

# **Abstract**

## **Organization, Management and Control Model pursuant to Legislative Decree No. 231 of 8 June 2001**

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Industries S.p.A.



## Table of Contents

DEFINITIONS .....	6
INTRODUCTION .....	8
1. LEGISLATIVE DECREE NO. 231/2001 .....	10
1.1 Key Features and Scope of Application .....	10
1.2 Types of Offenses Identified by the Decree and Subsequent Amendments .....	10
1.3. Criteria for Attributing Liability to the Entity .....	11
1.4. Instructions of the Decree in Regard of the Characteristics of the Organization, Management and Control Model .....	14
1.5. Penalties.....	15
2. PROCESS FOR THE PREPARATION OF THE MODEL .....	16
2.1 The Company's Choice .....	16
2.2 Methodological Approach Adopted .....	16
3. ORGANIZATION, MANAGEMENT AND CONTROL MODEL .....	18
3.1 Purpose of the Model.....	18
3.2 Code of Ethics .....	19
3.3 Recipients of the Model .....	19
3.4 Adoption of, Amendments to and Additions to the Model.....	20
3.5 Management of the Model within the Moncler Group.....	20
4. COMPONENTS OF THE PREVENTIVE CONTROL SYSTEM .....	21
4.1 System of Ethical Principles.....	22
4.2 Organizational system .....	22
4.3 Authorization System.....	22
4.4 System of Management and Control of Financial Flows .....	22
4.5 Information and Training Program .....	23
4.6 Disciplinary System .....	23
4.7 System of Operating Procedures.....	23
4.8 Information and IT Application Systems.....	24
5. SUPERVISORY BODY .....	24
5.1 Identification of the Requirements of the SB .....	24
5.2 Identification of the SB .....	25
5.3 Procedures for the Appointment and Term of Office of the SB.....	26
5.4 Causes of Ineligibility, Reasons for and Powers of Removal.....	26
5.5 Functions of the SB .....	27
5.6 Disclosure Obligations to the Supervisory Body.....	29
5.7 Reporting of the SB .....	31
5.8 Retention of Information .....	31
5.9 Coordination between Moncler Group Supervisory Bodies .....	32
6. WHISTLEBLOWING .....	32
6.1 General principles.....	32
6.2 The Whistleblowing System.....	33
6.3 Prohibition of Retaliation .....	34
7. DISSEMINATION OF THE MODEL.....	34

7.1 Initial Communication .....	34
7.2 Training of personnel .....	35
8. DISCIPLINARY SYSTEM .....	35
8.1 Violations of the Model .....	36
8.2 Violations relating to the Whistleblowing System .....	38
8.3 Measures against employees .....	38
8.4 Violations of the Model by Managers and Relevant Measures .....	40
8.5 Measures against Members of the Governing Body, Board of Statutory Auditors and SB..	42
8.6 Measures against Consultants, Suppliers, Contractors, Partners, Collaborators, Representatives of the Other Companies and Customers of the Wholesale Sector, Involved in Sensitive Activities .....	43
SPECIAL SECTION "A" - OFFENSES AGAINST THE PUBLIC ADMINISTRATION .....	45
A.1 Types of Offenses against the Public Administration (Articles 24 and 25 of the Decree)....	45
A.2 Sensitive Activities .....	47
A.3 General Principles and Rules of Conduct .....	47
A.4 Specific Conduct and Control Protocols.....	50
SPECIAL SECTION "B" - CORPORATE OFFENSES AND MARKET ABUSE .....	51
B.1 Types of corporate offenses (Article 25-ter of the Decree) and market abuse (Article 25 sexies of the Decree) .....	51
B.2 Sensitive Activities .....	55
B.3 General Principles and Rules of Conduct .....	55
B.4 Specific Conduct and Control Protocols.....	59
SPECIAL SECTION "C" - OFFENSES RELATED TO RECEIVING, LAUNDERING OR USING MONEY, GOODS OR BENEFITS OF ILLICIT ORIGIN, AS WELL AS SELF- LAUNDERING .....	60
C.1 The offenses of receiving, laundering and using of money, goods or benefits of illicit origin, as well as self-laundering (Article 25-octies of the Decree). ....	60
C.2 Sensitive Activities .....	61
C.3 General Principles and Rules of Conduct .....	61
C.4 Specific Conduct and Control Protocols.....	62
SPECIAL SECTION "D": OFFENSES REGARDING HEALTH AND SAFETY IN THE WORKPLACE .....	63
D.1 Types of offenses regarding health and safety in the workplace .....	63
D.2 Risk management process concerning health and safety in the workplace.....	64
D.3 General Principles and Rules of Conduct .....	64
D.4 Control principles and specific prescriptions which apply to the management of risks concerning health and safety in the workplace .....	65
SPECIAL SECTION "E" - INDUCEMENT NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES .....	66
E.1 Types of inducement not to make statements or to make false statements to the Judicial Authorities (Article 25-decies of the Decree) .....	66
E.2 General Principles, Rules of Conduct and Specific Protocols .....	67
SPECIAL SECTION "F" - ORGANIZED CRIME OFFENSES .....	69
F.1 Organized crime offenses (Article 24-ter of Decree).....	69
F.2 Sensitive Activities .....	71

F.3 General Principles and Rules of Conduct.....	71
F.4 Specific Conduct and Control Protocols.....	72
<b>SPECIAL SECTION “G” - OFFENSES REGARDING FALSE TRADEMARKS, PATENTS AND DISTINCTIVE MARKS .....</b>	<b>73</b>
G.1 Types of offenses regarding false trademarks, patents and distinctive marks (Article 25-bis of the Decree) .....	73
G.2 Sensitive Activities.....	74
G.3 General Principles and Rules of Conduct .....	74
G.4 Specific Conduct and Control Protocols.....	75
<b>SPECIAL SECTION “H”: OFFENSES IN VIOLATION OF COPYRIGHT .....</b>	<b>76</b>
H.1 Types of Offenses in Violation of Copyright .....	76
H.2 Sensitive Activities .....	79
H.3 General Principles and Rules of Conduct .....	79
H.4 Specific Conduct and Control Protocols.....	80
<b>SPECIAL SECTION “I”: OFFENSE OF EMPLOYMENT OF CITIZENS FROM NON-EU COUNTRIES WITHOUT A PROPER RESIDENCY PERMIT .....</b>	<b>81</b>
I.1 Employment of citizens from non-EU countries without a proper residency permit (Article 25 duodecies of Decree) .....	81
I.2 Sensitive Activities .....	81
I.3 General Principles and Rules of Conduct .....	82
I.4 Specific Conduct and Control Protocols.....	82
<b>SPECIAL SECTION “L”: OFFENSES AGAINST INDUSTRY AND TRADE AND SMUGGLING OFFENSES.....</b>	<b>83</b>
L.1 Types of offenses against industry and trade (art. 25-bis 1 of the Decree).....	83
L.2 Smuggling Offenses .....	84
L.3 Sensitive Processes .....	91
L.4 General Principles and Rules of Conduct .....	91
L.5 Specific Principles of Conduct and Control .....	92
<b>SPECIAL SECTION “M”: IT CRIMES .....</b>	<b>93</b>
M.1 Types of IT crimes.....	93
M.2 Sensitive Activities.....	95
M.3 General Principles and Rules of Conduct.....	95
M.4 Specific Principles of Conduct and Control .....	95
<b>SPECIAL SECTION “N”: ENVIRONMENTAL OFFENSES.....</b>	<b>96</b>
N.1 Types of environmental offenses .....	96
N.2 Sensitive Activities.....	98
N.3 General Principles and Rules of Conduct .....	98
N. 4 Specific Principles of Conduct and Control .....	98
<b>SPECIAL SECTION “O”: OFFENSES AGAINST THE PERSON .....</b>	<b>99</b>
O.1 Types of offenses against the person .....	99
O.2 Sensitive Activities.....	99
O.3 General Principles and Rules of Conduct .....	99
O.4 Specific Protocols relating to the Sensitive Activities referred to below: .....	101
<b>SPECIAL SECTION “P”: TAX OFFENSES.....</b>	<b>102</b>

P.1 Types of tax offenses.....	102
P.2 Sensitive Activities .....	104
P.3 General Principles and Rules of Conduct.....	104
P.4 Specific Principles of Conduct and Control .....	105
SPECIAL SECTION “Q” - OFFENSES RELATING TO NON-CASH PAYMENT MEANS	106
Q.1 Types of offenses relating to non-cash payment means (Article 25- <i>octies</i> 1 of the Decree) 106	
Q.2 Sensitive Activities .....	106
Q.3 General Principles and Rules of Conduct .....	106
Q.4 Specific Conduct and Control Protocols.....	108
SPECIAL SECTION “R” - CRIMES AGAINST THE CULTURAL HERITAGE AND LAUNDERING OF CULTURAL ASSETS AND DEVASTATION AND LOOTING OF CULTURAL AND LANDSCAPE ASSETS.....	109
R.1 The types of crimes against cultural heritage and laundering of cultural assets and devastation and looting of cultural and landscape assets (Articles 25- <i>septiesdecies</i> and 25- <i>duodevicies</i> of the Decree).....	109
R.2 Sensitive Activities .....	109
R.3 General Principles and Rules of Conduct .....	109
R.4 Specific Conduct and Control Protocols.....	111

## **DEFINITIONS**

<b>“Contractors”</b>	Conventionally, these are all contractors of works or services within the meaning of the Italian Civil Code, as well as subcontractors, sub-suppliers, providers of work, self-employed workers that enter into a contract with the Company and which the latter employs in Sensitive Processes / Activities.
<b>“Sensitive Processes / Activities”</b>	The set of business activities and operations, also carried out with the help of representatives of other Group Companies by virtue of intercompany agreements (especially, the parent Moncler S.p.A.), organized in order to pursue a particular purpose or manage a specific business scope of Industries S.p.A. in areas potentially at risk of committing one or more of the offenses under the Decree, as listed in Special Sections of the Model, also referred to generically and collectively as area/s at risk.
<b>“Collective Bargaining Agreement”</b>	National collective bargaining agreement.
<b>“Collaborators”</b>	Third parties collaborating with the Company, including “seasonal”, project-based, temporary / contracted workers.
<b>“Consultants”</b>	Persons that are not employees of the Company acting in the name and/or on behalf of Industries S.p.A. on the basis of a mandate or other stylistic, technical, or professional advice agreement in Sensitive Processes / Activities.
<b>“Decree”</b>	Legislative Decree No. 231 of 8 June 2001.
<b>“Delegation”</b>	The internal act of assigning functions and tasks within the corporate organization.
<b>“Recipients”</b>	All the persons the Model is addressed to and, in particular: Corporate Bodies and their members, Employees, Collaborators, Contractors, Suppliers, Consultants, Partners, representatives of other Group Companies and customers of the wholesale sector involved in Sensitive Activities, as well as members of the Supervisory Body, as not belonging to the categories mentioned above (see also para. 3.3).
<b>“Employees”</b>	For the purposes of this Model, employees and managers of Industries S.p.A.
<b>“Suppliers”</b>	The suppliers of goods and services (other than consulting services) which the Company uses in the context of Sensitive Processes.
<b>“Model”</b>	The organization, management and control model set forth in the Decree.
<b>“SB”</b>	The Supervisory Body set forth in the Decree.

<b>“Governing Body”</b>	The Board of Directors of Industries S.p.A.
<b>“Partners”</b>	The third parties with which Industries maintains partnerships and joint ventures in various capacities, as well as cooperation for the realization of co-marketing projects and special projects, including on behalf of Moncler S.p.A.
<b>“Process Owner”</b>	The person that due to the organizational position held or activities carried out is more involved in the relevant Sensitive Activity or has greater visibility for the purpose of Model 231.
<b>“Power Of Attorney”</b>	The unilateral legal contract whereby the Company attributes powers of representation against third parties.
<b>“Offenses”</b>	The types of offenses considered in the Decree.
<b>“Company” or “Industries S.p.A.” or “Industries”</b>	Industries S.p.A., joint-stock corporation with sole shareholder (Moncler S.p.A.), with registered office in Milan, via Stendhal 47, and branch in Trebaseleghe (Padua), Via Venezia.

## **INTRODUCTION**

Industries, a company of the Moncler Group, manufactures and markets clothing for the Moncler brand, owned by the parent company and licensed to Industries, and performs certain centralized operating functions for the Group companies.

At the meeting of 23 June 2014, the Board of Directors of Industries S.p.A. approved the "Organization, Management and Control Model" within the meaning of Legislative Decree No. 231 of 8 June 2001, on "Administrative liability of legal persons, corporations and associations including without legal personality, pursuant to Article 11 of Law no. 300 of 29 September 2000".

In parallel with the adoption of the Model, the Board of Directors appointed a special body, called the Supervisory Body, to which it gave the task of supervising and monitoring the requirements of the above Decree.

Subsequently, in 2014, the Company carried out a specific risk assessment with reference to IT crimes, thereby modifying the Model, the revised and updated version of which was approved by resolution of the Board of Directors on 11 November 2015.

In 2017, the Company revised the risk assessment process to include the offense of bribery between private individuals and the new offense of unlawful intermediation and exploitation of labor.

In the first quarter of 2018, the Company adapted the Model to include the regulations on whistleblowing (incorporating the amendments to Article 6, Legislative Decree no. 231/2001 introduced by Law no. 179 of 30 November 2017 containing "Provisions for the protection of whistleblowers who report offenses or irregularities which have come to their attention in the context of a public or private employment relationship").

In the fourth quarter of 2020, the Company updated the risk assessment with reference to offenses of fraud in sporting competitions, abusive gambling or betting and gambling by means of prohibited devices; the establishment of a national cyber security perimeter; tax offenses and implementation of the PIF Directive including, among others, smuggling offenses.

As a result of the risk assessment findings, the Company adapted the Model to take on board the recent changes in legislation, with specific reference to the offenses considered applicable to Industries S.p.A., in particular tax offenses and smuggling offenses. The changes were approved by resolution of the Board of Directors on 18 February 2021.

During 2022, the Company carried out new risk assessment activities aimed at updating the Model to the offenses introduced since the last approval. Therefore, the Company updated its Model following the organizational and business changes resulting from Moncler S.p.A.'s acquisition of Sportswear Company S.p.A. and regulatory changes.

In October 2023, the Company adapted the Model to the new legislation on the subject of whistleblowing, following the enactment of Italian Legislative Decree 24/2023 transposing Directive (EU) 2019/1937 "*on the protection of persons who report breaches of Union law and on provisions for the protection of persons who report breaches of national laws*". This update also took into account the changes introduced by Italian Law No. 137 of 9 October 2023.

The supplemented and updated version of the Model was approved by the Board of Directors at the meeting of 29 November 2023.

## STRUCTURE OF THE MODEL

Industries's Organization, Management and Control Model consists of a "General Section" and several "Special Sections" (as better specified below) as well as the documents referred to from time to time in the text of the Model and to be considered an integral part of the Model itself.

The General Section, after recalling the Decree's principles (Chapter 1), outlines the methodology used to develop the Model (Chapter 2), then illustrates the purposes and nature of the Model, and describes the modalities for its intervention and amendment (Chapter 3), the components of the preventive control system (Chapter 4), the characteristics and functioning of the SB (Chapter 5), the modalities for managing whistleblowing (Chapter 6), the modalities for disseminating the Model (Chapter 7) and the disciplinary system associated with any violations of the principles enshrined in the Model (Chapter 8).

The Company decided to comply with Italian Legislative Decree 231/01 by carrying out various Control & Risk Self Assessment activities (hereinafter also referred to as "CRSA"), with reference to the following offense categories:

- Offenses against the Public Sector;
- Corporate offenses, including bribery among private individuals and market abuse offenses;
- Offenses of receiving, laundering, use of money, goods or benefits of illicit origin, as well as self-laundering;
- Organized crime offenses;
- Offenses regarding false trademarks and patents;
- Offense of inducement not to make statements or to make false statements to the Judicial Authority;
- Offenses of employment of citizens from non-EU countries without proper residency permits;
- Manslaughter and serious or very serious negligent bodily injury committed in violation of the rules to protect health and safety in the workplace;
- Offenses in violation of copyright;
- Offenses against industry and trade and smuggling offenses;
- IT crimes;
- Offenses against the person;
- Offenses against industry and trade;
- Tax offenses;
- Offenses relating to non-cash payment means;
- Offenses to the detriment of cultural heritage;
- Laundering of cultural assets and devastation and looting of cultural and landscape assets.

reserving the right at a later stage to assess the extension of these CRSAs to other offenses referred to in the Decree.

On the basis of this preliminary assessment and the findings of the CRSA activities, a number of "Special Sections" dedicated to each of the above-mentioned offense categories were then developed, with the following aim of:

- providing the Recipients with a representation of the Company's organization, management and control system, as well as an example of the ways in which offenses may be committed within each Sensitive Activity;
- indicating to the Recipients the principles of conduct, the general rules of conduct and the specific prescriptions with which they must comply in the performance of their activities.

The documentation drawn up as a result of the Control & Risk Self Assessment activities is an integral part of the Model.

## **1. LEGISLATIVE DECREE NO. 231/2001**

### **1.1 Key Features and Scope of Application**

Italian Legislative Decree 231/2001 introduced and regulates the administrative liability of legal entities due to the commission of offenses. The Decree, implementing the EU legislation on the fight against bribery, is absolutely new for our legal system, which did not know, until 2001, of criminal or administrative liability for collective entities, which could at most be called upon to pay, jointly and severally, the fines, penalties and administrative sanctions imposed on their legal representatives, directors or employees.

The scope of application of the Decree is rather wide and it affects all entities with legal personality, corporations, associations (including those without legal personality), public economic entities and private-sector concessionaires of public services. The Decree, however, does not apply to the State, local public bodies, non-profit public bodies or entities that carry out constitutional functions (for example, political parties and trade unions).

The new liability of entities is based on the following punitive model: the legislator identifies certain types of offenses, the perpetrators of which are always natural persons, which may be committed in the interest or for the benefit of the entity; it then identifies a particular link between the perpetrator and the entity, such that it may be inferred that the perpetrator acted within the scope of the activities carried out for the entity; it derives direct liability from the link between natural person and entity and from the link between offense and entity's interest; it chooses a particular punitive system for the entity, which is separate from that applicable to the natural person.

A liability arises for an entity if:

- an offense has been committed to which the Decree connects a liability for the entity;
- the offense has been committed by a person who has a special connection with the entity;
- there is an interest or a benefit for the entity in the commission of the offense.

This new form of corporate liability has a mixed nature. It may be defined as a liability combining the essential features of the criminal system with those of the administrative system. The entity is held liable for an administrative offense and is punished with an administrative sanction, but the mechanism for imposing sanctions is based on the criminal process, with the Public Prosecutor as the Competent Authority to challenge the offense and the Criminal Judge as the Competent Authority to impose sanctions.

The administrative liability of the entity is independent from that of the individual who commits the offense, and it therefore arises even if the perpetrator has not been identified or if the offense is no longer punishable for a reason other than amnesty.

The liability of the entity is in any case added to and does not replace that of the individual perpetrator of the offense.

### **1.2 Types of Offenses Identified by the Decree and Subsequent Amendments**

The liability of entities only arises for offenses expressly laid down by law. The first and essential limitation is the limited number of offenses for which the entity may be held liable. This means that the entity cannot be punished for any offense committed in the course of its activities, but only for offenses selected by the legislator and expressly indicated by law. In its original version and subsequent additions, the Decree mentions, in Articles 24 et seq., the offenses (so-called predicate offenses) that may give rise to the entity's liability.

The limited applicability of the Decree's to the sole predicate offenses is logical and understandable: it would make no sense to punish the entity for the commission of offenses that have no connection with its activity and that arise solely from the choices or interests of the natural person committing them. There are very different categories of offenses. Some are typical and exclusive of business activity; others, on the other hand, are generally outside the scope of the actual business activity and pertain to the typical activities of criminal organizations.

The listing of offenses was expanded after the original one included in the Decree, concerning offenses against the Public Administration, on several occasions.

At the date of approval of the Model, the predicate offenses belong to the categories mentioned below:

- offenses against the Public Administration (Articles 24 and 25);
- IT crimes and unlawful processing of data (Article 24-bis);
- organized crime (Article 24-ter);
- forgery of currency, public credit cards, tax stamps and instruments or signs of recognition (Article 25-bis);
- offenses against industry and trade (Article 25-bis 1);
- corporate offenses (Article 25-ter);
- crimes of terrorism or subversion of the democratic order (Article 25-quater);
- practice of female genital mutilation (Article 25-quater 1);
- offenses against the person (Article 25-quinquies);
- market abuse (art. 25-sexies);
- manslaughter and serious or very serious negligent injury committed in violation of the rules to protect health and safety in the workplace (Article 25-septies);
- receiving, laundering and using money, goods or benefits of illicit origin (Article 25-octies);
- offenses relating to non-cash payment means (Article 25-octies. 1);
- offenses in violation of copyright (Article 25-novies);
- inducement not to make statements or to make false statements to the Judicial Authorities (Article 25-decies);
- environmental crimes (Article 25- undecies);
- offenses relating to employing citizens from non-EU countries without proper residency permits (Article 25-duodecies);
- offenses involving racism and xenophobia (art. 25-terdecies);
- offenses of fraud in sporting competitions, abusive gambling or betting and gambling by means of prohibited devices (art.25-quaterdecies);
- transnational offenses (Article 10, Italian Law 146/2006);
- tax offenses (art. 25-quinquiesdecies);
- smuggling offenses (art. 25-sexiesdecies);
- offenses against the cultural heritage (Article 25-septiesdecies);
- laundering of cultural assets and devastation and looting of cultural and landscape assets (Article 25-duodevicies).

The list of predicate offenses is likely to be expanded in the future.

### **1.3. Criteria for Attributing Liability to the Entity**

If one of the predicate offenses has been committed, the entity may be punished only if certain conditions are met, which are defined as criteria for attributing liability to the entity. These criteria may be distinguished into “subjective” and “objective”.

The first “subjective” criterion provide for the offense to have been committed by a person linked to the entity by a qualified relationship. There must, therefore, be a relevant connection between the individual-perpetrator and the entity. Administrative liability of the entity may only exist if the perpetrator of the offense belongs to one of these two categories:

- **Senior managers**, including, but not limited to, the legal representative, director, general manager or manager of an independent organizational unit, as well as people who, even *de facto*, exercise the management of the entity. These are, in essence, those who have an independent power to make decisions on behalf of the company. All persons delegated by the directors to exercise management or direction of the company or of its branch offices are also considered to fall under this category. In this context, the structure of the power and function delegation system is particularly important for the overall purpose of the definition of this Organization, Management and Control Model.
- **Subordinate staff**, all persons who are subject to management and supervision of senior managers; typically, employees, but also those that do not belong to the entity’s personnel, who have been entrusted with a task to be performed under the direction and supervision of senior management. For the purpose of belonging to this category, what matters is not the existence of a contract of employment, but the work actually performed. It is clear that the law needs to avoid that the entity may escape liability by delegating work to third party collaborators whereby an offense may be committed. Among the interested third parties there are, for example, collaborators, promoters, agents and consultants, who, upon mandate of the company, perform activities in its interest. Finally, mandates or contractual relationships with persons other than company’s personnel are also relevant, provided that they act in the name of, on behalf or in the interest of the entity.

According to the second “objective” criterion, the offense must be committed in the interests of or for the benefit of the entity. The offense must, therefore, relate to the company’s business activities or the company must have obtained some benefit, even potential benefit, from the offense. The two conditions are alternatives, meaning that it is sufficient that only one of them is met.

- An “interest” exists when the perpetrator of the offense has acted with the intention of favoring the company, regardless of whether this objective is actually achieved.
- A “benefit” exists when the Company has obtained, or could have obtained, positive results, financially or otherwise, from the offense.

The law does not require that the benefit achieved or envisaged by the entity should necessarily be of a financial nature: liability exists not only where the wrongful act has caused a cash advantage, but even if, while in the absence of such a concrete result, the fact causing the offense is grounded in the interest of company.

Even the improvement of the entity’s market position, the concealment of a financial crisis, the conquest of a new geographical area are results involving the interests of the company without providing an immediate financial benefit.

The entity is not liable if the offense has been committed in the exclusive interest of the perpetrator or in the exclusive interest of third parties.

The Decree also provides that the entity is not liable for the offense if - before it is committed - the same has adopted and effectively implemented an appropriate “organization and management model” (the Model) to prevent the commission of offenses of the kind that has been committed.

Turning the legislation into positive wording, it may be affirmed that the entity is liable for the offense only in the event of failure to adopt the Model or failure to comply with the required standards relating to its organization and the performance of its activities: a defect attributable to a flawed company policy or structural deficits in the corporate organization. Since the entity is not able to express its own will to commit the offense, it is its representatives, directors or organization that express and materialize its culpable participation in the commission of the offense.

In order to avoid being charged with the offense, the entity must prove to have done everything in its power to organize, manage and control itself so that an offense provided for in the Decree may not be committed in the exercise of its business activities. Therefore, the Decree exempts the entity from liability only if it is able to prove that:

- the governing body adopted, before the offense was committed, and effectively implemented organizational, management and control models capable of preventing the type of offense that occurred;
- the task of supervising the functioning and compliance with the models and of ensuring that they are kept updated has been assigned to a body within the entity vested with autonomous powers of initiative and control (the Supervisory Body as per paragraph 5 below);
- and that supervision by of the aforementioned body was neither omitted nor insufficient.

The conditions listed above must come together for the entity’s liability to be excluded. The company’s exemption from culpability therefore depends on the adoption and effective implementation of a Model for the prevention of offenses and the establishment of a Model Supervisory Body. The Supervisory Body is responsible for overseeing the compliance of activities with the standards and procedures defined in the Model. In particular, the Decree assigns the following tasks to the Supervisory Body:

- supervision over the operation of the Model;
- any updating of the Model;
- acquisition of information related to violations of behavioral precepts, including through the creation of internal information flows;
- coordination with other corporate bodies with similar responsibilities;
- activation of disciplinary proceedings.

The Model operates as grounds for exemption of the entity from criminal punishment both in case the predicate offense is committed by a senior manager and if it is committed by a subordinate staff member. However, if the offense has been committed by a senior manager, the Decree is much stricter on the guilt of the entity leaving little room for defense. In this case, in fact, the Decree provides that the entity must also prove that the persons committed the offense by fraudulently evading the Model. The Decree requires a stronger proof of extraneousness to the offense, since the entity must also prove a kind of “fraud” within the Model on the part of senior managers.

In the event that an offense has been committed by subordinate staff, the entity will only be liable if it is established that the commission of the offense has been made possible by failing to fulfill management or supervisory obligations. This is a genuine organizational negligence: the company has indirectly consented to the commission of the offense by not supervising the activities and persons at risk of committing a predicate offense.

The entity participates in criminal proceedings with its legal representative, unless the latter is charged with the offense from which the administrative offense arises. With reference to this aspect,

in the event that the legal representative is under investigation for a predicate offense of the administrative offense ascribed to the entity, and is therefore in a situation of conflict with the entity's interests, the appointment of the entity's lawyer must be made through a person specifically delegated to this activity for cases of possible conflict with the criminal investigations against the legal representative (in this sense, see Italian Supreme Court, II criminal division, No. 35387 of 13 May 2022).

The adoption and implementation of the Model does not constitute an obligation under the law. However, in the light of the aforementioned criteria for attributing the offense to the entity, the Model is the only instrument available to prove that is not guilty and, ultimately, to avoid being subject to the sanctions laid down by the Decree. It is therefore in the company's interest to have an effective model and to enforce it.

