised tools and techniques to enable them to carry out their work, including through the use of external consultants;

- **continuity of action in the sense of:**
 - term of office independent of that of the other corporate bodies;
 - periodicity of controls.

4.2 Establishment, appointment and replacement of the Supervisory Board.

The Supervisory Board (hereinafter also referred to as "**SB**") of Manucor is established by resolution of the Board of Directors and remains in office for the period established at the time of appointment: it may be single or multi-member. The Supervisory Board lapses on the date established in the deed of appointment, although it continues to perform its functions *ad interim* until the new appointment. The Board of Directors has the right to convene the Supervisory Board at any time.

Appointment as a member of the SB is conditional on the presence of the subjective requirements of honour, integrity and respectability, as well as the absence of causes of incompatibility with the appointment itself, and potential conflicts of interest with the role and tasks to be performed. It follows that, at the time of appointment, each person appointed to serve as a member of the SB must issue a statement certifying the absence of grounds for incompatibility, such as those listed in the previous paragraph, expressly undertaking to notify any changes to the content of that statement. These rules also apply if a member of the SB is replaced.

In addition to the natural expiry of the term of office, the appointment may only be revoked and assigned to a different person for just cause, including in connection with objective measures to reorganise the Company, by means of a specific resolution of the Board of Directors. A "just cause" for revocation of the appointment of the Supervisory Board includes, by way of example and without limitation

- serious negligence in the performance of the duties connected with the assignment, such as failure to draw up an annual summary report on the activities carried out;

- the "*omitted or insufficient supervision*" by the Supervisory Body - as provided for in Article 6, paragraph 1, letter d), of the Decree - resulting from a conviction, even if not final, issued against Manucor pursuant to the Decree or from a judgment of application of the penalty on request (the so-called plea bargaining);
- in the case of an internal member, the assignment of operational functions and responsibilities within the company organisation which are incompatible with the requirements of "*autonomy and independence*" and "*continuity of action*" of the Supervisory Board. In any case, any provision of an organisational nature concerning him (e.g. termination of employment, transfer to another position, dismissal, disciplinary measures, appointment of a new manager) must be examined and acknowledged by the Board of Directors;
- in the case of an external member, serious and established grounds for incompatibility which undermine his independence and autonomy;
- the loss of even one of the eligibility requirements.

Any decision concerning individual members or the entire Supervisory Board concerning removal or replacement is the sole responsibility of the Board of Directors.

The Supervisory Board shall draw up its own Rules of Procedure, approving their contents and submitting them to the Board of Directors at the first meeting following its appointment.

4.3 Economic resources allocated to the Supervisory Board

Each year, the Board of Directors allocates an expenditure *budget* to the Supervisory Board, taking into account the latter's requests.

The allocation of the *budget* allows the Supervisory Board to operate autonomously and with the appropriate tools to effectively perform the task assigned to it by this Model, in accordance with the provisions of the Decree.

4.4 Functions and powers of the Supervisory Board

In carrying out the tasks entrusted to it, the Supervisory Board may avail itself, under its direct supervision and responsibility, of the collaboration of all the Company's functions and structures, or of external consultants. This power allows the SB to ensure a high level of professionalism and the necessary continuity of action.

The Supervisory Board has autonomous powers of initiative, intervention and control, which extend to all Manucor's sectors and departments, and which must be exercised in order to effectively and promptly carry out the functions provided for in the Model and its implementing rules.

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

- supervise the functioning of the Model, both with regard to the prevention of the commission of the offences referred to in the Decree and with reference to the capacity to bring to light the occurrence of any unlawful conduct;
- carry out periodic inspections and controls - with a frequency of time and method predetermined by its own programme of supervisory activities - and unannounced controls, in view of the various sectors of intervention or types of activity and their critical points, in order to verify the efficiency and effectiveness of the Model;
- have free access to any Manucor management and unit - without the need for any prior consent - to request and acquire information, documents and data, deemed necessary for the performance of the duties provided for by the Decree, from all employees and managers. In the event of a reasoned denial of access to documents, the Supervisory

Board shall draw up a report to be sent to the Board of Directors, if it does not agree with the reason given;

- request relevant information or the production of documents, including electronic ones, relevant to risk activities, from directors, control bodies, collaborators, consultants and in general from all persons required to comply with the Model;
- to take care of, develop and promote the constant updating of the Model, formulating, where necessary, proposals to the entity for any updates and adjustments that may be necessary as a result of: i) significant violations of the provisions of the Model; ii) significant changes in the structure of Manucor and/or the way in which the business activities are carried out; iii) regulatory changes;
- supervise compliance with the provisions of the Model, in relation to the different types of offences covered by the Decree and subsequent laws that will extend its scope, verify compliance with the procedures laid down in the Model and detect any behavioural deviations that may emerge from the analysis of information flows and reports received;
- ensuring that the mapping and identification of sensitive areas are periodically updated;
- maintaining a link with the supervisory bodies (sole auditor, board of auditors, auditing company), when appointed, as well as with other consultants and collaborators involved in the implementation of the Model;
- liaise with and ensure the flow of information to the Board of Directors;
- promote communication and training on the contents of the Decree and the Model, on the impact of the legislation on the company's activities and on the rules of conduct, also establishing controls on the frequency and, if necessary, differentiated programmes for those working in the various sensitive activities;
- verify that an effective internal communication system is in place to allow the transmission of relevant information for the purposes of the Decree, guaranteeing the protection and confidentiality of the reporter;
- provide clarification on the meaning and application of the provisions contained in the Model;
- formulate and submit to the approval of the Board of Directors the expenditure forecasts necessary for the proper performance of the tasks assigned, with absolute independence. The SB can autonomously commit resources that exceed its spending powers, if the use of such resources is necessary to deal with exceptional and urgent situations. In these cases, the SB must inform the Board of Directors in the meeting immediately following;
- promptly report, for the appropriate measures, any ascertained violations of the Model that may entail a liability for Manucor;
- promote the initiation of any disciplinary proceedings and propose any sanctions referred to in Chapter 7 of this Model;
- verify and assess the suitability of the disciplinary system pursuant to and for the purposes of the Decree.

4.5 Functions of the Supervisory Board: *Reporting to corporate bodies*

The Supervisory Board reports on the implementation of the Model, on the emergence of any critical aspects, on the need for amendments and, to this end, prepares *inter alia*:

- i) on an annual basis, a report summarising the activities carried out during the current year and a plan of the activities planned for the following year, to be submitted to the Board of Directors;
- ii) immediately, a communication relating to the occurrence of extraordinary situations (e.g. significant violations of the principles contained in the Model, legislative innovations

concerning the administrative liability of entities, etc.) and in the event of reports received which are of an urgent nature, to be submitted to the Chairman of the Board of Directors. Meetings with Manucor must be documented in minutes.

4.6 Collection and storage of information

All information, notifications, reports provided for in the Model are kept by the Supervisory Board in a special archive (computerised or on paper) for a period of at least 10 years.

CAPITOLO 5

INFORMATION FLOWS TO THE ODV

5.1 Information obligations towards the Supervisory Board

The obligations to provide information to the Supervisory Board relate to:

- information, data, news, documents enabling the Supervisory Board to carry out its control activities in an informed manner;
- reports of events that could give rise to liability of the Company under the Decree.

All Addressees of the Model are subject to these obligations.

5.1.1 Information flows

The Supervisory Board, also through the definition of a procedure, may establish the types of information which the persons in charge involved in the management of sensitive activities must transmit, together with the frequency and manner in which such communications are forwarded to the Supervisory Board.

The corporate functions operating within the scope of sensitive activities must transmit to the Supervisory Board information concerning:

- the periodic results of the control activities carried out by them in implementation of the Model, also on request (summary reports of the activities carried out, etc.);
- any anomalies or atypicalities found in the available information.

The information may include, but is not limited to:

- operations falling within the scope of sensitive activities (e.g. information on new staff recruitment or use of financial resources for the purchase of goods or services or other activities, etc.);
- measures and/or information from the judicial police, or any other authority, which indicate that investigations are being carried out, even against unknown persons, for offences covered by the Decree and which may involve Manucor;
- requests for legal assistance made by employees in the event of legal proceedings being initiated against them and in relation to the offences referred to in the Decree, unless expressly prohibited by the judicial authority;
- reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions with critical profiles could emerge with respect to compliance with the rules and provisions of the Model;
- information on disciplinary proceedings carried out and any sanctions imposed (including measures taken against employees) or measures to dismiss such proceedings and the reasons for such dismissal;
- any other information which, although not included in the above list, is relevant for the purposes of correct and complete supervision and updating of the Model.

Information flows should be sent to the Supervisory Board by means of transmission of the documentation to the dedicated e-mail box.

5.1.2 Reporting - Whistleblowing

The obligation to provide information on any unlawful conduct, relevant to the Decree or carried out in violation of the Model, the Code or other company protocols governing

sensitive activities, which has come to one's knowledge by reason of the functions performed, falls within the broader duty of diligence and duty of loyalty of the employee.

As regards consultants or external collaborators, etc., there must be a contractual obligation to inform them immediately if they receive, directly or indirectly, from an employee/representative of Manucor a request for conduct that could lead to a violation of the Model.

Therefore, all company staff, both senior and subordinate, as well as external recipients of this document, are obliged to communicate directly with the Supervisory Board to report cases of commission of offences, circumstances of unlawful conduct relevant under the Decree and based on precise and concordant facts, any violations of the Model, as well as any episodes of deviation from the principles of conduct provided for by the Model itself and by the Code, of which they have become aware by reason of their functions, through several alternative channels of communication suitable for guaranteeing, by computerised means, the confidentiality of the identity of the reporting person, as provided for by art. 6, paragraph 2 bis, letter b) of the Decree.

Content of alerts

For the purposes of the above, the whistleblower is required to provide all the elements known to him, which are useful to verify, with due verification, the facts reported. In particular, the report must contain the following essential elements:

- Subject matter: a clear description of the facts to be reported is required, with an indication (if known) of the circumstances of time and place in which the facts were committed/permitted.
- Reported person: the reporting person must provide personal details or other elements (such as the company function/role) enabling the alleged perpetrator of the unlawful conduct to be easily identified.

In addition, the whistleblower may indicate the following further elements: (i) his personal details, if he does not wish to avail himself of the right to keep his identity confidential; (ii) an indication of any other persons who may be able to report on the facts narrated; (iii) an indication of any documents that may confirm the validity of those facts.

Reports, even when anonymous, must always have a content that is relevant under the Decree. Anonymity may in no way be used as a means of giving vent to disagreements or disputes between employees. It is also prohibited:

- the use of insulting expressions;
- the submission of reports for purely defamatory or libellous purposes;
- the submission of reports that relate exclusively to aspects of private life, without any direct or indirect connection with the company's business. Such reports will be considered even more serious when referring to sexual, religious, political and philosophical habits and orientations.

In a nutshell, each report must have as its sole purpose the protection of the integrity of the Company or the prevention and/or repression of unlawful conduct as defined in the Model.

Communication channels

The channels of communication with the Supervisory Board that follow, in accordance with the legislation on *Whistleblowing*, guarantee the confidentiality and protection of the *whistleblower*, including from any retaliation. In addition, the Company monitors the career development of any whistleblowers to ensure that they are not subjected to discriminatory treatment, and imposes disciplinary sanctions, based on the seriousness of the facts, and in any case in the light of the criteria set out in Chapter 7 of the Model, on anyone who breaches the whistleblower protection measures and on whistleblowers who maliciously or grossly negligently report facts which later prove to be unfounded.

The following channels are provided:

Ordinary mail: On the envelope, in addition to the indication Avv. Francesco Fiore, Presidente dell'Organismo di Vigilanza di Manucor S.p.A., via Cino del Duca n. 5, 20121 Milan, it must be clearly marked "*Strictly confidential. Employee disclosure*", in order to guarantee maximum confidentiality.

Mailbox: OdV@manucor.com

Further channels identified and activated in compliance with the provisions of Article 6(2-bis) of the Decree.

Handling of alerts

As indicated above, the Supervisory Board adopts appropriate measures to ensure the confidentiality of the identity of those who transmit information to the Board. However, behaviour aimed exclusively at slowing down the activity of the Surveillance Body must be appropriately sanctioned. The Company guarantees whistleblowers in good faith against any form of retaliation, discrimination or penalisation and, in any case, the confidentiality of the identity of the whistleblower is ensured, without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly accused or accused in bad faith²⁸.

For the above purposes, the Supervisory Board collects and stores the reports received in a special archive (computerised and/or on paper) accessible only to the latter. The Supervisory Board assesses, at its discretion and under its responsibility, the reports received and the cases in which it is necessary to take action. Decisions on the outcome of the assessment must be justified in writing.

²⁸ It should be noted that the rights referred to in Articles 15 to 22 of the GDPR (679/2016) cannot be exercised by request to the data controller, if the exercise of such rights may result in actual and concrete prejudice to the confidentiality of the identity of the employee who reports, pursuant to Law No. 179 of 30 November 2017, the unlawful act of which he has become aware by reason of his office.

CAPITOLO 6

TRAINING AND COMMUNICATION PLAN

6.1 Foreword

Manucor, in order to effectively implement the Model, intends to ensure the proper dissemination of its contents and principles within and outside its organisation, communicating the contents and principles of the Model not only to its employees, but also to persons who, although not formally employees, work - on an ongoing basis - to achieve the objectives of Manucor.

Manucor, in fact, means:

- determine, in all those who work in its name and on its behalf in sensitive activities, the awareness that they may incur, in the event of violation of the provisions contained therein, in an offence punishable by sanctions;
- inform all those who work in any capacity in its name, on its behalf or in its interest that the violation of the provisions contained in the Model will result in the application of appropriate penalties or the termination of the contractual relationship as they involve a breach of the duties of loyalty, fairness and diligence that arise from the legal relationships established by Manucor;
- reiterate that Manucor does not tolerate unlawful conduct of any kind and for any purpose whatsoever, since such conduct (even if Manucor is apparently in a position to benefit from it) is in any case contrary to the ethical principles to which Manucor intends to adhere.

The communication and training activity must be diversified according to the addressees to whom it is addressed and must, in any case, be based on principles of completeness, clarity, accessibility and continuity in order to allow the various addressees full knowledge and awareness of those corporate provisions which they are required to comply with and of the ethical rules which must inspire their conduct.

Communication and training activities are supervised by the SB, as part of its tasks.

Training initiatives may also take place at a distance through the use of IT systems (e.g. video conferencing, *e-learning*).

6.2 Making the Model and Code available

In order to guarantee an effective and rational communication and training activity, Manucor promotes knowledge of the contents and principles of the Model and the implementation procedures to all employees, i.e. both managerial/managerial and non-managerial staff and all external collaborators with stable relations, with a level of detail that varies according to the position and role held.

The Model and the Code are made available to employees (including new recruits) and external collaborators on the Company's website (<https://www.manucor.com/legal/>).

A copy of the Model shall be made available to the members of the corporate bodies and to persons with representative functions in Manucor when they accept their office. Suitable communication and training tools shall be adopted to update them on: i) any amendments to the Model; ii) significant procedural, regulatory or organisational changes.

Third parties, external to Manucor, shall be provided with a letter of information on the adoption of the Model, on the consequences of non-compliance with the Model, and shall be invited to view the copy available on the website.