#### **1.4. Instructions of the Decree in Regard of the Characteristics of the Organization, Management and Control Model**

The Decree does not analytically regulate the nature and characteristics of the Model, but merely dictates some general principles. The mere adoption of the Model as such is not a sufficient condition to exclude the company's liability. In fact, the Model operates as a ground for exemption from criminal punishment only if:

- appropriate, i.e. only if it is reasonably appropriate to prevent the offense(s) committed;
- it is actually implemented, i.e. whether its content is applied in the company's procedures and internal control system.

The Model is considered to be appropriate if it has the following minimum content:

- the company's activities within which offenses may be committed have been identified;
- specific protocols have been set out aimed at planning the formation and implementation of the company's decisions in relation to the offenses to be prevented;
- appropriate procedures for the management of financial resources have been identified to prevent the commission of offenses;
- an appropriate disciplinary system has been introduced to punish non-compliance with the measures indicated in the Model;
- mandatory information flows have been provided for in respect of the Supervisory Body;
- one or more channels are available to report unlawful conduct pursuant to Legislative Decree no. 231/2001 or violations of the Model, including at least one capable of ensuring the confidentiality of the whistleblower using IT tools;
- in relation to the nature and size of the organization, as well as the type of business activity carried out, appropriate measures have been provided for to ensure that business is conducted in compliance with the law and to promptly detect and eliminate situations at risk.

The effective implementation of the Model is confirmed by its periodic review and update if there are any significant violations of the provisions contained therein or if changes in the company's organization or activities have occurred.

The Model is thus a set of principles, instruments and conducts that govern the organization and management of the enterprise, as well as control instruments. It changes and takes into account the nature and size of the company and the kind of business it conducts. The rules and conduct laid down in this Model must enable the company to discover whether there are any risky situations, namely situations which may favor the commission of an offense relevant to the Decree. Having identified such risky situations, the Model must be able to eliminate them through the imposition of conduct and controls.

## 1.5. Penalties

The entity held liable for the commission of any of the predicate offenses may be sentenced to four types of penalties, different by nature and methods of enforcement:

### 1) financial penalty

When the court holds the entity liable, a fine is always imposed. The fine is determined by the court through a system based on “quotas”. The financial penalty amount depends on the severity of the offense, the degree of liability for the company, the operations carried out to eliminate or mitigate the consequences of the offense or to prevent the commission of other offenses. The judge will also take into account the company’s economic and financial conditions in determining the *quantum* of the penalty.

### 2) disqualification penalties

The disqualification penalties may be applied in addition to financial penalties, provided they are expressly set forth for the offense for which proceedings have been commenced, and at least one of the following conditions has been met:

- the entity has drawn a significant profit from the offense and the offense has been committed by a senior manager, or a subordinate staff member, but only if the commission of the offense has been made possible by serious organizational shortcomings;
- in case of repeated offenses.

The disqualification penalties set forth in the Decree are the following:

- temporary or permanent disqualification from carrying out the business activity;
- suspension or revocation of permits, licenses or concessions functional to the commission of the offense;
- prohibition to enter into contracts with the public administration, except for obtaining the performance of a public service;
- exclusion from credit facilities, loans, grants or subsidies and possible revocation of those already granted;
- temporary or permanent prohibition to advertise for goods or services.

Disqualification penalties concern the specific activity to which the entity’s offense relates and are usually temporary, ranging between three months to two years, but they may exceptionally be applied with permanent effect. They may also be applied as a precautionary measure, before the verdict, at the request of the Public Prosecutor, if there are serious indications of the entity’s liability and there is clear and specific evidence to suggest a real threat that same types of offenses at issue in the proceedings may be committed.

### 3) confiscation

This consists in the acquisition by the State of the price or profit of the offense or of an equivalent value.

### 4) publication of the verdict

This consists in the publication of the verdict only once, either in part or in whole at the expense of the entity, in one or more newspapers designated by the Judge in its verdict and by bill posting in the Municipality where the entity has its the main office.

All penalties are administrative in nature, even if applied by a Criminal Judge. The penalties' framework established by the Decree is very severe, both because the financial penalties may be very high, and because the disqualification penalties may significantly limit the normal exercise of the company's activities, precluding it from a number of deals.

The administrative penalties against the entity are subject to a statute of limitations, except in cases of interruption thereof, within five years from the date when the offense was committed.

The entity's final verdict is entered in the national register of administrative penalties for offenses: an archive containing all decisions relating to penalties that have become irrevocable, applied to entities pursuant to the Decree.

## **2. PROCESS FOR THE PREPARATION OF THE MODEL**

### **2.1 The Company's Choice**

Despite the fact that the Decree does not mandatorily require the adoption of an Organization, Management and Control Model, Industries has deemed it appropriate to do so in order to guarantee an ethical conduct and to pursue compliance with the principles of legitimacy, correctness and transparency in the performance of corporate activities.

Furthermore, the decision to adopt an Organization, Management and Control Model corresponds to Industries' need to pursue its mission in strict compliance with the objective of creating value for its shareholders.

Industries has decided to launch an adaptation project with respect to the contents of the Decree for the adoption of its own Model. The latter is not only a valuable tool for raising awareness of all those who work on behalf of the Company, in order for them to hold correct and straightforward behavior in their activities, but also an indispensable means of prevention against the risk of committing the offenses provided for by the Decree.

As mentioned above, the Company decided to start the process of compliance with Italian Legislative Decree 231/01 by carrying out *Control & Risk Self Assessment* activities, as well as preparing and adopting this Model, with reference to the offenses already mentioned in the introduction.

In particular, the Company deemed it appropriate to focus its attention on those categories of offenses that (as also confirmed by the results of the CRSA) could be more concretely envisaged, in consideration of the activity and business context in which it operates. The Company reserves the right, at a later stage, to assess the possible extension of the CRSA and the related integration of the Model, also to other offenses provided for in the Decree.

### **2.2 Methodological Approach Adopted**

The Model, inspired by the Guidelines for the purposes of Italian Legislative Decree No. 231 of 8 June 2001, which are proposed and periodically updated by Confindustria [association of Italian manufacturers and service providers], has been drawn up taking into account the structure and activities effectively carried out by the Company and the nature and size of its organization. In particular, the development of the Project is summarized below.

The Company has carried out a preliminary analysis of its corporate context and then an analysis of the activity areas presenting potential risk profiles in relation to the commission of the offenses mentioned by the Decree deemed applicable to Industries.

In particular, the following were analyzed, by way of example only, though not exhaustively:

- the history of the Company and the corporate context;
- the sector to which it belongs;
- the organizational set-up (formalized in company organization charts, service orders, etc.);
- the existing corporate governance system;
- the system of powers of attorney and proxies;
- existing legal relations with third parties, including with reference to service contracts governing intercompany relationships;
- the typical way of conducting business;
- the type of relations and activities (e.g. commercial, financial, control, regulatory, representative, collective bargaining, etc.) entertained with public administrations;
- cases of possible and alleged irregularities in the past;
- practices and procedures formalized and disseminated within the Company for the performance of corporate activities, including through the representatives of other group companies.

On the basis of the preliminary analyses, the corporate functions involved in the activity areas, presenting potential risk profiles in relation to the commission of the offenses mentioned, were then identified, as well as the persons belonging to those functions who occupy key roles in the corporate organization, the so-called “*Key Officers*”, in order to be able to conduct the interviews for the subsequent survey phase.

For the purpose of preparing this document, the Company therefore proceeded, through interviews with *Key Officers* and documentation analysis, to:

- identify the Sensitive Activities, i.e. the areas in which it is possible that the Decree’s predicate offenses deemed applicable to Industries may be committed, and the possible ways in which these offenses may be implemented;
- identify the operating methods for carrying out the Sensitive Activities, the persons involved and the system for allocating responsibilities;
- self-assessment of risks (so-called “*Control & Risk Self Assessment*”) regarding the commission of offenses and the internal control system suitable for preventing potentially illicit conduct;
- identify adequate control measures, necessary for the prevention of the aforementioned offenses or for the mitigation of the risk they are committed;
- identify any deficiencies and/or areas for improvement in the control measures.

The final phase of the Project is the drafting of the Organization, Management and Control Model, the structure of which was described at the beginning of this document.

In light of the results of the *Control & Risk Self-Assessment* (CRSA), the Model identifies general principles of conduct and prevention rules that must be implemented to prevent the commission, so far as is reasonably practicable, of the predicate offenses relevant to the Company. To this end, the Company has taken into account the existing control and prevention tools, aimed at regulating corporate governance, such as the Articles of Incorporation, the system of powers of attorney and proxies, contracts, including intercompany agreements, and other organizational documents, if any, drawn up by the individual business functions.

In particular, the results of the analysis carried out and described above, and attributable to the various *Control & Risk Self-Assessments* of the Company – including examples of the possible ways in which offenses may be committed in the context of the Sensitive Activities, as well as the specific protocols identified by the Company -, are contained, or referred to, in the documentation in which the evidence emerging from the CRSA is formalized. This documentation is a prerequisite for and an integral part of this Model.

The documentation in electronic and/or paper format pertaining to the Company and the outputs produced in the various Project's phases were filed and made available in a specific archive that may be accessed by the members of the SB (hereinafter referred to as the "Archive").

### **3. ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

#### **3.1 Purpose of the Model**

The adoption of this Model is aimed at creating a system of corporate requirements and tools whose objective is to ensure that the Company's business activities are carried out in full compliance with the Decree and to prevent and punish any attempts to engage in behaviors subject to the risk of committing one of the offenses set forth in the Decree.

Therefore, the purposes of this Model are to:

- improve the *Corporate Governance* system;
- introduce further principles and rules of conduct into the Company aimed at promoting and developing an ethical culture within it, in the interest of fairness and transparency in the conduct of business;
- prepare a comprehensive structured set of prevention and control tools aimed at reducing the risk of committing offenses related to corporate operations;
- cause all those who operate in the name and on behalf of Industries in "areas of activities at risk" to become aware of the fact that they may commit an offense, in the event of breach of the provisions contained therein, that is punishable both for the perpetrator of the violation (under civil law, disciplinary systems or, in certain cases, criminal law) and for the Company (administrative liability pursuant to the Decree);
- inform all those who work in any capacity in the name of, on behalf of, or otherwise in the interest of Industries that any violation of the provisions contained in the Model will entail the application of appropriate penalties or the termination of the contractual relationship;
- reiterate that Industries will not tolerate illegal activities of any kind regardless of any purpose, as such behavior (even if the Company were apparently in a position to benefit therefrom) is in any case contrary to the ethical principles that the Company intends to follow;
- actively censure any conduct in violation of the Model through the infliction of disciplinary and/or contractual penalties.

The Model prepared by Industries is thus based on a structured and comprehensive set of protocols and monitoring activities, which:

- identifies the areas and activities that are potentially at risk in the course of business operations, i.e. all those activities within which it is believed there is a higher chance for the Offenses to be committed;
- defines an internal regulatory system, aimed at the prevention of the Offenses, which also includes the following:
  - a Code of Ethics that expresses the commitments and ethical responsibilities in the company's conduct of business and corporate operations;
  - a system of delegation, powers of attorney and proxies for the signature of corporate documents which provide for a clear and transparent representation of the process of formation and implementation of decisions;
  - formalized procedures, aiming at regulating operations and monitoring processes in areas at risk;

- is founded on the assumption of an organizational structure that is consistent with the business activity carried out by the Company and designed with the aim, on the one hand, to ensure the proper strategic and operational management of business activities and, on the other hand, a continuous monitoring of behavior. Such monitoring is ensured by guaranteeing a clear and systematic allocation of tasks, by applying a proper segregation of functions, by ensuring that the structure of the organization is actually implemented as defined through:
  - a formally defined, clear and appropriate organization chart consistent with the business activity carried out by the Company and a clear definition of the functions and responsibilities assigned to each organizational unit;
  - a system of delegation of internal functions and powers of attorney to represent the Company externally in order to ensure a clear and consistent segregation of functions;
  - a punctual demarcation of intercompany transactions by drawing up contracts in writing containing the determination of the tasks entrusted to the representatives of the other group companies involved in Sensitive Activities, the definition of the areas of responsibility of the parties involved, specially appointed and equipped with adequate powers in compliance with applicable corporate policies and procedures and with the principles dictated by the Code of Ethics;
- identifies the management and control Activities of financial resources in activities at risk;
- assigns to the SB the task of supervising the operation of and compliance with the Model and of proposing amendments thereto.

### **3.2 Code of Ethics**

The recommendations contained in this Model are integrated with those of the Code of Ethics (hereinafter the “Code of Ethics”) (Annex A).

The prescriptions of the Code of Ethics are based on the principles of the Model, although the latter, for the purposes it intends to pursue in implementing the provisions of Italian Legislative Decree 231/01, has a different scope from the Code itself.

In that respect, in fact:

- The Code of Ethics is a tool adopted on an independent basis and is generally applied by the Company in order to express the principles of “business ethics” that the same recognizes as its own and to which it draws the attention of all Recipients;
- The Model instead responds to the specific requirements of the Decree and is designed to prevent the commission of certain types of offenses for acts that, as apparently committed for the benefit of the Company, may lead to administrative liability pursuant to the provisions of the Decree.

### **3.3 Recipients of the Model**

The requirements of the Model are addressed to the corporate Bodies and to the members thereof, Employees, Collaborators, Suppliers, Contractors, Consultants, Partners, and representatives of other group companies involved in Sensitive Activities, as well as members of the Supervisory Body, as not belonging to the categories mentioned above.

The persons to whom the Model is addressed must abide by all the provisions strictly, in the fulfillment of the duties of loyalty, fairness and diligence arising from the legal relationships established with the Company.

The Company condemns any conduct which does not comply, as well as with the law, with the provisions of the Model, even if such conduct is carried out in the interest of the Company or with the intent to giving it an advantage.

For Recipients not belonging to the Company (Suppliers, Contractors, Consultants, Collaborators, Partners, representatives of other group companies), the Supervisory Body, having consulted the competent Department, shall propose to the Governing Body the types of legal relations to which the provisions of the Model may be applied, due to the nature of the activity performed. To this end, the Supervisory Body will also propose, having consulted the competent Department, the procedures for disseminating the Model among external stakeholders and the procedures necessary for compliance with its provisions. For disciplinary measures in case of violations of the Model, please refer to the provisions of paragraph 8.5 hereunder.

### **3.4 Adoption of, Amendments to and Additions to the Model**

The Decree provides that the Governing Body shall adopt the Model, charging each entity with the responsibility to identify the body to be entrusted with this task within itself.

Consistently with Confindustria Guidelines, Industries has identified its Board of Directors as the Governing Body responsible for adopting the Model. The task of supervising the effective implementation of the Model is instead entrusted, in accordance with the Decree, to the Supervisory Body.

This document is a “*document issued by the executive body*” (in accordance with the provisions of Article 6 para. 1, letter a), of the Decree) and the subsequent amendments and additions of a substantial nature thereto are consistently referred to the competence of the same Board of Directors.

Amendments of a substantial nature include, but are not limited to:

- inclusion of additional Special Sections in this document;
- deletion of certain parts of this document;
- change in the tasks of the SB;
- identification of a SB other than the one currently provided for;
- updating/amending/supplementing control principles and rules of conduct.

The Chief Executive Officer is attributed the right to make changes or additions, if any, to this document, of a purely formal kind, provided that the contents remain unchanged in substance. The Board of Directors and the SB must be promptly informed of such changes or additions.

### **3.5 Management of the Model within the Moncler Group**

Moncler S.p.A. recommends the adoption by the individual group companies of their own organizational model, consistent with the local situation and on the basis of instructions issued by each of them for this purpose.

The evaluation and possible adoption of an organization, management and control model is left to the responsibility of the governing bodies of the individual Group companies.

The companies may possibly take Moncler's Model as a reference, which will have however to be adapted to the individual realities of each of them, in particular to the specific risk areas/activities identified within them.

The establishment of a Supervisory Body, as provided for in Article 6, paragraph 1, letter b, of the Decree, with all the relevant granting of powers and responsibilities, is also left to the responsibility of each group company. In this regard, please refer to the provisions of paragraph 5.9

Coordination between Moncler Group Supervisory Bodies on the subject of relations between the SB of group companies and the Moncler's SB.

#### 4. COMPONENTS OF THE PREVENTIVE CONTROL SYSTEM

The Model prepared by Industries is based on and integrated with a structured and organic internal control system composed of protocols and rules, instruments for defining responsibilities, and mechanisms and tools for monitoring corporate processes, which existed prior to the issue of the Model.

The monitoring principles that are the architecture of the internal control system of Industries, with specific reference to the Sensitive Activities outlined by the Model and consistent with Confindustria's provisions, are described below:

- **clear identification of roles, tasks and responsibilities** of the persons involved in carrying out business operations (inside or outside the organization);
- **segregation of duties** among those who carry out an activity operationally, those who control it, those who authorize it, and those who record it (if applicable);
- **traceability and documentation of operations *ex post***: the relevant operations carried out (especially in the context of Sensitive Activities) must be adequately formalized, with particular reference to the documentation prepared during the execution of the same. The documentation produced and/or available in hard copy or in electronic form must be stored in an orderly and systematic manner by the functions / parties involved therein;
- **identification of manual and automatic preventive controls and inspections *ex post***: there must be manual and/or automatic controls capable of preventing the commission of Offenses or of detecting irregularities *ex post* that may conflict with the purposes of this Model. Such controls are more frequent, structured and sophisticated within the context of Sensitive Activities characterized by a higher risk profile in regard of the commission of Offenses.

The components of the preventive control system to be implemented at the corporate level to ensure the effectiveness of the Model may be traced back to the following items:

- system of ethical principles aimed at the prevention of the offenses set forth in the Decree;
- sufficiently formalized and clear organizational system;
- system of powers of authorization and signature consistent with the organizational and management responsibilities as defined;
- management control system capable of providing timely warning of the existence and onset of critical situations;
- communication system and training of personnel regarding the foundations of the Model;
- disciplinary system capable of sanctioning the violation of the rules of the Model;
- system of operating, manual or IT procedures, aimed at regulating the activities in the corporate areas at risk with the appropriate checkpoints;
- information and IT application systems for the conduct of operations or monitoring operations within the context of Sensitive Activities, or in support thereof.

Without prejudice to the fact that the requirements of this paragraph have common features in relation to all the types of offenses, please refer to each Special Section with regard to the protocols with specific characteristics for each Sensitive Activity.

#### **4.1 System of Ethical Principles**

The Company believes it is essential for Recipients to comply with the ethical principles and general rules of conduct in the performance of their activities and management of relations with the corporate bodies, shareholders, Employees, Collaborators, Suppliers, Contractors, Consultants and Partners, wholesales customers, in intercompany transactions and with the Public Administration. These rules are set out in the Code of Ethics (ANNEX A).

#### **4.2 Organizational system**

The Company's organizational system is defined through the preparation of corporate organizational charts and through the issue of delegations of functions and organizational arrangements (orders of service, job descriptions, internal organizational directives), which provide a clear definition of the functions and responsibilities assigned to each local organizational unit.

#### **4.3 Authorization System**

The authorization and decision-making system translates into a structured and coherent system of delegation of functions and powers of the Company, based on the following requirements:

- proxies must combine each management power to the relevant responsibilities and to an appropriate position in the company's organizational chart and must be updated as a result of organizational changes;
- each proxy must define and describe the management powers of the delegated party specifically and unequivocally and indicate the person to whom the delegated party reports hierarchically / functionally;
- management powers assigned with the proxies and their implementation must be consistent with corporate objectives;
- the delegated party must have spending powers appropriate to the functions assigned thereto;
- powers of attorney may be assigned exclusively to persons with a functional internal proxy or specific assignment and must provide for the extension of the powers of representation, and, where appropriate, the numerical spending limits;
- all those who maintain relations with the Public Administration on behalf of Industries must be equipped with a proxy / power of attorney to do so.

In any case, in the event that the Company is under investigation or accused in proceedings pursuant to the Decree, and the legal representative is in turn under investigation or accused in relation to the predicate offense of an administrative offense charged against the Company in such proceedings, the relevant appointment of the Company's lawyer must be made through a person specifically delegated to this activity for cases of possible conflict with the criminal investigation against the legal representative.

#### **4.4 System of Management and Control of Financial Flows**

The management control system adopted by Industries is structured in different stages of preparation of the annual budget, analysis of interim reports and preparation of Company forecasts.

The system ensures:

- a variety of parties involved, in terms of adequate segregation of functions for the processing and transmission of information;
- the ability to provide timely warning of the existence and onset of critical situations through an adequate and timely system of information and reporting flows.

Moreover, Article 6, paragraph 2, letter c) of the Decree explicitly states that the Model must “identify methods of managing financial resources appropriate for preventing the commission of offenses”.

The management of financial resources, achieved at Industries with the aid of representatives of other group companies, is defined on the basis of principles guided by a reasonable segregation of functions (even in the light of the organizational set-up and structure of the Company), such as to ensure that all expenditure is required, paid out and controlled by independent functions or persons as separated as possible, which, moreover, are not assigned other responsibilities such as to determine potential conflicts of interest.

Finally, cash management is guided by criteria of asset preservation with the related prohibition to carry out financial transactions at risk, and possible double signature for the use of cash above a predetermined threshold.

#### 4.5 Information and Training Program

With specific reference to the operations carried out as part of the Sensitive Activities, an adequate program of periodic and systematic information and training addressed to Employees and Collaborators involved therein is required and ensured.

The program includes the discussion of corporate governance issues and dissemination of significant corporate operational mechanisms and organizational procedures with respect to matters related to Sensitive Activities.

Such activities complement and complete the information and training process on a specific topic of the actions carried out by the Company in terms of adaptation to Italian Legislative Decree 231/01, as specifically provided for and regulated in the chapters devoted thereto in the General Section of the Model.

#### 4.6 Disciplinary System

The existence of a system of applicable penalties in case of non-compliance with the corporate rules of conduct and, in particular, with the internal requirements and procedures set forth in the Model is an essential component for ensuring the effectiveness of the same Model. Please see the full description in such regard in Chapter **Errore. L'origine riferimento non è stata trovata.** hereunder.

#### 4.7 System of Operating Procedures

Article 6, paragraph 2, letter b), of the Decree explicitly states that the Model should “*provide for specific protocols aimed at planning the formation and implementation of the entity’s decisions in relation to the prevention of offenses*”.

To this end, the *Control & Risk Self Assessment* documentation lists the applicable organizational documents for each Sensitive Activity.

Organizational documents allow the Company to regulate the Sensitive Activities in more detail and to guide and ensure the implementation and enforcement of principles of conduct and control laid down in this Model.

To this end, the organizational documents applicable in Sensitive Activities ensure in particular the application of the following principles:

- the clear formalization of roles, tasks and procedures and timing for the implementation of operations and control activities being regulated;
- the representation and regulation of the segregation of duties between the person taking the decision (decision-making power), the person who authorizes its implementation, the person who performs the operation and the person entrusted with monitoring it;
- traceability and formalization of each relevant activity of the process described in the procedure in order to trace *ex post* the operations carried out and the evidence of the control principles and operations applied;
- an adequate level of filing of the relevant documentation.

These organizational documents applicable in the Sensitive Activities supplement and complete the principles and rules of conduct, as well as the components of the organization, management and control system described or referred to in this Model and are, therefore, to be considered an integral part of the organizational protocols defined in the Model itself, which are useful for preventing the commission of the offenses referred to in the Decree.

#### 4.8 Information and IT Application Systems

For the preservation of the corporate documentary and information legacy, adequate security measures must be provided to safeguard the Company from the risk of loss and/or alteration of the documentation related to Sensitive Activities or unauthorized access to the data / documents.

In order to protect the integrity of data and the effectiveness of information systems and/or IT applications used for carrying out operations or control activities as part of the Sensitive Activities, or in support of the same, the presence and operation of the following will be ensured:

- user profiling systems in relation to access to modules or environments;
- rules for the proper use of company computer systems and aids (*hardware* and *software* media);
- automated mechanisms to control access to systems;
- automated mechanisms to block or inhibit access;
- automated mechanisms for managing authorization workflows.

### 5. SUPERVISORY BODY

#### 5.1 Identification of the Requirements of the SB

To fulfill the functions laid down in the Decree, the Body must meet the following requirements:

- **autonomy and independence:** as also indicated by the Guidelines of Confindustria, the position of the Body within the Entity “*must ensure the independence of its control initiatives from any form of interference and/or conditioning by any member of the Entity*” (including the Governing Body). The Body must therefore be inserted as a staff unit in a hierarchical position (the highest possible) with the provision of reporting to the company’s top senior management. Not only that, in order to ensure its necessary freedom of initiative and independence, “*it is essential for the SB not to be assigned operational tasks that, by involving it in making operational decisions and activities, would undermine its objective judgment at the time of assessing conducts and compliance with the Model*”;

- **professionalism:** this requirement refers to the specialist technical skills which the Body must be equipped with in order to carry out the activity that the law assigns to it. In particular, the members of the Body must have specific knowledge in regard of any useful technique to carry out consulting and auditing activities for the analysis of the control system and legal skills (in particular in the field of criminal and company law), as clearly specified in the Confindustria Guidelines. Knowledge of analysis and risk assessment techniques, of flow-charting of procedures and operations, of fraud detection methods, of statistical sampling and of structure and implementation methods of the offenses is in fact essential;
- **continuity of action:** to ensure the effective implementation of the organizational Model, the presence is necessary of a facility dedicated exclusively to supervisory activities.

Therefore, the SB must:

- be independent and in a position of impartiality with respect to the persons it will supervise;
- be placed in the highest hierarchical position possible;
- be vested with autonomous powers of initiative and control;
- have financial autonomy;
- be free of operational tasks;
- have continuity of action;
- have professional qualifications;
- build a systematic communication channel with the Board of Directors as a whole.

## **5.2 Identification of the SB**

The Board of Directors of Industries has considered it appropriate to establish a Supervisory Body (hereinafter also SB) set up as a panel, whose members are the following:

- an external consultant acting as Chairman;
- an external consultant acting as member;
- Internal Audit Director acting as member.

Indeed, the reflections made in light of the Company's type of business and organization, as well as its characteristics, lead to the conclusion that the optimal composition of the SB is the one as a unified bench.

The SB is an entity that reports directly to the Company's senior management (the Board of Directors) and is not bound to the operating departments by any hierarchical constraint, in order to ensure its full autonomy and independence in the performance of its functions.

The activities carried out by the SB may not be challenged by any other corporate body or division, provided that the Governing Body is in any case expected to perform monitoring activities as to the adequacy of its actions, as ultimately responsible for the operation and effectiveness of the Model.

As a further guarantee of autonomy and in line with the provisions of the Confindustria Guidelines, in the context of the Governing Body must approve an allocation of financial resources, proposed by the Supervisory Body itself, which the SB may use whenever it will be required for the proper performance of its duties (e.g. specialist consultancy, travel, etc.).

Each member of the SB has the professional skills, knowledge and competence, as well as the integrity requirements, necessary to perform the tasks assigned to them being equipped with appropriate inspection and consulting abilities.

Any changes in the composition of the SB or the attribution of the role of the SB to persons other than those identified herein or any changes to the functions assigned to the SB must be approved by the Governing Body.

### **5.3 Procedures for the Appointment and Term of Office of the SB**

The SB is appointed by the Board of Directors with a majority decision of its members.

The completion of the appointment of the SB's member is determined by the statement of his/her acceptance issued at the same time as the statement referred to in the following paragraph 5.4.

The Board of Directors will, before each new appointment, verify that the requirements expressly set forth in the Decree for members of the SB, as well as the other requirements mentioned in this chapter, have been met.

The Board of Directors regularly assesses the adequacy of the SB in terms of organizational structure and powers conferred on it.

Unless otherwise resolved by the Company's Board of Directors, the term of office of the SB is set at three years. At the expiry of this term, the SB remains in office until a new appointment resolution is passed by the Board of Directors.