The Company will continue to include specific clauses governing these consequences in the contracts it negotiates and concludes.

CAPITOLO 7

DISCIPLINARY SYSTEM

7.1 General principles

Article 6(2)(e) and Article 7(4)(b) of the Decree indicate, as a condition for the effective implementation of the Model, the introduction of a system suitable for sanctioning failure to comply with the measures indicated in the Model. Therefore, the definition of an adequate disciplinary and sanctioning system is an essential prerequisite for the effectiveness of the Organisation, Management and Control Model pursuant to the Decree.

The sanctions provided for shall be applied to any breach of the provisions contained in the Model, regardless of the conduct and outcome of any criminal proceedings initiated by the judicial authorities, if the conduct to be censured constitutes a relevant offence under the Decree.

The assessment and imposition of disciplinary sanctions shall be carried out in compliance with the procedures laid down in Article 7 of Law No. 300 of 30/5/1970 ("Workers' Statute") and any special applicable regulations, and shall take into account the principles of proportionality and adequacy with respect to the alleged violation. In this regard, the following circumstances are relevant:

- type of offence alleged;
- concrete circumstances in which the offence was committed;
- manner of commission of the conduct;
- gravity of the infringement, also taking into account the subjective attitude of the agent;
- possible commission of several violations in the same conduct;
- the possible involvement of several persons in the commission of the infringement;
- any recidivism on the part of the infringer.

7.2 Subjects

All employees, directors, collaborators of Manucor, as well as all those who have contractual relationships with the Company, within the scope of those relationships, are subject to the sanctions and disciplinary system set out in this Model.

The procedure for imposing the sanctions referred to in this Chapter shall take into account the particularities arising from the legal *status of* the person against whom proceedings are brought.

In any case, the Supervisory Board must be informed of the procedure for imposing disciplinary sanctions.

The Board of Directors is responsible for the concrete application of the disciplinary measures, which shall impose sanctions on the basis of any report by the SB, after hearing the non-binding opinion of the hierarchical superior of the author of the conduct censured. In any case, the Supervisory Board has the task of assessing the adequacy of the disciplinary system to meet the requirements of the Decree.

The Supervisory Board shall also ensure, in agreement with the members of the Board of Directors, that specific procedures are adopted for informing all the above-mentioned persons, as soon as their relationship with the Company arises, about the existence and content of this sanction system.

7.3 Sanctions against employees and managers

The CCNL for employees in the rubber, electrical cable and related industries and the plastics industry applies to the Company's employees classified as clerical and managerial staff.

Any conduct by non-management personnel in breach of the individual rules of conduct set out in this Model shall constitute disciplinary offences, also in compliance with and in application of the provisions of the CCNL; furthermore, the sanctions that may be imposed shall also be those provided for in the CCNL, in compliance with the procedures laid down in the Workers' Statute and any special regulations applicable.

The sanctions provided for therein are: verbal warning, written warning, a fine not exceeding the amount corresponding to three hours' pay, suspension from work and pay for a period not exceeding three days' actual work, dismissal.

The type and extent of each of the above penalties shall be determined in relation to:

- the intentionality of the conduct or the degree of negligence, carelessness or inexperience, having regard also to the foreseeability of the event;
- the worker's overall conduct with particular regard to the existence or otherwise of any disciplinary record of the worker, within the limits allowed by law;
- to the worker's duties;
- the functional position of the persons involved in the facts;
- other particular circumstances accompanying the disciplinary infringement.

This is without prejudice to the Company's prerogative to claim damages arising from an employee's breach of the Model.

7.4 Measures against managers/staff with management functions

Manucor managers, in the performance of their professional activities, are obliged both to comply with, and to ensure that their collaborators comply with, the provisions contained in the Model. The adherence of managers to the principles and rules contained in the Model will constitute an element of professional evaluation that may be reflected in their career path.

The following shall be considered punishable, by way of example but not limited to, for violation of the provisions contained in the Model: unlawful conduct by the manager, who

- omits to supervise the staff employed by him/her, in order to ensure compliance with the provisions of the Model for the performance of activities in areas at risk of offence and for activities instrumental to operational processes at risk of offence;
- fails to report failures to comply with and/or anomalies relating to the fulfilment of the obligations set out in the Model, should he become aware of them, such as to render the Model ineffective with the consequent potential danger for Manucor of the imposition of sanctions under the Decree;
- fails to report to the Supervisory Board any criticalities relating to the performance of activities in the areas at risk of offence, discovered during monitoring by the competent authorities;
- commits one or more violations of the provisions of the Model, such as to lead to the commission of the offences covered by the Model, thus exposing Manucor to the application of sanctions under the Decree.

In the event of violation of the provisions and rules of conduct contained in the Model by a manager, the Company shall take the most appropriate measures against him/her in accordance with the law and the applicable CCNL. As a general rule, particular attention shall be paid to any damage to the special relationship of trust between the Company and the manager which might arise from the breach of the Model.

7.5 Measures against Directors and Auditors (if appointed)

In the event of violation of the Model by one or more directors and/or auditors (if appointed), the Supervisory Board shall inform the Chairman of the Board of Directors, if not directly involved, who, in accordance with the powers provided for by the law and/or the Articles of Association, shall take the appropriate measures including, if necessary, calling a shareholders' meeting in order to adopt the most suitable measures.

In the event of violation of the Model by the Chairman of the Board of Directors, the Supervisory Board may directly request that the shareholders' meeting be convened in order to adopt the most appropriate measures.

7.6 Measures against consultants and external collaborators

The adoption by consultants or external collaborators (both in the case of stable and occasional collaborative relationships), however they are called, or other persons having contractual relationships with Manucor, of behaviour that is in contrast with the precepts contained in the Decree, the Model or the Code shall be sanctioned in accordance with the provisions of the specific contractual clauses that shall be included in the relevant contracts.

With these clauses, the third party undertakes to adopt and effectively implement company procedures and/or to behave in such a way as to prevent the commission, even attempted, of the offences in relation to which the sanctions laid down in the Decree apply. Any breach, even partial, of this obligation is sanctioned with the right of Manucor to suspend the execution of the contract and/or unilaterally withdraw from the same, even during its execution, possibly providing for penalties, or to terminate the same contract, without prejudice in any case to Manucor's right to compensation for any damages suffered. These penalties must be communicated to the Supervisory Board.

7.7 Measures in application of the Whistleblowing discipline

In accordance with the provisions of Article 6(2-bis)(d) of the Decree, the sanctions referred to in the preceding paragraphs, in compliance with the principles and criteria set out therein, shall also be applied to anyone who breaches the measures for the protection of the reporting party, as well as to anyone who makes reports which turn out to be unfounded with malice or serious misconduct.

In particular, retaliation against the person making the report in good faith constitutes a serious disciplinary offence which will be sanctioned in accordance with the procedures set out in the preceding paragraphs. The adoption of discriminatory measures against whistleblowers may be reported to the National Labour Inspectorate, for the measures falling within its competence, not only by the whistleblower, but also by the trade union indicated by the whistleblower. Retaliatory or discriminatory dismissal of the whistleblower is null and void. Also null and void is the change of duties pursuant to Article 2103 of the Civil Code, as well as any other retaliatory measure, as well as any other retaliatory or discriminatory measure taken against the whistleblower.

It is the responsibility of the employer, in the event of disputes related to the imposition of disciplinary sanctions, or to demotions, dismissals, transfers, or subjecting the whistleblower to other organisational measures having direct or indirect negative effects on working conditions, after the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself.

Any abusive use of reporting channels is also prohibited. The identity of the person making the report is not protected in the case of reports that are manifestly unfounded and deliberately prearranged with the aim of damaging the person making the report or the Company. In this case too, such conduct constitutes a serious disciplinary violation and is sanctioned in accordance with the procedures set out above.

CAPITOLO 8

ADOPTION OF THE MODEL - CRITERIA FOR UPDATING AND ADAPTING THE MODEL

8.1 Checks and controls on the Model

The Supervisory Board must draw up an annual supervisory programme through which it plans, in principle, its activities, providing for: a calendar of activities to be carried out during the year, the determination of the time frames of the checks, the identification of the criteria and procedures for analysis, the possibility of carrying out unscheduled checks and controls. In carrying out its activities, the Supervisory Board may make use of both the support of Manucor's internal functions and structures with specific competences in the company sectors that are subject to control from time to time, and, with reference to the execution of the technical operations necessary for carrying out the control function, of external consultants. In this case, the consultants must always report the results of their work to the Supervisory Board.

During audits and inspections, the Supervisory Board is granted the widest powers in order to effectively perform the tasks entrusted to it.

8.2 Updating and adaptation

The Board of Directors shall decide on the updating of the Model and its adaptation in relation to changes and/or additions that may become necessary as a result of:

- i) significant violations of the provisions of the Model;
- ii) changes in the internal structure of Manucor and/or the way in which it carries out its business activities;
- iii) regulatory changes;
- iv) control findings;
- v) detection of serious criminal offences committed even before the approval of the model.

The Board of Directors has exclusive competence in this area.

Once approved, the changes and the instructions for their immediate application are communicated to the Supervisory Board, which, in turn, will immediately make the changes operational and ensure the correct communication of their contents inside and outside Manucor.

The Supervisory Board shall also inform the Board of Directors of the outcome of the activities undertaken, by means of a specific report. The SB retains, in any case, precise tasks and powers regarding the care, development and promotion of constant updating of the Model. To this end, it makes observations and proposals to the Board of Directors. In particular, in order to ensure that changes to the Model are made with the necessary timeliness and effectiveness, without at the same time incurring defects in coordination between operational processes, the provisions contained in the Model and their dissemination, the Chairman of the Board of Directors has the task of periodically making changes to the Model that relate to aspects of a descriptive nature, informing the Board and the SB in a timely manner. The Board must ratify the amendments at the first useful meeting. It is specified that the expression "aspects of a descriptive nature" refers to elements and information that do not affect the substantial contents of the Special Parts of the Model and/or that derive from acts decided by the bodies of Manucor (such as amendments to the articles of association,

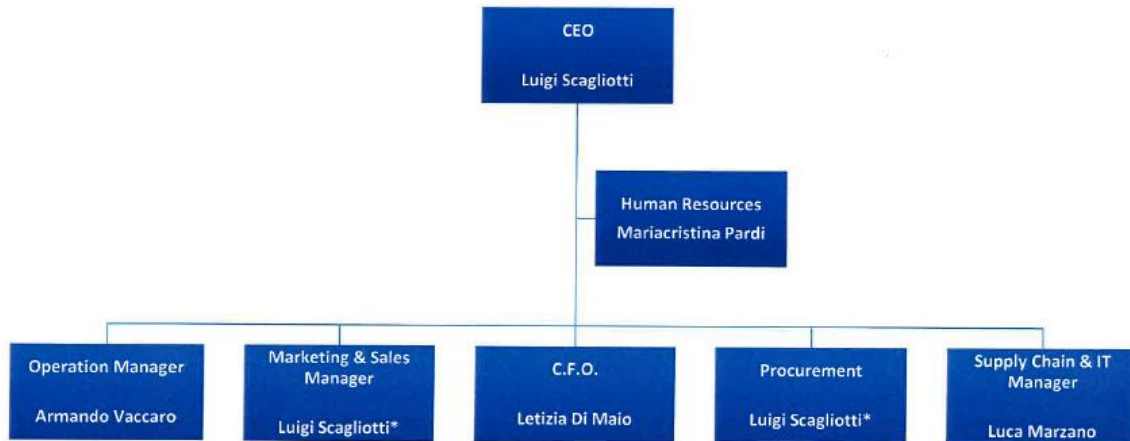
etc.) or by corporate functions with specific delegated powers (such as the redefinition of the organisational chart, etc.).

The Model shall, in any case, be subject to a periodic review procedure at least every three years.

Annex 1 - Organigram

The current version of the company organisation chart is attached.

Manucor Organizational chart



* Ad Interim

Sessa Aurunca, 01/07/2020

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MANUCOR S.p.A.
Amministratore Delegato
Dott. Luigi Scagliotti

Annex 2 - Code of Ethics

The Code of Ethics is attached.



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ultima versione.pdf

SPECIAL MODEL PARTS

1 SENSITIVE ACTIVITIES AND THE SYSTEM OF CONTROLS

Article 6(2)(a) of the Decree indicates, as one of the essential elements of the organisational and management models provided for by the Decree, the identification of the so-called "sensitive" or "at risk" activities, i.e. those corporate activities within the scope of which there might be a risk of one of the offences expressly referred to in the Decree being committed (hereinafter "**Sensitive Activities**").

Consequently, for each special section devoted to the macro-categories of offence potentially at risk, the Sensitive Activities, the relevant *process owners*, the crimes that can be committed and the preventive controls to be applied are identified.

In this regard, the control system, perfected by Manucor also on the basis of the indications provided by the main trade associations, such as the Guidelines, provides for the adoption of:

- general principles of conduct;
- specific" control protocols applied to individual Sensitive Activities.

The control protocols are based on the following general rules, valid for each special section, which must be complied with in the context of each sensitive activity identified:

- **Segregation of duties:** (taking into account the size of the company) prior and balanced distribution of responsibilities and provision of adequate levels of authorisation, suitable to avoid mixing of potentially incompatible roles or excessive concentration of responsibilities and powers in the hands of individual persons. In particular, the separation of activities and responsibilities between those who authorise, those who execute and those who control a given operation in sensitive activities must be guaranteed.
- **Rules:** existence of company provisions and/or formalised procedures suitable for providing principles of conduct, operating procedures for carrying out sensitive activities, as well as procedures for filing the relevant documentation. Manucor's *policies*, regulations and procedures form an integral part of the Model.
- **Authorisation** and signatory powers: authorisation and signatory powers must be: i) consistent with the organisational and management responsibilities assigned, including, where required, an indication of the approval thresholds for expenditure; ii) clearly defined and known within Manucor.
- **Traceability:**
 - each transaction relating to the sensitive activity must be properly recorded;
 - the process of decision-making, authorisation and performance of the sensitive activity must be verifiable *ex post*, also by means of appropriate documentary supports;
 - in any event, detailed rules must be laid down on the cases in which and the manner in which records may be deleted or destroyed.

The following Special Sections identify, for each Sensitive Activity, the relevant specific control protocols and list the general principles of conduct.

SPECIAL PART 'A' OFFENCES AGAINST THE PUBLIC ADMINISTRATION

1 Offences against the Public Administration

The Decree lists exhaustively the offences against the Public Administration which entail liability for organisations. They are:

- **misappropriation to the detriment of the State, other public body or the Community²⁹**: failure to allocate grants, subsidies or the like for the purposes for which they were intended;
- **undue receipt of contributions, financing or other disbursements from the State, another public body or an EU body³⁰** through the use of false documents or the issue of declarations stating things that are not true, or through the omission of due information;
- **fraud in public supply³¹**: the offence punishes those who commit fraud in the execution of supply contracts or in the performance of other contractual obligations arising from a supply contract concluded with the State, or with another public body, or with an undertaking providing public services or services of public necessity, by causing the lack, in whole or in part, of things or works which are necessary for a public establishment or a public service;
- **EU aid fraud in the agricultural sector³²**: this offence occurs when anyone who, by means of false data or information, wrongly obtains, for himself or for others, aid, premiums, allowances, refunds, contributions or other payments from the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development;
- **Aggravated fraud for obtaining public funds³³**: undue receipt of contributions, financing or other funds from the State, another public body or an EU body by means of artifice or deception other than the use of false documents, false statements or omission of due information;
- **aggravated fraud to the detriment of the State or another public body³⁴**: the use of artifice and deception to obtain an unfair profit to the detriment of the State or another public body;
- **computer fraud to the detriment of the State or another public body³⁵**: the alteration of the operation of a computer or telecommunications system, or the intervention without right in data, information or programmes contained in a computer system, in order to obtain an unfair profit to the detriment of the State or another public body;
- **extortion³⁶**, i.e. where a public official or a person in charge of a public service, abusing his position or powers, compels someone to give or promise unduly, to him or to a third party, money or other benefits;

²⁹ Article 316-bis of the Criminal Code

³⁰ Article 316-ter of the Criminal Code

³¹ Art. 356 c.p.

³² Art. 2 Law 898/1986

³³ Art. 640-bis c.p.

³⁴ Art. 640, paragraph 2, no. 1 of the Criminal Code

³⁵ Article 640-ter of the Criminal Code

³⁶ Art. 317 c.p.

- **bribery for the exercise of a function**³⁷, i.e. where a public official or a person in charge of a public service unduly receives, for himself or for a third party, money or other benefits, or accepts a promise thereof, in the exercise of his functions or powers;
- **bribery for an act contrary to official duties**³⁸, i.e. where the public official or the person in charge of a public service, in order to omit or delay or to have omitted or delayed an act of his/her office, or to perform or to have performed an act contrary to official duties, receives, for himself/herself or for a third party, money or another benefit, or accepts the promise thereof;
- **bribery in judicial**³⁹ proceedings: in both cases of bribery defined above, the case of a person receiving (or agreeing to receive) for himself or others money or other benefits in order to favour or damage a party to a civil, administrative or criminal trial;
- **undue induction to give or promise benefits**⁴⁰: i.e. where a public official or a person in charge of a public service, abusing his position or powers, induces someone to give or promise unduly, to him or to a third party, money or other benefits; criminal liability also extends to the person giving or promising money or other benefits;
- **incitement to bribery**⁴¹: in both cases of bribery defined above, where the public official does not agree to receive or the private individual refuses to give money or other benefits;
- **embezzlement**⁴²;
- **abuse of office**⁴³: The offence occurs when a public official or a public service officer, in the performance of his duties or service, in breach of the law or regulations, or by failing to abstain in the presence of his own interest or that of a close relative or in the other prescribed cases, intentionally procures for himself or others an unjust financial advantage or causes others unjust damage;
- **embezzlement, extortion, undue inducement to give or promise benefits, bribery and incitement to bribery of members of the International Criminal Court or organs of the European Union and of officials of the European Union and of foreign States**⁴⁴: the hypothesis envisaged by the legislator is that of the offences referred to under the heading committed against foreign officials;
- **trafficking in unlawful influence (Article 346-bis of the Criminal Code)**⁴⁵: this offence occurs when a person, taking advantage of existing relations with a public official or a public service appointee, unlawfully obtains the giving or promising, for himself or others, of money or another pecuniary advantage, as the price of his own unlawful mediation with the public official or the public service appointee or to remunerate him, in relation to the performance of an act contrary to his official duties or the omission or delay of an act of his office.

In order to better understand the terminology used in this paragraph, it is clarified that:

³⁷ Art. 318 and 320 c.p.

³⁸ Articles 319 and 320 of the Criminal Code.

³⁹ Article 319-ter of the criminal code.

⁴⁰ Art. 319-quater c.p.

⁴¹ Art. 322 c.p.

⁴² Article 314 of the Criminal Code

⁴³ Article 323 of the Criminal Code

⁴⁴ Art. 322-bis c.p.

⁴⁵ Art. 346-bis c.p.

- The term "Public Administration" ("P.A.") covers all those entities, public or private, which perform a *public function* or are entrusted with a *public service*;
- The term 'public function' refers to activities governed by rules of public law and by authoritative acts relating to the legislative function (State, Regions, Provinces with special status, etc.), the administrative function (members of State and territorial administrations, Police forces, members of supranational administrations, members of Authorities, Chambers of Commerce, etc.), the judicial function (judges, bailiffs, auxiliary bodies of the Administration of Justice such as receivers or liquidators, etc.). The *civil service* is characterised by the exercise of:
 - *authoritative* power, i.e. that power which allows the P.A. to achieve its ends by means of actual commands, in respect of which the private party is in a position of subjection. This is the activity in which the so-called imperial power is expressed, which includes both the power of coercion (arrest, search, etc.) and the power to challenge violations of the law (assessment of fines, etc.), and the power of hierarchical supremacy within public offices;
 - *certification power* is that which confers on the certifier the power to certify a fact with evidential effect;
- "public service" means activities:
 - governed by rules of public law;
 - characterised by the lack of authoritative or certifying powers typical of the civil service, excluding the performance of simple orderly tasks and the provision of purely material work.
- A 'public official' is one who 'exercises a legislative, judicial or administrative public function'.

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities in the context of which the aforementioned offences could theoretically be committed and the processes that could be considered "instrumental" to the commission of the so-called "predicate" offences.

The **instrumental Processes** relating to the commission of the offence referred to in this section are:

- Purchase of goods and services (Passive Cycle);
- Management of monetary and financial flows;
- Gifts and expense accounts;
- Variable pay management.

For the identification of the control protocols within the above-mentioned instrumental processes, please refer to the relevant Special Section I.

Listed below are: i) the Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific prevention protocols.

Management of audits/inspections: this concerns the management of relations with representatives of public authorities or public bodies in the context of inspections or audits carried out by public authorities at the Company.

➤ **Main actors, functions and stakeholders:**

Persons with appropriate power of attorney

➤ **Possible offences:**

- Extortion (Article 317 of the Criminal Code)
- Corruption for the exercise of a function (Article 318 of the Criminal Code)
- Corruption for an act contrary to official duties (Article 319 of the Criminal Code)
- Corruption of a person in charge of a public service (Article 320 of the Criminal Code)
- Incitement to corruption (Article 322 of the Criminal Code)
- Undue induction to give or promise benefits (Article 319-quater of the Criminal Code)
- Trafficking in unlawful influences (Article 346-bis of the Criminal Code)
- Aggravated fraud to the detriment of a public body (Article 640 of the Criminal Code)

➤ **Protocols**

The following protocols must be followed with regard to this sensitive area:

- provide a clear segregation of roles between those who manage relations with the P.A. during the inspection phases and those who have the task of supervising their performance (e.g. verification of the inspection report);
- clear definition of the roles and tasks of the responsible organisational functions/units;
- adopt procedures governing the manner of participation by the persons in charge, in judicial, tax, administrative and/or supervisory inspections, and the manner of managing relations with public bodies during inspections/controls;
- ensure that only persons with the appropriate power of attorney are authorised to sign reports and documents requested during the performance of verification and control activities;
- ensure that the persons expressly delegated to do so (at least two) participate in any judicial, tax and administrative inspections. Minutes must be drawn up and kept of the entire inspection procedure. In the event that the final report highlights critical issues, the Supervisory Board must be informed in writing by the head of the Department/Organisational Unit involved;
- verify the existence of any conflicts of interest with reference to personal, financial, juridical or other relationships existing with physical/legal persons of the Public Administration with whom Manucor personnel should have relations with reference to the sensitive activity under examination;
- proceed to the traceability and *ex post* verifiability of transactions made with the P.A. by means of appropriate documentary and information support;
- verify that all consultants, *partners* and collaborators, if any, employed during the verification/inspection process are chosen with transparent methods and according to specific company procedures and meet the requirements of professionalism, independence and competence;
- ensure that all consultancy assignments are concluded in writing, indicating in particular the agreed fee or the criteria for determining it and the content of the service;

- inclusion in all consultancy contracts of a clause requiring the *partner* to comply with the Company's Model, the principles set out in the Decree, as well as the provisions of the Code of Ethics, reserving to the Company the right to terminate the contractual relationship if the *partner/consultant* violates these rules or *policies*;
- send a quarterly report to the SB on meetings with representatives of the PA and on inspections/audits carried out.

Management of Import-Export activities and customs formalities: this is the management of exports and imports of Manucor products.

➤ **Main actors, functions and stakeholders:**

Supply Chain & IT Manager, Finance & Administration

➤ **Possible offences:**

- Extortion (Article 317 of the Criminal Code)
- Corruption for the exercise of a function (Article 318 of the Criminal Code)
- Corruption for an act contrary to official duties (Article 319 of the Criminal Code)
- Corruption of a person in charge of a public service (Article 320 of the Criminal Code)
- Incitement to corruption (Article 322 of the Criminal Code)
- Undue induction to give or promise benefits (Article 319-quater of the Criminal Code)
- Trafficking in unlawful influences (Article 346-bis of the Criminal Code)

➤ **Protocols**

With regard to this sensitive area, the following protocols must be followed:

- verify that each operation connected with the sensitive activity under review is always governed by a written contract specifying its object and purpose;
- include in all contracts for *Import-Export* activities a clause requiring compliance with the Company's Model, the principles set out in the Decree, as well as the provisions of the Code of Ethics, reserving to the Company the right to terminate the contractual relationship if the supplier violates these rules or *policies*;
- keep, by the person in charge of the function involved, the documentation relating to the sensitive activity under examination, in a special archive, in such a way as to prevent any subsequent modification except with appropriate evidence, in order to allow proper traceability of the entire process and to facilitate any subsequent controls.

Litigation management: this covers all operations concerning the management of legal disputes and relations with the judicial authorities, including through external professionals.

➤ **Main actors, functions and stakeholders:**

Finance & Administration and Managing Director

➤ **Possible offences:**

- Extortion (Article 317 of the Criminal Code)
- Corruption for the exercise of a function (Article 318 of the Criminal Code)

- Corruption for an act contrary to official duties (Article 319 of the Criminal Code)
- Corruption of a person in charge of a public service (Article 320 of the Criminal Code)
- Incitement to corruption (Article 322 of the Criminal Code)
- Undue induction to give or promise benefits (Article 319-quater of the Criminal Code)
- Inducement not to make statements or to make false statements (Article 377-bis of the Criminal Code)

➤ **Protocols**

With regard to this sensitive area, the following protocols must be followed:

- identify a manager, consistent with the subject matter, with the necessary powers to represent the Company or to coordinate the action of any external professionals;
- provide for a periodic information flow, at least quarterly, to the SB concerning the situation of proceedings and disputes in which the Company is involved and which are relevant for the purposes of the Decree;
- have documentary evidence and traceability of the decisions taken regarding the management of disputes, including labour disputes, and an indication of the reasons why the Company reaches or waives a settlement;
- provide for a clear segregation of duties between the internal person in charge of verifying the existence of receivables and the person in charge of taking decisions concerning the management of such receivables on behalf of the Company (write-offs and issue of credit notes);
- keep, by the person in charge of the function involved, the documentation relating to the sensitive activity under examination, in a special archive, in such a way as to prevent any subsequent modification except with appropriate evidence, in order to allow proper traceability of the entire process and to facilitate any subsequent controls;
- check that all consultants (e.g. lawyers) are chosen according to the specific company procedure, in compliance with the applicable legislation, using transparent methods and meet the requirements of professionalism, independence and competence;
- ensure that all consultancy assignments are concluded in writing, indicating, in particular for consultancies, the agreed fee or the criteria for determining it and the content of the service;
- verify that remuneration is not paid to consultants in an amount that is not congruous with respect to the services rendered to the Company and that does not conform to the mandate conferred, to be assessed on the basis of criteria of reasonableness and with reference to the conditions and practices existing on the market;
- include in all consultancy contracts or mandates a clause requiring the *partner/consultant* to comply with the Company's Model, the principles set out in the Decree, as well as the provisions of the Code of Ethics, reserving to the Company the right to terminate the contractual relationship if the *partner/consultant* violates these rules or *policies*.

Personnel management and administration: this covers activities related to selection, recruitment and termination of employment.

Management of personnel-related obligations: these are obligations for social security, welfare and accident purposes.

➤ **Main actors, functions and stakeholders:**

HR Manager, External consultants (Payroll Office), Administrative Office

➤ **Possible offences:**

- Concussion
- Corruption for the exercise of a function (Article 318 of the Criminal Code)
- Corruption for an act contrary to official duties (Article 319 of the Criminal Code)
- Corruption of a person in charge of a public service (Article 320 of the Criminal Code)
- Incitement to corruption (Article 322 of the Criminal Code)
- Undue induction to give or promise benefits (Article 319-quater of the Criminal Code)

➤ **Protocols**

With reference to these sensitive areas, the following protocols must be followed:

- clearly defining the roles and tasks of the persons responsible for the selection and management of employees and collaborators;
- archive all *curricula* received and documentation concerning interviews and evaluations;
- formalise the reasons why a particular candidate was chosen;
- formalise the criteria used to determine the economic compensation of personnel, as well as the reasons for any departure from the normally applied compensation;
- include in employment contracts the clause of commitment to comply with the Model and the Code of Ethics;
- prohibition of employing *former* employees of the Public Administration, the State or the European Union as employees of the Company, except in compliance with the applicable legislation;
- checking for possible conflicts between the candidate and the Company and filling in a self-declaration in which the candidate attests to the non-existence of relations with the Public Administration;
- send or to the Supervisory Board periodical *reports* on recruitment, containing both the candidate selection methods used and any exceptions/derogations to the *standard* rules;
- for social security, welfare etc. obligations, provide for a clear segregation of duties between the person in charge of preparing the documentation to be transmitted and the person in charge of carrying out checks on the truthfulness, completeness and accuracy of the data transmitted (and correspondence between the amounts subject to payment and the relevant supporting documentation); other solutions should be shared with the SB;
- obligation to provide documentary evidence of the checks carried out on the data to be transmitted to the Public Administration (directly or through external consultants);
- archiving of documents transmitted to the Public Administration and/or on the basis of which payments related to personnel obligations have been made.

3 General principles of conduct prescribed in sensitive activities

This Special Section contains the express obligation of the Recipients to:

1. strict compliance with all laws and regulations governing the company's activities, with particular reference to activities involving contacts and relations with the P.A. and activities relating to the performance of a public function or a public service;
2. establishing and maintaining any relationship with the P.A. on the basis of criteria of maximum fairness and transparency;
3. establishing and maintaining any relationship with third parties in all activities relating to the performance of a public function or a public service on the basis of criteria of fairness and transparency that guarantee the good performance of the function or service and impartiality in the performance thereof;
4. not to engage in, collaborate in or cause the commission of conduct which, taken individually or collectively, directly or indirectly constitutes the types of offence considered above (Articles 24 and 25 of the Decree);
5. not violate the corporate principles and procedures laid down in this special section and/or subsequently adopted/implemented by the Company.