A member of the SB may resign from office and, on the other hand, may be re-elected when his/her term of office expires.

### **5.4 Causes of Ineligibility, Reasons for and Powers of Removal**

The appointment as member of the Supervisory Body is conditional upon meeting the subjective requirements of good reputation, integrity, respectability and professionalism, as well as absence of the following causes of incompatibility at the time of appointment:

- existence of blood relations, marriage or kinship within the fourth degree with members of the Board of Directors, senior management in general, with the Company's statutory auditors and independent auditors appointed by the auditing firm;
- existence of conflicts of interest, even potential conflicts of interest, with the Company such as to jeopardize the independence requirement pertaining to such position and tasks belonging to the Supervisory Body;
- granting of sureties or other guarantees in favor of one of the directors (or spouse thereof), or having credit or debit relationships - unrelated to their assignment - with the latter;
- direct or indirect ownership of shareholdings of such amount as to enable them to exercise a significant influence over the Company;
- exercise of administrative functions - in the three years prior to their appointment as member of the SB – in enterprises subject to bankruptcy, compulsory liquidation or other insolvency proceedings;
- as far as he/she is aware, being an SB's member within a company against which the penalties provided for in Article 9 of the Decree have been applied, even if not permanently, for offenses committed during his/her term of office;
- employment as civil servant at central or local government agencies in the three years prior to their appointment as member of the SB or the establishment of a counselling / partnership relationship with the same body;

- existence of a judgment of conviction, also not final, or judgment for the enforcement of penalties upon request (plea bargaining), in Italy or abroad, for the offenses mentioned in the decree;
- existence of conviction, including in a non-final judgment, that entails being barred even temporarily from holding public office, or temporary disqualification from the executive offices of legal entities and enterprises;
- existence of conviction, with a final judgment, or sentence of enforcement of penalties upon request (plea bargaining) in Italy or abroad, for offenses other than those mentioned in the decree, in regard of their professional conduct.

The members of the SB will, with the acceptance of the appointment, issue to the Company a special statement in which, under their own responsibility, they certify that there are no such grounds of incompatibility.

The abovementioned rules also apply to the case of appointment of a member of the SB in place of the previously mentioned member.

If during the course of the assignment, a member of the SB becomes unavailable (e.g. due to resignation or removal), the Company's Board of Directors will appoint a replacement/s thereof.

The removal from office of a member of the SB and the assignment of such office to another person may take place only for just cause, including in connection with the organizational restructuring of the Company, by means of a special resolution of the Board of Directors by a majority of its members and with the approval of the Board of Statutory Auditors.

In this regard, "just cause" for revocation of the powers associated with the office of member of the Supervisory Body may include, but is not limited to:

- the loss of the subjective requirements of good repute, integrity, respectability and professionalism that had been present at the time of the appointment;
- the occurrence of a reason for incompatibility;
- gross negligence in the performance of duties associated with the position, such as (but not limited to): failure to draw up the half-yearly report or the annual summary report on their activities to the Board of Directors; failure to prepare the plan of activities;
- "lack of or insufficient supervision" by the Supervisory Body; in accordance with the provisions of Article 6, paragraph 1, letter d), of the Decree;
- assignment of operational functions and responsibilities within the corporate organization that are incompatible with the requirements of "autonomy and independence" and "continuity of action" pertaining to the Supervisory Body;
- false statements in regard of the non-existence of the grounds of incompatibility described above.

In particularly serious cases, the Board of Directors may - after hearing the opinion of the Board of Statutory Auditors - order the suspension of the powers of the SB and the appointment of an *interim* Body before arranging for the removal of the SB.

## **5.5 Functions of the SB**

The SB is completely independent in fulfilling its tasks and its decisions are final. In particular, the SB must:

- monitor compliance with the Model by the Recipients;

- monitor the effectiveness and adequacy of the Model in relation to the corporate structure and its actual ability to prevent the commission of Offenses;
- propose and urge the updating of the Model where there is a need to adapt the same to changed business conditions, regulatory framework or the external environment.

The SB must also work:

- *ex ante* (e.g. by working towards the training and information of personnel);
- continuously (through monitoring, supervision, review and updating activities);
- *ex post* (by analyzing the causes and circumstances that have led to the violation of the provisions of the Model or to the commission of the offense).

For the effective performance of these functions, the SB is entrusted with the following tasks and powers:

- to periodically check the map of areas at risk in order to ensure that it adapts to changes in the company's business activity and/or structure;
- to collect, process and retain information relevant to the Model;
- to periodically verify the effective implementation of corporate control procedures in areas at risk and their effectiveness;
- to verify the adoption of actions to resolve critical issues in terms of internal control systems as detected during *Control & Risk Self-Assessment*;
- to conduct periodic audits of operations or specific acts carried out as part of the Sensitive Activities;
- to conduct internal investigations and audits to assess alleged violations of the provisions of the Model;
- to monitor the adequacy of the disciplinary system for cases of violation of the rules defined by the Model;
- to engage with other business functions, including other control bodies (primarily, the Board of Statutory Auditors), including through special meetings, to improve the monitoring of operations in relation to the procedures established by the Model, or to identify new areas at risk and, in general, to evaluate the various aspects regarding the implementation of the Model;
- to coordinate and cooperate with the parties responsible for the health and safety of workers, in order to ensure that the control system pursuant to the Decree is integrated with the control system designed in accordance with special regulations for safety in the workplace;
- to coordinate with the heads of the corporate functions in order to promote initiatives for the dissemination of knowledge (also, specifically, in reference to the organization of training courses) and understanding of the principles of the Model and to ensure the preparation of the internal organizational documentation necessary for the operation thereof, containing instructions, clarifications, and updates;
- to make periodic checks on the content and quality of training programs;
- to propose to the Governing Body the evaluation criteria for the identification of Information on Sensitive Activities (see para.5.6).

To this end, the SB will be entitled to:

- issue regulations and orders of service designed to regulate the activity of the SB itself;
- gain access to any and all business records relevant to the performance of the functions of the SB pursuant to the Decree;

- give instructions to the various corporate departments, including senior management, in order to obtain from the latter, the information it deems necessary for the performance of its duties, so as to ensure prompt detection of any violations of the Model;
- make periodic checks on the basis of its own activity plan or even single actions not set forth in the aforementioned plan but deemed, in any case, necessary for the performance of its duties.

In carrying out its relevant duties, the SB has the power to request support from collaborators, identifiable as persons belonging to any business function of the Company, whom it may be appropriate to involve from time to time for the pursuit of the purposes specified above, and/or from third-party consultants.

The collaborators of the SB, on recommendation of the SB, may, also individually, perform the monitoring activities deemed appropriate for the operation and compliance with the Model.

Individuals belonging to a business function are, in carrying out the task assigned to them as collaborators of the SB, exempt from the performance of their operational business duties and will only report to the SB, hierarchically and functionally.

The SB will adopt its own Regulations, also based on the provisions of the Regulation of the Moncler SB, to ensure its organization and aspects of operation including, but not limited to, the frequency of audits, methods of resolution, procedures for its convening and minutes of its meetings, resolution of conflicts of interest and procedures to change / review such Regulations.

Moreover, under the Regulations, the SB must expressly hold formalized meetings and discussions, in particular with:

- the Board of Statutory Auditors;
- significant parties in regard of the internal control system;
- significant parties in regard of the workplace health and safety management system.

The goal of these meetings will mainly be the discussion and coordination with all parties involved at the forefront of the implementation of the control system, each according to the area under their responsibility, in order to allow the SB to seize opportunities for improvement of the existing controls in the interest of the effectiveness of the Model. In this context, the SB is responsible for checking, with the above parties, the effectiveness of the flow of information it receives, as defined in paragraph 5.6 “Disclosure Obligations to the Supervisory Body”.

The SB will establish the operating procedures and frequency of the aforementioned meetings, identifying the parties involved in each case, as well as the related agenda.

The SB will also adopt an “Plan of Activities” that it intends to carry out in order to fulfill the tasks assigned to it, to be communicated to the Governing Body.

## **5.6 Disclosure Obligations to the Supervisory Body**

In order to facilitate the supervisory activity on the Model's effectiveness and efficacy, the SB is the recipient of information useful and necessary for the performance of the supervisory tasks entrusted to the SB itself, classified as follows:

- **General information;**
- **Information on Sensitive Activities.**

The SB should be allowed access to any kind of useful information for the purpose of carrying out its activities. It follows conversely that the SB is required to keep all the information thus acquired confidential.

In any case, in order to facilitate the supervisory activities under its responsibility, the SB must obtain the **General Information** deemed useful for this purpose in due time, including, but not limited to:

- critical issues, anomalies or atypical concerns found by the corporate functions in the implementation of the Model;
- measures and/or information from the judicial police or any other authority, which indicate the conduct of investigations, even against unknown persons, for the Offenses;
- internal and external communications relating to any case that can be placed in connection with an offense under the Decree (e.g. disciplinary action initiated / implemented in respect of employees);
- requests for legal assistance forwarded by employees in the event of commencement of judicial proceedings for the Offenses;
- commissions of inquiry or internal reports that reveal the existence of responsibilities for the alleged offenses under the Decree;
- information relating to disciplinary proceedings carried out in relation to violations of the Model and any penalties imposed (including measures taken against employees) or the dismissal of such proceedings and the relevant reasons therefor;
- information relating to changes in the organizational structure;
- updates to the system of proxies and powers of attorney (including the system of powers and proxies in the field of health and safety in the workplace);
- copy of the minutes of meetings of the Board of Directors and Board of Statutory Auditors;
- information relating to organizational changes to the key positions in the field of health and safety in the workplace (e.g., changes to the positions, tasks and parties delegated to the protection of workers);
- changes to the regulatory system in the field of health and safety in the workplace;
- any reports from the independent auditing firm regarding issues that may indicate deficiencies in the internal control system, misconduct, comments on the Company's financial statements;
- any assignment given, or to be given, to the independent auditing firm or to a firm associated with it, other than the one relating to the audit of the Company's financial statements or audit of its accounting records.

Such General Information must be provided to the SB by the heads of the corporate functions according to the area under their responsibility.

The "General Information" must be made in written form, also via an email address specifically set up for the purpose and duly communicated to the Recipients of the Model.

In order to facilitate access by the SB to the widest possible range of information, the Company guarantees the protection of any reporting party against any form of retaliation, discrimination or penalization, subject to the requirements of law and the protection of the rights of the Company or of persons accused wrongly and/or in bad faith.

Moreover, in order to allow the SB to monitor particularly significant operations carried out as part of the Sensitive Activities as referred to in the Special Section, Process Owners are required to forward to the SB the "**Information on Sensitive Activities**" carried out. These parties have been classified as *Process Owners* on the basis of the *Control & Risk Self-Assessment* activities conducted.

The identification of "**Information on Sensitive Activities**" takes place through the delineation of evaluation criteria and parameters defined by the SB on the basis of the *Control & Risk Self-Assessment* activities conducted, and the evaluations of its effectiveness for the performance of its duties, as well as the constant consistency with the development of the volume and significance of

the activities. The SB will proceed to duly inform the Board of Directors in regard of the definition of the aforementioned criteria and parameters.

In particular, the information contents regarding Sensitive Activities, as well as, in general, the regulation of information flows to the SB (including the identification / formalization of *Process Owner* and Reports as described above) in terms of frequency, method of transmission and responsibilities for the transmission of the aforementioned flows will be regulated in detail in a separate procedure.

## 5.7 Reporting of the SB

The SB reports on the implementation of the Model, and any critical issues, to the Board of Directors directly.

The SB, towards the Board of Directors, has the responsibility to:

- at the beginning of each financial year, communicate the Plan of Activities that it intends to carry out in order to fulfill the tasks assigned to it;
- regularly and at least half-yearly, communicate on the progress of the Plan of Activities, and any changes made to it, giving reasons therefor;
- promptly report any violation of the Model or illegitimate and/or unlawful conduct which it learns of and considers to be founded or that it has established;
- at least once a year, prepare a report summarizing the activities carried out during the previous twelve months and the results thereof, the critical elements and violations of the Model, as well as proposals for the necessary updates to the Model to be implemented.

The Board of Directors and the Board of Statutory Auditors have the power at any time to convene the SB, which, in turn, has the power, through the competent functions or parties, to request the convening of the aforementioned bodies for urgent and particularly serious reasons.

The SB may also communicate the results of its investigations to the heads of corporate functions where the checks carried out reveal shortcomings, conducts, or actions not in line with the Model. In such case, the SB will have to obtain a plan of action from the persons in charge of the same Activities to be taken, with the relevant timing thereof, in order to prevent the recurrence of such circumstances.

The SB has the obligation to immediately inform the Board of Statutory Auditors and the Board of Directors if the violation regards the Company's senior management.

## 5.8 Retention of Information

All Information, reports and other documents collected and/or prepared under this Model are kept by the SB in an appropriate (electronic and/or paper) archive managed by the SB for a period of 10 years.

Access to the archive is restricted exclusively to the SB and the Governing Body.

It should also be noted that the documentation produced as part of the activities for the preparation and updating of the Model (*Control & Risk Self-Assessment, etc.*) and collected in a specific Archive (as referred to in Chapter **Errore. L'origine riferimento non è stata trovata.**) is kept by the SB.

## 5.9 Coordination between Moncler Group Supervisory Bodies

Taking into account the provisions of paragraph **Errore. L'origine riferimento non è stata trovata.** “Management of the Model within the Group”, the SB of each Group Company:

- may, in carrying out the task of supervising the operation of and compliance with the Model, use the resources allocated to the SB of Moncler, within the constraints of confidentiality;
- must inform Moncler’s SB in the event of a suspected violation of the subsidiary’s Model, where this circumstance may affect the implementation of the Parent Company’s Model.

Without prejudice to the responsibility of the Supervisory Board established at Industries S.p.A. on the conduct of their respective duties of supervision on the implementation and updating of the Model, Moncler’s SB may carry out the function of impetus for the activities of Industries’ SB, always respecting the autonomy of the latter Supervisory Body.

In particular, the SB of Moncler S.p.A. may:

- provide advice on the principles and procedures to be followed in performing supervisory and control activities over the implementation of the Model of the subsidiaries;
- formulate proposals for amending and updating the Model of the subsidiaries on the basis of the experience gained while carrying out its own supervisory activities;
- upon their request, carry out jointly with the SB of the subsidiaries specific control actions on the areas of activity at risk in the latter;
- report violations of the Model by subsidiaries.

## 6. WHISTLEBLOWING

### 6.1 General principles

Any violations of the Model or conduct that may constitute offenses under Italian Legislative Decree 231/2001 may be reported through the channels made available by the Company.

The Company is aware that, in order to encourage whistleblowing, an appropriate *ad hoc* management system must be created to protect, through proper technical and organizational measures, the confidentiality of the whistleblower’s identity, the identity of the person involved and of the person in any case mentioned by whistleblowing, as well as the content of the same and of the relevant documentation, and that such system must be managed by an autonomous and specifically trained person.

The Company has therefore equipped itself, in compliance with the applicable legislation<sup>1</sup>, with specific reporting channels, also defining, in a specific Procedure called “Whistleblowing Procedure” (to be deemed fully integrated in the Model), the operating methods and responsibilities for receiving, assessing, managing and closing reports.

In cases where the Whistleblowing relates to Violations attributable to unlawful conduct relevant pursuant to Italian Legislative Decree No. 231 of 8 June 2001 and violations of the 231 Model, the Whistleblowing Manager shall transmit to the Supervisory Body pursuant to Italian Legislative Decree 231/2001 timely information on the receipt of such reports and the relation on the activities carried out, for evaluations and initiatives within its responsibility.

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<sup>1</sup> Reference is made to Italian Legislative Decree 24/2023, on the “Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and laying down provisions regarding the protection of persons who report breaches of national laws”.

## **6.2 The Whistleblowing System**

With specific reference to the scope of application of the Model, persons inside and outside the Company (by way of example: employees, collaborators, shareholders, consultants, outsourcers, employees and collaborators of supplier companies), expressly indicated by the applicable legislation (hereinafter, also referred to as “Whistleblowers”), who during their work, understood as present or past work or professional activity with the Company, have become aware of or have acquired information on violations of the Model or on unlawful conduct relevant to the Italian Legislative Decree 231/2001, may make written reports through one of the following channels:

- “Navex” platform accessible at the link “[Moncler.ethicspoint.com](https://moncler.ethicspoint.com)” as a whistleblowing platform;
- Sending a letter to: Whistleblowing Moncler Group; c/o Industries S.p.A. - Internal Audit Director; Via Solari 33; 20144 MILAN - ITALY.

Reports may also be made orally, by means of a face-to-face meeting with the Whistleblowing Manager, which will be scheduled within a reasonable period of time, or by contacting the telephone number specifically indicated in the Navex Platform.

Reports may be made anonymously but they must, however, provide a detailed description of the facts and person to which the report relates.

Through the aforementioned channels, in addition to reports concerning the scope of application of the Model, reports may also be made relating to further violations referred to by Italian Legislative Decree 24/2023 and better identified in the Whistleblowing Procedure (reports concerning the scope of application of the Model and reports relating to further violations referred to by the applicable legislation and the Whistleblowing Procedure, hereinafter, jointly also referred to as “Whistleblowing”).

Within the above-mentioned channels and at each subsequent stage of the Whistleblowing handling, the confidentiality on the identity of the Whistleblower must be ensured. Specifically, the Whistleblower’s identity may not be disclosed to persons other than those specifically designated and authorized to receive and handle the Whistleblowing, without the express consent of the Whistleblower himself/herself, without prejudice to the provisions on the confidentiality obligation set out in Article 12 of Italian Legislative Decree 24/2023 and in Clause 8.1 of the Whistleblowing Procedure. Furthermore, the confidentiality of the identity of the person involved and of the person in any case mentioned by Whistleblowing, as well as the content of the latter and of the relevant documentation, must be ensured.

The Whistleblowing Procedure describes the operating procedures of the Whistleblowing management process in its main stages, the actors involved and the field of their intervention and responsibilities, as well as the modalities for archiving submitted documentation, with particular regard to the implementation of confidentiality protection and to the following aspects:

- submission of Whistleblowing report by the Whistleblower;
- receipt and registration of the Whistleblowing report;
- preliminary assessment and classification of the Whistleblowing report;
- internal audits and investigations;
- reply to the Whistleblowing report;
- process conclusion;
- reporting to top management;
- storage of Whistleblowing reports and related documentation.

The person in charge of receiving and managing Whistleblowing report is the Group Internal Audit Director, employee of Industries S.p.A..

### **6.3 Prohibition of Retaliation**

The Company guarantees Whistleblowers in good faith against any form of retaliation, discrimination or disadvantage for reasons connected, directly or indirectly, to Whistleblowing, including the cases identified by way of example in the Italian Legislative Decree 24/2023 and in the Whistleblowing Procedure, to which express reference is made.

The aforementioned protections also apply to:

- individuals who assist the Whistleblowers in the reporting process (“facilitators”);
- persons within the same work environment as the Whistleblower and who are linked to the latter by a stable emotional or family relationship up to the fourth degree;
- colleagues of the Whistleblower, who work in the same work environment as the Whistleblower and who have a regular and current relationship with him/her;
- entities owned by the Whistleblower or for which the latter works, as well as entities operating within the same work environment as the Whistleblower.

The aforementioned protections may not be ensured in the event that the Whistleblower is found, even by a court of first instance decision, to be criminally liable for the offenses of defamation or slander, or civilly liable for the same, in cases of willful misconduct or gross negligence. The Whistleblowing report shall be deemed in good faith if the Whistleblower, at the time of the Whistleblowing, had reasonable grounds to believe that the information on the reported violations was true.

Information concerning news of disciplinary proceedings and penalties handed out or measures for discontinuance of such proceedings with the reasons therefor must be mandatorily forwarded to the SB.

## **7. DISSEMINATION OF THE MODEL**

For the purpose of the effectiveness of the Model, the full knowledge of the rules of conduct that are contained therein is of primary importance both for the resources already present in the company and for those who will join it in the future, as well as for any another Recipient, with different levels of detail depending on the different degree of involvement in Sensitive Activities. With reference to Recipients not belonging to the Company (Suppliers, Contractors, Consultants, Collaborators, Partners, representatives of other group companies, wholesale customers), the Governing Body will identify the types of legal relations to which the provisions of the Model should be appropriately applied, due to the nature of the activity performed. See in this respect the paragraph **Errore. L'origine riferimento non è stata trovata.** of the Model.

### **7.1 Initial Communication**

To ensure its effective knowledge and implementation, the adoption of the Model is formally notified by the Board of Directors to the various categories of Recipients.

In particular, after approval of the Model, the Company's Employees, and all new employees thereafter, are required to sign a statement of acknowledgment of the Model and commitment to comply with its requirements.

Regarding instead the Company's Collaborators, Suppliers, Contractors, Consultants, Partners and representatives of other group companies, the appointment letter or contract involving the provision of a form of collaboration with them must explicitly contain clauses drafted in line with those set out in Annex C, which may also be drafted on separate documents from the contract itself (Annex D).

In case of significant revisions of and/or updates to the Model, the Company will give due notice to the Recipients.

The Model is also made available in accordance with the methods and tools that the Board of Directors deems appropriate to adopt, such as, for example, the publication on the Company's website, or by making the Model available in hard copy at its headquarters.

## **7.2 Training of personnel**

The training of personnel for the implementation of the Model is the responsibility of the Board of Directors, which identifies the internal resources or those external to the Company entrusted with the organization thereof.

These resources will, in coordination with the SB, which assesses their effectiveness in terms of planning, content, update, timing, methods and identification of participants, proceed to arrange for training sessions.

Participation of the persons identified in such training activities is mandatory: consequently, failure to participate will be punished in accordance with the Disciplinary System contained in the Model.

The training must provide information at least with reference to the following: the regulatory framework (Italian Legislative Decree 231/2001 and Confindustria Guidelines); the Model adopted by the Company; corporate cases where the regulations have been applied; the safeguards and protocols introduced following the adoption of the Model.

Training must be differentiated according to the various business areas the recipients of such training sessions belong to and a final test of learning must be provided. Accurate records will have to be kept of the training undertaken.

Finally, the planning of training must provide for periodic sessions to ensure a constant refresher program.

## **8. DISCIPLINARY SYSTEM**

The Decree provides that an "appropriate disciplinary system must be prepared to punish non-compliance with the measures set out in the Model" both for individuals in senior positions and for individuals subject to the direction and supervision of others.

The existence of a system of penalties applicable to infringements of the rules of conduct, requirements and procedures established by the Model is, in fact, essential to ensuring the effectiveness of the Model itself.

The application of the penalties in question must remain completely independent of the conduct and outcome of any criminal or administrative proceedings commenced by Judicial or Administrative Authorities, in the event that such censurable conduct also constitutes a relevant offense pursuant to the Decree or a relevant criminal or administrative offense under the legislation on the protection

of health and safety in the workplace. In fact, the rules imposed by the Model are assumed by the Company in full independence, regardless of whether any conduct could constitute a criminal or administrative offense and of whether the Judicial or Administrative Authorities intend to bring action against such an offense or otherwise.

The verification of the adequacy of the disciplinary system, the constant monitoring of any proceedings for the imposition of penalties on Employees and the actions against third parties are entrusted to the SB, which also proceeds to the reporting of offenses it may become aware of in the performance of the functions pertaining to it.

Except as provided in paragraph 5.4 ("Causes of Ineligibility, Reasons for and Powers of Removal"), the disciplinary system described may also be applied to members of the SB, with respect to the functions assigned to them by the present Model (see on this point the following paragraph **Errore. L'origine riferimento non è stata trovata.**).

The disciplinary system is made accessible to all Employees.

## **8.1 Violations of the Model**

The following represent violations of the Model:

1. behavior that entails one of the offenses listed in the Decree;
2. behavior which, although not entailing one of the offenses listed in the Decree, is unilaterally directed to the commission thereof;
3. behavior that does not comply with the procedures contained in the Model;
4. behavior in violation of the preventive monitoring instruments as referred to in Chapter 4 of this General Section;
5. behavior that does not conform to the provisions set forth in the Model or referred to in the Model and, in particular in relation to:
  - the risk of committing an offense against the Public Administration, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs A.3 and A.4 below of Special Section A;
  - the risk of committing a corporate offense, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs B.3 and B.4 below of Special Section B;
  - the risk of the committing an offense of receiving, laundering or using money, goods or benefit illicit origin, as well as self-laundering, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs C.3 and C.4 below of Special Section C;
  - the risk of violation of the rules established for the protection of health and safety at work from which the event of accident or occupational disease involving the offense of manslaughter or serious or very serious bodily injury may result, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs D.3 and D.4 of Special Section D;
  - the risk of committing an offense of inducement not to make statements or to make false statements to the Judicial Authorities, behavior in violation of the general principles and rules of conduct listed in paragraph E.3 below of Special Section E;
  - the risk of committing an offense of organized crime, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs F.3 and F.4 below of Special Section F;

- the risk of committing an offense of counterfeiting trademarks and patents, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs G.3 and G.4 below of Special Section G;
  - the risk of committing an offense in violation of copyright, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs H.3 and H.4 below of Special Section H;
  - the risk of committing of an offense of employment of citizens from non-EU countries without proper residency permits, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs I.3 and I.4 below of Special Section I;
  - the risk of committing of an offence against industry and trade or of smuggling, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs L.3 and L.4 below of Special Section L;
  - the risk of committing IT crimes, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs M.3 and M.4 below of Special Section M;
  - the risk of committing of an environmental offence, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs N.3 and N.4 below of Special Section N;
  - the risk of committing an offense against the person, behavior in violation of the general principles of conduct and behavior and of the specific principles listed in paragraphs O.3 and O.4 below of Special Section O;
  - the risk of committing a tax offense, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs P.3 and P.4 below of Special Section P;
  - the risk of committing an offense relating to non-cash payment means, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs Q.3 and Q.4 of Special Section Q below;
  - the risk of committing a crimes against the cultural heritage and laundering of cultural assets and devastation and looting of cultural and landscape assets, behavior in violation of the general principles, rules of conduct and specific protocols listed in paragraphs R.3 and R.4 of Special Section R below.
6. uncooperative behavior towards the SB, including, but not limited to refusal to provide the required information or documentation, not complying with the general and specific instructions addressed to the concerned person by the SB in order to obtain the information it deems necessary for the performance of its duties, in the failure to participate without good reason to the inspections planned by the SB, or in the failure to participate in the training sessions.

The seriousness of the violations of the Model will be evaluated based on the following circumstances:

- the presence and intensity of the subjective element, whether intentional or negligent;
- presence and intensity of negligent, reckless, inexpert conduct, or otherwise unlawful conduct;
- presence and intensity of recidivism;
- extent of the danger and/or the consequences of the violation for the persons to whom the legislation on the protection of health and safety in the workplace is addressed to, as well as for the Company;
- predictability of the consequences;
- time and manner of the violation;
- circumstances in which the violation took place.

## 8.2 Violations relating to the Whistleblowing System

The following also represent violations of the Model:

- retaliation of any kind (see para. 6.3 Prohibition of Retaliation);
- attempted obstruction to Whistleblowing;
- obstruction to Whistleblowing;
- breach of confidentiality obligations;
- directors' failure to adopt procedures for the making and management of Whistleblowing/adoption that do not comply with the provisions of Articles 4 and 5 of Italian Legislative Decree 24/2023;
- failure to verify and analyze the Whistleblowing reports received.

Moreover, in cases where it turns out that a Whistleblowing report is unfounded and has been made with willful misconduct or gross negligence on the part of the Whistleblower, the Whistleblowing Manager will forward the relevant report to the competent corporate function for the assessment of the appropriate initiatives, including disciplinary ones.