In the context of the aforementioned conduct, **it is prohibited, in particular, to:**

- making gifts of money or equivalent/assimilated securities to Italian or foreign public officials;
- distribute gifts and presents outside the scope of company practice (i.e. any form of gift exceeding normal commercial or courtesy practices or in any case aimed at acquiring favourable treatment in the conduct of any company activity). In particular, it is forbidden to give any form of gift to Italian or foreign public officials (even in those countries where the giving of gifts is a common practice), or to their family members, that may influence their discretion or independence of judgement or induce them to secure any advantage for the company; the provisions of the Code shall apply in any case;
- resort to forms of contributions which, in the form of entertainment expenses, hospitality, appointments, consultancy, sponsorship, donations, are instead forms of gifts or gratuities to public officials/public service appointees, their families, or public bodies and authorities;
- grant other advantages of any kind (such as, purely by way of example, promises of direct employment or of close relatives) in favour of representatives of the Public Administration, which may lead to the same consequences as those set out in the preceding points;
- recognise remuneration or provide services in favour of consultants, suppliers, customers and/or third parties in general that are not adequately justified in the context of the contractual relationship established with them and the practices in force in the local area;
- receive or solicit payments of money, gifts, presents or advantages of any other nature, where they exceed normal business practices and courtesy; anyone who receives gifts or advantages of any other nature that are not included in the permitted cases, shall notify the Supervisory Board, which shall assess their correctness and notify the giver of such gifts of Manucor's policy on the matter;
- submitting untruthful declarations to national or Community public bodies in order to obtain public grants, contributions or soft loans or in order to have access to social security or tax deductions;

- use sums received from national, regional or Community public bodies by way of grants, contributions or loans for purposes other than those for which they were intended.

The general conduct described above supplements and does not replace the principles laid down in the Code, as well as any more protective procedures provided for within Manucor.

3.1 The Delegation System

For this particular area, it is of paramount importance that the Company's system of delegation corresponds to the following fundamental requirements:

- it is the responsibility of the *manager* of the department/organisational unit concerned to ensure that all his/her collaborators, who represent the Company even on an occasional basis vis-à-vis the P.A., are provided with a written power of attorney;
- the proxy must indicate:
 - the delegator (person to whom the delegate reports hierarchically);
 - name and tasks of the delegate, consistent with the position held by the delegate;
 - scope of the delegation (e.g. project, duration, product, etc.);
 - date of issue.

The Supervisory Board may periodically check, with the support of the other competent functions, the system of delegated and proxy powers in force and their consistency with the entire system of organisational communications (such are those internal company documents with which delegated powers are conferred), recommending any changes in the event that the management power and/or qualification does not correspond to the powers of representation conferred on the proxy or there are other anomalies.

SPECIAL PART 'B COPYRIGHT INFRINGEMENT OFFENCES

1 Copyright infringement offences

Law no. 99 of 23 July 2009 'Provisions for the development and internationalisation of enterprises, as well as on energy', introduced into the body of the Decree, among others, the offences of copyright infringement (Articles 171, first paragraph, letter a-bis, and third paragraph, 171-bis, 171-ter, 171-septies and 171-octies of Law no. 633 of 22 April 1941).

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities within the scope of which the above-mentioned offences could theoretically be committed.

Listed below are: i) the Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific prevention protocols.

Software and database management: this is the activity relating to the control of the conditions for access, use and protection of the IT resources used within Manucor.

➤ **Main actors, functions and organisational units involved:**

All corporate and *IT* functions

➤ **Possible offences:**

- Offences relating to *software* and databases (Article 171-bis of Law 633/1941).

➤ **Protocols**

The following protocols must be followed with regard to this sensitive area:

- provide for control mechanisms and tools to protect corporate media and information systems;
- prohibition of installation of programmes, which have not been acquired centrally, unless authorised in writing;
- verify that all computer media to be disposed of are previously and appropriately rendered unreadable in order to avoid the dissemination of protected programs and/or databases;
- include in contracts for the supply of *IT* products a clause of compliance with the Model and the Code of Ethics.

3 General principles of conduct

In the performance of their respective activities/functions, in addition to knowing and complying with the principles dictated by the Code and the operating procedures, the Addressees shall comply with the rules of conduct contained in this Model.

This Special Section expressly prohibits conducts integrating the types of offence considered above or conducts which, although not constituting offences per se, may potentially constitute one of the offences under consideration herein.

More specifically, it **is obligatory to:**

- carrying out control activities on the correct use of IT resources;

- use only *software* with a user licence and within the limits and conditions laid down by current legislation and by the licence itself.

In addition, it **is prohibited to:**

- engage in, collaborate in or cause the commission of conduct which, although not constituting an offence per se among those considered above, may potentially become one;
- illegally duplicating computer programs for profit or, for the same purposes, importing, distributing, selling, possessing for commercial or business purposes or leasing programs contained on media not marked by the Italian Authors' and Publishers' Association (SIAE);
- in order to make a profit, reproduce on media not marked SIAE, transfer to another medium, distribute, communicate, present or demonstrate in public the contents of a database.

The aforementioned obligations and prohibitions shall be fully complied with also during periods when Addressees have the possibility or are required, by virtue of restrictive measures issued by competent authorities, to work in *smart working* mode, i.e. not at the Company's premises.

The general conduct described above supplements and does not replace the principles laid down in the Code, as well as any *policies*, regulations and procedures for greater protection provided by Manucor.

SPECIAL SECTION 'C' CORPORATE OFFENCES

1 Corporate Crimes

As part of the reform of company law, Legislative Decree no. 61 of 11 April 2002, in force since 16 April 2002, introduced the new Article 25-ter of the Decree, extending the administrative liability of Entities to so-called "corporate offences". The types of corporate offences considered are:

- **false corporate communications and minor facts (Articles 2621 and 2621-bis of the Civil Code):** knowingly presenting, in order to obtain an unjust profit for oneself or others, in the financial statements, reports or other corporate communications addressed to the shareholders or the public, provided for by law, material facts that are not true, or omitting material facts whose disclosure is required by law on the economic, equity or financial situation of the company or the group to which it belongs, in a way that is likely to mislead others. In this regard, it should be noted that Law no. 69 of 27 May 2015, published in the Official Gazette of 30 May 2015, no. 124 of 27 May 2015, introduced significant changes to the criminal provisions on false corporate communications, contained in the Civil Code; in detail, the main changes concerned (i) the prosecution of the offence *ex officio*, (ii) the psychological element, represented by the specific intent, aimed at "obtaining an unjust profit for oneself or others", but no longer characterised by any element of intent to deceive, (iii) the partial revision of the typical conduct, (iv) the elimination of the quantitative thresholds of criminal relevance of the conduct;
- **undue restitution of contributions (Article 2626 of the Civil Code);**
- **Illegal distribution of profits and reserves (Article 2627 of the Civil Code):** distribution of profits or reserves which cannot be distributed by law;
- **unlawful transactions on shares or quotas of the company or of the parent company (Article 2628 of the Civil Code):** purchasing or subscribing to shares, including those of the parent company, damaging the share capital;
- **transactions to the detriment of creditors (Article 2629 of the Civil Code):** reducing share capital, carrying out mergers or demergers that cause damage to creditors;
- **failure to disclose a conflict of interest (Article 2629-bis of the Civil Code):** violation of the obligation to disclose a situation of conflict of interest to the detriment of the company or third parties;
- **fictitious formation of capital (Article 2632 of the Civil Code):** fictitiously increasing capital, reciprocally subscribing to shares and overvaluing contributions or assets in the event of transformation;
- **improper distribution of company assets by liquidators (Article 2633 of the Civil Code):** distribution of company assets before payment of creditors or before setting aside the sums necessary to satisfy them;
- **Obstruction of control (Article 2625(2) of the Civil Code):** concealment of documents likely to prevent the control activities of shareholders and other corporate bodies from being carried out;

- **bribery among private individuals (Article 2635(3) of the Civil Code) and incitement to bribery among private individuals (Article 2635-bis of the Civil Code):** offering, including as a result of solicitation, or promising money or other undue benefits (in the capacity of bribe-giver) in favour of directors, general managers, managers responsible for preparing company accounting documents, statutory auditors and liquidators, as well as in favour of those who exercise management functions other than the above, in order to perform or omit an act, in violation of the obligations inherent in their office or obligations of loyalty (in the capacity of bribed parties); liability *under Leg. Legislative Decree 231/2001* concerns the bribe-giver and also applies if the offer or promise of money or other benefits not due is not accepted;
- **unlawful influence on the shareholders' meeting (Article 2636 of the Civil Code):** carrying out simulated or fraudulent acts aimed at determining unlawful majorities in the shareholders' meeting;
- **market rigging (Article 2637 of the Civil Code):** spreading false information or carrying out simulated transactions likely to cause an alteration in the price of unlisted financial instruments;
- **obstructing the exercise of the functions of public supervisory authorities (Article 2638(1) and (2) of the Civil Code):** in order to obstruct the exercise of supervisory functions, reporting material facts which are not true, even if subject to assessment, on the economic, asset or financial situation of those subject to supervision or, for the same purpose, concealing by other fraudulent means facts which must be reported.

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities in the context of which the aforementioned offences could theoretically be committed and the processes that could be considered "instrumental" to the commission of the so-called "predicate" offences.

The **instrumental Processes** relating to the commission of the offence referred to in this section are:

- Purchase of goods and services (Passive Cycle);
- Management of monetary and financial flows;
- Personnel selection and recruitment;
- Gifts and expense accounts;
- Variable pay management.

For the identification of the control protocols for these processes, please refer to the relevant Special Section I.

Listed below are: i) the Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific prevention protocols, distinguishing between Sensitive Activities relating to corporate offences in general and Sensitive Activities relating to bribery between private individuals.

Sensitive Activities - Corporate Offences

Preparation of communications and accounting records (bookkeeping, preparation of financial statements, reports, corporate communications in general): this is the set of activities relating to the accounting and recording of financial data and the preparation of Manucor's financial statements.

➤ **Main actors, functions and organisational units involved:**

Finance & Administration, Purchasing Department, CFO, Managing Director, Treasury, IT Manager

➤ **Possible offences:**

- False corporate communications (Article 2621-2621-bis of the Civil Code)
- Preventing control (Article 2625(1) of the Civil Code)
- Unlawful restitution of contributions (Article 2626 of the Civil Code)
- Illegal distribution of profits and reserves (Article 2627 of the Civil Code)
- Illegal transactions on shares or quotas of the company or of the parent company (Article 2628 of the Civil Code)
- Transactions to the detriment of creditors (Article 2629 of the Civil Code)
- Fictitious capital formation (Article 2632 of the Civil Code)

➤ **Protocols**

With reference to this sensitive area, Manucor has adopted/is adopting the following protocols:

- the Company operates in accordance with national accounting standards and the data and information that each function must provide are clearly indicated, as well as the accounting criteria for processing the data and the timing for transmitting them to the responsible functions;
- all the operations of recording and registration of business activities are carried out with correctness and in compliance with the principles of truthfulness and completeness; moreover, for each accounting operation it is foreseen the preservation of adequate supporting documentation of the activity carried out (whether it refers to active or passive operations) in order to allow (i) the easy recording of accounts, (ii) the identification of the different levels of responsibility and (iii) the accurate reconstruction of the operation;
- the heads of the various functions must provide the competent function with the information requested from them in a timely manner and certify, where possible, the completeness and truthfulness of the information, or indicate the persons who can provide such certification;
- the collection, transmission and aggregation of accounting information for the purpose of preparing corporate communications shall take place exclusively through methods that can guarantee the traceability of the individual steps of the data formation process;
- adoption of appropriate measures to ensure that, in the event of requests, from whomever they originate, for changes in the criteria for recognising, recording

and representing accounting data or for quantitative changes in the data with respect to those already recorded, the Board of Directors and the SB are promptly informed;

- organising regular meetings and/or exchanges of information with any accountants, tax consultants, etc., in order to verify their regular and constant professionalism in the management of the service and in the preparation of accounting documents;
- provision of formalised rules on the keeping, storage and updating of the financial statements and other corporate accounting documents, from their preparation and possible approval by the Board of Directors to their filing and publication (including in electronic form) and their archiving;
- access to the company's computer systems is allowed only to authorised persons and through the use of *passwords*;
- periodic verification of the 'robustness' of the security measures (IT and organisational) in place to prevent unauthorised access to accounting data and the possibility of transferring them to external media;
- obligation for anyone who becomes aware of any anomaly in the operation of the computer system supporting accounting production to promptly report it to their manager, who, if he/she considers the anomaly to be well-founded, shall promptly inform the Supervisory Board;
- provide for regular meetings of the administrative body aimed at verifying the adequacy of the administrative and accounting structure, the economic and financial balance as well as the Company's management performance, in order to intercept crisis situations;
- periodic verification of the proper functioning of the *business continuity* and *disaster recovery* plans aimed at ensuring the preservation of data and information relating to the business activity carried out and the restoration of the normal functions of the supporting information systems following failures that compromise their functionality;
- verifies that all the accounting documents relating to the items on the agenda of the meetings of the Board of Directors are complete and made available to the directors reasonably in advance of the date of the meeting.

Management of relations with the auditing firm and with the other corporate bodies, ***as well as the drafting, keeping and storage of documents over which they may exercise control***: this concerns relations with the auditing firm and with the other corporate bodies with reference to the activities that may be exercised by them under the law.

- **Main actors, functions and organisational units involved:**
Finance & Administration, Accounting & Tax Manager, CFO
- **Possible offences:**
 - Preventing control (Article 2625(1) of the Civil Code)

- Bribery among private individuals (Article 2635(3) of the Civil Code)
- Unlawful influence on the shareholders' meeting (Article 2636 of the Civil Code)

➤ **Protocols**

With reference to this sensitive area, Manucor has adopted/is adopting the following protocols:

- clear segregation of roles between those who prepare the documentation to be provided to the Auditor and those who authorise its submission;
- clear definition of the roles and tasks of the persons responsible for managing the various phases of the sensitive process (e.g. collection or provision of information to be sent to the Audit Firm, checking the correctness of the documentation/information collected);
- selection of the auditing firm by transparent methods;
- possible organisation of one or more meetings, with related minutes, between the Independent Auditors and the Supervisory Board - before the meetings of the Board of Directors and the Shareholders' Meeting called to approve the financial statements - concerning the draft financial statements, if any criticalities have emerged in the performance of the audit activities;
- obligation to document and archive the main relationships with the auditing firm, as well as any requests for documentation or remarks.

3 General principles of prescribed behaviour

Corporate offences

Prohibitions

The present Special Section provides for the express prohibition - against company representatives, directly, and against external collaborators and *partners*, by means of specific contractual clauses - to

- engage in, collaborate in or cause the commission of conduct liable to constitute the types of offence considered above (Article 25-ter of the Decree);
- engage in, collaborate in or cause the commission of conduct which, although not constituting an offence per se among those considered above, may potentially become one.

In the context of the above conduct, it is prohibited, in particular, to

- representing or transmitting for processing and representation in financial statements, *budgets*, reports or other corporate communications, false, incomplete or in any case untrue data on the economic and financial situation of the Company;
- omit the communication of data and information required by law on the economic and financial situation of the Company;
- return contributions to shareholders or release them from the obligation to make them, other than in the event of a legitimate reduction in share capital, in any form not specifically included among those described below;

- distribute profits or advances on profits not actually made or allocated by law to reserves;
- carry out reductions in share capital, mergers or demergers, in breach of the legal provisions protecting creditors;
- carrying out fictitious formation or increases in the share capital, allocating shares or quotas for a value lower than their nominal value when constituting a company or increasing the share capital;
- diverting the company's assets, when the company is being wound up, from their allocation to creditors, by distributing them to the shareholder before payment of the creditors or setting aside the sums necessary to satisfy them.
- behave in such a way as to materially impede, through the concealment of documents or the use of other fraudulent means, or which in any case constitutes an obstacle to the performance of the control or audit of the company's management by the Auditing Firm;
- determine or influence the passing of resolutions by the Assembly, by carrying out simulated or fraudulent acts aimed at altering the regular procedure for the formation of the Assembly's will.

Duties

This section contains the express obligation of the above-mentioned persons to:

- behave in a correct, transparent and collaborative manner, in compliance with the law, in all activities aimed at accounting, drafting and preparing the financial statements of Manucor, as well as the other documents required by sector regulations;
- strictly observe all the rules laid down by law to protect the integrity and effectiveness of the Company's share capital;
- refrain from carrying out simulated or otherwise fraudulent operations, likely to cause a significant distortion of the economic/asset and financial results achieved by the Company;

In addition, the following additional facilities are required:

- activation of a training programme for the personnel concerned on corporate offences;
- provision of periodic meetings between the functions in charge of the Company's control and the Supervisory Board to verify compliance with the rules of corporate governance;
- transmission to the Company's control functions, well in advance, of all the documents relating to the items on the agenda of the meetings of the Corporate Bodies or on which it must express an opinion pursuant to the law.

The general conduct described above supplements and does not replace the principles laid down in the Code, as well as any *policies*, regulations and procedures for greater protection provided within Manucor.

Private Bribery

Prohibitions

The present Special Section provides for the express prohibition - against company representatives, directly, and against external collaborators and *partners*, by means of specific contractual clauses - to

- giving or promising, even through a third party, money or other benefits to directors, managers responsible for preparing the company's financial reports, auditors and liquidators of client or potential client companies, or partners in general, belonging to the private sector;
- engage in conduct which, although not constituting an offence *under* Article 2635 or 2635-bis of the Civil Code *per se*, could potentially become one;
- find themselves in, or give rise to, any situation of conflict of interest vis-à-vis their *partners*, customers or potential customers in relation to the above-mentioned offence.

In the context of the above conduct, it is prohibited, in particular, to

- perform services in favour of consultants, *partners* and collaborators in general that are not adequately justified in the context of the contractual relationship established with them, or in relation to the type of task to be carried out and local practices;
- making cash donations or granting advantages of any kind (e.g. the promise of employment) in favour of the persons referred to in Article 2635 of the Civil Code.

Duties

For the purposes of implementing the above behaviours:

- appointments of external collaborators must also be in writing, indicating the agreed remuneration, and must be proposed and approved by two different persons;
- Company representatives must not accept or solicit gifts, acts of courtesy, such as gifts or forms of hospitality, or other benefits except of modest value and such that they can be considered customary in relation to the occasion and cannot be interpreted, by an impartial observer, as aimed at acquiring improper advantages. It is not permitted to offer, promise, give gifts, acts of courtesy, such as gratuities or forms of hospitality, or other benefits except of modest value. In any case, such expenses must always be authorised, documented and in compliance with the *budget* limits; moreover, anyone who receives gifts or benefits of any other nature that are not included in the permitted cases, is obliged to inform the Supervisory Board, which will assess the correctness and notify the person who has given such gifts of Manucor's policy on the matter;
- in the course of a business negotiation, request or commercial relationship with a private party, you must not (directly or indirectly) take the following actions:
 - examining or proposing employment and/or business opportunities that may benefit employees of private entities;
 - soliciting or obtaining confidential information that may compromise the integrity or reputation of either party.

The general conduct described above supplements and does not replace the principles laid down in the Code, as well as any *policies*, regulations and procedures for greater protection provided within Manucor.

SPECIAL SECTION "D"
CULPABLE OFFENCES IN BREACH OF HEALTH AND SAFETY AT
WORK REGULATIONS

1 The offences of manslaughter and grievous or very grievous bodily harm in breach of the rules on accident prevention and the protection of health and safety at work.

Law No 123 of 3 August 2007⁴⁶ introduced Article 25 *septies* into the Decree. Under this provision, the organisation is liable for the following offences:

- manslaughter (Article 589 of the Criminal Code) and
- grievous or very grievous bodily harm (Article 590 of the Criminal Code), where the offence of manslaughter was committed in breach of the rules on accident prevention and on the protection of hygiene and health at work.

The reference standards are contained in the Consolidated Safety Act.

Moreover, it should be specified that any breach of the Employer's obligation to ensure the safety of the workplace (Article 2087 of the Civil Code) - resulting in an injury that is at least serious - leads to the opening of proceedings against the Company. In fact, case law has established that any violation of rules concerning safety at work aggravates the offence of manslaughter and grievous and very grievous bodily harm and, therefore, makes Article 25-septies of the Decree applicable.

Serious or grievous bodily harm is to be understood (Article 583 of the Criminal Code) as an injury causing:

- an illness endangering the life of the injured party, or an illness or incapacity to attend to ordinary occupations for a period exceeding 40 days;
- permanent impairment of a sense or organ; an illness which is certainly or probably incurable; loss of a sense; loss of a limb, or a mutilation rendering the limb useless, or loss of the use of an organ or of the capacity to procreate, or a permanent and serious difficulty of speech; deformity, or permanent disfigurement of the face.

From a subjective point of view, homicide or injuries relevant for the purposes of the administrative liability of entities shall be committed through negligence: this subjective imputation profile may be generic (violation of rules of conduct crystallised in the social fabric on the basis of rules of experience based on the parameters of diligence, prudence and expertise) or specific (violation of rules of conduct provided for by laws or regulations). In this respect, there is a profound difference compared to the criteria of subjective imputation laid down for the other criminal offences referred to in the Decree, all of which are punished on the basis of wilful misconduct (with the exception of the offence *under* Article 452-quinques of the Criminal Code referred to in Article 25-undecies of the Decree): in such cases, it is necessary for the person to act with the intention of representing and intending the realisation of the event - a

⁴⁶ Published in the Official Gazette no. 185 of 10 August 2007 and entered into force on 25 August 2007.

consequence of his own criminal conduct, it not being sufficient for him to act imprudently or recklessly in relation thereto.

Pursuant to the Decree, the agent's conduct constituting the offences of homicide and grievous or very grievous bodily harm must necessarily be aggravated, i.e. result from the violation of accident prevention regulations concerning the protection of hygiene and health at work. For the purposes of implementing the Model, it is however necessary to consider that:

- compliance with the minimum safety *standards* laid down in sector-specific regulations does not exhaust the overall duty of care required;
- it is necessary to ensure the adoption of safety *standards* such as to minimise (and, if possible, eliminate) any risk of injury and illness, also on the basis of the best known technique and science, according to the particularities of the work;
- the conduct of the injured worker that gave rise to the event does not exclude all liability of the individual or entity, when the event is attributable, in any event, to the lack or insufficiency of the precautions which, if adopted, would have neutralised the risk underlying such conduct. Liability is only excluded in the presence of conduct by the worker that is exceptional, abnormal or exorbitant in relation to the work process, the organisational directives received and common prudence.

From the point of view of the persons protected, the accident prevention regulations do not only protect employees, but all persons who legitimately enter company premises. As regards the active parties, those who, by reason of their duties, carry out sensitive activities in this area may commit these types of offence. E.g:

- the worker who, through his actions and/or omissions, may endanger his own and others' health and safety;
- the RSPP, who is responsible for coordinating the risk prevention and protection service;
- the employer, as the main actor in prevention and protection.

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities, the omission or ineffective implementation of which could potentially give rise to the offences referred to in Article 25-septies of the Decree.

Listed below are: i) the Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific prevention protocols.

System for assigning responsibility and organising safety: this involves activities aimed at correctly identifying roles and responsibilities in the field of safety at work, with consequent identification of the various figures: Employer ("DL"), Workers' Safety Representative ("RLS"), Head of the Prevention and Protection Service ("RSPP"), Competent Doctor.

➤ **Main actors, functions and organisational units involved:**

Employer, Employer's Delegate, RLS, RSPP, Competent Doctor

➤ **Possible offences:**

- Manslaughter (589 Criminal Code)
- Unintentional bodily harm (590 Criminal Code)

➤ **Protocols**

With reference to this sensitive area, the Company is implementing the following protocols:

- definition by the DL (the natural person to whom, according to a provision detectable from official company documentation, responsibility for the company organisation is attributed, also for the purposes of the health and safety legislation in force from time to time) and related communication to the BoD and the SB of the organisational structure in charge of monitoring safety at work, as well as any subsequent changes;
- clear identification of the DL and, in the event of delegation, formalisation in accordance with the requirements of Article 16 of Legislative Decree 81/2008. The delegation system must be documented and traceable;
- These roles are carried out in compliance with the legislation in force at the time and in such a way as to ensure compliance with the principles of fairness, transparency and traceability; in detail, the Company: (i) constantly verifies the existence of the specific requirements provided for by the relevant legislation; (ii) carries out an *assessment of* personnel to understand their skills and time availability for the purpose of covering these specific roles; (iii) provides for a formal designation and allocation of tasks; and (iv) ensures the traceability of the formal acceptance of the tasks assigned;
- verifies, if the Prevention and Protection Service is *outsourced*, that the relationship between the service and the Company is contractually formalised and that specific clauses are included that impose on the *outsourcer* compliance with the principles contained in the Model and in this Special Section and regulate the consequences of violations of the prescriptions contained therein.

Risk identification and assessment: this involves activities aimed at assessing the company's risks in accordance with the requirements of Legislative Decree No. 81/2008.

➤ **Main actors, functions and organisational units involved:**

Employer, *Site and Operation Manager* (Employer's delegate), RLS, RSPP, Competent Doctor, External consultants

➤ **Possible offences:**

- Manslaughter (589 Criminal Code)

- Unintentional bodily harm (590 Criminal Code)

➤ **Protocols**

With reference to this sensitive area, the Company is implementing the following protocols:

- clear definition of roles and tasks in order to identify: (i) the responsibilities for checking, approving and updating the contents of the Risk Assessment Document (DVR); (ii) the methods and criteria for reviewing the hazard identification and risk assessment processes; (iii) the traceability of the involvement of the Competent Doctor in the hazard identification and risk assessment process;
- identification of workers' tasks;
- definition of the assessment criteria adopted for the different risk categories in compliance with current legislation and requirements;
- drafting of the DVR in accordance with the provisions of the law; it contains: (i) the assessment procedure, specifying the criteria adopted and the names of the persons who participated in the assessment; (ii) the identification of prevention and protection measures and of any individual protection devices, the procedures for implementing the measures resulting from the assessment; (iii) the programme of measures considered appropriate to ensure the improvement of safety levels over time; (iv) the identification of tasks that expose workers to specific risks that require recognised professional skills and specific experience, education and training;
- timely updating of the DVR in the presence of a change in the company's risks or new regulations or significant accidents or events that suggest a change;
- transmission of the DVR to the Supervisory Board and obligation to inform the latter in the event of updates;
- in relation to the cleaning and maintenance activities in Manucor's offices, preparation of a DUVRI or evidence that such a document is not necessary due to the lack of interference.

Process of defining and managing protection and prevention procedures: this involves the activities of identifying, preparing, applying and disseminating procedures to prevent accidents at work in both ordinary and emergency conditions.

➤ **Main actors, functions and organisational units involved:**

Employer, RSPP, Employer's delegate, RLS (Workers' Safety Representative), Workers in charge of managing the implementation of fire prevention and first aid measures, External consultants

➤ **Possible offences:**

- Manslaughter (589 Criminal Code)
- Unintentional bodily harm (590 Criminal Code)

➤ **Protocols**

With reference to this sensitive area, the Company is implementing the following protocols:

- Definition of plans and periodic training and information sessions aimed at making management and operational security procedures known and disseminated;
- revision of the safety procedure that may have been violated in the event of an accident or near miss or emergency situation;
- preventive and scheduled maintenance of all installations, working environments ensuring the functionality of all safety and alarm devices;
- organisation of emergency and evacuation management methods, including appropriate simulations;
- definition, implementation, dissemination and monitoring of the prevention and protection procedures each of the figures involved in the organisational structure protecting safety at work (DL, Head of the Prevention and Protection Service, Competent Doctor), each in accordance with their roles and competences.

In particular, for the purposes of the proper implementation of the above:

- the DL, in compliance with Articles 17 and 29 of Legislative Decree 81/2008, defines and maintains the criteria and methodologies for identifying corporate and specific risks;
- the Prevention and Protection Service Manager: (i) periodically reports to the DL on the state of effectiveness and efficiency of the system for the protection of the health and safety of workers in Manucor workplaces. This report highlights any critical issues also related to significant changes in the organisation of work or in relation to the degree of evolution of technology, prevention and protection or following significant accidents and reports on the contrast and mitigation strategies already planned and/or adopted (solution/responsibility) and the situations not yet taken care of; (ii) verifies the adequacy of company regulations on safety at work; (iii) supervises the activities of the Protection and Prevention Service; (iv) convenes the annual meeting with the figures concerned;
- at least once a year, the Competent Doctor reports to the DL on the activities carried out and the critical points found. If the Doctor verifies that the MD has not complied with the judgements of temporary or permanent unfitness for a specific task of one or more workers, he promptly informs the SB;
- the RLS cooperates with the DL, reporting any irregularities found and proposing suitable solutions. The same RLS, in compliance with the regulations, has the right to access the workplaces, also on the occasion of inspection visits, as well as the company documentation relating to risk assessment and the relative prevention measures;
- the RSPP meets at least once a year with the RLS, the competent doctor and the DL or his representative pursuant to Article 35 of Legislative Decree 81/2008. A copy of the minutes is forwarded by the DL to the SB;

- at the end of the activity, a report is drawn up containing the results of the assessment carried out. On the basis of the observations made during the activity and the results noted, the actions to be implemented to remove the non-conformities found are defined.

3 General principles of conduct

This Special Section, in accordance with the provisions of Article 30 of Legislative Decree no. 81/2008, requires:

- compliance, in particular, with legal technical and structural *standards* relating to equipment, installations and workplaces;
- carrying out risk assessment activities and preparing the consequent prevention and protection measures;
- carrying out activities of an organisational nature, such as emergencies, first aid, contract management, regular safety meetings, consultation of workers' safety representatives;
- carrying out health surveillance activities;
- carrying out information and training activities for workers;
- carrying out supervisory activities with regard to workers' compliance with safe working procedures and instructions;
- the acquisition of documents and certifications required by law;
- periodic checks on the application and effectiveness of the procedures adopted.

Prohibitions

The present Special Section consequently provides for the express prohibition for the addressees to:

- engage in conduct likely to encourage the commission of the offences set out in Article 25-septies of the Decree;
- failing to update the prevention measures, in relation to organisational changes that are relevant to health and safety at work;
- failing to take fire-fighting and prompt evacuation measures in the event of serious and immediate danger.