## 8.3 Measures against employees

The violation of individual rules of conduct, as referred to in this Model, by employees constitutes a disciplinary offense in accordance with the national collective bargaining agreement for the Textile and Clothing Industry.

Any kind of violation of the rules of conduct contained in the Model in any case authorizes the SB to request the competent corporate function of Industries to commence disciplinary proceedings and possibly impose one of the penalties listed below, determined on the basis of the seriousness of violation committed in light of the criteria set out in paragraph 8.1 and of the behavior held before (e.g. any previous violations committed by the person involved) and after the event (e.g. report on the committed irregularity to the SB) by the offender.

The disciplinary measures that can be imposed on the aforementioned workers - in accordance with the procedures laid down in Article 7, paragraphs 2 and 3, of Law No. 300 of May 30, 1970 (Workers' Statute) and any special regulations in force, as well as the aforementioned national collective bargaining agreement, are those provided for by the following system of penalties:

- a. verbal warning;
- b. written warning;
- c. fine of not more than two hours of hourly wage calculated on the minimum wage;
- d. suspension from work without pay for up to a maximum of 3 days;
- e. dismissal for misconduct within the meaning of the national collective bargaining agreement.

In any case, the SB will always be kept informed as to the penalties imposed and/or any violations assessed by the Industries corporate function in charge thereof.

In particular, with reference to violations of the Model perpetrated by employees it is provided that:

1. a **verbal warning or written warning**, according to the seriousness of the violation, will be imposed on any employee that violates the internal procedures established by this Model or that, when carrying out operations in areas at risk, holds behavior in violation of the requirements of the Model, provided that such conduct does not result in the enforcement of the measures set forth in the Decree;

2. a **fine of not more than 2 hours of hourly wage** will be imposed on any worker that repeatedly violates the internal procedures established by this Model or that, when carrying out operations in areas at risk, repeatedly holds behavior in violation of the requirements of the Model - provided that such conduct does not result in the enforcement of the measures set forth in the Decree -, or any worker that engages in retaliation against a person who has made a Whistleblowing report for reasons directly or indirectly connected with such Whistleblowing report;
3. **suspension from work without pay for up to a maximum of 3 days** will be imposed on any employee who:
  - by violating the internal procedures established by this Model or, when carrying out operations in areas at risk, by holding behavior in violation of the requirements thereof, causes damage to the Company or exposes it to an objective situation of danger for the integrity of the assets thereof, provided that such conduct is in any case not exclusively directed to the commission of the Offense or does not result in the enforcement of the measures set forth in the Decree;
  - engages in particularly serious retaliation acts against a person who has made a Whistleblowing report for reasons directly or indirectly linked to such Whistleblowing;
  - obstructs or attempts to obstruct Whistleblowing;
  - does not carry out verification and/or analysis of the Whistleblowing report received;
  - breaches the confidentiality obligations concerning the Whistleblower's identity;
  - makes, both in case of willful misconduct or gross negligence, a Whistleblowing report that proves to be unfounded;
4. incurs the measure of **dismissal** for just cause, with immediate termination of employment relationship, the employee whose behavior:
  - does not conform to the provisions of this Model and is unequivocally directed to committing an offense covered by the Decree's penalties,
  - clearly violates the provisions of this Model, such as to determine the concrete application against the Company of the measures provided for in the Decree.
  - as a retaliation, dismisses anyone who has reported an unlawful conduct, relevant for the purposes of Italian Legislative Decree 231/2001, or a violation of the Model, for reasons directly or indirectly linked to the report itself;
  - violates confidentiality obligations concerning the Whistleblower's identity causing serious harm to the Whistleblower;
  - maliciously makes an unfounded Whistleblowing report, attributing to others the commission of unlawful conduct, relevant for the purposes of Italian Legislative Decree 231/2001.

With reference to the risk of committing offenses in violation of the legislation on health and safety in the workplace as set forth in Article 25-septies of the Decree, also in accordance with the provisions of Circular No. 15816 of the (Italian) Ministry of Labor of 11 July 2011 concerning the "Organization and Management Model pursuant to Article 30 of Legislative Decree No. 81/2008", the possible violations, listed in order of increasing seriousness, are set out below:

- a **written warning** will be issued to any employee that fails to comply with the Model, in case the violation involves the occurrence of a situation of possible danger to the physical integrity of one or more persons, including the offender, as long as none of the cases provided for in paragraphs 2, 3, 4 hereunder occur;
- a **fine of not more than 2 hours of hourly wage** will be imposed on any employee that fails to comply with the Model, in case the violation involves the occurrence of a situation of

possible danger to the physical integrity of one or more persons, including the offender (with reference to a recurrent behavior that has already resulted in the imposition of written warnings), or an injury to the physical integrity of one or more persons, including the offender, as long as none of the cases provided for in points 3 and 4 hereunder occur;

- **suspension from work without pay for up to a maximum of 3 days** will be imposed on any employee that does not comply with the Model, in case the violation causes an injury, which may be qualified as “serious” pursuant to Article 583, paragraph 1, of the (Italian) Criminal Code, to the physical integrity of one or more persons, including the offender, as long as none of the cases provided for in point 4 hereunder occur;
- **dismissal for misconduct** will be imposed on any employee that does not comply with the Model, in case the violation causes an injury, which may be qualified as “very serious” pursuant to Article 583, paragraph 2, of the (Italian) Criminal Code <sup>2</sup> to the physical integrity of one or more persons, including the offender.

In the event that the assessed infringement is so serious that it may lead to dismissal, the employee may, as a precautionary measure, be suspended from the performance of work until the time of imposition of the penalty, in accordance with the requirements of the Workers’ Statute and the national collective bargaining agreement mentioned above.

#### 8.4 Violations of the Model by Managers and Relevant Measures

The violations of the individual rules under this Model perpetrated by employees of the Company having the status of ‘managers’ also constitute a disciplinary offense.

Any kind of violation of the rules of conduct contained in the Model in any case authorizes the SB to request the Governing Body to impose one of the penalties listed below, determined on the basis of the seriousness of the violation committed in the light of the criteria set out in paragraph 8.1 and the conduct leading to (e.g. any previous violations committed by the person involved) and after the fact (e.g. report on the committed irregularity to the SB) by the offender.

The disciplinary measures that may be imposed on ‘managers’ - in accordance with the procedures laid down in Article 7, paragraphs 2 and 3, of Law No. 300 of May 30, 1970 (Workers’ Statute), of the national collective bargaining agreement for managers of companies producing goods or providing services, and any applicable special regulations - are those provided for by the following system of penalties:

- a. written reprimand;

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<sup>2</sup> Aggravating circumstances pursuant to Article 583 of the Italian Criminal Code, a personal injury shall be deemed as serious and punishment shall be imprisonment from three to seven years if

1. the act has caused an illness that endangers the life of the injured person, or an illness or incapacity to attend to ordinary business for a period exceeding forty days;

2. the event has caused the permanent impairment of a sense or an organ;

A personal injury shall be deemed as very serious, and punishment shall be imprisonment from six to twelve years if the act results in:

1. a definitely or probably incurable illness;

2. loss of a sense;

3. loss of a limb, or a mutilation which renders the limb useless, or the loss of the use of an organ or the ability to procreate, or a permanent and serious speech impediment;

4. permanent deformation or disfigurement of the face.

- b. disciplinary suspension;
- c. dismissal for justified reason;
- d. dismissal for just cause.

In any case, the SB will always be kept informed as to the penalties imposed and/or any violations assessed by the corporate function in charge thereof.

In particular, with reference to violations of the Model perpetrated by managers of the Company it is provided that:

- in the case of a non-serious violation of one or more procedural or behavioral rules set forth in the Model, the member of the Governing Body will be issued a **written warning** consisting in reminding the manager to comply with the Model, which constitutes a necessary condition for maintaining the fiduciary relationship with the Company;
- in the case of a non-serious, but repeated, violation of one or more procedural or behavioral rules laid down in the Model, the manager will incur **disciplinary suspension**;
- in the case of a serious violation of one or more procedural or behavioral rules laid down in the Model such as to constitute a significant non-performance, the manager will incur **dismissal for justified reason**;
- where the violation of one or more procedural or behavioral rules laid down in the Model is of such seriousness as to irreparably harm the fiduciary relationship, thereby making the continuation of the employment relationship impossible, even temporarily, the manager will incur **dismissal for just cause**.

In any case, the SB will always be kept informed as to the penalties imposed and/or any violations assessed by the corporate function in charge thereof.

In particular, with reference to violations of the Model perpetrated by managers of the Company it is provided that:

1. in the case of a non-serious violation of one or more procedural or behavioral rules set forth in the Model, the member of the Governing Body will be issued a **written warning** consisting in reminding the manager to comply with the Model, which constitutes a necessary condition for maintaining the fiduciary relationship with the Company;
2. in the case of a non-serious, but repeated, violation of one or more procedural or behavioral rules laid down in the Model, the manager will incur **disciplinary suspension**;
3. in the case of a serious violation of one or more procedural or behavioral rules laid down in the Model such as to constitute a significant non-performance, the manager will incur **dismissal for justified reason**;
4. where the violation of one or more procedural or behavioral rules laid down in the Model is of such seriousness as to irreparably harm the fiduciary relationship, thereby making the continuation of the employment relationship impossible, even temporarily, the manager will incur **dismissal for just cause**.

The manager incurs one of the above penalties, depending on the seriousness, if he/she is found liable for one or more of the violations provided for with regard to the whistleblowing system, or:

- retaliation of any kind (see par. 6.3);
- attempted obstruction to Whistleblowing;
- obstruction to Whistleblowing;
- breach of confidentiality obligations;
- failure to adopt procedures for the making and management of Whistleblowing/adoption that do not comply with the provisions of Articles 4 and 5 of Italian Legislative Decree 24/2023;
- failure to verify and analyze Whistleblowing reports received (where applicable);
- willful or grossly negligent Whistleblowing that proves to be unfounded.

Moreover, for employees of the Company having the status of 'managers', the following constitutes a serious violation of the provisions of the Model:

5. Failure to comply with the direction or supervision duties over subordinated workers as to the proper and effective application of the Model;
6. Failure to comply with the direction and supervision duties over other workers who, though not bound to the Company by a relationship of subordination (this is, for example, the case of Consultants, Collaborators, etc.), are nevertheless subject to the direction and supervision of such 'manager' pursuant to Article 5, paragraph 1, letter b), of Italian Legislative Decree No. 231/01, without prejudice to the qualification of the contract entered into with those workers.

## 8.5 Measures against Members of the Governing Body, Board of Statutory Auditors and SB

In case of violation of the Model by one or more members of the Company's Governing Body, the SB will inform the entire Board of Directors and the Board of Statutory Auditors, which will take appropriate action consistent with the seriousness of the violation committed, in the light of the criteria set out in paragraph 8.1 and in accordance with the powers granted by law and/or Articles of Incorporation (statements in the minutes of meetings, requests to call, or draw up a notice of call of, the Shareholders' Meeting to discuss appropriate measures against individuals responsible for the violation, etc.).

The disciplinary measures that may be imposed in respect of one or more members of the Company's Governing Body, by prior resolution of the Board of Directors to be taken with the abstention of the interested party and, where required by law and/or the Articles of Incorporation, by resolution of the Shareholders' Meeting, are those provided for by the following system of penalties:

- a. written warning;
- b. temporary suspension from office;
- c. removal from office.

In particular, with reference to violations of the Model perpetrated by one or more members of the Company's Governing Body, it is provided that:

1. in the case of a non-serious violation of one or more procedural or behavioral rules set forth in the Model, including those relating to the whistleblowing system, the member of the Governing Body will issue a **written warning** consisting in reminding the offender to comply with the Model, which constitutes a necessary condition for maintaining the fiduciary relationship with the Company;
2. in the case of a serious violation of one or more procedural or behavioral rules set forth in the Model, including those relating to the whistleblowing system, the member of the Governing Body will incur a **temporary suspension from office**;
3. in the case of a serious violation of one or more procedural or behavioral rules set forth in the Model, including those relating to the whistleblowing system, such as to irreparably harm the fiduciary relationship, the member of the Governing Body will incur the **removal from office**.
4. the member of the Board of Directors incurs one of the above penalties, depending on the seriousness, when he/she is found liable for one or more of the violations provided for with reference to the whistleblowing system, i.e.:
  - o retaliation of any kind (see par. 6.3);
  - o attempted obstruction to Whistleblowing;
  - o obstruction to Whistleblowing;
  - o breach of confidentiality obligations;

- failure to adopt procedures for the making and management of Whistleblowing/adoption that do not comply with the provisions of Articles 4 and 5 of Italian Legislative Decree 24/2023;
- willful or grossly negligent Whistleblowing that proves to be unfounded.

Moreover, even the violation of the direction or supervision duties over subordinates as to the proper and effective implementation of the provisions of the Model will constitute a punishable violation of the Model for members of the Company's Governing Body.

In case of violation of the Model by the Company's entire Governing Body, the SB will inform the Board of Statutory Auditors so that the latter may, without delay, convene a Shareholders' Meeting for appropriate action.

In case of violation of the Model by one or more members of the Company's Board of Statutory Auditors or by the entire Board of Statutory Auditors, the SB will inform the Governing Body, which will take appropriate action consistent with the seriousness of the violation and in accordance with the powers granted by law and/or by the Articles of Incorporation (statements in the minutes of meetings, requests to call, or draw up a notice of call of, the Shareholders' Meeting to discuss appropriate measures against the individuals held responsible for the violation etc.).

If the Governing Body is informed about violations of the Model by one or more members of the SB, the aforesaid Governing Body will, in collaboration with the Board of Statutory Auditors, proceed to take the most suitable initiatives consistent with the seriousness of the violation and in accordance with the powers granted by law and/or by the Articles of Incorporation.

In particular, if the violation is committed by a member of the SB who is also an employee or manager of the Company, the penalties provided for in Paragraphs 8.3 and **Errore. L'origine riferimento non è stata trovata.** will apply.

In any case, the SB will always be kept informed as to any penalties imposed and/or violations assessed by the Board of Directors and by the Board of Statutory Auditors.

#### **8.6 Measures against Consultants, Suppliers, Contractors, Partners, Collaborators, Representatives of the Other Companies and Customers of the Wholesale Sector, Involved in Sensitive Activities**

Any violation put in place by Consultants, Suppliers, Contractors, Partners, Collaborators, representatives of other Group Companies and customers of the wholesale sector, involved in Sensitive Activities may, as required by the specific contractual terms included in the letter of appointment or in agreements with the same and in intercompany agreements, determine the termination of the contractual relationship, without prejudice to any claim for damages if such conduct has caused damage to Industries, as in the case of enforcement of the measures provided for in the Decree by a Law Court.

**SPECIAL SECTIONS**

## SPECIAL SECTION “A” - OFFENSES AGAINST THE PUBLIC ADMINISTRATION

This Special Section, relating to offenses against the Public Administration, regulating the conducts and activities that may, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the group of offenses against Public Administration that may, in theory, be committed within the Company;
- identification of the Company's corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity**, **specific conduct and control protocols** are provided, in order to prevent the perpetration of Offenses against the Public Administration.

### A.1 Types of Offenses against the Public Administration (Articles 24 and 25 of the Decree)

Among offenses against the Public Administration provided by the Decree, the following offenses, in theory, could be perpetrated within the activities carried out by the Company:

- **Bribery for the exercise of a public function (Article 318 of the Italian Criminal Code)** - This type of offense occurs in the event a representative or employee of the Company promises or gives to a Public Official, for himself/herself or for others, remuneration which he/she is not entitled to, in the form of cash or other benefits (e.g., gifts in kind) in order to exercise his/her function (e.g., by giving priority to certain files rather than others or “facilitating / speeding up” the file itself). Charges are brought against the bribed and the briber.
- **Bribery for an act contrary to the duties of the public office (Article 319 of the Italian Criminal Code)** - This type of offense occurs in the event that a representative or employee of the Company gives or promises to give to a Public Official, for himself/herself or for others, money or other benefits (e.g., gifts in kind) to omit or delay, or for having omitted or delayed, an act of his/her office, or to perform, or for having performed, an act contrary to the duties of the office. Charges are brought against the bribed and the briber.
- **Bribery of a Person in Charge of a Public Service (Article 320 of the Italian Criminal Code)** - This type of offense occurs in the event of bribery for the exercise of functions or powers, or for an act contrary to the duties of the office, concerning a Person in Charge of a Public Service.
- **Attempted bribery (Article 322 of the Italian Criminal Code)** - This type of offense occurs in the event that an employee or representative of the Company offers money or other benefits to a Public Official or a Person in Charge of a Public Service for the purpose of bribery, but the offer or promise is not accepted.
- **Bribery in judicial proceedings (Article 319-ter of the Italian Criminal Code)** - This type of offense occurs if the employee or representative of the Company bribes a judge or a witness in order to obtain favors in civil, criminal or administrative proceedings that involve the same Company or a third party.
- **Undue inducement to give or promise benefits (Article 319-quater of the Italian Criminal Code)** - This type of offense occurs if the Public Official or Person in Charge of a Public Service, abusing his/her office or powers, induces someone unduly to give or promise money or other benefits to him/herself or to a third party.

- **Fraud against the State or other public body (Article 640 of the Italian Criminal Code)** - This type of offense occurs when an employee or representative of the Company, through an artifice or by deception (e.g., showing false documents), induces the State or a public body in error thereby obtaining a benefit that causes damage to the State or to such public body.
- **Aggravated fraud to obtain public funds (Article 640-bis of the Italian Criminal Code)** - This type of offense occurs when an employee or representative of the Company, through an artifice or by deception (e.g., by showing false documents), induces the State or a public body or European Community Institution in error thereby obtaining grants, financing, subsidized loans or other funds of the same type.
- **Computer fraud committed against the State or other Public Body (Article 640-ter of the Italian Criminal Code)** - This type of offense occurs when there is an alteration of the web portal of the Ministry of Labor devoted to the inclusion of workers belonging to protected categories, thereby obtaining an unfair advantage in favor of the company to the detriment of the institution.
- **Extortion, undue inducement to give or promise benefits, bribery and attempted bribery of members of the European Community bodies and officials of the European Communities and Foreign States (Article 322-bis of the Italian Criminal Code)** - This type of offense occurs in the event that an employee or representative of the Company commits a crime of bribery and attempted bribery with respect to members of EU institutions (European Commission, European Parliament, Court of Justice, Court of Auditors).
- **Embezzlement of public funds (Article 316-bis of the Italian Criminal Code)** - This type of offense occurs when the Company has received payment, from the State or other public bodies or the European Community, of grants, subsidies, funding or other funds of similar nature for carrying out works or for the performance of activities of public interest, but it failed to allocate them for such purposes.
- **Misappropriation of public funds (Article 316-ter of the Italian Criminal Code)** - This type of offense occurs when the Company has received grants, funding, subsidized loans or other funds of the same type, from the State or other public bodies or from the European Union, through the use of, or by filing, false or incomplete statements or documents certifying false statements, or by the omission of required information. The offense exists unless the elements of fraud are established for the purpose of obtaining public funds, in which case the rules provided for the latter offense will apply.
- **Extortion (Article 317 of the Italian Criminal Code)** - This type of offense occurs in the event that a Public Official, by abusing his/her office or powers, forces someone to give, or unduly promise to give, money or other benefits to him/herself or to a third party.
- **Influence peddling (Article 346-bis of the Italian Criminal Code)** – This offense is punishable with imprisonment from one year to four years and six months for anyone that, outside of the cases of participating in the offenses referred to in articles 318, 319, 319-ter and in the bribery offenses referred to in article 322-bis, taking advantage of or benefiting from existing or alleged relations with a public official or a public servant or one of the other parties referred to in article 322-bis, unduly forces someone to give or promise, personally or on behalf of others, money or other benefits, as the price for his or her unlawful intermediation with the public official or a person in charge of a public service or one of the other parties referred to in article 322-bis, or as consideration for the performance of his/her duties or powers.

The following offenses are excluded from this Special Section, even if they do fall within the category of “offenses in dealings with the Public Administration”:

- **Embezzlement (Article 314 of the Italian Criminal Code)** - This provision provides for the punishment of any public official or public servant who, because of their office or service, has money or other movable assets belonging to another person in their possession or at their

disposal. The penalty is relevant, pursuant to Article 25, paragraph 1 of Italian Legislative Decree 231/01, when the offense affects the financial interests of the European Union.

- **Embezzlement by profiting from third party error (Article 316 of the Italian Criminal Code)** - This provision provides for the punishment of any public official or public servant who, in the performance of their duties or service, by taking advantage of others' errors, wrongfully receives or retains, personally or for a third party, money or other benefits. The penalty is relevant, pursuant to Article 25, paragraph 1 of Italian Legislative Decree 231/01, when the offense affects the financial interests of the European Union.
- **Abuse of power (Article 323 of the Italian Criminal Code)** - This provision provides for the punishment of any public official or person in charge of a public service who, in the performance of their duties or service, in breach of specific rules of conduct expressly laid down by law or by statutory instruments and from which there is no margin of appreciation, or by failing to refrain in case of a personal interest or of an interest of a close relative or in other provided cases, intentionally obtains, personally or for others, an unlawful financial advantage or causes wrongful damage to others. The penalty is relevant, pursuant to Article 25, paragraph 1 of Italian Legislative Decree 231/01, when the offense affects the financial interests of the European Union.
- **Public procurement fraud (Article 356 of the Criminal Code)** - This provision provides for the punishment of anyone who commits fraud in the performance of procurement contracts or in the performance of other contractual obligations set forth in Article 355 of the Italian Criminal Code (which refers to obligations arising from a procurement contract concluded with the State, or with another public body or with the European Union, or with an enterprise exercising public services or public necessity).
- **Fraud to the detriment of the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2, paragraph 1, Italian Law 898/1986)** – This provision provides for the punishment, unless the act constitutes a more serious offense under Article 640-bis of the Italian Criminal Code, of any person who, through the presentation of false data or information, unduly obtains, personally or for others, aid, premiums, benefits, refunds, contributions or other funds at the whole or partial expense of the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.
- **Bid-rigging (Article 353 of the Italian Criminal Code)** - This offense punishes anyone who, by means of violence or threat, or by gifts, promises, collusion or other fraudulent means, prevents or rigs public tenders or private tenders on behalf of Public Administrations, or turns bidders away.
- **Rigging of procedure for contractor's selection (Article 353-bis of the Italian Criminal Code)** - This offense punishes, unless it constitutes a more serious offense, anyone who, by means of violence or threat, or by gifts, promises, collusion or other fraudulent means, rigs the administrative procedure aimed at establishing the content of the call for tenders or other equivalent document in order to influence the manner in which the public administration may select a contractor.

## A.2 Sensitive Activities

*omitted*

## A.3 General Principles and Rules of Conduct

This section describes the general principles and rules of conduct to be followed, jointly with the specific protocols under paragraph A.4, by the Recipients in order to prevent the occurrence of Offenses against the Public Administration.

This Special Section “A” provides for an express **prohibition** – for the Recipients of this Model - to engage in conducts:

- such as to bring about the offenses considered above (Articles 24 and 25 of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;
- not aligned or not in accordance with the principles and provisions contained in the Model and Code of Ethics, or with company procedures.

In this regard, the Recipients may **not**:

- a) create situations where they are or may be in conflict with the interest of the Public Body;
- b) perform actions or hold behavior which is or could be construed as corrupt practices, illegitimate favors, collusive behavior, solicitations, directly or through third parties, of privileges for themselves or others relevant to the commission of the Offenses referred to in the Decree;
- c) make or promise, in favor of Italian and foreign public officials or their relatives, even through third parties, cash donations, distribution of gifts or handouts or other benefits, or benefits of any kind so as to affect the independence of judgment of the same Public Officials or cause them to grant unfair advantages;
- d) pay out, in favor of Suppliers, Contractors, Consultants and/or Collaborators and Partners, fees that are not justified in relation to the type of task to be performed and current practices in the field of activity concerned;
- e) submit untruthful statements to national and foreign government agencies in order to obtain permits, licenses and administrative measures of any kind;
- f) submit untruthful statements to national and foreign government agencies in order to obtain funds, grants or donations of various kinds;
- g) allocate the money received from such public bodies for purposes other than those for which it was granted;
- h) conclude consultancy agreements with people within the Public Administration on the basis of which the impartiality and good performance of the Public Administration itself could be undermined.

In particular, Recipients must comply with the following requirements:

- the management of Sensitive Activities must be carried out exclusively by the competent corporate functions, in accordance with the organizational system, in compliance with the roles and responsibilities defined by the internal organizational documents (e.g. job description) and by the current system of powers delegation (e.g. powers of attorney and proxies), in strict compliance with the organizational policies, procedures and/or directives, including those of the group, possibly with the help of the representatives of other group companies, by virtue of intercompany service contracts;
- organizational provisions must be in place that clearly establish the activity areas of the persons specifically involved in the relevant Sensitive Activities.
- In particular:
  - the roles, tasks and areas of activity under the responsibility of individuals involved in a certain Sensitive Activity must be defined by internal and group guidelines, as well as by powers of attorney or proxies that clearly describe the area of authority and responsibility;
  - reward and incentive systems must be able to ensure consistency with the provisions of law and the principles set out in this Model;
  - all those who materially maintain relations with the Public Administration on behalf of the Company must be granted formalized representative powers and/or authorized to do so by the Company (consisting in a special proxy / power of attorney or internal organizational directives for Employees, governing bodies and representatives of other group companies, or in an advisory agreement or collaboration for Consultants and Collaborators);

- the Sensitive Processes discussed must be regulated by specific organizational tools, in order to:
- specify each step of the process, identifying the activities carried out, the checks/audits conducted and the authorization process;
- ensure compliance with the principle of segregation of duties, requiring that different individuals be involved in carrying out the main activities of the Sensitive Processes;
- clearly identify the individuals and departments that carry out the various activities (operational-management activities, controls, authorization/approval activities);
- define the procedures and responsibilities for the documentation and traceability of each activity carried out and ensure the correct filing and storage of all documents produced, using means that prevent unauthorized access by third parties.

Moreover:

- all Recipients involved in Sensitive Activities that, in the performance of specific and defined business activities, maintain formal relationships, in the name and on behalf of Industries, with bodies of the Public Administration must adhere to the principles and behavioral code required by the corporate procedures applicable to operations carried out as part of the Sensitive Activities, as well as the principles of the Code of Ethics;
- all statements and disclosures made to representatives of the Public Administration and required by existing rules or specifically requested by the aforesaid persons (for example for the request of contributions or public financing) must respect the principles of clarity, correctness, completeness and transparency;
- no type of payment may be made unless it is properly documented and, in any case, compliant with internal company procedures. No payment can be made by means of exchanging interests;
- in transactions with the Public Administration, whether receivables or payables, there must be a correspondence between the party rendering a service and the recipient of the payment;
- all transactions between individual corporate functions and Public Officials and/or Persons in Charge of Public Service must be registered and documented. The related documentation may be checked by the heads of the corporate functions the individual belongs to;
- any situations of uncertainty as to the behavior to hold (even by reason of any wrongful or simply incorrect conduct of the Public Official or Person in Charge of the Public Service), the interpretation of existing legislation and internal procedures and, in general, any critical elements / irregularities that may arise within the relationship with the Public Administration must be brought to the attention of the Recipient's immediate superior and/or the SB;
- the heads of the Company's functions involved in Sensitive Activities must ensure the constant training of personnel and third parties responsible for the contents of the Model and for the internal and external regulations of reference for the conduct of Sensitive Activities, particularly when entertaining relations with persons belonging to the Public Administration.

Where the involvement of third parties (e.g. Suppliers, Contractors, Consultants and/or Collaborators, representatives of the other group companies, Partners, significant third parties such as wholesale customers, within the scope of Sensitive Activities) is required, the following rules must also be complied with:

- the choice and involvement of the above parties must be made on the basis of requirements such as integrity, honorability, competence and professional commitment, verification and monitoring that these along with the technical and authorization requirements are met, on the basis of a decision-making process that ensures the traceability and segregation of duties and responsibilities; this choice must first and foremost be based on criteria which reflects the principles of prevention and integrity provided by this Model;

- in particular, the choice of Suppliers, Contractors, Consultants and/or Collaborators, Partners and wholesale customers must take place on the basis of requirements predetermined by the Company, reviewed and, where appropriate, updated on a regular basis, within the scope of internal and group procedures; the Company also formalizes the criteria on the basis of which they may be removed from a specific list of the Company. The choices as to their retention or removal from the aforesaid list cannot be determined by a single person and must always be motivated. This choice must be carried out through clear, certain and non-discriminatory procedures, comparing, where possible, a shortlist of potential offers and giving preference to persons providing the greatest guarantees in terms of ethical, organizational, technical and financial aspects;
- the Company will determine the criteria for the evaluation of Suppliers, Contractors, Consultants and/or Collaborators, Partners and wholesale customers, in order to enable a prior judgment as to the reliability of the same based on cumulative evidence of the following kind: a) subjective evidence (e.g. their corporate history which can be deduced from elements such as their judicial record and extract of the Chamber of Commerce register); b) objective evidence (e.g. operations usually performed, consistency between the same and the type of operation requested by the Company, consistency of the means of payment used with the nature and amount of the transaction); these requirements must then be subjected to periodic audit and inspection also during the performance of the contract;
- the Company may not, in particular, entertain financial and commercial relationships with third parties (natural persons and legal persons) in regard of which the following is known or suspected: commission of crimes against the Public Administration, membership in criminal organizations or organizations howsoever operating outside the law, such as for example, but not limited to, persons associated with, or in any way related to, the environment of organized crime, money laundering and financing of terrorism, drug trafficking, usury, etc.;
- contracts with such persons must be defined in writing, specifying all the conditions underlying them (with particular reference to the agreed financial terms and conditions); contracts must also be submitted to, checked and approved by those at the Company having the appropriate signing authority;
- the activities carried out by Suppliers, Contractors and/or Collaborators, representatives of other Group Companies, Partners and wholesale customers, as part of Sensitive Activities must be duly documented and, in any case, the corporate function that availed of their work must, prior to payment of the related considerations, certify in writing the work has been actually carried out;
- all intercompany contracts must contain the so-called 231 clause, on the basis of which the aforementioned third-party declares to be familiar with Italian Legislative Decree 231/01, to have reviewed the contents of the Model and the Code of Ethics and agrees to comply with the requirements, failing which will result in termination of the contract;
- all contracts with third parties, such as Suppliers, Contractors, Consultants and/or Collaborators, Partners and wholesale customers must provide for a specific contractual clause where the counterparty is informed of the adoption by the Company of the Model and of the Code of Ethics, by requiring compliance with the relevant principles, failing which will result in the termination of the contract, with the option for Industries to carry out periodic checks and audits to monitor the contractual obligations; such contracts must also provide for the obligation of the counterparty to communicate their loss of the integrity requirements already reported and verified by Industries during the selection of such counterparty, under penalty of termination of the contract.

#### **A.4 Specific Conduct and Control Protocols**

*omitted*

## SPECIAL SECTION “B” - CORPORATE OFFENSES AND MARKET ABUSE

This Special Section, relating to corporate offenses, regulating the conduct and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of corporate offenses that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the corporate Offenses.

### B.1 Types of corporate offenses (Article 25-ter of the Decree) and market abuse (Article 25 sexies of the Decree)

Among the corporate offenses envisaged by the Decree, we indicate below those that may, in theory, be committed within the scope of the *CRSA* activities carried out by Industries:

- **False corporate statements (Article 2621 of the Italian Civil Code)** - This type of offense occurs if the directors, general managers, managers responsible for preparing the company's financial reports, statutory auditors and liquidators of the Company, to obtain unjust profit for themselves or others, represent material facts that are not true, or fail to account for material facts whose disclosure is required by law about the economic, equity or financial situation or of the Company or of the group it belongs to, in such a manner as to mislead others.
- **Minor offenses (Article 2621-bis of the Civil Code)** - This offense occurs when the facts referred to in Article 2621 of the Civil Code are minor, taking into account the nature and size of the company and the way in which the conduct was carried out or the effects thereof.
- **False corporate statements by listed companies (Article 2622 of the Civil Code)** - This type of offense occurs if the directors, general managers, managers responsible for preparing company's financial reports, statutory auditors and liquidators of companies issuing financial instruments admitted to trading on a regulated market in Italy or another European Union country, in order to obtain unjust profit for themselves or others, knowingly represent in the financial statements, reports or other corporate communications addressed to shareholders or the public, material facts that are not true, or fail to account for material facts whose disclosure is required by law about the economic, equity or financial situation of the company or of the group to which it belongs, in a manner concretely likely to mislead others. These offenses must be punished with imprisonment from three to eight years.
- **Obstruction of inspection (Article 2625 of the Italian Civil Code)** - This offense is committed if, by concealing documents or by other suitable devices, the directors obstruct, or otherwise hinder, the performance of the control activities that are legally attributed to shareholders or to the board of statutory auditors thereby causing damage to the shareholders.
- **Unlawful return of contributions (Article 2626 of the Italian Civil Code)** - This type of offense is realized in case a director, except for the legitimate reduction of share capital and in any form whatsoever, returns contributions to shareholders or releases them from the obligation to execute them.

- **Illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code)** - This type of offense occurs when directors distribute profits or advances on profits not actually earned or mandatorily allocated to reserve or distribute reserves, even if not made up of profits, that are not distributable by law.
- **Illegal transactions involving corporate shares or units of the controlling company (Article 2628 of the Italian Civil Code)** - This type of offense occurs if the directors acquire or subscribe to shares or units, outside the cases provided by law, thereby causing damage to the integrity of the share capital or reserves that are not distributable by law.
- **Transactions to the detriment of creditors (Article 2629 of the Italian Civil Code)** - This type of offense is realized in case the directors, in violation of the provisions of law for the protection of creditors, carry out capital reductions or mergers with other companies or demergers thereby causing damage to creditors.
- **Fictitious capital formation (Article 2632 of the Italian Civil Code)** - This type of offense occurs if the directors and contributing shareholders, even in part, fictitiously form or increase the share capital through the contribution of shares or units that in total exceed the amount of share capital, through mutual subscription of shares or units, significant overvaluation of contributions in kind or credits or assets of the Company in the case of transformation.
- **Unlawful distribution of corporate assets by liquidators (Article 2633 of the Italian Civil Code)** - This type of offense occurs in the event that the possible liquidator that distributes company assets before paying the company's creditors, or setting aside the necessary amounts to satisfy them, causes damage to the creditors themselves.
- **Bribery among private individuals (Article 2635 of the Italian Civil Code)** - This type of offense occurs when a representative of the Company, also through third parties, offers, promises or gives money or other benefits to a director, general manager, manager responsible for preparing company's financial reports, statutory auditor, liquidator of another company, private entity or a person with executive responsibilities other than those of the individuals mentioned above, or to persons subject to the direction and supervision of the latter, so that they perform or omit acts, in breach of the obligations relating to his/her office or duties of loyalty.
- **Instigation to bribery among private individuals (Article 2635-bis of the Italian Civil Code)** - This type of offense occurs when a representative of the Company, also through third parties, offers or promises money or other benefits to any persons specified in the above article, irrespective of whether the person accepts or declines the offer or promise.
- **Undue influence over the Shareholders' Meeting (Article 2636 of the Italian Civil Code)** - This type of offense occurs in the event that a senior manager or a person subject to the direction and supervision of a senior manager (the offense may, in fact, be committed by "anyone", thus also by persons outside the Company), with simulated or fraudulent acts, determines a majority in a Shareholders' Meeting in order to acquire an unjust profit for him/herself or for others.
- **Hindrance of the exercise of the functions of public supervisory authorities (Article 2638 of the Italian Civil Code)** - This type of offense occurs when, in reports to the supervisory authorities required by applicable legislation, material facts that do not correspond to the truth are presented, or facts that should be disclosed are hidden by other fraudulent means in order to hinder the exercise of their supervisory functions.
- **Stock manipulation (Article 2637 of the Italian Civil Code) and market manipulation (Articles 185 and 187-ter of the Italian Consolidated Law on Finance)** - The abuse of market achieved through the alteration of the dynamics relating to the correct formation of the price of financial instruments is now punished as a criminal offense by Articles 2637 of the Italian Civil Code (stock manipulation) and 185 of the Italian Consolidated Law on Finance (market manipulation), and as an administrative offense (Article 187-ter of the Italian Consolidated Law on Finance).  
The two possible offenses differ depending on the nature of the financial instruments whose price might be affected by the conduct being punished.

In the case of stock manipulation, financial instruments other than listed instruments are considered, or those for which no application has been made for admission to trading on a regulated market; in the case of the criminal offense and administrative offense of market manipulation, these are listed financial instruments for which application has been made for admission to trading on regulated markets.

The conduct constituting the criminal offenses of stock manipulation and market manipulation consists in:

- the dissemination of false information (information-based manipulation);
- the performance of simulated transactions or other artifices suitable to cause a significant alteration in the price of listed or unlisted financial instruments (action-based manipulation).

However, it should be noted that, in the case of the offense relating to market manipulation, the conduct of a person who has committed the offense by means of orders to trade or transactions carried out on legitimate grounds and in accordance with accepted market practices does not represent a criminal offense.

The administrative offense of market manipulation (Article 187b), on the other hand, occurs in the event of violation of the prohibition on market manipulation laid down in Article 15 of the MAR, which provides that “*a person shall not engage in or attempt to engage in market manipulation*”.

The administrative offense has a much wider scope of application than the criminal offense, from which it differs in that it is also punishable by way of negligence (therefore, for putting in place the conduct set forth above due to imprudence, carelessness or incompetence) and it does not require suitability of the information, transactions or devices to cause a significant alteration in the price of financial instruments.

- **Unlawful disclosure of inside information and insider dealing Recommending or inducing others to insider dealing (Articles 184 and 187 bis of Italian Legislative Decree No. 58/1998 Consolidated Law on Finance)**

The rules under consideration punish the insider dealing based on information acquired by virtue of activities carried out through the performance of transactions on financial instruments to which that information relates, or through disclosure of such information, directly or indirectly.

The criminal offense and the administrative offense <sup>3</sup>- better known as insider trading - can be achieved in several ways:

- *trading* is first considered, i.e. the purchase, sale or performance of other transactions, directly or indirectly, for one's own account or on behalf of a third party, on financial instruments, using privileged information. It is appropriate in this connection to point out that the prohibition covers any transaction on financial instruments: therefore, not only the purchase or sale but also carryovers, swaps etc.;
- tipping is mentioned instead in regard of the undue disclosure of inside information to third parties. More specifically, the offense occurs in case the primary insider discloses the inside information “*outside the normal exercise of the employment, profession, function or office, or a market sounding carried out in accordance with Article 11 of Regulation (EU) no. 596/2014*”. In this regard, disclosure is considered

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<sup>3</sup> Literally, Article 187-bis, following Italian Legislative Decree 107/2018 (which adapted the national legislation to the MAR) provides that “*Without prejudice to criminal penalties when an offense is committed, a financial administrative penalty ranging between EUR 20,000 and 5,000,000 shall be imposed on anyone who infringes the prohibitions concerning insider dealing and unlawful disclosure of inside information laid down in Article 14 of (EU) Regulation no. 596/2014.*”

lawful when it is grounded in rules that allow it or impose it, or in the context of established practices or customs. More specifically, with reference to corporate groups, a disclosure relates to the normal performance of the office when the data necessary for the preparation of consolidated financial statements is transmitted (Article 43 of Italian Legislative Decree No. 127 of 1991 and Article 25, paragraph 4, of Italian Legislative Decree No. 356 of 1990), and communications are exchanged in the context of management and coordination operations, which are now the responsibility of holding companies pursuant to Article 2497 of the Italian Civil Code, or disseminated pursuant to Article 114 of the Italian Consolidated Law on Finance. The latter requires listed issuers and the entities that control them, *“without prejudice to the obligations of disclosure set forth in specific provisions of the law”*, to disclose to the public, without delay and in accordance with the methods indicated by C.O.N.S.O.B. (the Italian stock exchange commission), any insider information directly concerning said issuers and the subsidiaries thereof;

- lastly, consideration is given to the so-called *tuyautage*, i.e. the recommendation or inducement of third parties to carry out one of the transactions described above in relation to inside information. In this specific case, the insider does not disclose insider information to third parties, but - based on this - merely recommends or induces third parties to carry out a specific transaction that he/she knows will be, by virtue of the information to his/her knowledge, likely to have a significant effect on the prices of financial instruments.

As to the notion of financial instruments, Article 180 of Italian Consolidated Law on Finance specifies that they are, first and foremost, those, as provided for in Article 1, paragraph 2 of the same Law, *“admitted to trading or for which a request for admission to trading on an Italian or other European Union country regulated market has been made, as well as any other instrument admitted to trading or for which a request for admission to trading on a regulated market of a European Union country has been made”*<sup>4</sup>.

Pursuant to Article 7 of the MAR (Market Abuse Regulation, Regulation (EU) 596/2014), inside information means *“information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments”*.

Article 7, paragraph 4 of the MAR also specifies the notion of price-sensitive news, defining it as information that *“a reasonable investor would be likely to use as part of the basis of his or her investment decisions”*.

Furthermore, information shall be deemed to be of a precise nature if: *it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or*

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<sup>4</sup> Article 180 of Italian Legislative Decree 58/98 as amended by Italian Legislative Decree 107/2018 introduces the following definition: *“For the purposes of this title:*

*(a) for “financial instruments” is meant:*

*(1) the financial instruments referred to in Article 1 paragraph 2, which are admitted to trading or for which a request for admission to trading on an Italian or other EU country regulated market has been made;*

*(2) the financial instruments referred to in Article 1, paragraph 2, which are admitted to trading or for which a request for admission to trading on an Italian or other European Union multilateral trading facility has been made;*

*(2-bis) financial instruments traded on an organized trading facility in Italy or another EU country;*

*(2-ter) financial instruments not covered by the preceding numbers, the price or value of which depends on, or has an effect on, the price or value of a financial instrument mentioned therein, including, but not limited to, credit default swaps and contracts for differences.*

*an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information” (MAR, Article 7, paragraph 2).*

Article 7, paragraph 1, letter d) of MAR also specifies that “*for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a client and relating to the client’s pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments [...] or on the price of related derivative financial instruments*”.

Although the offense in question is mostly committed by the insider for his/her own exclusive or predominant benefit, using information acquired by virtue of his/her profession for private purposes, it may happen that the offender operates in the interest - exclusive or concurrent - of the Entity: in such a case, the liability of the natural person who has engaged in the material conduct referred to in Article 184 shall be supplemented by that of the legal person to which he or she is functionally linked pursuant to Article 5 of Italian Legislative Decree No. 231/2001.

It is clear, in this respect, that greater risk profiles exist with reference to senior managers who - more than the employee - may act in the Company’s interest or to its advantage, in order to increase or preserve its assets or consolidate its image. With regard to the subjective element, the crime is punishable only in case of intent, thus requiring the awareness and willingness to unduly exploit the inside information in one’s possession; the administrative offense, instead, is also punishable in case of mere negligence, thus requiring only negligence consisting in the careless use or disclosure to third parties of the inside information.

## **B.2 Sensitive Activities**

*omitted*

## **B.3 General Principles and Rules of Conduct**

This section sets out the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of corporate offenses, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the general principles mentioned in para. A.3 of Special Section A (offenses against the Public Administration);
- the specific protocols set out in paragraph B.4, for each Process.

This Special Section “B” provides for an express **prohibition** – for the Recipients of this Model - to engage in conduct:

- such as to commit the types of offenses considered above (Article 25 of the Decree);

- although per se do not constitute the offenses considered above, may potentially become so;
- that is contrary to or inconsistent with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures.

It is **forbidden** for Recipients to hold the following behavior / carry out the following transactions:

- hindering or obstructing in any way, even by concealing documents or using other suitable devices, the conduct of corporate control and auditing operations pertaining to the Board of Statutory Auditors and/or the independent auditors;
- unlawfully determining or influencing the taking of shareholder resolutions, putting in place, for that purpose, simulated or fraudulent acts with the intention of artificially altering the normal and proper procedure for the formation of the shareholders' will;
- returning, or pretending to return, contributions to the shareholder or releasing the shareholder from the obligation to execute them, subject of course to the possibility of a legitimate share capital reduction;
- distributing profits or advances on profits not actually made, or mandatorily allocated to reserve, or distribute reserves, even if not made up of profits, that are not distributable by law;
- purchasing or subscribing to treasury shares or shares of a subsidiary outside the cases permitted by law, thereby causing damage to the integrity of the share capital or reserves that are not distributable by law;
- reducing the share capital or carry out mergers with other companies or demergers in violation of the law, thereby causing damage to the creditors;
- fictitiously forming or increasing the share capital through the contribution of shares for an amount under their nominal value, mutual subscription of shares, significant overvaluation of contributions in kind or credits, or corporate assets in the event of a transformation.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- All the Recipients involved in Sensitive Activities must comply with the principles and methods of conduct envisaged by the corporate procedures applicable to the activities carried out, as well as the principles of the Code of Ethics; in particular, the Recipients must act in compliance with the principles of integrity, fairness and transparency in the activity of drawing up the financial statements in order to provide the shareholder and third parties with true and accurate information on the economic, equity and financial situation of Industries and the group to which it belongs, in compliance with all applicable laws and accounting standards.
- Therefore, it is forbidden to indicate in the financial statements inaccurate, misrepresented, incomplete or otherwise untrue data on the Company's economic, equity or financial situation. It is also forbidden to engage in activities and/or transactions aimed at creating non-accounting assets (e.g. using invoices for non-existent transactions or over-invoicing), or aimed at creating "black funds" or "parallel accounting". Particular attention must be paid to the estimation of accounting items: those involved in the estimation process must comply with the principle of reasonableness and clearly set out the applied valuation criteria, providing any additional information necessary to ensure the truthfulness of the document. The financial statements must also be complete in terms of corporate information and must contain all the elements required by law and the Supervisory Instructions. The same accuracy is required for directors, auditors, general managers, if any, and liquidators in the preparation

of all other communications imposed or in any case required by law and addressed to shareholders or the public, in order for such communications to contain clear, precise, truthful and complete information;

- The Recipients must act with a view to guaranteeing the regular functioning of the Company, and the correct interaction between its corporate bodies, ensuring and facilitating all forms of control over the Company's management, in the manner provided for by law, as well as the free and regular formation of the shareholders' meeting willingness;
- They must ensure strict compliance with all legal provisions protecting the integrity and effectiveness of the share capital, so as not to damage the guarantees of creditors and, more generally, third parties. In this perspective, it is prohibited to: a) return, even at the same time, contributions to the shareholder or release the shareholder from the obligation to make them, except, obviously, in the case of a legitimate reduction of share capital; b) distribute profits or advances on profits not actually earned, or allocated by law to reserves, or distribute reserves, even if not established with profits, which may not be distributed by law; c) purchase or subscribe for company shares or shares of the parent company outside the cases permitted by law, thereby causing damage to the integrity of the share capital or reserves not distributable as per law; d) reduce the share capital or carry out mergers with other companies or demergers in breach of law, thereby causing damage to creditors; e) fictitiously form or increase the share capital by allocating shares for a lower amount than their nominal value, reciprocally subscribe shares or quotas, significantly overvalue contributions in kind or receivables, or the company's assets in the event of transformation;
- In carrying out transactions of any kind on financial instruments or on securities not listed on regulated markets or in the dissemination of information relating thereto, the Recipients must comply with the principles of fairness, transparency, completeness of information, market protection and compliance with the procedures for free determination of securities' price. In this perspective, it is absolutely prohibited to disseminate, contribute to disseminating, in any way whatsoever, false information, news or data, or engage in fraudulent or otherwise misleading transactions in a manner that may, even potentially, cause an alteration in the price of financial instruments or securities not listed on regulated markets.
- In this regard, Industries undertakes to: a) always act with diligence, fairness and transparency, in the interest of the investing public and the market; b) organize itself in such a way as to exclude the possibility of conflict of interest situations and, if any, however ensure the balanced protection of conflicting interests; c) adopt measures in order to avoid undue circulation/dissemination, within the company and the group, of relevant information;
- The Recipients must act in compliance with the principles of integrity, fairness and transparency in the activity of preparing the prospectuses required for the purposes of soliciting investments, or the documents to be published on the occasion of public tender offers (also to exchange), so as to allow the prospectuses' recipients to reach an informed and objective judgement on the economic, equity or financial situation of the Company or on the financial instruments issued by the latter and on the related rights. To this end, the relevant prospectuses and/or documents must be complete in terms of information and must contain all elements, where applicable, required by law and by instructions from the Supervisory Authorities;
- The Recipients must base their relations with the Supervisory Authorities on the criteria of integrity, fairness, transparency and cooperation, avoiding conduct that may in any way be considered to hinder the activities that such Authorities are called upon to perform. In this regard, the Recipients (with particular reference to the corporate bodies and their members, as well as the Employees) must avoid any conduct that may hinder the Supervisory Authorities in the exercise of their functions (through, for instance, lack of cooperation, obstructive behavior, reticent or incomplete replies, unfounded delays);
- the corporate bodies and their members as well as the Employees of the Company must: a) send to the Supervisory Authorities the reports envisaged by law and regulations or otherwise requested from the Company in a timely, complete and accurate manner, transmitting for this

- purpose all the data and documents envisaged or required; b) specify in the aforesaid reports, true, complete and accurate data, providing indications of any relevant fact concerning the economic, equity or financial situation of the Company; c) avoid any behavior that may hinder the Supervisory Authorities in the exercise of their functions (through, for example, lack of cooperation, obstructive behavior, reticent or incomplete replies, unfunded delays);
- The Recipients must refrain from any act or conduct towards company representatives (be they customers, Suppliers, Consultants, Partners, Contractors, other Group Companies, etc.) that are or may be interpreted as corrupt practices, illegal favors, collusive behavior, solicitations, either directly or through third parties, privileges on one's own account or for others relevant to the commission of the offense of bribery among private individuals; the Recipients must refrain from distributing or accepting business gifts, presents or other benefits that may constitute a breach of laws or regulations or are in conflict with the Code of Ethics, or may - if made public - constitute a detriment to Industries or the group, even only of their image;
  - Possible situations of uncertainty as to the behavior to hold (even by reason of any wrongful, or simply incorrect, conduct of the counterparty), the interpretation of existing legislation and internal procedures must be brought to the attention of one's immediate superior and/or the SB.
  - The heads of the Company's functions involved in Sensitive Activities must ensure the constant updating of personnel and competent third parties on the contents of the Model and the internal and external regulations of reference for the conduct of Sensitive Activities.

Where the involvement of third parties (e.g. Suppliers, Contractors, Consultants and/or Collaborators, representatives of the other group companies, Partners, wholesale customers, beneficiaries of sponsorship in Sensitive Activities) is required, the following rules, in addition to those previously indicated in paragraph A.3, must also be complied with:

- the Company may not in particular entertain financial and commercial relationships with third parties (natural persons and legal persons) that are known, or suspected, to have committed offenses of bribery among individuals, membership in a criminal organization or in any case operating outside of the law, such as for example, but not limited to, persons associated with, or that can howsoever be traced back to, the environment of organized crime, money laundering and terrorism financing, drug trafficking, usury, etc.;

With regard to the prevention of **criminal offenses and administrative offenses of Market Abuse**, reference is made to the principles of conduct adopted by Industries with the Code of Ethics, aiming to ensure compliance with the primary and secondary legislation in force and applicable to the matter and principles of confidentiality of processed information and privacy in the processing of information not in the public domain.

In addition, the following principles must be complied with in order to avoid the performance of activities capable of producing an influence on the market:

- all persons engaged in activities in any way related to the dissemination of information, including through the Internet or any other means of information, relating to financial instruments and/or transactions relevant to changes in the price of such instruments must comply with the principles of transparency and fairness, ensuring the timeliness, clarity, authenticity and completeness of the data processed, equal access to information, market protection and compliance with the procedures for free determination of the securities' price.
- it is therefore expressly forbidden to carry out transactions on financial instruments (including of other group companies), directly or indirectly, on one's own account or on behalf of third

parties, using insider information, or in such a manner as to distort the market or, more generally, by providing inaccurate or misleading information.

- it is also forbidden to disclose insider information to third parties acquired by reason of one's activities, or to recommend or induce third parties to perform transactions on financial instruments.
- it is also forbidden to disseminate information relating to financial instruments, or other circumstances, which - being inaccurate, unfair, false, or otherwise misleading - may theoretically be such as to affect the price of financial instruments.

Moreover, compliance with the following principles is expressly provided:

- obligation of confidentiality in regard of confidential information acquired or of which one has howsoever become aware by reason of one's function whether relating to the Company or other group companies or third-party companies in business dealings with the same. No confidential information of which one has become aware may be disclosed to a third party or made improper use of;
- should any confidential information be disclosed to third parties by reason of one's office, it is mandatory to ensure that such third parties are subject to a legal or regulatory obligation of confidentiality, or one set forth in the Company's Articles of Incorporation; failing that, it is necessary to formalize it by signing an agreement for the mutual duty of confidentiality of the information being exchanged;
- it is forbidden to disseminate information, rumors or news not corresponding to reality or information the truthfulness of which is uncertain, capable, or even potentially susceptible, of providing false or misleading indications in relation to the Company or another group company and/or the relevant financial instruments, as well as in relation to third-party companies in business dealings with the Company or another group company and the relevant financial instruments, either to other personnel or outside the Company through any channel of information, including the Internet;
- carrying out of personal transactions on one's own behalf or on behalf of third parties, including through intermediaries, using inside information acquired in the performance of one's duties is prohibited. Recommending or inducing others to carry out transactions using the aforesaid inside information is also forbidden.

#### **B.4 Specific Conduct and Control Protocols**

*omitted*

## **SPECIAL SECTION “C” - OFFENSES RELATED TO RECEIVING, LAUNDERING OR USING MONEY, GOODS OR BENEFITS OF ILLICIT ORIGIN, AS WELL AS SELF-LAUNDERING**

This Special Section, relating to the offenses of receiving, laundering or using money, goods or benefits of illicit origin, as well as self-laundering, regulating the conducts and activities that may, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of receiving, laundering, using of money, goods or benefits of illicit origin, as well as self-laundering, which may be, in theory, committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

### **C.1 The offenses of receiving, laundering and using of money, goods or benefits of illicit origin, as well as self-laundering (Article 25-octies of the Decree).**

The offenses of receiving, laundering, using of money, goods or benefits of illicit origin, as well as self-laundering, which may be, in theory, envisaged in the context of the activities carried out by Industries, are the following:

- **Receiving stolen goods (Article 648 of the Italian Criminal Code)** - This type of offense occurs in the event that somebody acquires or receives or conceals money or property deriving from any crime in order to obtain a profit for him/herself or for others. For example, when an executive in charge of selecting suppliers and purchasing raw materials for the Company purchases raw materials below cost because they originated from a wrongful act (e.g. theft) with a profit for the Company.
- **Money laundering (Article 648-bis of the Italian Criminal Code)** - This type of offense occurs in the event that somebody replaces or transfers money or property originating from a crime or carries out other operations in relation to these so as to hinder the detection of the criminal origin thereof; for example, when an executive in charge of procurement for the company, as consideration to a provider, pays sums of money which he/she knows originated from a crime in order to conceal such origin.
- **Use of money, goods or benefits of illicit origin (648-ter of the Italian Criminal Code)** - This type of offense occurs in the event that somebody, in business or financial transactions, uses money, goods or other benefits originating from a crime; for example, if an executive for the company purchases a machine that he/she knows originated from a crime (e.g. theft) using it as a corporate asset as part of the company's business activity.
- **Self-laundering (Article 648-ter. 1 of the Italian Criminal Code)** The regulation punishes any person who, after participating in the commission of an offense, uses, substitutes or transfers, in economic, financial, business or speculative activities, money, goods or anything else of value deriving from the commission of that offense, so as to effectively hinder the identification of their criminal origin.”