Obligations

This Special Section also provides for the express obligation of the above-mentioned persons to:

- comply with the provisions of the DVR and any other related safety protocols, documents or procedures;
- properly use equipment, means of transport and other work equipment, as well as safety devices;
- immediately report to the Head of the Prevention and Protection Service any deficiencies in the equipment referred to in the preceding point, as well as any other dangerous conditions of which they become aware, taking direct action in the event of an emergency;

- not remove or modify without authorisation or otherwise compromise safety, signalling or control devices;
- not to carry out, on their own initiative, operations or manoeuvres which are not within their competence or which may endanger their own safety or that of other workers;
- comply with the prescriptions contained in the Emergency and Evacuation Plan;
- comply with the requirements of the safety signs and the contents of the emergency safety procedures transmitted by the RSPP, including through classroom training.

SPECIAL PART 'E'

OFFENCES OF MONEY LAUNDERING, RECEIVING STOLEN GOODS AND SELF-LAUNDERING

1 Receiving, Laundering and Self-Laundering

The Legislative Decree of 16 November 2007⁴⁷ introduced into the scope of the Decree the hypotheses provided for in Articles 648 of the Criminal Code. (Receiving of stolen goods), 648-bis of the Criminal Code. (Money laundering) and 648-ter of the Criminal Code. (Use of money, goods or benefits of criminal origin).

With these rules, the legislator aims to prevent that, after the occurrence of a crime (so-called predicate crime), persons other than those who committed it ("except in cases of complicity...") take an interest in the things that come from the crime itself. The nucleus of the three offence hypotheses, therefore, is to be found in activities subsequent to the commission of a crime, activities which in any case entail the aggression of a legal asset such as property (insofar as it is a question of rules aimed at preventing any economic increase obtained with goods of criminal origin) and of a legal asset such as the administration of justice (insofar as, in any case, the goods of unlawful origin, through criminal conduct, risk being dispersed, creating an obstacle for the authorities in the activity of ascertaining and prosecuting the predicate offences).

The differences between Articles 648, 648-bis and 648-ter of the Criminal Code lie essentially in conduct (material element) and intent (generic or specific, subjective element).

Regarding the material element:

- Receiving: it is an offence to purchase, receive, conceal or interfere with the purchase, receipt or concealment of money or goods resulting from an offence;
- Money laundering: it is a punishable offence to replace, transfer or carry out other transactions in such a way as to obstruct the identification of the criminal origin of money, goods or other utilities deriving from a crime;
- Use of money, goods or benefits of criminal origin: it is a punishable offence to use money, goods or benefits of criminal origin in economic or financial activities.

As regards the subjective element:

- Receiving stolen goods: conduct carried out in order to obtain a profit for oneself or others is punished (specific intent);
- Money laundering: this is a general offence;
- Use of money, goods or utilities of criminal origin: this is a generic offence.

Among these three criminal offences, *money* laundering is certainly the most relevant and therefore the most important risk to be taken into account in corporate criminal law (in US law this is referred to as 'money laundering').

The legislation, which is constantly evolving, provides for restrictions on the use and transfer of cash, obligations to identify customers, to register financial intermediaries

⁴⁷ In implementation of Directive 2005/60/EC of 26 October 2005, Directive 2006/70/EC of 1 August 2006.

and to report suspicious transactions, as well as operational rules for the prevention of criminal activities.

It should be noted that in 2013 the offence of misuse or alteration of credit or payment cards, or any other similar document enabling the withdrawal of cash or the purchase of goods or the provision of services, was introduced within the scope of the Decree.

Offence of self-laundering

Article 3 of Law No. 186 of 15 December 2014 "*Provisions on the emersion and return of capital held abroad as well as for the strengthening of the fight against tax evasion. Provisions on self-laundering*", introduced, *inter alia*, within the Italian legal system the offence of self-laundering, which punishes "*anyone who, having committed or conspired to commit a non-culpable offence, uses, substitutes, transfers into economic, financial, entrepreneurial or speculative activities, the money, assets, or other utilities deriving from the commission of such offence, in such a way as to concretely hinder the identification of their illicit origin*".

The offence of self-laundering is a multi-offence offence, capable of consolidating the damage to the assets of the victim of the predicate offence and also damaging the administration of justice and the public economy as a whole. The person who self-laundering with investments and purchases of various kinds prevents or makes it more difficult for the victim to obtain compensation, pollutes credit and price trends and, ultimately, the entire system of economic relations.

Self-laundering is an offence in its own right, as the perpetrator must necessarily be the one who participated in the commission of the non-culpable offence from which the proceeds to be reinvested were derived.

As regards the material element, the typical conduct of the offence takes place according to three different factual models: replacement, transfer and use in economic or financial activities of the money, goods or other benefits resulting from the commission of the offence.

The determination of punishable conduct is limited to those behaviours which, although not necessarily artificial in themselves (i.e. supplementing the tricks and deceptions typical of fraud), objectively make it difficult to identify the criminal origin of the goods.

In particular, the concept of substitution of money, goods or other utilities of criminal origin includes all the activities aimed at "cleaning up" the criminal product, separating it from any possible connection with the crime (the substitution, therefore, can be carried out in the most varied ways, for example by exchanging cash for other banknotes, depositing it in a bank and then withdrawing it).

The transfer, on the other hand, represents a specification of the replacement and concerns all the conducts implying a movement of the values of criminal origin from one person to another or from one place to another, so as to lose track of the ownership, origin and actual destination. The transfer or replacement of the unlawful proceeds must relate to financial, economic or speculative business activities, as provided for in paragraph 4 of Article 648-ter 1 of the Criminal Code. In any case, the offence is not

punishable where the money, goods or other benefits of unlawful provenance are intended for personal use or enjoyment.

As regards the subjective element, the offence is punishable by general intent, which consists in the consciousness and will to carry out the substitution, transfer or other operations concerning money, goods or other utilities, together with the awareness of the suitability of the conduct to create an obstacle to the identification of such origin.

The main categories of predicate offences for the offence of selflaundering can be:

- Tax offences;
- Crimes against property (e.g. usury, extortion, theft, embezzlement, robbery);
- Crimes against the Public Administration;
- Crimes against the administration of justice;
- Organised crime offences.

Therefore, as a result of the offence under consideration, the predicate offence may also be a crime, currently not included in the scope of application of the Decree.

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities within the scope of which the above-mentioned offences could theoretically be committed.

The instrumental processes relating to the commission of the offence referred to in this section are as follows:

- Supplier management;
- Cash management;
- Intra-group contracts and cash flows.

For the identification of the control protocols for these processes, please refer to the relevant Special Section I.

Listed below are: i) the Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific prevention protocols.

Intra-group contracts and cash flows: these are all activities related to relations with companies belonging to the Manucor group.

- Main actors, functions and organisational units involved:
Administration & Finance, Managing Director

- **Possible offences:**

- Receiving stolen goods (Article 648 of the Criminal Code)
- Money laundering (Article 648-bis of the Criminal Code)
- Use of money, goods or benefits of unlawful origin (648-ter of the Criminal Code)

- Self-laundering (Article 648b 1, Criminal Code)

➤ **Protocols**

With reference to this sensitive area, the Company is implementing the following protocols:

- evaluation, within the framework of a formal meeting of the Board of Directors, of the purpose, profitability and interest of the Company in carrying out an intra-group transaction;
- formalisation of the terms and conditions the contractual terms regulating relations and transactions between companies belonging to the same group; in detail, for each intragroup transaction a contract is stipulated in writing, containing respectively
 - ✓ an indication of the parties to the contract;
 - ✓ the description of the object (provision of services, purchase/sale of goods, provision of financing) of the contract;
 - ✓ the indication of the consideration (price, commission, interest rate) or at least the criterion for determining the relevant consideration;
 - ✓ the duration of the contract.
- guarantee that the consideration for intra-group transactions is at market value according to the indications contained in Article 110, paragraph 7, of Presidential Decree No. 917 of 22 December 1986 and in the OECD Transfer Pricing Guidelines;
- compliance with the following operational protocols:
 - ✓ a copy of the contract signed in original by the parties is properly filed and kept at the Company's premises;
 - ✓ the services covered by the contract are actually performed by the various parties involved in accordance with the agreed terms and conditions;
 - ✓ an adequate documentary record of purchases or sales, services rendered or acquired is kept by the manager concerned (with archiving of the relevant documents at the Company's premises);
 - ✓ the payments made or received as consideration are in accordance with: (i) the sales/services actually rendered/received as well as (ii) the terms of the relevant contract;
 - ✓ all payments are made against issue of an invoice or equivalent document, where required by law; invoices are recorded only after verification of their actual correspondence - with reference both to the existence of the transaction and to the amount of the same as indicated on the invoice; in the absence of specific supporting documentation, invoices are recorded only against an appropriate memo drafted and signed by the requesting function specifying the reasons for the lack of documentation;
 - ✓ all payments are duly accounted for in accordance with the applicable legal provisions;
- carrying out periodic reconciliations via the SAP system.

Supplier management: this is the process of acquiring information on suppliers in order to assess their worthiness, reliability and credibility.

➤ **Main actors, functions and organisational units involved:**

Purchasing/Procurement Department, *Finance & Administration*, Managing Director, Director or Head of requesting department

➤ **Possible offences:**

- Receiving stolen goods (Article 648 of the Criminal Code)
- Money laundering (Article 648-bis of the Criminal Code)
- Use of money, goods or benefits of unlawful origin (648-ter of the Criminal Code)
- Self-laundering (Article 648-ter 1, Criminal Code)

➤ **Protocols**

With regard to this sensitive area, the following protocols must be followed:

- selecting and evaluating suppliers according to adopted internal procedures;
- carry out periodic audits on suppliers aimed at verifying, in particular, that each supplier and its legal representatives are not involved in legal proceedings for offences under Legislative Decree 231/2001;
- promptly report to the Supervisory Board by the responsible functions in cases where:
 - ✓ the supplier refuses or is unjustifiably reluctant to provide the information necessary to declare the activity carried on, to present accounting or other documents, or to provide any other information which, under normal circumstances, is acquired in the course of normal business activities;
 - ✓ the supplier refuses to or objects to providing the account number to which the payment has been or will be credited;
 - ✓ the supplier provides information that is manifestly incorrect or incomplete, showing an intent to conceal essential information;
 - ✓ the supplier uses identification documents that appear to be forged;
 - ✓ the supplier uses the services of a nominee without plausible justification.

Management of corporate operations: these are activities aimed at carrying out extraordinary operations.

➤ **Main actors, functions and organisational units involved:**

BoD

➤ **Possible offences:**

- Money laundering (Article 648-bis of the Criminal Code)
- Use of money, goods or benefits of unlawful origin (648-ter of the Criminal Code)
- Self-laundering (Article 648-ter 1 of the Criminal Code)

➤ **Protocols**

With reference to this sensitive area, the following protocols must be observed:

- always evaluate, in the context of a formal board meeting, the purpose, profitability and interest of the Company in carrying out an extraordinary transaction;
- provide for the transmission of data and information relating to extraordinary operations (acquisitions, mergers, demergers, etc.) to the Supervisory Body, through a system (including computerised) which allows the tracking of individual steps also with reference to the movement of incoming and outgoing liquidity in order to verify, for example, the existence of certain indicators of anomaly, such as, by way of example but not limited to, the following:
 - ✓ carrying out transactions financed by international payments, in particular from foreign countries known as *off-shore* centres or characterised by privileged tax or banking secrecy regimes or designated by the FATF as non-cooperative;
 - ✓ transactions characterised by the unjustified use of techniques of payment by means of set-off or by elements such as the agent's domicile with a third party, the presence of post office boxes or postal addresses other than his fiscal or professional domicile;
 - ✓ settlement of payments by cheques with progressive serial numbers or several cheques of the same amount with the same date or by cheques without the indication of the beneficiary;
 - ✓ carrying out transactions with counterparties in locations unusual for it;
 - ✓ sending and receiving money to/from numerous and recurring counterparties abroad in non-geographically distant locations;
 - ✓ transactions involving counterparties located in foreign countries known as off-shore centres or characterised by privileged tax or banking secrecy regimes or designated by the Financial Action Task Force (FATF) as uncooperative, and which are not justified by the economic activity of the client or other circumstances;
 - ✓ transactions relating to the creation and transfer of rights in rem over immovable property, carried out with means of payment from the above countries;
 - ✓ seeking financing on the basis of guarantees, including those represented by securities or certificates, attesting to the existence of substantial deposits with foreign banks, especially if such deposits or financing are held with or provided by entities established in such countries.

Tax and *fiscal management and related obligations*: these are activities aimed at preparing tax documents, paying taxes, etc.

➤ **Main actors, functions and organisational units involved:**

Finance & Administration, CFO, Managing Director, Treasury, IT Manager

➤ **Possible offences:**

- Money laundering (Article 648-bis of the Criminal Code)
- Use of money, goods or benefits of unlawful origin (648-ter of the Criminal Code)

- Self-laundering (Article 648-ter 1 of the Criminal Code)

➤ **Protocols**

The management of the identified sensitive area includes:

- segregation within the process with separation of roles between those who account for economic events, those who control the records and those who are in charge of fiscal management;
- traceability of the decision-making process by means of documentation and archiving (telematic and/or paper-based) of each activity in the process by the structure involved;
- use of a dedicated computer system for recording active and passive invoices, as well as any other economic event;
- regulation and monitoring of access to the computer system;
- proper keeping and maintenance of compulsory accounting records for income tax and value added tax purposes;
- counting and determining the taxes due through the assistance of a third party consultant, with whom to sign a written contract in which to insert *standard* clauses concerning the consultant's unconditional acceptance of the Model;
- regular training meetings on tax issues and related obligations by a third party consultant;
- periodic review of the correct implementation of tax obligations;
- verification with a third party consultant of any tax implications arising from the execution of an operation of an ordinary or extraordinary nature;
- the external consultants who support the Company in the management of tax aspects and tax disputes are identified, with reasoned choices, according to requirements of professionalism, independence and competence;
- the professionals in charge of providing tax advice have not been convicted, investigated or have adhered to the procedure *under* Article 444 of the Code of Criminal Procedure in relation to offences under Legislative Decree 74/2000.

3 General principles of conduct

Prohibitions

The present Special Section expressly prohibits the Recipients from:

- engage in, collaborate in or cause the commission of conduct liable to constitute the types of offence considered above (Article 25-octies of the Decree);
- engage in, collaborate in or cause the commission of conduct which, although not constituting an offence per se among those considered above, may potentially become one.

Duties

This section contains the express **obligation of** the above-mentioned persons to:

- know and comply with all measures to ensure proper management of cash and, therefore, of receipts and payments;
- verify the commercial and professional reliability of suppliers;
- verify the regularity of payments, with reference to the full coincidence between recipients/orderers of payments and counterparties actually involved in commercial transactions;
- carry out formal and substantive checks on the company's financial flows, with reference to receipts from third parties, payments to third parties and intra-group transactions. These controls must take into account, inter alia, the registered office of the counterparty company (e.g. tax havens, countries at risk of terrorism, etc.), the credit institutions used (registered office of the banks involved in the transactions and institutions that do not have physical establishments in any country).

The general conduct described above supplements and does not replace the principles laid down in the Code, as well as any *policies*, regulations and procedures for greater protection provided within Manucor.