## C.2 Sensitive Activities

*omitted*

## C.3 General Principles and Rules of Conduct

This section sets out the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of the Offenses of receiving, laundering and using money, goods or benefits of illicit origin, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the general principles mentioned in para. A.3 of Special Section A (offenses against the Public Administration);
- the specific protocols set out in paragraph C.4, for each Process.

This Special Section “C” provides for an express **prohibition** - for the Recipients of this Model - to engage in conducts:

- such as to incur the types of offenses considered above (Article 25-octies of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;
- that is contrary to or inconsistent with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- specific policies, procedures and/or organizational directives must be defined and maintained, including at the group level, containing the operational rules for the management, control and authorization of payment orders and money transfers, even between the group companies;
- Recipients must base their actions on criteria of transparency in the conduct of business activities and in the choice of financial and/or commercial Partners, paying the utmost attention to information regarding the third parties with which Industries has financial, commercial or corporate relationships that may even only create suspicion as to the commission of one of the offenses referred to in this special section;
- Recipients must not in particular entertain commercial relationships with persons (natural persons or legal persons) that are known to belong, or suspected of belonging, to a criminal organization or howsoever operate outside of the law, such as for example, but not limited to, parties associated with or that may in any way be traced back to the environment of organized crime, money laundering and terrorism financing, drug trafficking, usury;
- Recipients must act in a correct, transparent and cooperative manner in compliance with the rules of law, the principles of the Code of Ethics and internal policies and procedures of the Company and of the group, with particular reference to operations relating to the management of personal information of Suppliers / Contractors / Advisors / Collaborators / Partners / wholesale customers and in general when entertaining relationships with third parties, including foreign third parties, etc.;
- Recipients must ensure the traceability of the stages of the decision-making process relating to financial and business transactions with third parties;
- Recipients must retain supporting documentation, taking all the physical and IT security measures established by Industries;

- Recipients must maintain cooperative behavior with the Supervisory and/or Judicial Authorities;
- Recipients must bring to the attention of their immediate superior and/or the SB any of the situations of uncertainty as to the behavior to hold and the interpretation to give to applicable regulations and internal procedures;
- Recipients must report to the heads of corporate functions and/or the SB any violations of the rules and any unusual transactions that may be an indication of phenomena of receiving, laundering and using of money, goods and benefits of illicit origin.

Company members and representatives of other group companies involved in Sensitive Activities are required to strictly comply with the corporate organizational procedures in force.

Where provision is made for the involvement of third parties including, without limitation, Suppliers, Contractors, Consultants and/or Collaborators, Partners and wholesale customers in the context of Sensitive Activities, the rules mentioned in paragraph A.3 must also be adhered to.

Moreover, the activities carried out by Suppliers, Contractors, Consultants and/or Collaborators, representatives of other Group Companies and Partners in the context of Sensitive Activities must be duly documented and, in any case, the corporate function that made use of their work must, prior to payment of the relevant considerations, certify in writing the actual existence and fairness of the service compared to the amount paid.

#### **C.4 Specific Conduct and Control Protocols**

*omitted*

**SPECIAL SECTION “D”: OFFENSES REGARDING HEALTH AND SAFETY IN THE WORKPLACE****D.1 Types of offenses regarding health and safety in the workplace**

Offenses regarding health and safety in the workplace, as provided for by the Decree, that may be envisaged in the context of the activities carried out by Industries are the following:

- **Manslaughter (Article 589 of the Italian Criminal Code)**

Article 25-septies, first paragraph, of the Decree, as an offense punished pursuant to the same Decree, introduces the crime of manslaughter committed in violation of Article 55, paragraph 2<sup>5</sup>, of the legislative decree implementing the enabling provisions of Italian Law No. 123 of August 3, 2007, relating to health and safety in the workplace, i.e. Italian Legislative Decree No. 81/2008. Article 25-septies, second paragraph, also punishes the crime of manslaughter pursuant to Article 589 of the Italian Criminal Code if, in general, it is committed in violation of the rules on protection of health and safety in the workplace.

Pursuant to Article 589 of the Italian Criminal Code, “*anyone who due to negligence causes the death of a person*” commits such offense; pursuant to the third paragraph of the aforesaid Article, having committed the act in violation of the “*rules for the prevention of accidents in the workplace*” is an aggravating circumstance.

This offense could be committed if the negligent breach of the occupational health and safety regulations adopted in the company leads to an accident at work that causes the death of an Industries’ employee.

For example, in case of death as a result of a fire in the company’s premises due to a short circuit of a defective piece of machinery in relation to which, on the part of corporate bodies in charge thereof, the periodic verification of functionality and security had been negligently omitted.

- **Serious or very serious negligent injury (Article 590 of the Italian Criminal Code)**

Article 25-septies, as an offense punished by the Decree, also introduces the crime of negligent injury as referred to in Article 590, third paragraph, of the Italian Criminal Code, committed in violation of the rules on protection of health and safety in the workplace.

Pursuant to Article 590 of the Italian Criminal Code, “*anyone who due to negligence causes bodily harm to others*” commits such offense; pursuant to the third paragraph of such Article, the

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<sup>5</sup> The latter provision states that, in the cases provided for by Article 55, paragraph 1, letter a), of Italian Legislative Decree No. 81/2008, or in the cases where the employer omits risk assessment procedures and the adoption of the document referred to in Article 17, paragraph 1, letter a), or adopts it in the absence of the elements referred to in points a), b), d) and f) of Article 28, and violates the provisions of Article 18, paragraph 1, letters q) and z) first part, the penalty applied shall be imprisonment from six months to one year and six months if the violation is committed:

**a)** at the premises of the companies listed in Article 31, paragraph 6, letters a, b, c, d, f, i.e.:

- industrial enterprises listed in Article 2 of Italian Legislative Decree No. 334/99, subject to the obligation of notification or report;
- thermal power plants;
- nuclear plants and facilities or plants and facilities that in any way employ radioactive material or dispose of radioactive waste (Italian Legislative Decree No. 230/1995, Articles 7, 28 and 33);
- companies that manufacture and provide separate storage of explosives, gunpowder and ammunition;
- mining enterprises with more than 50 workers.

**b)** at the premises of companies engaged in activities that expose workers to “severe” biological hazard (Article 268, paragraph 1, letters c and d), due to explosive atmospheres, carcinogenic mutagens and maintenance, removal, disposal and remediation of asbestos;

**c)** for the activities covered by Title IV (“temporary or mobile construction yards”) of Italian Legislative Decree No. 81/2008 and characterized by the simultaneous presence of several enterprises whose volume of work is not less than 200 man-days.

fact of having caused bodily injury in violation of the “*rules for the prevention of workplace accidents*” is an aggravating circumstance.

Serious injuries are understood as those consisting in an illness that endangers life or causes an inability to attend to day-to-day activities for a period exceeding forty days, or in a permanent weakening of a sense or an organ; very serious injuries are understood as a probably incurable illness, the loss of a sense, limb, organ or ability to procreate, a permanent speech impediment, permanent deformation or disfigurement of the face.

This offense could be committed if the negligent breach of the occupational health and safety regulations leads to an accident at work that causes serious or very serious bodily harm to an Industries' employee.

For example, if an Industries' employee, involved in the operation of a piece of machinery suffers an injury to a limb - considered curable in more than 40 days - on account of the failure of the aforesaid piece of machinery, which was not repaired in a timely manner despite a timely report had been sent by the same employee.

## **D.2 Risk management process concerning health and safety in the workplace**

*omitted*

## **D.3 General Principles and Rules of Conduct**

This section contains the general Rules of conduct that, together with the general behavioral Principles highlighted above, should be followed by Recipients in order to prevent the occurrence of the Offenses described in paragraph D.1.

All Employees and Collaborators of the Company, including those of other group companies, and Contractors, in their respective fields and for matters under their responsibility, are required to:

- comply with the rules, obligations and principles laid down by current law and by the rules / guidelines relating to health and safety listed in paragraph D.2;
- comply with the general rules of conduct, control principles and specific requirements laid down in this Model;
- promote compliance with the above laws, rules and principles and ensure fulfillment in terms of health and safety in the workplace;
- adopt a conduct of full cooperation and transparency and respect the principles of conduct and behavior specified in the Special Section A “offenses against the Public Administration” in relations with the public bodies responsible for health and safety in the workplace, both in the preparation and notification of any statements and on the occasion of inspections / audits;
- promote internal information and training regarding specific risks associated with the performance of one's tasks and activities, regarding the corporate structure and regulation of health and safety, prevention and protection procedures and measures and/or take note of the information provided and/or actively participate in training courses;
- make a correct use of machinery, equipment, tools, materials, transportation and other work equipment and safety devices;
- report violations of the defined rules and any potential or actual danger to health and safety management officers;
- strictly adhere to the operational guidelines, directives and instructions issued by the Company, and to the principles of the Code of Ethics.

**D.4 Control principles and specific prescriptions which apply to the management of risks concerning health and safety in the workplace**

*omitted*

## **SPECIAL SECTION “E” - INDUCEMENT NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES**

This Special Section, relating to offense of inducing not to make statements or to make false statements to the Judicial Authority, regulating the conducts and activities that may, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **offenses** falling under the category of receiving, laundering, using of money, goods or benefits of illicit origin, which may be, in theory, committed within Industries;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- **for group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

Reference is made to what has been already pointed out in the CRSA concerning the fact that no specific sensitive activity has been deemed subject to the risk of commission of the relevant offense, even if it has been assessed that, however, such offense may, in theory, be committed within the Company.

Therefore, principles of a general nature are envisaged, to be applied in general to Sensitive Processes/Activities, recalling also the general principles of the Code of Ethics, as well as some specific protocols.

### **E.1 Types of inducement not to make statements or to make false statements to the Judicial Authorities (Article 25-decies of the Decree)**

The offense of **inducement not to make statements or to make false statements to the Judicial Authority** is provided for in the following provision:

- **(Article 377-bis of the Italian Criminal Code).** This type of offense punishes anyone who, by force or threat, or by offering or promising money or other benefits, induces a person called to testify and bring evidence that may be used in criminal proceedings before the Judicial Authority not to make statements or to make false statements, when the latter has the right to remain silent.

The provision punishing the offense of inducing persons not to make statements or to make false statements to the Judicial Authorities was introduced into our legal system by Italian Law no. 116 of 3 August 2009 in the context of the reform implementing the principles of due process. It aims at protecting possible exploitation of the right to remain silent granted to suspects and defendants, as well as to so-called suspects/defendants in related proceedings, in order to protect the proper development of the trial against all undue interference capable of adversely affecting the ascertainment of truth.

This conduct occurs with respect to a person who, being called to testify to bring evidence that may be used in the criminal proceedings before the Judicial Authority, may exercise its right to remain silent and it consists in inducing the latter not to make the above statements (therefore to exercise the option that the law grants it) or to make false statements as a result of violence, threat or by offering or promising money or other benefits.

The person causing the offense can be anyone, while the recipients of the conduct are only the suspects and defendants (also in associated proceedings or associated offense) which are granted by the legislation the right to remain silent.

## **E.2 General Principles, Rules of Conduct and Specific Protocols**

This section sets out the general principles and rules of conduct which, together with the principles set out in Chapter 4 of the General Section of the Model, as well as those contained in para. A.3 and in the Code of Ethics, must be followed by the Recipients in order to prevent the occurrence of the offense of inducement not to make statements or to make false statements to the Judicial Authorities.

In particular, this Special Section “E” expressly prohibits, for Recipients, to engage in conducts:

- such as to incur the type of offense considered above (Article 25-decies of the Decree);
- that, although per se do not constitute the offense considered above, may potentially become so;
- not aligned or not in accordance with the principles and provisions contained in this Model.

In this respect, Recipients must:

- refrain from reticent behavior or omissions that may, directly or indirectly, and/or involuntarily, result in a hindrance to the work of the Judicial Body;
- refrain from any threat or pressure, including through the use of physical violence, as well as any offer of money or other benefits in order to induce a person not to make statements or to make false statements before a Judicial Authority;
- refrain from inducing or persuading anyone from providing false statements to the competent Authorities;
- provide an effective cooperation and make truthful statements completely representative of the facts in the relations with the Judicial Authorities.

In the exercise of Sensitive Activities, the following principles should also be followed:

- Employees and Collaborators, in various capacities, of the Company, must promptly notify their immediate superior of any criminal proceedings that involve them in any respect in relation to the work provided or otherwise related to it. A similar notice must be forwarded to the SB;
- if a director, executive or an employee of the Company is called (respectively, in the capacity of suspect / defendant, accused / defendant in the associated proceedings) to make statements before the Judicial Authorities concerning activities related to corporate management and administration is required to maintain the greatest confidentiality with respect to the statements made and the subject thereof, where the same are under secret investigation;
- similar confidentiality will be maintained by the Legal Counsel assisting them in the release of such statements;
- the Company, when there is no obligation to perform acts on the part of different persons, should exclusively restrict such relationships to the Legal Department, which will retain the relevant documentation and keep track of the same relationships, always by formal written notification;
- all Recipients are required to firmly reject any attempt from directors, executives, employees or other third parties acting on behalf of the Company (e.g. Legal Counsel) aimed at influencing the content of their statements or to cause them, if permitted by law, to avail themselves of the right to remain silent;

- if Recipients who are directors, executives or employees, receive undue pressure to do so or are promised sums of money or other benefits for the same purpose, they are required to immediately inform their immediate superior (or his/her immediate superior if the undue pressure and the promise of goods or benefits comes from their own immediate superior).

## SPECIAL SECTION “F” - ORGANIZED CRIME OFFENSES

This Special Section, relating to organized crime offenses, regulating the conducts and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of organized crime offenses and that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

### F.1 Organized crime offenses (Article 24-ter of Decree)

Among the organized crime offenses provided by the Decree, the following offenses, in theory, could be perpetrated within the activities carried out by the Company:

- **Criminal conspiracy (Article 416 of the Italian Criminal Code):** This offense occurs when three or more persons conspire to commit several crimes. Those who promote or constitute or organize the conspiracy will be punished with imprisonment from three to seven years; by the mere fact of participating in the conspiracy, the penalty will be imprisonment from one to five years. The leaders are subject to the same penalty as the promoters. The penalty will be increased if the number of members is ten or more. If the conspiracy is to commit one of the crimes referred to in Articles 600 of the Italian Criminal Code (reduction or maintenance in slavery or servitude), 601 of the Italian Criminal Code (trafficking in persons) and 602 of the Italian Criminal Code (purchase and sale of slaves), and Article 12, paragraph 3-bis of the Italian Consolidated Text of provisions governing immigration and rules on the status of foreigners under Italian Legislative Decree No. 286/98 (provisions against illegal immigration), punishment is imprisonment from five to fifteen years in cases of promotion, establishment, organization of the conspiracy and from four to nine years in cases of mere participation in the conspiracy.
- **Mafia-type conspiracy (Article 416-bis of the Italian Criminal Code).** This offense is incurred by anyone belonging to mafia-type associations formed by three or more persons; the participant will be punished with imprisonment from seven to twelve years. Those who promote, manage or organize the conspiracy are punished, for that reason alone, with imprisonment from nine to fourteen years. A conspiracy is a mafia-type conspiracy when its members make use of intimidation due to the power of the associative bond and the condition of subjection and collusion of silence deriving therefrom when committing crimes, directly or indirectly acquiring the management or control of economic activities, concessions, authorizations, procurement contracts and public services or when realizing unjust profits or advantages for themselves or others or preventing or hindering the free exercise of voting rights or procuring votes for themselves or others at elections. If the economic activities which the conspirators intend to take or maintain control of are financed in whole or in part with the price, product, or profit originating from crimes, the penalties mentioned above will be increased by a factor ranging from one third to one half. These provisions will also apply to the Camorra and other criminal associations, howsoever referred to locally, including

foreign ones, which by applying the intimidating power of the associative bond pursue aims that correspond to those of Mafia-type conspiracies.

- **Crimes committed under the conditions laid down by the aforesaid Article 416-bis of the Italian Criminal Code, i.e. in order to facilitate the activities of the conspiracy set forth in the same Article (Article 24-ter, first paragraph, of Italian Legislative Decree No. 231/01):** this provision of law is aimed at punishing the crimes committed by using the intimidating power of the associative bond and the condition of subjection and collusion of silence that follows therefrom, as well as the so-called crime of collusion with the mafia conspiracy, a case provided for by the judicial body, which is recognized in the conduct of a person who is external to the criminal conspiracy but who makes a decisive causal contribution in the pursuit of an unlawful purpose and for the very existence of the Mafia conspiracy itself. The requirements for collusion with the mafia conspiracy are met in the following cases: the occasional and independent nature of the contribution being made; the functionality of the contribution to the achievement of the conspiratorial aims and the causal efficiency of the contribution to the strengthening and consolidation of the conspiracy; also, the existence of the element of intentional misconduct is required for the person committing the crime, i.e. the awareness to promote the achievement of unlawful purposes. Under Article 7 of Italian Law No. 203 of July 12, 1991, for offenses, punishable by a sentence other than a life sentence, committed under the conditions provided for by Article 416-bis of the Italian Criminal Code, i.e. in order to facilitate the operation of the conspiracy as provided for by the same Article, the penalty will increase by a factor ranging from one third to one half.

The following offenses are excluded from this Special Section even if they do fall within the category of "Organized crime offenses":

- **Illegal manufacture, introduction into Italian territory, sale, transfer, possession and carrying in a public place or place open to the public of weapons of war, warlike weapons or components thereof, explosives, clandestine weapons and several common firearms (Article 407, first paragraph, letter A) no. 5 of Italian Code of Criminal Procedure).** The offenses under consideration are provided for by Italian Law 895/1967 and Italian Law 110/1975. The main types of offenses are set out below: Article 1 of Italian Law 895/1967 (manufacture or introduction into the (Italian) State or sale or transfer for any reason, without a license, of weapons of war or warlike weapons, or parts thereof, suitable for use, war ammunition, explosives of any kind; penalty: imprisonment from three to twelve years and fine from EUR 413 to EUR 2,065); Article 2 of Italian Law 895/1967 (illegal possession in any capacity of the above weapons, ammunition and explosives; penalty: imprisonment from one to eight years and a fine ranging from EUR 206 to EUR 1,549); Article 4 of Italian Law 895/1967 (illegal transportation in a public place or a place open to the public of weapons, ammunition, explosives referred to in Article 1 of Law 895/67; penalty: imprisonment from two to ten years and a fine ranging from EUR 206 to EUR 2,065); Article 23, paragraphs 2, 3, 4, 5 and 6, of Italian Law 110/1975 (manufacture, introduction into the (Italian) State, export, trade, offer for sale or transfer of illegal weapons or barrels; penalty: imprisonment from three to ten years and fine from EUR 206 to EUR 1,549; possession of illegal weapons or barrels; penalty: imprisonment from one to six years and fine from EUR 103 to EUR 1,032. Imprisonment from two to eight years and a fine ranging from EUR 154 to EUR 1,549 shall be applied on any person who brings into a public place or a place open to the public illegal weapons or barrels. The same punishment also applies to anyone who deletes, counterfeits or alters catalogue or serial numbers and other distinguishing marks of weapons).
- **Electoral exchanges between politicians and the mafia (Article 416-ter of the Italian Criminal Code)** The relevant offense is committed by anyone who accepts, directly or through intermediaries, the promise to procure votes from persons belonging to mafia associations made up of three or more persons (Article 416-bis) or with the modalities referred to in the third paragraph of Article 416-bis (which punishes the conduct of procuring

votes during electoral consultations) in exchange for the provision or promise of provision of money or any other benefit. This offense is subject to a term of imprisonment of four to ten years.

- **Kidnapping for purposes of extortion (Article 630 of the Italian Criminal Code).** The offense may be envisaged in case anyone kidnaps a person for the purpose of gaining, for themselves or others, an unjust profit as the price of release; the penalty is imprisonment from twenty-five to thirty years. If the kidnapping results in the death of the kidnapped person, as a consequence not intended by the offender, the offender shall be punished by imprisonment of thirty years. If the offender causes the death of the kidnapped person, the punishment is life imprisonment.
- **Criminal conspiracy aimed at trafficking of narcotic or psychotropic substances (Article 74 of Italian Presidential Decree No. 309/90).** The offense occurs when three or more persons conspire for the purpose of committing several offenses among those set out in Article 73 (i.e. the illicit production, trafficking and possession of narcotic or psychotropic substances); whoever promotes, sets up, directs, organizes or finances the conspiracy shall be punished by imprisonment of not less than twenty years. Persons participating in the conspiracy shall be punished by imprisonment of not less than ten years. The punishment is increased if there are ten or more members or if there are persons making regular use of narcotic or psychotropic substances among the participants.

In order to prevent this type of offense, where possible, the principles and monitoring procedures set out in the Code of Ethics must be applied.

## F.2 Sensitive Activities

*omitted*

## F.3 General Principles and Rules of Conduct

This section sets out the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of organized crime Offenses, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the general principles mentioned in para. A.3 of Special Section A (offenses against the Public Administration);
- the specific protocols set out in paragraph F.4, for each Process.

This Special Section “F” provides for an express **prohibition** - for the Recipients of this Model - to engage in conduct:

- such as to incur the types of offenses considered above (Article 24 of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;
- not aligned or not in accordance with the principles and requirements contained in the present Model and in the Code of Ethics or in any case with internal and group corporate policies and procedures.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- Recipients must act in a correct, transparent and cooperative manner in compliance with the rules of law, the principles of the Code of Ethics and internal policies and procedures of the Company and of the group, with particular reference to operations relating to the

management of personal information of Suppliers / Contractors / Advisors / Collaborators / Partners / wholesale customers and in general when entertaining relationships with third parties, including foreign third parties, etc.;

- in particular, Recipients must not maintain relations with (natural or legal) persons that are known to conduct, or suspected of conducting, illicit activities, with reference to the offenses referred to in Article 24 of Italian Legislative Decree 231/2001, or in any case that are members in a criminal organization or an organization operating outside of the law, such as for example, but not limited to, persons associated with or that may in any way be traced back to the environment of organized crime, including the Mafia, money laundering and terrorism financing, drug trafficking and usury;
- Recipients must not pay, in favor of Employees, Collaborators, Suppliers, Consultants, Contractors, Partners, representatives of the other group, customers, companies, compensation, raises, benefits or discounts on the consideration that are not adequately justified under contract, or in commercial practice in force in the relevant business sector, in relation to the type of performance / delivery / task / service to be performed or to be received;
- Recipients must take immediate action in the case of negative perceptions and/or reports about the integrity of those with whom they engage;
- Recipients must not provide or promise, in favor of those with whom they have established a relationship of association, even temporarily, services that are not justified in the light of the associative relationship established with them;
- Recipients must submit to their immediate superior and/or the SB any situations of uncertainty as to the behavior to be held, the interpretation of applicable regulations and internal procedures;
- Recipients must report to the heads of corporate functions and/or the SB any violations of the rules and any unusual transactions that may be an indication for the phenomena of receiving, laundering and using money, goods and benefits of illicit origin;
- Recipients must retain all supporting documentation, taking all the physical and IT security measures established by Industries and ensuring the traceability of the decision-making process in regard of financial and corporate transactions with third parties;
- Recipients must maintain cooperative behavior with the Supervisory and/or Judicial Authorities.

Company members and representatives of other group companies involved in Sensitive Activities are required to strictly comply with the corporate organizational procedures in force.

Where provision is made for the involvement of third parties including, without limitation, Suppliers, Contractors, Consultants and/or Collaborators, Partners, in the context of Sensitive Activities, the rules mentioned in paragraph A.3 must also be adhered to.

Moreover, the activities carried out by such persons, as part of the Sensitive Activities, must be documented and, in any case, the corporate function that made use of their work must, prior to payment of the relevant consideration, certify in writing the actual existence and fairness of the performance compared to the amount paid.

#### **F.4 Specific Conduct and Control Protocols**

*omitted*

## **SPECIAL SECTION “G” - OFFENSES REGARDING FALSE TRADEMARKS, PATENTS AND DISTINCTIVE MARKS**

This Special Section, relating to offenses regarding false trademarks, patents and distinctive marks, regulating the conducts and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of offenses regarding false trademarks, patents and distinctive marks and that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

### **G.1 Types of offenses regarding false trademarks, patents and distinctive marks (Article 25-bis of the Decree)**

Below are the offenses regarding false trademarks and patents that may, in theory, be envisaged in the context of the activities carried out by Industries:

- **Counterfeiting, alteration or use of trademarks or distinctive marks or patents, models and drawings (Article 455 of the Italian Criminal Code):**

This offense is committed if anyone, outside the cases provided for in Articles 453 and 454, introduces into the territory of the [Italian] State, acquires or holds counterfeit or altered currency with a view to putting it into circulation, or spends it or otherwise puts it into circulation, and is subject to the penalties laid down in those Articles, reduced by one third to one half

- **Counterfeiting, alteration or use of trademarks or distinctive marks or patents, models and drawings (Article 473 of the Italian Criminal Code):**

This offense is committed if anybody, being aware of the existence of a title to industrial property, counterfeits or alters foreign or domestic trademarks or distinctive marks of industrial products, or, without being in complicity with the counterfeiting or alteration, makes use of such counterfeit or altered trademarks or distinctive marks. This crime is punished with imprisonment from six months to three years and a fine ranging from EUR 2,500 to EUR 25,000.

A sentence of imprisonment from one to four years and a fine ranging from EUR 3,500 to EUR 35,000 is imposed on anyone who counterfeits or alters domestic or foreign patents, industrial drawings or models, or, without being in complicity with the counterfeiting or alteration, makes use of such counterfeit or altered patents, drawings or models.

The crimes listed above are punishable under the condition that the regulations of the domestic laws, EU regulations and international conventions on the protection of intellectual or industrial property have been complied with.

- **Introduction into the Italian State and trade of products with false trademarks (Article 474 of the Italian Criminal Code):**

This offense is incurred if, except in cases of complicity with the offenses provided for by Article 473 of the Italian Criminal Code, someone introduces industrial products with counterfeit or altered trademarks or other distinctive marks, domestic or foreign, into the territory of the (Italian) State, in order to gain a profit therefrom. This offense is punishable by a term of imprisonment for one to four years and a fine ranging from EUR 3,500 to EUR 35,000.

Outside of cases of complicity in counterfeiting, alteration, introduction into the territory of the (Italian) State, anyone who holds for sale, offers for sale or otherwise puts into circulation the products listed above in order to gain a profit therefrom, will be punished. This offense is punishable by a term of imprisonment of up to two years and a fine of up to EUR 20,000.

The crimes mentioned above are punishable under the condition that the regulations of the domestic laws, EU regulations and international conventions on the protection of intellectual or industrial property have been complied with.

## **G.2 Sensitive Activities**

*omitted*

## **G.3 General Principles and Rules of Conduct**

This section describes the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of the Offenses regarding false trademarks, patents and distinctive marks, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the general principles mentioned in para. A.3 of Special Section A (offenses against the Public Administration);
- the specific protocols set out in paragraph G.4, for each Process.

This Special Section “G” provides for an express **prohibition** – for the Recipients of this Model - to engage in conduct:

- such as to bring about the offenses considered above (Articles 25-bis of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;
- that is contrary to or inconsistent with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- Recipients must hold correct, transparent and collaborative behavior in compliance with the rules of law and internal corporate procedures in all Sensitive Activities and in particular those aimed at the management of relationships with Suppliers / Contractors / Consultants / Collaborators / Partners;
- in the choice of business Partners, Recipients must pay close attention to news regarding the third parties which may even only create suspicion as to the commission of one of the offenses referred to in this special section;

- Recipients must ensure the traceability of the stages of the decision-making process relating to financial and business transactions with third parties;
- Recipients must retain supporting documentation, taking all the physical and IT security measures established by Industries;
- Recipients must bring to the attention of their immediate superior and/or the SB any of the situations of uncertainty as to the behavior to hold and the interpretation to give to applicable regulations and internal procedures;
- it is mandatory to abide by the principles of the Code of Ethics and policies adopted by the Company and group containing principles designed to respect the industrial property rights of third parties and to protect those of the Company, even in the case of cooperation with third-party entities;
- Recipients must check the reliability of letters of warnings received from individuals who complain about an alleged conduct on the part of the Company that is detrimental to the rights protected by the provisions of law regulating trademarks and patents;
- Recipients must, with legal advice or advice of other professionals, check whether there is the likelihood that the Company's conduct could bring about one of the offenses relating to trademarks and patents;
- Recipients must adopt a "clearance" process structured in multiple phases, which is embodied in the search for previous deposits of trademarks and patents belonging to others.

Company members and representatives of other group companies involved in Sensitive Activities are required to strictly comply with the corporate organizational procedures in force.

Where provision is made for the involvement of third parties including, without limitation, Suppliers, Contractors, Consultants, Collaborators, Partners, in the context of Sensitive Activities, the rules mentioned in paragraph A.3 must also be adhered to.

Moreover, the activities carried out by such persons, as part of the Sensitive Activities, must be documented and, in any case, the corporate function that made use of their work must, prior to payment of the relevant consideration, certify in writing the actual existence and fairness of the performance compared to the amount paid.

#### **G.4 Specific Conduct and Control Protocols**

*omitted*

## SPECIAL SECTION “H”: OFFENSES IN VIOLATION OF COPYRIGHT

### H.1 Types of Offenses in Violation of Copyright

This Special Section, relating to offenses in violation of copyright, regulating the conducts and activities that may, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of offenses in violation of copyright and that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

Below are the types of offenses that may, in theory, be perpetrated within the activities carried out by Industries:

- **Article 171, paragraph 1, letter a-bis) and paragraph 3 of Italian Law No. 633 of 22.04.1941.** This offense is incurred if anybody, without having the right thereto, for any purpose and in any form, makes available to the public by inserting any protected intellectual work, or a part thereof, into a system of computer networks through connections of any kind. In this case, the penalty is a fine ranging from EUR 51.00 to EUR 2,065, but, according to the provisions of paragraph 3, the penalty is imprisonment for up to one year or a fine of not less than EUR 516 if the offenses referred to above are committed in regard of the work of others that is not intended for publication, or by infringement of authorship, or with the distortion, mutilation or other modification of such work, if it offends the honor or reputation of the author.
- **Article 171-bis of Italian Law No. 633 of 22.04.1941.** This case is aimed at the protection of software (paragraph 1) and databases (paragraph 2). In particular, the first paragraph considers computer programs and programs on media not marked by SIAE (Italian society of authors and publishers) as the subject matter of the case, while the typified conduct consists in the illegal duplication of the former or in the distribution, sale, possession for commercial or business purposes, lease of the latter, as well as in relation to events aimed only at allowing or facilitating the unauthorized removal or functional circumvention of devices affixed for the protection of a computer program.  
The second paragraph, however, contemplates the conduct of playing back on media not bearing the SIAE marking, transferring to another medium, distributing, communicating, displaying or performing the contents of a database before the public in violation of the provisions of Articles 64-quinquies and 64-sexies of the same Law No. 633/1941, as well as the retrieval or re-utilization of databases in violation of Articles 102-bis and 102-ter of the same Law No. 633/1941 or, finally, distribution, sale, lease of databases (always, of course, without the required SIAE marking).  
Both provisions envisage that such conduct must be supported by the purpose of profit (*fine di profitto*), outlining a significant broadening of the content of the subjective element compared to what was established in the past where the purpose of gain (*fine di lucro*) was instead required (which is instead required for the offenses referred to in Article 171-ter below

to occur). The latter, unlike the purpose of profit, has a more limited content which is envisaged only in the presence of a “*purpose of economically valuable gain or increase in assets, to which the mere saving of expenses outside the performance of an economic activity remains extraneous, and which cannot be identified with any kind of advantage*” (thus Criminal Supreme Court, III Division, 22.11.2006, Rizzi in *CP*, 2007, p. 2977).

- **Article 171-ter of Law No. 633 of 22.04.1941.** The provision of Article 171-ter is at present the ‘reference standard’ for the entire system of protection in such criminal matters, by providing a variety of conducts such as to cover a very wide range of possible violations of the regulations on copyright and rights related thereto.

In particular, this provision, with the express exclusion of cases of mere personal use, covers in its first paragraph the action of one who:

- “a) *illegally duplicates, reproduces, transmits or disseminates in public with any procedure whatsoever, in whole or in part, a work by others destined for television, film, the sale or rental of disks, tapes or similar or any other media containing phonograms or videograms of musical, cinematographic or similar audiovisual works or sequences of moving images;*
- b) *illegally reproduces, transmits disseminates in public by any procedure whatsoever literary works or parts of literary, dramatic, scientific or educational, musical or dramatic-musical, or multimedia, works or parts thereof, even if included in collective or composite works or databases;*
- c) *even without having participated in the duplication or reproduction, introduces on the Italian territory, withholds for sale or distribution, distributes, markets, rents or otherwise disposes of for any reason, projects in public, broadcasts on television or the radio by any process whatsoever, or plays in public the unauthorized duplications or reproductions referred to in letters (a) and (b);*
- d) *withholds for sale or distribution, markets, sells, rents, disposes of for any reason, projects in public, broadcasts by radio or television by any process whatsoever, video cassettes, music cassettes, any medium containing phonograms or videograms of musical, cinematographic or audio-visual works or sequences of moving images, or any other medium for which, pursuant to this law, the mark of the Italian authority of authors and publishers (SIAE) is a requirement, but which do not bear it or which bear a counterfeit or altered mark;*
- e) *in the absence of an agreement with the legitimate distributor, re-transmits or spreads an encrypted service by any means whatsoever, which was received by means of equipment or parts thereof used for decoding audiovisual programs with conditional access;*
- f) *introduces on the Italian territory, withholds for sale or distribution, distributes, sells, rents, disposes of for any reason, commercially promotes, installs devices or special decoding elements permitting access to an encrypted service without paying the required fee;*
- f-bis) *manufactures, imports, distributes, sells, rents, disposes of for any reason, advertises for sale or rent, or withholds for commercial purposes, equipment, products or components or provides services whose main purpose or commercial use is to evade effective technological measures under Article 102-quater or which are primarily designed, produced, adapted or implemented to permit or facilitate the evasion of such measures. The technological measures include those applied, or which remain, following the removal of the same measures consequent to the voluntary initiative of the holders of the rights or agreements between the latter and beneficiaries of exceptions, or following the enforcement of provisions issued by the administrative or judicial authority;*
- h) *illegally removes or alters electronic information referred to in Article 102-quinquies, or distributes, imports for distribution, broadcasts by radio or television, communicates or makes publicly available protected works or other materials from which the electronic information has been removed or modified;*

*h-bis) illegally fixes on digital, audio, video or audiovisual media, in whole or in part, a cinematographic, audiovisual or editorial work or reproduces, performs or communicates to the public the fixation illegally made, also in the manner pursuant to Article 85-bis, paragraph 1 of the Italian Consolidated Law on Public Safety, referred to in Italian Royal Decree No. 773 of 18 June 1931.*

In the second paragraph, it covers the action of whoever:

*a) unlawfully reproduces, duplicates, transmits or disseminates, sells or otherwise markets, disposes of for any reason or illegally imports more than fifty copies or specimens of works protected by copyright and related rights;*

*a-bis) in violation of Article 16, for the purpose of gain, communicates to the public an original work protected by copyright, or part of it, by placing it in a system of telematic networks, by means of concessions of any kind;*

*b) is guilty of the actions referred to in paragraph 1, by engaging in the entrepreneurial activity of reproduction, distribution, sale, marketing, import of works protected by copyright and related rights;*

*c) promotes or organizes the unlawful activities referred to in paragraph 1.*

As far as the subjective element is concerned, unlike the provisions of Article 171-bis, the specific intent to obtain a gain is required, to be assessed in the narrower sense that characterizes this element with respect to the different purpose of making a profit (see above with regard to Article 171-bis).

Paragraph 2 below provides, as aggravated circumstance, the conduct of unauthorized reproduction, duplication, transmission, dissemination, sale or marketing of works protected by copyright or related rights in case they concern more than fifty specimens or copies (letter a); of communication to the public, even in partial form, of intellectual works by means of introduction into a system of telematic networks and with connections of any kind (paragraph a-bis); as well as the same conduct as already provided for in paragraph 1 by those who engage in an entrepreneurial activity of reproduction, distribution, sale, marketing and import of works protected by copyright or related rights (letter b) or, finally, the action of anyone who organizes or promotes the activities referred to in the preceding paragraph (letter c).

- **Article 171-septies of Italian Law No. 633 of 22.04.1941.** This provision also envisages the conduct (equating it, as per the punishment, to the penalties provided for by Article 171-ter) of failure to notify the SIAE, within the mandatory time limits, of the data necessary for the unambiguous identification of the media not subject, pursuant to Article 181-bis, to the SIAE marking by the producer or importer thereof, as well as - provided that the action does not constitute a more serious offense - the conduct of false assertion of fulfillment of the specific obligations set forth by Article 181-bis, paragraph 2.

The following offenses are excluded from this Special Section even if they do fall within the category of "Offenses in violation of copyright":

- **Article 171-octies of Italian Law No. 633 of 22.04.1941.** This provision punishes (unless a more serious offense has been committed) the production, offering for sale, import, promotion, installation, modification, public and private use of instruments designed to decode audiovisual broadcasts "*with conditional access*" (according to the precise definition of this element provided by the same provision to which reference is made) "*transmitted over the air, by satellite, by cable, in both analogue and digital form*". The subjective element of the case hereunder is the specific intent, since the conduct must be carried out "*for fraudulent purposes*".

## H.2 Sensitive Activities

*omitted*

## H.3 General Principles and Rules of Conduct

This section sets out the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of Offenses in violation of copyright, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the general principles mentioned in para. A.3 of Special Section A (offenses against the Public Administration);
- the specific protocols set out in paragraph H.4, for each Process.

This Special Section “H” provides for an express **prohibition** - for the Recipients of this Model - to engage in conduct:

- such as to incur the types of offenses considered above (Article 25-novies of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;
- that is contrary to or inconsistent with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below: A.3:

- act in a correct, transparent and cooperative manner in compliance with the rules of law and internal procedures in all activities aimed at managing relationships with Suppliers / Contractors / Consultants / Collaborators / Partners, including e-commerce service providers;
- not maintaining relations with (natural or legal) persons that are known to conduct, or suspected of conducting, illegal activities with reference to the offenses referred to in Article 25-novies in violation of copyright;
- abiding by any policies and procedures adopted by the Company and the group containing the principles that must be followed in order to respect copyright of intellectual property owned by third parties;
- verifying the reliability of letters of warning received from persons that complain about a conduct on the part of the Company that is detrimental to the rights protected by copyright rules;
- verifying, by means of legal opinions or opinions of other Consultants / professionals, the likelihood that a conduct put in place by the Company may constitute any of the offenses relating to copyright;
- avoiding making available to the public, if not subject to verification of ownership of the relevant rights for the Company, as well as disseminating, copying, reproducing, transmitting, uploading to the Internet or showing on television, radio or telecommunications channels, otherwise marketing, or exploiting, any intellectual work protected by copyright, images, music, cinematographic or photographic works, or parts thereof, literary, dramatic, scientific or educational works, or parts thereof, works of art and otherwise using protected software or databases.

Moreover, the Recipients are forbidden to:

- download software or other intellectual work protected by copyright without authorization;

- modify the software and/or hardware configuration of fixed or mobile workstations if not provided for by a corporate rule or, in other cases, without prior express appropriate authorization;
- reproduce, duplicate, transmit or disseminate, sell or otherwise market, dispose of for any reason or illegally import copies or specimens of works protected by copyright and related rights.

The Supervisory Body must be informed in writing of any critical elements/irregularities that may arise in the context of the activities related to the outlined Sensitive Processes or other relevant information as defined in the General Section, paragraph 5.6.

Where provision is made for the involvement of third parties including, without limitation, Suppliers, Contractors, Consultants, Collaborators, Partners, in the context of Sensitive Activities, the rules mentioned in paragraph A.3 must also be adhered to.

In addition, as a general rule, when carrying out activities in the areas at risk, the procedures and/or instructions and/or any operational or organizational provisions must be scrupulously observed, which define, among other aspects, the persons/company areas involved, the areas of responsibility, the decision-making/authorization process and the operating methods in the context of activities attributable to risky processes.

#### **H.4 Specific Conduct and Control Protocols**

*omitted*

## SPECIAL SECTION “I”: OFFENSE OF EMPLOYMENT OF CITIZENS FROM NON-EU COUNTRIES WITHOUT A PROPER RESIDENCY PERMIT

This Special Section, relating to offense of employment of citizens from non-EU countries without a proper residency permit, regulating the conducts and activities that may, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the group of offenses of employment of citizens from non-EU countries without a proper residency permit that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

### I.1 Employment of citizens from non-EU countries without a proper residency permit (Article 25 duodecies of Decree)

Article 2 of Italian Legislative Decree No. 109 of 16 July 2012 (concerning the “Implementation of Directive 2009/52/EC introducing minimum rules on penalties and measures against employers who employ citizens from non-EU countries without a proper residency permit”) introduced into Decree's Article 25-*duodecies*, under heading “Employment of citizens from non-EU countries without a proper residency permit”, which provides for the administrative liability of entities for the offense pursuant to Article 22, paragraph 12-bis of Italian Legislative Decree No. 286/1998 (Consolidated provisions concerning the rules governing immigration and rules on the status of foreigners).

The criminal offense referred to in Article 25-duodecies of the Decree is indicated below.

- **Article 22, paragraph 12-bis, of Italian Legislative Decree No. 286 of 25 July 1998:**

12. An employer who hires foreign workers without a residency permit as provided for by this Article, or whose permit has expired and the renewal of which has not been requested, in accordance with law, being revoked or cancelled, will be punished with imprisonment from six months to three years and a fine of EUR 5,000.00 for each worker employed.

**12-bis.** The penalties for the fact set forth in paragraph 12 are increased by a factor ranging from one third to one half if:

- a) the employed workers are more than three in number;
- b) the employed workers are minors of non-working age;
- c) the employed workers are subject to other particularly exploitative labor conditions as set out in the third paragraph of Article 603-bis of the Italian Criminal Code (i.e., “situations of serious danger, having regard to the characteristics of the work to be performed and conditions of work”, Ed.).

### I.2 Sensitive Activities

*omitted*

### I.3 General Principles and Rules of Conduct

This section sets out the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of the offense under consideration, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the general principles mentioned in para. A.3 of Special Section A (offenses against the Public Administration);
- the specific protocols set out in paragraph I.4, for each Process.

This Special Section “I” provides for an express **prohibition** - for the Recipients of this Model - to engage in conduct:

- such as to incur the type of offense considered by Article 25-duodecies of the Decree;
- that, although per se do not constitute the offense considered above, may potentially become so;
- not aligned or not in accordance with the principles and provisions contained in this Model, in the Code of Ethics.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- Recipients must hold correct, transparent and cooperative behavior in compliance with the rules of law and internal procedures in all activities aimed at the recruitment and management of human resources;
- Recipients must refrain from engaging in business relations with (natural or legal) persons that are known to conduct, or suspected of conducting, illegal activities in relation to the criminal offenses punished by the “Consolidated provisions concerning the rules governing immigration and rules on the status of foreigners” (hereinafter, “Consolidated Law on Immigration”) and, in general, the legislation on immigration;
- Recipients must comply with any policies adopted by the Company setting out the principles to be followed in order not to violate the requirements, including procedural requirements, of the provisions of law on immigration;
- Recipients must verify, by means of legal advice or other professional advice, the likelihood that the Company’s conduct could constitute an offense under the Consolidated Law on Immigration.

### I.4 Specific Conduct and Control Protocols

*omitted*

## SPECIAL SECTION “L”: OFFENSES AGAINST INDUSTRY AND TRADE AND SMUGGLING OFFENSES

This Special Section, relating to offenses against industry and trade, regulating the conducts and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the group of offenses against industry and trade that can, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity**, **specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

### L.1 Types of offenses against industry and trade (art. 25-bis 1 of the Decree)

Among the offenses against industry and trade provided by the Decree, the following offenses may, in theory, be perpetrated within the activities carried out by Industries:

- **Disruption to industry or trade (Article 513 of the Italian Criminal Code)** This offense is committed when a person uses violence against property or fraudulent means to impede or disrupt industry or trade operations. This offense is punishable, after complaint by the injured party, if the offense does not constitute a more serious offense, by imprisonment up to two years and a fine ranging from EUR 103 to EUR 1,032.
- **Unlawful competition with threats or duress (Article 513-bis of the Italian Criminal Code)** The offense is committed when in the exercise of a commercial, industrial or otherwise productive activity, acts of competition are carried out with violence or threats. This offense is punishable by imprisonment from two to six years. The penalty is increased if the acts of competition concern an activity financed in whole or in part and in any way by the State or other public bodies.
- **Fraudulent trading (Article 515 of the Italian Criminal Code)** - This offense is committed when a person, operating in trade, including the retail trade, delivers to the purchaser goods disguised as other goods, or goods whose origin, source, quality or quantity are different from that declared or agreed. This offense is punishable, unless the offense constitutes a more serious offense, by imprisonment up to two years or a fine of up to EUR 2,065. If valuables are involved, the penalty will be imprisonment for up to three years or a fine of not less than EUR 103.
- **Sale of industrial products with false or misleading marks (Article 517 of the Italian Criminal Code)** - This offense is committed when a person places on sale or otherwise puts into circulation national or foreign intellectual works or industrial products bearing names, trademarks or distinguishing marks likely to mislead the purchaser about the origin, source or quality of the work or product. This offense is punishable, unless the offense is considered as such by different provision of law, by a term of imprisonment of up to two years and a fine of up to EUR 20,000.
- **Manufacture and trade of goods made by misappropriating industrial property rights (Article 517-ter of the Italian Criminal Code)** - Subject to the enforcement of Articles 473 and 474 of the Italian Criminal Code, this offense is committed when a person, aware of the existence of an industrial property right, manufactures or industrially employs objects or other

goods made by misappropriating an industrial property right or by infringing that right. This offense is punishable, after complaint by the injured party, by a term of imprisonment of up to two years and a fine of up to EUR 20,000. The same punishment applies to anyone who, for profit, introduces into the (Italian) State, holds for sale, offers for direct sale to consumers or otherwise puts into circulation the goods referred to in the first paragraph. In such cases, the crimes are punishable as long as the provisions of Italian laws, community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

The following Offenses are excluded from this Special Section even if they do fall within the category of “offenses against industry and trade”:

- **Fraud against national industries (Article 514 of the Italian Criminal Code)** This offense is committed when a person causes harm to the Italian industrial economy, by placing on sale or otherwise putting into circulation, on national or foreign markets, industrial products with counterfeit or altered names, trademarks or distinctive marks. This offense is punishable by a term of imprisonment ranging from one to five years and a fine of no less than EUR 516. If the provisions of domestic laws or international conventions on the protection of industrial property have been observed with regard to trademarks or distinctive marks, the penalty is increased and the provisions of Articles 473 and 474 of the Italian Criminal Code do not apply.
- **Sale of non-genuine foodstuffs as genuine (Article 516 of the Italian Criminal Code)** The offense is committed by anyone who sells or otherwise places on the market non-genuine foodstuffs as genuine. This offense is punishable by imprisonment up to six months or a fine of up to EUR 1,032.
- **Falsifying the geographic origin or designations of origin of agricultural products (Article 517-quater of the Italian Criminal Code)** This offense occurs when someone counterfeits or otherwise alters geographic origin or designations of origin of agricultural products. This offense is punishable by imprisonment up to two years and a fine of up to EUR 20,000. The same punishment applies to anyone who, for profit, imports into the (Italian) State, possesses for sale, offers for direct sale to consumers or otherwise puts into circulation the products with the counterfeit geographical indications or designations. These offenses are punishable provided that the provisions of Italian laws and EU regulations and international conventions on the protection of geographic indications and designations of origin of agricultural foodstuff have been complied with. In order to prevent this type of offense, where possible, the principles and monitoring procedures set out in the Code of Ethics must be applied.

## **L.2 Smuggling Offenses**

The types of smuggling offenses that may, in theory, be committed within the activities carried out by Industries are:

- **Smuggling in non-customs areas (Article 286 of Presidential Decree No. 43/1973)** This offense is punishable with a fine of not less than two and not more than ten times the customs duties due for any person who, in the non-customs territories referred to in Article 2, sets up unauthorized warehouses of foreign goods subject to customs duty, or sets up such warehouses in excess of the permitted amount.
- **Smuggling via improper use of goods imported with customs facilitations (Article 287 of Presidential Decree No. 43/1973)** This offense is punishable with a fine of not less than two and not more than ten times the amount of the customs duty due for any person who gives foreign goods imported duty-free or at a reduced rate of duty a destination or use other than that for which relief or reduction was granted, save as provided in Article 140.

- **Smuggling in customs warehouses (Article 288 of Presidential Decree No. 43/1973)**  
This offense is committed when the licensee of a privately-owned customs warehouse holds foreign goods for which the prescribed declaration of introduction has not been filed or which have not been entered in the warehouse registers. This offense is punishable with a fine of not less than two and not more than ten times the custom duties due.
- **Smuggling in cabotage and circulation (Article 289 of Presidential Decree No. 43/1973)**  
This offense is punishable with a fine of not less than two and not more than ten times the customs duty due for on any person who brings into the State foreign goods in lieu of national or nationalized goods shipped in cabotage or in circulation.
- **Smuggling in the export of goods eligible for a refund of duties (Article 290 of Presidential Decree No. 43/1973)** This offense is committed when a person uses fraudulent means to obtain undue refund of duties established for the import of raw materials used in the manufacture of domestic goods that are exported. This offense is punishable by a fine of not less than twice the amount of the duties unduly refunded or attempted to be refunded, and not more than ten times the amount of those duties.
- **Smuggling in temporary import or export (Article 291 of Presidential Decree No. 43/1973)** This offense is committed when any person who, in the course of import or temporary export or in re-export and re-import operations, for the purpose of evading payment of duties which should be due, subjects the goods to artificial manipulation or uses other fraudulent means. This offense is punishable with a fine of not less than two and not more than ten times the custom duties evaded or attempted to be evaded.
- **Other cases of smuggling (Article 292 of Presidential Decree No. 43/1973)** This offense is committed when anyone, other than in the cases provided for in the preceding articles, removes goods from the payment of customs duties due. This offense is punishable by a fine of not less than two and not more than ten times the customs duties due.
- **Penalty for smuggling in the event of failure to ascertain or incomplete ascertainment of the subject matter of the offense (Article 294 of Presidential Decree No. 43/1973)** In cases of smuggling, if the quality, quantity and value of the goods could not be ascertained in whole or in part due to the perpetrator's actions, a fine of up to EUR 516 shall be imposed instead of the proportional penalty. In any event, the penalty may not be less than twice the amount of the duties due on the quantity of goods that could be ascertained.
- **Aggravating circumstances for smuggling (Article 295 of Presidential Decree No. 43/1973)** This offense is punishable with a fine of not less than five and not more than ten times the customs duties due for any person who, to engage in smuggling, uses means of transport belonging to a person who is not a party to the offense. For the same offenses, the fine shall be accompanied by imprisonment of one to five years when: a) while committing the offense, or immediately thereafter in the surveillance area, the perpetrator is caught armed; b) while committing the offense, or immediately thereafter in the surveillance area, three or more persons guilty of smuggling are caught together and in such a situation as to hinder police forces; c) the offense is committed with another offense against public safety or against the government; d) the perpetrator is a conspirator to commit smuggling offenses and the offense committed is among those for which the conspiracy was established. For the same offenses, the fine shall be accompanied by imprisonment of up to three years when the amount of the customs duties due is more than EUR 49,993.
- **Differences from the declaration of goods for final importation, warehousing or dispatch to another customs office (Article 303 of Presidential Decree No. 43/1973)** [Paragraph 1]. Where declarations as to the type, quantity and value of goods intended for definitive importation, warehousing or dispatch to another customs office with a bill of lading do not correspond to the assessment, the declarant shall be liable to an administrative penalty ranging between EUR 103 to EUR 516, unless the inaccurate indication of the value has resulted in the recalculation of the customs duties, in which case the penalties set out in paragraph 3 below apply. [Paragraph 2] The provision referred to in paragraph 1 does not apply: a) when, in the cases provided for in Article 4, paragraph 2, subparagraph e), of

Legislative Decree No. 374 of November 8, 1990, although the name of the tariff is incorrect, the trade description of the goods has been accurately indicated, so as to make it possible to apply the duties; b) when the goods declared and those identified during the assessment are considered in the tariff under different subheadings of the same heading of the tariff, and the amount of the customs duties due according to the declaration, is equal to or exceeds the amount of the duties assessed by less than one third; c) where the differences in quantity or value do not exceed 5% for each type of the goods declared. [Paragraph 3] If the total customs duties due according to the assessment are greater than those calculated on the basis of the declaration and the difference of the duties exceeds 5%, the administrative penalty, where the actions do not constitute a more serious offense, is as follows: a) for duties up to EUR 500, an administrative penalty of between EUR 103 to EUR 500; b) for duties from EUR 500.1 to EUR 1,000, an administrative penalty of between EUR 1,000 to EUR 5,000; c) for duties from EUR 1,000.1 to EUR 2,000, an administrative sanction of between EUR 5,000 to EUR 15,000; d) for duties from EUR 2,000.1 to EUR 3,999.99, an administrative sanction of between EUR 15,000 to EUR 30,000; e) for duties equal to or exceeding EUR 4,000, an administrative sanction from EUR 30,000 to ten times the amount of the duties.