SPECIAL PART 'F' IMMIGRATION-RELATED OFFENCES

1 The Offences envisaged by Article 25-duodecies of the Decree

Employment of third-country nationals illegally staying in Italy

Legislative Decree 109/2012, laying down: "Implementation of Directive 2009/52/EC introducing minimum standards on sanctions and measures against employers who employ illegally staying third-country nationals" refers in Article 25-duodecies of the Decree to the offence referred to in Article 22(12-bis) of Legislative Decree no. 286/1998 (employment of illegally staying third-country nationals).

Offences of procuring unlawful entry and aiding and abetting illegal stay

Article 30, paragraph 4 of Law no. 161 of 17 October 2017, setting out "Amendments to the Code of Anti-Mafia Laws and Prevention Measures, referred to in Legislative Decree no. 159 of 6 September 2011, to the Criminal Code and to the implementing, coordinating and transitional rules of the Code of Criminal Procedure and other provisions. Delegation of powers to the Government for the protection of labour in seized and confiscated companies" has included among the predicate offences of the Decree, in Article 25-duodecies, the offences of procuring illegal entry, pursuant to Article 12, paragraphs 3, 3-bis, 3-ter of Legislative Decree no. 286 of 25 July 1998, and of aiding and abetting illegal immigration, pursuant to Article 12, paragraph 5 of Legislative Decree no. 286 of 25 July 1998.

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities within the scope of which the above-mentioned offences could theoretically be committed. The following is a list of: i) sensitive activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific prevention protocols.

Recruitment of personnel: this is the activity relating to the way in which people are selected to be employed under an employment contract.

➤ **Main actors, functions and organisational units involved:**

HR Manager, Head of the function for which the new resource is being recruited

➤ **Possible offences:**

- Employment of third-country nationals whose stay is irregular (Article 22(12-bis) of Legislative Decree No 286 of 25 July 1998);
- Offence of procuring unlawful entry (Article 12(3), (3-bis) and (3-ter) of Legislative Decree No 286 of 25 July 1998);

- Offence of aiding and abetting clandestine stay (Article 12(5) of Legislative Decree no. 286 of 25 July 1998)

➤ **Protocols**

With reference to this sensitive area, the following protocols must be observed:

- carry out preventive checks, also with the competent Authorities, on the validity of residence permits and the possession of general work requirements by *non-EU* candidates applying for employment;
- carry out subsequent periodic checks on the continued validity of the residence permits of non-EU foreigners recruited and employed by the Company.

3 General principles of conduct

In the performance, within the above-mentioned sensitive activity, of their respective activities/functions, in addition to knowing and complying with the principles laid down in the Code, the operating procedures and any other internal rules, the company representatives, directly, and external collaborators and partners, by means of appropriate contractual clauses, shall comply with the rules of conduct contained in this Model.

This Special Section provides for the express **prohibition of:**

- engage in conduct such as to constitute the types of offence considered above (*pursuant to* Article 25-duodecies of the Decree) or conduct which, although not constituting offences per se, may potentially constitute one of the offences under consideration herein;
- violating the principles and procedures existing in the company and relating to the hiring of foreign workers and/or provided for in this Special Section.

The present Special Section consequently provides for the express **obligation of** the above-mentioned persons to:

- behave in a fair, transparent and cooperative manner, in compliance with the legal provisions on the employment of third-country nationals;
- promptly, correctly and in good faith make all the notifications required by law and regulations to the supervisory authorities, without hindering in any way the exercise of the supervisory functions exercised by the latter.

The general conduct described above supplements and does not replace the principles laid down in the Code, as well as any *policies*, regulations and procedures for greater protection provided within Manucor.

SPECIAL SECTION "G"

TAX OFFENCES

1 Tax offences

Law no. 157 of 19 December 2019 converting with amendments Decree-Law no. 124 of 26 October 2019, containing "Urgent provisions on tax matters and for unavoidable needs", followed by Legislative Decree no. 75/2020 implementing the PIF Directive, EU Directive no. 2017/1371, on combating fraud affecting the financial interests of the Union through criminal law, introduced the following offences into the body of the Decree, in Article 25-quinquiesdecies:

- **fraudulent declaration through the use of invoices or other documents for non-existent transactions** (Article 2, Legislative Decree 74/2000): the conduct of a person who, in order to evade income tax or value added tax, uses invoices or other documents for non-existent transactions and indicates fictitious passive elements in one of the declarations relating to those taxes, constitutes an offence. The offence is deemed to have been committed by availing oneself of invoices or other documents for non-existent transactions when such invoices or documents are recorded in the compulsory accounting records, or are held for the purpose of providing evidence to the tax authorities;

- **fraudulent declaration by means of other devices** (Article 3, Legislative Decree 74/2000). 74/2000): the conduct of a person who, in order to evade taxes on income or on value added, by carrying out objectively or subjectively fictitious transactions or by using false documents or other fraudulent means likely to obstruct the assessment and mislead the tax authorities, indicates in one of the declarations relating to such taxes assets for an amount lower than the actual amount or fictitious liabilities or fictitious credits and deductions, when, taken together: (a) the tax evaded exceeds, with reference to any one of the individual taxes, EUR 30.000.00; b) the total amount of the assets removed from taxation, also by means of indication of fictitious passive elements, is higher than five per cent of the total amount of the assets indicated in the declaration, or in any case, is higher than EUR 1,500,000.00, or if the total amount of the fictitious credits and withholdings deducted from the tax, is higher than five per cent of the amount of the tax itself or in any case, is higher than EUR 30,000.00. The offence shall be deemed to have been committed with the use of false documents when such documents are recorded in the compulsory accounting records or are held for the purpose of providing evidence to the tax authorities;

- **False declaration** (Article 4, Legislative Decree 74/2000): this offence punishes persons who indicate in an annual income or VAT declaration assets for an amount lower than the actual amount or non-existent liabilities, with evaded tax exceeding €100,000.00 and the total amount of assets removed from taxation exceeding 10%

of the assets indicated in the declaration, or in any event exceeding €2,000,000.00. This offence is relevant for the purposes of 231 if it is committed even partly in the territory of another EU Member State with the aim of evading VAT for a total amount of not less than EUR 10,000,000.00;

- **omitted declaration** (Article 5, Legislative Decree 74/2000): the offence of omitted declaration punishes the omitted submission of the annual declaration of income tax, VAT or substitute tax with evaded tax exceeding Euro 50,000.00 for each tax. This offence is relevant for the purposes of Article 231 if it is committed even partly in the territory of another EU Member State in order to evade VAT for a total amount of not less than EUR 10,000,000.00;
- **issuing invoices or other documents for non-existent transactions** (Article 8, Legislative Decree 74/2000): the criminally relevant conduct consists in issuing or issuing invoices or other documents for non-existent transactions, in order to allow third parties to evade income tax or value added tax;
- concealment or **destruction of accounting documents** (Article 10, Legislative Decree 74/2000): the criminally relevant conduct consists in the concealment or destruction, in whole or in part, of accounting records or documents whose retention is mandatory, so as not to allow the reconstruction of income or turnover, in order to evade income tax or value added tax, or to allow third parties to evade them;
- **Undue compensation** (Article 10-quater, Legislative Decree 74/2000): the offence of undue compensation occurs when the undue or non-existent credits used in compensation for the purpose of non-payment of the amounts due exceed €50,000.00. This offence is relevant for the purposes of 231 if it is committed even partly in the territory of another EU Member State in order to evade VAT for a total amount of not less than €10,000,000.00;
- **Fraudulent withholding of taxes** (Article 11, Legislative Decree 74/2000): the conduct of a person who: (i) in order to avoid paying income tax, value added tax or interest or administrative sanctions relating to such taxes for a total amount exceeding EUR 50.(i) in order to avoid paying income or value added taxes or interest or administrative fines relating to such taxes, or interest or fines totalling more than EUR 50,000.00, falsely sells or carries out other fraudulent acts with regard to one's own or other persons' property which render the compulsory collection procedure wholly or partially ineffective; (ii) in order to obtain for himself or others partial payment of taxes and related accessories, indicates in the documentation submitted for the purposes of the tax settlement procedure assets for an amount lower than the actual amount or fictitious liabilities for a total amount higher than EUR 50,000.00.

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities within the scope of which the above-mentioned offences could theoretically be committed.

The **instrumental Processes** relating to the commission of the offences referred to in this section are the following:

- Purchase of goods or services;
- Management of monetary and financial flows;
- Gifts, entertainment expenses and expense accounts.

For the identification of the control protocols to be adopted, please refer to the relevant Special Section I.

Listed below are: i) the Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific protocols to be adopted.

Preparation of ***tax returns and related compliance***: this is the process of preparing tax returns, based on accounting records and related compliance, such as submission of returns, payment of related taxes, etc.

- **Main actors, functions and organisational units involved:**
Finance & Administration, CFO, Managing Director, Treasury, IT Manager
- **Possible offences:**
 - fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree 74/2000);
 - fraudulent declaration by means of other devices (Article 3 of Legislative Decree 74/2000);
 - false declaration (Article 4 of Legislative Decree 74/2000);
 - omitted declaration (Article 5 of Legislative Decree 74/2000);
 - undue compensation (Article 10-quater of Legislative Decree 74/2000).
- **Protocols**

The Company has implemented/will implement the following protocols:

- provide for a clear separation of roles and responsibilities between those who oversee the recording and accounting of business transactions, those who calculate taxes and prepare tax returns and related payments;
- provide control mechanisms to ensure that each cost/revenue item is accompanied by an invoice or other documentation proving the existence of the transaction;
- provide that increases and/or decreases in tax returns (IRES and IRAP) are supported by adequate documentation and reasons in accordance with the applicable tax legislation;
- provide that the data and information reported in VAT returns (when made) are consistent and coherent with the VAT registers and the settlements made;
- ensure that taxes paid (IRES, IRAP, withholding taxes) are consistent and coherent with the data and information reported in tax returns;
- ensuring compliance with the requirements of direct and indirect tax legislation;
- provide for regular discussions on tax issues and related compliance with tax advisors;
- provide mechanisms for periodically reviewing the correct execution of tax obligations, as well as for verifying the correspondence between accounting data and the bases of calculation necessary for the calculation of taxes and related settlements;
- check that the necessary requirements are met when claiming tax deductions and/or allowances;
- where we use a third party consultant to prepare and send tax declarations and/or for the payment of withholding taxes on employee income, to sign a contract in which to include clauses concerning the consultant's unconditional acceptance of the principles set out in the Decree, as well as the provisions of the Model and the Code, reserving the right for the Company to terminate the contractual relationship if the consultant violates these rules or provisions.

Recognition, accounting and recording of passive operations: this is the management of passive cycle operations (purchase of goods and services), which feed into the relevant fiscal and accounting recognition, based on contractual and fiscal documentation.

➤ **Main actors, functions and organisational units involved:**

Finance & Administration, CFO, Managing Director, Treasury, IT Manager

➤ **Possible offences:**

- fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree 74/2000);
- fraudulent declaration by means of other devices (Article 3 of Legislative Decree 74/2000);
- false declaration (Article 4 of Legislative Decree 74/2000);

- omitted declaration (Article 5 of Legislative Decree 74/2000);
- issue of invoices or other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000).

➤ **Protocols**

The management of this sensitive activity involves:

- compliance with the control protocols on accounting records provided for in Special Section C - Corporate Crimes, sensitive process "Preparation of communications and accounting records (bookkeeping, preparation of financial statements, reports, corporate communications in general)";
- compliance with the control protocols provided for in Special Section E - Offences of money laundering, receiving stolen goods and self-laundering;
- compliance with the control protocols provided for in Special Section I - Instrumental Processes, "Purchase of goods and services" process;
- traceability of the decision-making process, by means of documentation and archiving (telematic and/or hard copy), of each activity of the passive cycle; in particular, each operation for the purchase of goods and/or services must correspond to a duly authorised purchase request, a purchase order, a contract, documentation certifying the existence of the supplier, the relevant competence and the execution of the transaction;
- clear and traceable identification of the contact person responsible for the supplier (role, e-mail address, company references, location/office);
- a mechanism to check the economic validity of the transaction (checks on the value/price of the goods/services in line with that normally practised in the reference market) and its effectiveness;
- the use of the dedicated computer system for recording invoices payable, as well as any other economic event, capable of tracing each entry;
- regulating and monitoring access to the computer system;
- the recording in the accounting records and VAT registers only of passive invoices that have received approval for recording and payment only after having received the approval of the head of function, who certifies the execution of the transaction;
- the recording of all passive business administrative events that have an economic and financial impact;
- periodic verification of the correspondence between salaries paid to employees and the relevant amounts indicated in the certificates/pay slips.

Recognition, accounting and recording of active transactions: this is the management of active cycle transactions (supply of goods and services), which feed into the related tax and accounting recognition, based on contractual and fiscal documentation.

➤ **Main actors, functions and organisational units involved:**

Sales Managers, Commercial Managers, *Finance & Administration*, *CFOs*

➤ **Possible offences:**

- fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree 74/2000);
- fraudulent declaration by means of other devices (Article 3 of Legislative Decree 74/2000);
- false declaration (Article 4 of Legislative Decree 74/2000);
- omitted declaration (Article 5 of Legislative Decree 74/2000);
- issue of invoices or other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000);
- fraudulent evasion of tax payments (Article 11 of Legislative Decree 74/2000).

➤ **Protocols**

For the better management of this sensitive activity, the Company has implemented and/or is implementing the following measures:

- compliance with the control protocols on accounting records provided for in Special Section C - Corporate Crimes, sensitive process "Preparation of communications and accounting records (bookkeeping, preparation of financial statements, reports, corporate communications in general)";
- traceability of the decision-making process, by means of documentation and archiving (telematic and/or paper-based) of each activity in the active cycle; in particular, each product supply operation must correspond to a competitive procedure, a purchase order sent by the customer, a contract, and documentation certifying the execution of the transaction (delivery note, transport documents, reports, etc.);
- the use of the dedicated computer system for recording active invoices, as well as any other economic event, capable of tracing each entry;
- regulating and monitoring access to the computer system;
- the recording of all active business administrative events that have an economic and financial impact.

Accounting records management and archiving process: this is the management and conservation of accounting records and documents whose conservation is mandatory.

➤ **Main actors, functions and organisational units involved:**

Finance & Administration

➤ **Possible offences:**

- concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000)

➤ **Protocols**

Provision must be made:

- the proper keeping and maintenance of compulsory accounting records for income tax and value added tax purposes;
- compliance with the requirements of direct and indirect taxation legislation on the terms and conditions for keeping accounting and tax documents;
- the adoption of a transparent, effective and efficient filing system for accounting and tax documents;
- a mechanism to control and monitor the transfer to remote archives and/or destruction of documentation, which is only permissible where the time limits for the tax assessment have expired.

Management of intra-group transactions: these are activities aimed at carrying out extraordinary transactions and/or defining relationships with companies belonging to the Manucor group.

➤ **Main actors, functions and organisational units involved:**

Finance & Administration, Managing Director

➤ **Possible offences:**

- fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 2 of Legislative Decree 74/2000);
- fraudulent declaration by means of other devices (Article 3 of Legislative Decree 74/2000);
- false declaration (Article 4 of Legislative Decree 74/2000);
- omitted declaration (Article 5 of Legislative Decree 74/2000);
- issue of invoices or other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000);
- fraudulent evasion of taxes (Article 11 of Legislative Decree 74/2000);
- concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000);
- undue compensation (Article 10-quater of Legislative Decree 74/2000).

➤ **Protocols**

With reference to this sensitive area, reference is made to the protocols provided for in Special Section C - Corporate Crimes and in Special Section E - Money laundering, handling of stolen goods and selflaundering offences.

In addition, for each transaction it is necessary to analyse, with the support of a third party consultant, possible tax avoidance profiles of the transactions to be implemented.

3 General principles of conduct

This Special Section expressly prohibits conducts such as to constitute the types of offences considered above (*pursuant to* Article 25-quinquiesdecies of the Decree) or conducts which, although not constituting offences per se, may potentially constitute one of the offences under consideration herein.

More specifically, it **is obligatory to**:

- submit tax returns within the legal deadlines;
- to pay taxes on time or through the use of the tax amnesty scheme;
- compiling tax returns with absolutely truthful data and information;
- record invoices supported by documentation proving their existence in VAT registers;
- make monthly VAT settlements (where due) and withholding taxes on employees' income within the legal deadlines;
- organising training and information sessions on tax obligations and deadlines;
- provide for reconciliation mechanisms between accounting and tax data;
- provide maximum cooperation in the event of visits, inspections, accesses by the Internal Revenue Service or the Guardia di Finanza;
- replying with complete and truthful data and information to questionnaires notified by the Inland Revenue.

In addition, it **is prohibited to**:

- indicating fictitious tax liabilities or assets in the tax returns for an amount lower than the actual amount;
- engage in sham transactions;
- requesting, preparing invoices or other documentation for non-existent transactions;
- creating false documents to alter tax results and reduce the tax burden;
- concealing and/or destroying, in whole or in part, accounting records or documents whose retention is mandatory;
- disposing of assets in order to make compulsory collection for tax purposes fruitless (e.g. making payments to suppliers and third parties in order not to interrupt business continuity, thereby diverting resources from the proper payment of taxes due);
- submitting false documents, data and information in the context of a tax transaction.

SPECIAL PART 'H SMUGGLING OFFENCES

1 Smuggling offences

Legislative Decree No. 75 of 14 July 2020, issued in Implementation of Directive (EU) 2017/1371 on combating fraud affecting the financial interests of the Union through criminal law introduced into the body of the Decree, Article 25-sexiesdecies, headed "Contraband"; this offence, as provided for in the Customs TU D.P.R. 43/1973, consists

in the "conduct of anyone who introduces into the territory of the State, in violation of the provisions on customs matters, goods that are subject to border duties". Specifically, the cases of smuggling offences provided for by the Decree are:

- **Smuggling in the movement of goods across land borders and customs areas** (Article 282 Presidential Decree No 43/1973);
- **Smuggling in the maritime movement of goods** (Article 284 of Presidential Decree No 43/1973);
- **Smuggling in non-customs areas** (Article 286 of Presidential Decree No 43/1973);
- **Smuggling for undue use of goods imported with customs facilities** (Article 287 of Presidential Decree No 43/1973);
- **Smuggling in cabotage and traffic** (Article 289 of Presidential Decree No 43/1973);
- **Smuggling in the export of goods eligible for duty drawback** (Article 290 Presidential Decree No 43/1973);
- **Smuggling in temporary importation or exportation** (Article 291 Presidential Decree No 43/1973);
- **Smuggling in the movement of goods in border lakes** (Article 283 Presidential Decree No 43/1973);
- **Smuggling in the movement of goods by air** (Article 285 Presidential Decree No 43/1973);
- **Smuggling in customs warehouses** (Article 288 Presidential Decree No 43/1973);
- **Smuggling of foreign manufactured tobacco** (Article 291-bis of Presidential Decree No 43/1973);
- **Criminal association for the purpose of smuggling foreign manufactured tobacco** (Article 291-quater of Presidential Decree No 43/1973).

2 Sensitive Activities and the protocols to be adopted

The analysis of Manucor's corporate processes has made it possible to identify the activities within the scope of which the above-mentioned offences could theoretically be committed.

As regards the **instrumental Processes** relating to the commission of the offence referred to in this section, they are as follows:

- Purchase of goods or services;
- Management of monetary and financial flows;

For the identification of the control protocols to be adopted, please refer to the relevant Special Section I.

Listed below are: i) the Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that can potentially be committed; iv) the specific protocols to be adopted.

Management of *customs* operations: this is the management of *import-export* operations involving the performance of customs duties (declarations, payment of duties and VAT, etc.), also through forwarding agents.

➤ **Main actors, functions and organisational units involved:**

Supply Chain & IT Manager, Finance & Administration (CFO)

➤ **Possible offences:**

- Smuggling in the movement of goods across land borders and customs areas (Article 282 Presidential Decree No 43/1973);
- Smuggling in the maritime movement of goods (Article 284 of Presidential Decree No 43/1973);
- Smuggling in non-customs areas (Article 286 of Presidential Decree No 43/1973);
- Smuggling for undue use of goods imported with customs facilities (Article 287 of Presidential Decree No 43/1973);
- Smuggling in cabotage and traffic (Article 289 of Presidential Decree No 43/1973);
- Smuggling in the export of goods eligible for duty drawback (Article 290 Presidential Decree No 43/1973);
- Smuggling in temporary importation or exportation (Article 291 Presidential Decree No 43/1973);
- Smuggling in the movement of goods by air (Article 285 Presidential Decree No 43/1973);

➤ **Protocols**

It is necessary:

- provide for a clear separation of roles and responsibilities between those who preside over import-export operations and those who manage customs operations;
- make and prepare customs declarations, also through third party forwarders, filling them in with absolutely truthful data and information (e.g. tariff code, origin, value, quantity, etc.) and proceed to the payment of duties and VAT, where due;
- selecting the bidders according to internal procurement procedures, after verifying the requirements of good repute, professionalism;
- defining the representation relationship with shippers by means of specific contracts defining terms and conditions, as well as the relevant liability profiles;
- include clauses in contracts with forwarding agents whereby suppliers undertake to comply with the Company's Organisational Model and Code of Ethics;
- provide for control mechanisms on customs operations carried out by freight forwarders in the name and on behalf of the Company;
- ensuring compliance with the requirements of customs legislation;
- evaluate the organisation of periodic training meetings on customs issues and related fulfilments by a third party consultant, also by means of information and explanatory circulars.

3 General principles of conduct

This Special Section expressly prohibits conducts such as to constitute the types of offences considered above (pursuant to Article 25-sexiesdecies of the Decree) or conducts which, although not constituting offences per se, may potentially constitute one of the offences under consideration herein.

More specifically, it **is obligatory to**:

- behave correctly, transparently and cooperatively, in compliance with the law and internal company procedures, in all activities aimed at drawing up the documents required by customs regulations, in import-export operations, in order to provide the Customs Agency with true and correct information on the Company's customs obligations;
- comply with the rules laid down in the national legal order on customs matters;
- provide maximum cooperation in the event of visits, inspections, accesses by the Customs Agency;
- reply with true data and information to questionnaires notified by the Customs Agency;

In addition, it **is prohibited to**:

- engage in/collaborate in/give rise to conduct that may fall within the types of offences considered for the purposes of Legislative Decree No. 231/2001:
- bringing goods into the territory of the State in breach of customs provisions;
- providing false and/or incorrect data and information in customs declarations, using invoices or other incorrect documents;
- take advantage of customs facilities that are not due;
- undue recourse to the institution of temporary importation;
- issuing or issuing false invoices or other documents in order to circumvent customs obligations.

SPECIAL SECTION "I" INSTRUMENTAL PROCESSES

1 Instrumental processes

The analysis of Manucor's corporate processes has also led to the identification of a series of processes that are instrumental to the commission of the offences provided for by the Decree, i.e. those processes that contain the instrument through which the offence could be committed. For this reason, the control system on these processes must be particularly stringent.

The instrumental processes and the classes of offence (and special parts) to which they are linked are listed below:

	Art. 24: Offences against the PA P.S. A	Art. 25 ter: Corporate Offences P.S. C	Art. 25 octies: Money laundering, receiving, self laundering P.S. E	Art. 25 quinquiesdecies: Tax offences P.S. G
Instrumental process				
Purchase of goods or services	*	*	*	*
Management of monetary and financial flows	*	*	*	*
Gifts, entertainment expenses and expense accounts	*	*	*	*
Staff selection and recruitment	*	*		
Variable remuneration management	*	*	*	

1. Control system - Specific control standards

The specific control protocols relating to the individual Instrumental Processes identified are listed below:

<p><i>1) Purchase of goods or services (including selection, qualification and management of suppliers)</i></p> <p>With regard to this sensitive area, the following protocols must be observed:</p> <ul style="list-style-type: none"> • clear segregation of roles between the person making the purchase request, the person authorising and executing it, and the person making the payment, after verification of receipt of the good or service; • When selecting suppliers, at least 2/3 offers are requested whenever possible; • verification of the existence of any conflicts of interest with reference to personal, financial, legal or other relationships existing with the physical/legal persons of the counterparties with whom Manucor personnel should have relations with reference to the sensitive activity under examination; • the entire <i>process of evaluation</i> and selection of suppliers is structured according to the principles of transparency and non-discrimination and evidence is given of the methodology used and the procedural process followed to make the purchase, the object, the amount and the reasons underlying the choice of supplier; • no payments may be made in cash and in case of derogation the same payments shall be duly authorised. In any case, payments must be made within the

framework of appropriate administrative procedures, documenting the traceability of the expenditure;

- Payments for the supply of goods and services shall only be made after verification of the existence of appropriate documentation to prove receipt of the goods ordered and/or the services rendered to which the consideration relates;
- the fees paid to service providers shall be in line with the service required and congruent with the services rendered to the Company, taking into account market conditions;
- the procurement of goods or services is governed by a written contract or order in which the price of the good or service or the criteria for determining it are clearly stated;
- contracts must be concluded in writing and using contractual *standards*; *ad hoc* clauses or contractual *standards* of the counterparty may be used if necessary, provided that they are validated by the competent functions;
- all contracts include a clause requiring the supplier to comply with the principles set out in the Decree, as well as the provisions of the Model and the Code, reserving the right for the Company to terminate the contractual relationship if the counterparty violates these rules or *policies*.

The following protocols must be observed for operations concerning the award of consultancy and professional services:

- the persons to whom consultancy tasks are to be entrusted must be chosen on the basis of the requirements of professionalism, independence and competence;
- the identification of such persons must always be justified by the requesting company function or organisational reasons;
- there must be no subjective identity between the person requesting the assignment and the person authorising it;
- The appointment must be made in writing, stating the agreed remuneration and the content of the service;
- at the end of the assignment, the consultant must be asked to detail in writing the services performed, unless otherwise ascertainable;
- In order to authorise payment of the benefit, the requesting department must certify the benefit before payment is made;
- remuneration must not be paid in an amount that is not commensurate with the services rendered to the Company or that does not comply with the assignment conferred, with the conditions or practices existing on the market or with the professional rates in force for the category concerned;
- Documentation relating to the service (i.e. contracts, evidence of the service, etc.) must be kept and archived by the requesting function;
- contracts with the Company's external consultants must provide for i) an express termination clause in the event that the consultant violates or fails to comply with the Model or the Code of Ethics adopted by the Company and ii) obligations to

report (with relevant documentary evidence) any expenses incurred by the consultant in the name of or on behalf of the Company.

2) *Management of monetary and financial flows*

With regard to this sensitive area, the following protocols must be observed:

- clearly defining the roles, tasks and responsibilities of those involved in payment processes;
- there must be no subjective identity between the person who commits the Company vis-à-vis third parties and the person who authorises or arranges the payment of sums due on the basis of the commitments entered into;
- cash inflows and outflows are prohibited, except where required by law and for minimum types of expenditure (petty cash) expressly provided for by the competent functions;
- Payments must be made within the framework of appropriate administrative procedures ensuring the traceability and verifiability of the payment process phases with appropriate archiving of the documents used;
- with regard to banking and financial operations, the Company must only use financial and banking intermediaries subject to regulations on transparency and fairness that comply with European Union regulations;
- payments to third parties must be made through banking circuits by means that guarantee evidence that the beneficiary of the payment is actually the third party contracting with the Company.

3) *Gifts, entertainment expenses and expense accounts*

With regard to this sensitive area, the following protocols must be observed:

- comply with the 'Personal travel management *policy*' and 'Use of company credit cards' *policies*;
- Reimbursement of expenses incurred, including entertainment expenses, must be requested by filling in specific forms and only after production of appropriate supporting documentation;
- no payments may be made in cash and in case of derogation the same payments shall be duly authorised. In any case, payments must be made within the framework of appropriate administrative procedures, documenting the traceability of the expenditure;
- verify the existence of any conflicts of interest with reference to personal, financial, juridical or other relationships with external physical/legal persons (private or public) with whom Manucor personnel may have dealings with reference to the sensitive activity in question;
- send periodically, on a quarterly basis, a list of gifts and/or entertainment expenses incurred to the Supervisory Board;
- comply with the provisions of the Code.

4) *Staff selection and recruitment*

With regard to this sensitive area, the following protocols must be followed:

- definition of a human resources recruitment plan in line with the company's strategic guidelines;

- defining, on the basis of the requirements relating to the specific role and task that the person will be called upon to perform, criteria for the suitability of the personnel sought and objective criteria for the selection of candidates;
- Adoption of a structured system for evaluating candidates in order to ensure traceability of the reasons for the selection/exclusion of a candidate;
- definition of methodologies for archiving the documentation relating to the activities in question, in order to ensure the ready availability of documents in case of request and the traceability of the process;
- verification at the time of recruitment of professional, reputational, good repute and honour requisites/any pending charges (to the extent permitted by applicable law);
- in the case of recruitment of third-country workers, verification of compliance with immigration legislation on the territory of the State of destination (e.g. verification that third-country workers hold a regular residence permit);
- preparation of periodic reports to the Supervisory Board on recruitment, containing both the candidate selection methods used and any exceptions/derogations to *standard* rules.

In addition:

- this Model must be adequately brought to the attention of all personnel, not only managers, and appropriate communication mechanisms must be put in place to allow awareness of changes and/or updates to the Model;
- managerial staff are responsible for the training and updating of their employees and collaborators. In particular, managerial staff are required to: (i) disseminate the Company's ethical principles as set out in the Code; (ii) promote the principles of transparency and organisational clarity among employees so as to foster their accountability and the achievement of the planned objectives; (iii) make clear the rules of conduct and *standards* required by the Company in its relations with the P.A.; (iv) ensure that each employee participates in and completes anti-corruption training; (v) review annually the results obtained and the methods adopted.

5) Variable remuneration management

The following protocols must be observed with regard to this sensitive area:

- periodically monitor remuneration systems;
- ensuring the tracking of *reward* mechanisms, through the use of appropriate IT systems;
- the Supervisory Board must be informed in writing of any critical issue or conflict of interest;
- the assessment of individual conduct for the purposes of career advancement within the company is carried out by expressly considering the requirements of honesty and compliance with the protocols, procedures and principles contained in the Code;
- no salary or *bonus* payments may be made in cash. In any case, payments must be made under appropriate administrative procedures, documenting the traceability of the expenditure.