- **Differences with respect to declaration for export of goods with refund of duties (Article 304 of Presidential Decree No. 43/1973)** This offense is committed if there are differences in type and quantity between the goods to be exported and the declaration submitted for the refund of duties. The declarant shall be liable to an administrative penalty of not less than the amount that would have been wrongfully returned and not more than ten times that amount, provided that the act does not constitute a smuggling offense. However, if the inaccuracy in the declaration results from calculation or transcription errors committed in good faith, an administrative penalty of not less than one-tenth and not more than the full amount of the aforementioned sum shall apply instead of the fine. The previous provisions do not apply when the difference between the duties claimed to be refunded according to the declaration and those actually to be refunded according to the assessment does not exceed 5%.
- **Failure to discharge the customs bond. Differences in quantity (Article 305 of Presidential Decree No. 43/1973)** This offense is committed when goods shipped from one customs office to another with a customs bond are not presented to the customs office of destination. The consignor is liable to an administrative penalty of between one tenth and the full amount of the customs duty. If, however, on arrival of the goods at the Customs office of destination a quantity is found that is greater or less than the quantity indicated on the customs bond, the consignor is liable to an administrative penalty of not less than one-tenth and not more than the full difference in customs duties. The penalties set out in the previous provisions also apply when the goods in question are exempt from assessment, however transported, in which case the amount of the customs duties will be calculated as set out in Article 143, second paragraph.
- **Differences in type with respect to the customs bond (Article 306 of Presidential Decree No. 43/1973)** This offense is committed where there is a difference at the customs of destination between the type of goods that arrived and those indicated in the customs note. The consignor is liable to an administrative penalty ranging from a minimum of one to a maximum of three times the amount of the customs duties due on the goods indicated on the customs bond and not corresponding to the type of good ascertained by the customs of departure. In the case of goods intended for transit, where goods subject to export duty are found at the customs of exit which are different to those described in the customs bond, in addition to the penalty provided for in the preceding paragraph, an administrative penalty of not less than the amount of the export duty due on the goods found and not more than three times the amount of the said duty applies.
- **Penalties for alteration of packages sent with a customs bond exempt from inspection (Article 307 of Presidential Decree No. 43/1973)** This offense is committed if it is found at the customs office of destination that the packages dispatched exempt of assessment have

been altered in such a way that a difference in quantity has arisen. The administrative penalty laid down in Article 305 is increased by not less than Italian Lire 200,000 and not more than Italian Lire 1 million for each package altered.

- **Differences in goods stored in private customs warehouses (Article 308 of Presidential Decree No. 43/1973)** This offense is committed when a difference in type of good is found in the assessment of goods placed in privately owned customs warehouses, or there is a surplus in quantity exceeding 2%. The warehouse operator is liable to an administrative penalty of not less than one half and not more than three times the amount of the customs duty due on the goods of the different type or on the surplus found. If there is a more than 2% shortfall over and above the permitted shortfall, an administrative penalty shall be imposed in the amount set out in the preceding paragraph, calculated on the entire difference, without taking account of the permitted shortfall. Irrespective of the application of criminal penalties, if the difference (whether as surplus or as a shortfall) exceeds 20%, the warehouse operator is obliged to immediately clear all goods registered in its name. If, previously, a difference in quantity again exceeding 20%, even if it relates to goods of a different type, has been recorded against the operator in relation to a warehouse operated by it, the operator will also be deprived of the warehouse license for a period of one year. If packages noted in the registers are found to be missing, the administrative penalty is not less than two and not more than ten times the customs duties due on the missing packages. If the weight of the missing packages is not known, it is calculated on the basis of the average of those of the same type that have been deposited. If the acts provided for in the preceding provisions constitute a smuggling offense, the penalties laid down for that offense apply.
- **Differences found in temporary storage facilities (Article 309 of Presidential Decree 43/1973)** This offense is committed when the differences in quantity and of type referred to in Article 98, third and fourth paragraphs are found in temporary storage facilities operated by authorized bodies or undertakings. The operator is liable to an administrative penalty of not less than half and not more than three times the amount of the duties relating to the missing or surplus goods, unless the operator or any other person is guilty of the offense of smuggling.
- **Differences from the declaration of goods for temporary import or export (Article 310 of Presidential Decree No. 43/1973)** This offense is committed if there are differences in type and quantity between the declaration and the goods intended for temporary import. An administrative penalty of not less than the full amount of the customs duty due for goods found to be of a type other than declared and for excess or missing quantities, and not more than ten times that amount, applies. If shortfalls are found on goods to be re-exported in products subject to an exit duty, this duty is also included in the calculation of the administrative penalty, calculated on the products corresponding to the quantities missing from the declaration. In the case of differences in type of good or quantity between the declaration and the goods for temporary export, the administrative penalty is not less than the full difference between the customs entry duties that would be due on the re-importation of the goods according to the declaration and those that would be due according to the assessment, if the goods to be reimported were foreign, and not more than ten times the difference. If differences are established on goods subject to exit duty, this duty is also included in the calculation of the administrative penalty, calculated on the differences established with respect to the declaration. The administrative penalty does not apply when the difference in quantity does not exceed 5%.
- **Differences in type of good at re-export upon discharge of temporary import (Article 311 of Presidential Decree No. 43/1973)** This offense is committed if the goods presented for re-export are found to be wholly or partially different from those that should have been re-exported. An administrative penalty of not less than double and not more than ten times the duties due on the temporarily imported goods in place of which other goods are presented is applied. Where goods presented for re-export in substitution for those temporarily imported

are subject to exit duties, an administrative penalty of not less than double and not more than ten times the fees due for the export of those goods is also applied.

- **Differences in type of good at re-import upon discharge of temporary export (Article 312 of Presidential Decree No. 43/1973)** This offense is committed if the goods presented for re-import are found to be wholly or partially different from those that should have been re-imported. An administrative penalty of not less than double and not more than ten times the duties due on the goods found to be of a different type applies. If the temporarily exported goods, in place of which other goods are presented for re-importation, were subject to exit duties, an administrative penalty of not less than double, nor more than ten times the amount of the fees due for the exportation of those goods also applies.
- **Differences in quantity with respect to re-export and re-import declaration (Article 313 of Presidential Decree No. 43/1973)** This offense is committed if differences in quantities exceeding 5% are found with respect to the re-export declaration. The administrative penalty is not less than the full amount, nor more than ten times the amount of the entry duties due on the missing goods or the exit duty due on the surplus goods. If differences in quantity exceeding 5% are found with respect to the reimport declaration, the administrative penalty is not less than the full amount, nor more than ten times the amount of the entry duties due on the surplus goods or the exit duties due on the missing goods.
- **Errors in good faith in filling out declarations concerning temporarily imported or exported goods (Article 314 of Presidential Decree No. 43/1973)** In the cases provided for in Articles 310 and 313, an administrative penalty of not less than one-tenth and not more than the full amount of the difference in the customs duties applies if the inaccuracy in the declaration is as a result of calculation or transcription errors committed in good faith, notwithstanding the exemption from penalties for differences in quantities not exceeding 5%.
- **Release for consumption without authorization of temporarily imported goods (Article 315 of Presidential Decree No. 43/1973)** In addition to the provisions of Article 198, in cases of release for consumption in the customs territory, without the authorization of the head of the customs district, of temporarily imported goods that do not fulfil the conditions laid down in Articles 9 and 10 of the Treaty establishing the European Economic Community, the administrative penalty of between EUR 516 and EUR 5160 applies, without prejudice to any other penalties that may apply under other provisions.
- **Omission or delay in filing the customs declaration (Article 318 of Presidential Decree No. 43/1973)** This offense is punishable with an administrative penalty of between EUR 258 and EUR 2,582 by anyone who fails to make the declaration prescribed by Article 56 within the time limit set, or extended under Article 95.
- **Failure to comply with customs formalities (Article 319 of Presidential Decree No. 43/1973)** This offense is punishable with an administrative penalty of between EUR 103 and EUR 516 for anyone who: a) imports or exports goods exempt from customs duties by unauthorized routes or at unauthorized times; b) is not in possession of the pass or customs bond that must accompany national or nationalized goods when circulating by land in accordance with Article 227. An administrative penalty of between EUR 10 and EUR 25 applies to any person who: a) presents to the customs office of destination foreign goods, dispatched by another customs office with a customs bond, after the time limit laid down in the same bond, when the delay is not justified; b) presents to the customs office of destination, in the cases referred to in the preceding paragraph, packages that are outwardly altered, but without any difference in weight. The administrative penalty applies for each altered package.
- **Penalties for breaches of storage regulations in surveillance zones (Article 320 of Presidential Decree No. 43/1973)** This offense is committed when anyone breaches the rules laid down in the Presidential Decree referred to in Article 26, regulating the establishment and operation of warehouses in surveillance zones. This offense is punishable by a fine ranging from EUR 103 to EUR 516.

The following types of Offenses are excluded from this Special Section even if they do fall within the category of “smuggling offenses”:

- **Smuggling in the movement of goods across land borders and customs areas (Article 282 of Presidential Decree No. 43/1973)** This offense is punishable by a fine of not less than two and not more than ten times the customs duty payable for any person who: a) brings foreign goods across the land border in breach of the requirements, prohibitions and limitations established in accordance with Article 16; b) unloads or stores foreign goods in the intermediate space between the border and the nearest customs office; c) is caught with foreign goods concealed on his/her person or in his/her luggage or in his/her packages or among other goods or in any means of transport, in order to evade customs inspection; d) removes goods from the customs facilities without having paid the duties due or without having guaranteed payment thereof, except as provided in Article 90; e) takes out of the customs territory, under the conditions provided for in the preceding subparagraphs, national or nationalized goods subject to customs duties; f) holds foreign goods, when the circumstances for the offense of smuggling provided for in Article 25, second paragraph are met.
- **Smuggling through the movement of goods at border lakes (Article 283 Presidential Decree No. 43/1973)** This offense is punishable by a fine of not less than two and not more than ten times the customs duty due for any captain: a) who brings through Lake Maggiore or Lake Lugano into the basins of Porlezza, foreign goods without presenting them to one of the national customs authorities nearest to the border, subject to the exception provided for in Article 102, third paragraph; b) who, without permission from the customs authorities, transporting foreign goods with vessels in the stretches of Lake Lugano where there is no customs, skirts the national shores opposite to the foreign ones or drops anchor or stands at anchor or in any case puts himself or herself in communication with the customs territory of the State, in such a way that it is easy to disembark or embark the goods, except in cases of force majeure. The same penalty is imposed on any person who conceals foreign goods in the vessel for the purpose of evading customs inspection.
- **Smuggling through the maritime movement of goods (Article 284 of Presidential Decree No. 43/1973)** This offense is punishable by a fine of not less than two and not more than ten times the customs duties payable for any captain: a) who, without permission from the customs authorities, transporting foreign goods with vessels, skirts the seashore or drops anchor or stands at anchor near the seashore itself, except in cases of force majeure; b) who, transporting foreign goods, lands in places where there are no customs offices, or disembarks or transships the same goods in breach of the prescriptions, prohibitions and limitations established under Article 16, except in cases of force majeure; c) who transports foreign goods without a manifest in a vessel not exceeding 200 tons net tonnage, in cases where the manifest is required; d) who at the time of departure of the vessel does not have on board the foreign goods or national goods for export with refund of duties that should be there according to the manifest and other customs documents; e) who transports foreign goods from one customs territory to another, on a vessel not exceeding 50 tons net tonnage, without the appropriate customs bond; f) who has embarked foreign goods leaving the customs territory on a vessel not exceeding 50 tons net tonnage, except as provided in Article 254 for the embarkation of ship's stores. The same penalty is imposed on any person who conceals foreign goods in the vessel for the purpose of evading customs inspection.
- **Smuggling through the movement of goods by air (Article 285 of Presidential Decree No. 43/1973)** This offense is punishable by a fine of not less than two and not more than ten times the customs duty payable for the commander of an aircraft: a) who transports foreign goods into the territory of the State without carrying the manifest, if required; b) who at the time of departure of the aircraft does not have on board the foreign goods, which should be there according to the manifest and other customs documents; c) who removes goods from the place of landing of the aircraft without completing the prescribed customs formalities; d)

who, on landing outside a customs airport, fails to report, as soon as is possible, the landing to the Authorities specified in Article 114. In such cases, not only the cargo but also the aircraft is considered to have been smuggled into the customs territory. The same penalty is imposed on anyone who, from an aircraft in flight, throws foreign goods into the customs territory or hides them in the aircraft for the purpose of evading customs' inspection. The above penalties apply irrespective of those imposed for the same offense by special laws on air navigation, insofar as they do not relate to customs matters.

- **Smuggling of foreign manufactured tobacco (Article 291-bis of Presidential Decree No. 43/1973)** This offense is committed if a person brings, sells, transports, purchases or retains in the territory of the [Italian] State a quantity of smuggled foreign processed tobacco exceeding ten conventional kilograms ("*chilogrammi convenzionali*"). This offense is punishable by a fine of EUR 5.16 per conventional gram of product, as defined in Article 9 of Law No. 76 of 7 March 1985, and by imprisonment from two to five years. The offenses provided for in paragraph 1, when they relate to a quantity of foreign processed tobacco of up to ten conventional kilograms, are punishable by a fine of EUR 5.16 per conventional gram of product, and in any event not less than EUR 516.
- **Criminal conspiracy to smuggle foreign manufactured tobacco (Article 291 *quater* of Presidential Decree No. 43/1973)** [Paragraph 1] When three or more persons conspire for the purpose of committing several offenses among those set out in Article 291-bis, those who promote, constitute, direct, organize or finance the conspiracy will be punished, for this alone, by imprisonment from three to eight years.[Paragraph 2] Persons participating in the conspiracy will be punished by imprisonment of between one and six years.[Paragraph 3] The penalty will be increased if the number of co-conspirators is ten or more.[Paragraph 4] If the conspiracy is armed or if the circumstances provided for in Article 291 *ter*, paragraph 2, letters d) or e) apply, the penalty will be imprisonment for a term of five to 15 years in the cases provided for in paragraph 1 of this Article, and of four to ten years in the cases provided for in paragraph 2. The conspiracy is considered armed when the participants have at their disposal, to achieve the conspiracy's purpose, weapons or explosive materials, even if concealed or kept in storage.[Paragraph 5] The penalties provided for in Articles 291-*bis*, 291-*ter* and in this Article are reduced by one third to one half with respect to the defendant who, dissociating himself from the others, takes action to prevent the criminal activity from having further consequences including by effectively assisting the police or judicial authority in the collection of decisive evidence for the reconstruction of the facts and for the identification or capture of the perpetrators or for the identification of relevant resources for the commission of the offenses.
- **Differences between the load and the manifest (Article 302 of Presidential Decree No. 43/1973)** This offense is committed if there is a difference between the number of packages and the number indicated in the cargo manifest and, in the cases provided for in Articles 107 and 108, in the departure manifest. The captain of the ship or the commander of the aircraft is liable, for each unregistered package, to an administrative penalty not less than the amount of the customs duties and not more than four times the amount of the customs duties. For the purposes of the preceding provision, if the extra packages have the same marks and numerical digits as other packages indicated in the manifest, those subject to a higher fee are considered not to have been registered.
- **Failure to comply with obligations imposed on captains (Article 316 of Presidential Decree No. 43/1973)** This offense is punishable with an administrative sanction from EUR 10 to EUR 25 for any captain who: a) anchors the ship outside the authorized spaces; b) delays the presentation of the manifest, if required; c) is not in possession of the pass in place of the manifest, in accordance with Article 121; d) carries out the embarkation, disembarkation and transshipment of goods without the permission of the customs authorities or without the assistance of members of the Guardia di Finanza, provided that the act does not constitute a more serious offense; e) is not in possession of the pass or customs bond, except in the case referred to in Article 284, letter e), with which foreign goods must be

accompanied, in accordance with Articles 141 and 227, when transporting from one customs office to another by sea and national goods under cabotage or circulating through lake Lugano. An administrative penalty of between EUR 8 and EUR 41 applies to any captain of a vessel with a net tonnage of more than 200 tons who does not hold the manifest and cargo documents or refuses to produce them. An administrative sanction of between EUR 10 and EUR 61 applies to any captain who, when he/she is obliged to do so, refuses to receive on board customs officials and members of the Guardia di Finanza, or sets the ship in motion without permission from customs authorities, provided that the act does not constitute a more serious offense.

- **Failure to comply with customs requirements by aircraft commanders (Article 317 of Presidential Decree No. 43/1973)** This offense is punishable with an administrative sanction of between EUR 10 to EUR 20 for any commander of an aircraft who: a) crosses the boundary of the airspace subject to the sovereignty of the [Italian] State outside the prescribed points; b) voluntarily lands outside the prescribed customs airport, even if he/she reports the landing to the Authorities referred to in Article 114; c) is not in possession of the manifest referred to in Article 115, when required, or refuses to present it, provided that the act does not constitute a more serious offense; d) fails to comply with the obligation to present the manifest before departure, when such presentation is required; e) embarks, disembarks or transships goods, baggage and persons without permission from the customs authorities or without the assistance of members of the Guardia di Finanza, provided that the act does not constitute a more serious offense. The commander of the aircraft who opposes the inspections within the jurisdiction of the customs authorities or disregards their orders is punishable with an administrative sanction of between EUR 10 and EUR 61, provided that the act does not constitute a more serious offense. The above penalties apply irrespective of those imposed for the same offense by special laws on air navigation, insofar as they do not relate to customs matters.
- **Penalties for breaches of the regulations governing navigation in surveillance zones (Article 321 of Presidential Decree No. 43/1973)** This offense is committed if the captain breaches the regulations established by the Presidential Decree indicated in Article 27, for navigation in lakes and rivers included in the surveillance zones. This offense is punishable by an administrative fine of between EUR 10 and EUR 24.

### L.3 Sensitive Processes

*omitted*

### L.4 General Principles and Rules of Conduct

This section describes the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of offenses against industry and trade, along with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the general principles mentioned in para. A.3 of Special Section A (offenses against the Public Administration);
- the specific protocols set out in paragraph L.4, for each Process.

This Special Section “L” provides for an express **prohibition** - for the Recipients of this Model - to engage in conducts that:

- gives rise to the types of offenses considered above (Article 25-bis.1 of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;

- that is contrary to or inconsistent with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures.

In this regard, Recipients may not:

- introduce or export goods in breach of the requirements, prohibitions and restrictions laid down in the Italian Consolidated Customs Law;
- evade customs inspections

In particular, Recipients must observe the following **requirements**:

- they must maintain fair, transparent and collaborative conduct in compliance with the laws and internal guidelines and procedures of the group, in all activities aimed at managing relationships with customers, including foreign customers;
- they must refrain from engaging in business relations with persons (natural or legal) who are known to be, or suspected of being involved in illegal activities in relation to offenses against industry and trade;
- they must comply with any policies and procedures adopted by the Company containing the principles to be followed in order not to infringe the intellectual property rights of third parties, protect those of the Company, even in case of cooperation with third-party entities;
- they must refrain from interfering, by causing obstructions or disturbances, with the industry or trade operations of others;
- they must take action in the case of receiving and/or making negative reports on the good repute of the persons with which they engage or in regard to their ownership of industrial property rights, and in particular by Suppliers / Contractors / Consultants / Collaborators / Partners;
- they must check the reliability of warning letters received from parties reporting alleged misconduct, by the Company, in violation of the rights protected by the rules that provide for offenses against the industry and trade;
- they must verify, through legal advice or other professional advice, the possibility that the Company's conduct could constitute an offense against the industry and trade;
- when the Company is in contact with third parties, Recipients should take all the necessary measures to prevent:
  - acts from being committed that, by using violence and/or threats, could infringe the rights of others to freely exercise industry or trade operations and free competition;
  - goods, that are not compliant with the specified or agreed features, from being purchased and, especially, being sold to third parties by the Company; that goods may be counterfeit, bear deceptive marks and/or infringe the exclusive rights of others or are in breach of industrial property rights of others.
- in connection with dealings with the Customs Agency, pay duties due or guarantee due payments.

## **L.5 Specific Principles of Conduct and Control**

*omitted*

## SPECIAL SECTION “M”: IT CRIMES

This Special Section, relating to IT crimes, regulating the conducts and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of IT crimes that can, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the *Control & Risk Self Assessment* (so-called **Sensitive Activities**) with a **summary description** of them and examples of certain offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, **for each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** (defined as control standards) are provided, in order to prevent the perpetration of the aforementioned offenses.

### M.1 Types of IT crimes

Among IT crimes provided by the Decree, the following offenses, in theory, could be perpetrated within the activities carried out by Industries:

- **False statements in a public IT document or IT document having probative value (Article 491-bis of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company falsifies a public or private IT document having probative value. To this end, “IT document” means the IT representation of legally relevant acts, facts or data, thus with the exclusion of computer programs.
- **Unauthorized access to IT or telecommunications systems (Article 615-ter of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company introduces himself/herself illegally into an IT or telecommunications system protected by security measures or remains there against the express or implied will of those who have the right to exclude him/her. To this end, “IT system” means any devices or network of interconnected or related devices, one or more of which performs the automatic processing of data through the execution of a computer program (for example, it is considered that even a simple personal computer could be regarded as a system, due to the wealth of data contained therein).
- **Possession, dissemination and unauthorized installation of equipment codes and other means for accessing IT or telecommunications systems (Article 615-quater of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company illegally procures, reproduces, disseminates, discloses or delivers codes or passwords, or other means of access to an IT or telecommunications system protected by security measures, or howsoever provides indications or instructions suitable for this purpose, in order to obtain a profit for himself/herself or others, or cause damage to others.
- **Possession, dissemination and unauthorized installation of IT equipment, devices or computer programs intended to damage or interrupt IT or telecommunications systems (Article 615-quinquies of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company procures, disseminates, discloses or delivers a computer program whose purpose or effect is to illegally damage an IT or telecommunications system, information, data or programs contained therein or relevant thereto, or to facilitate the (total or partial) interruption thereof or alteration of its operation.
- **Illegal interception, hindrance or interruption of IT communications or telecommunications (Article 617-quater of the Italian Criminal Code)** - This crime occurs

when a representative or an employee of the Company fraudulently intercepts communications relating to an IT or telecommunications system or communications between multiple systems, hinders them or interrupts them. This crime also comes about when the contents of such communications are disclosed to the public by any means of information.

- **Unauthorized possession, dissemination and installation of equipment and other means of intercepting, impeding or interrupting computer or telematic communications (Article 617-quinquies of the Italian Criminal Code)**- This offense is committed when a Company representative or employee installs equipment designed to intercept, impede or interrupt communications relating to an IT or telecommunications system or communications between multiple systems.
- **Damage to computer information, IT data and IT programs (Article 635-bis of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company destroys, deteriorates, deletes, alters or renders unusable, including partially, any computer information, IT data or IT programs of others. Aggravating circumstances will be recognized when the act is committed with abuse of the capacity of system administrator.
- **Damage to computer information, IT data and IT programs used by the State or another public body, or in any case a public utility body (Article 635-ter of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company destroys, deteriorates, deletes or renders unusable computer information, IT data or IT programs used by the State or another public body, or in any case a public utility body. Aggravating circumstances will be recognized when the act is committed with abuse of the capacity of system administrator.
- **Damage to IT or telecommunications systems (Article 635-quater of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company destroys, damages, deteriorates or renders unusable, including partially, IT or telecommunications systems of others. Aggravating circumstances will be recognized when the act is committed with abuse of the capacity of system administrator.
- **Damage to public utility IT or telecommunications systems (Article 635-quinquies of the Italian Criminal Code)** - This crime occurs when a representative or an employee of the Company destroys, damages, deteriorates, renders unusable, including partially, public utility IT or telecommunications systems, or impedes the correct operation thereof. Aggravating circumstances will be recognized when the act is committed with abuse of the capacity of system administrator.
- **Computer fraud by the entity certifying the electronic signature (Article 640-quinquies of the Italian Criminal Code)** - This offense is committed in the event that the entity providing electronic signature certification services violates the obligation to issue a qualified certificate as set forth under the law, in order to obtain an unfair profit for themselves or others, or cause damage to others. As it is a specific crime, the Company may be charged with the same if the conduct is put in place in association with the entity "that is responsible for the certification of electronic signatures".

The following offenses are excluded from this Special Section even if they do fall within the category of "IT crimes":

- **National cyber security perimeter<sup>6</sup>** Anyone who, in order to obstruct or undermine the procedures referred to in paragraph 2, letter b) (creating lists of networks, information systems and IT services including architecture and components), or in paragraph 6, letter a) (award of supply of ICT goods and services and related tests), or of the inspection and control activities laid down in paragraph 6, letter c) (implemented by the Presidency of the Council of Ministers or by the Ministry of Economic Development), provides untrue information, data

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<sup>6</sup>The full assessment of the applicability of this type of offense will be subject to the identification of public administrations, public and private entities and operators based in the national territory, included in the national cyber security perimeter and required to comply with the measures and obligations set forth.

or evidence, relevant to the preparation or updating of the lists specified in paragraph 2, letter b) (networks, information systems and IT services), or for the purposes of the required communications or for carrying out the inspection and control activities referred to in paragraph 6), letter c) or fails to communicate the aforementioned data, information or evidence within certain time limits, is subject to a term of imprisonment ranging from one to three years and the entity, liable under Italian Legislative Decree no. 231 of 8 June 2001, is subject to a fine of up to four hundred quotas.

## **M.2 Sensitive Activities**

*omitted*

## **M.3 General Principles and Rules of Conduct**

This section describes the general principles and rules of conduct, as well as the structure of the organization, management and control system, to be followed by the Recipients in order to prevent the occurrence of IT crimes, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the specific protocols set out in paragraph M.4.

This Special Section “M” provides for an express **prohibition** – for the Recipients of this Model - to engage in conduct:

- may cause the occurrence of the offenses referred to in Article 24-bis of the Decree;
- although per se do not constitute the offense considered above, may potentially become so;
- is not in line or not compliant with the principles and provisions of the Model and Code of Ethics.

In particular, all Recipients are required to:

- comply with the general rules of conduct, control principles and specific requirements set out in the Model and Code of Ethics;
- comply with corporate rules, policies and procedures governing access to and use of the Company’s IT systems and applications;
- promote compliance with the aforementioned standards, rules and principles;
- not maintain relations with (natural or legal) persons who are known to conduct, or suspected of conducting, illegal activities in relation to the offenses under Article 24-bis of Italian Legislative Decree No. 231/2001 (IT crimes).

## **M.4 Specific Principles of Conduct and Control**

*omitted*

## SPECIAL SECTION “N”: ENVIRONMENTAL OFFENSES

This Special Section, relating to environmental offenses, regulating the conduct and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- **explanation** of the **types of offenses** falling under the category of environmental offenses that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the *Control & Risk Self Assessment* (so-called **Sensitive Activities**) with examples of certain offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, **for each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** (defined as control standards) are provided, in order to prevent the perpetration of the aforementioned offenses.

### N.1 Types of environmental offenses

Among the environmental offenses provided by the Decree, the following offenses may, in theory, be perpetrated within the activities carried out by Industries:

#### ***Offenses relating to waste***

##### **Unauthorized waste management activities (Article 256, paragraphs 1, 3, 5 and 6, first sentence, Legislative Decree No. 152/2006)**

This offense is committed when a person carries out waste collection, transport, recycling, disposal, trade and intermediation in the absence of the authorizations, registrations or communications required by the law (for example, in the absence of the single authorization for new waste disposal and recycling plants in the cases provided for by the law), or sets up or operates an unauthorized landfill site, or carries out unauthorized waste mixing activities, or mixes waste with different characteristics (hazardous waste with non-hazardous waste) or, finally, temporarily stores hazardous medical waste at the place of production.

##### **Breach of reporting obligations, keeping of compulsory registers and forms (Article 258, paragraph 4, second sentence, Legislative Decree No. 152/2006)**

This offense is committed when the Company, in preparing a waste analysis certificate, provides false information on the nature, composition and chemical and physical characteristics of the waste, or uses a false certificate during transport.

##### **Illegal waste trafficking (Article 259, paragraph 1, Legislative Decree No. 152/2006)**

This offense is committed when a person ships waste that constitutes illegal trafficking within the meaning of Article 2 of Regulation (EEC) No. 259/93 of 1 February 1993.

##### **IT system to monitor waste traceability (Article 260-bis, paragraphs 6, 7 and 8 of Legislative Decree No. 152/2006).**

This offense is committed when a person, in the preparation of a waste analysis certificate, used in the context of the waste traceability monitoring system, provides false information on the nature, composition and chemical and physical characteristics of the waste, as well as to the person who enters a false certificate in the data to be provided for the purposes of waste traceability, or omits to

accompany the waste transport with the hard copy of the SISTRI - AREA MOVIMENTAZIONE form and, where necessary on the basis of the legislation in force, with the copy of the analytical certificate identifying the characteristics of the waste, as well as to the person who, during transport, uses a waste analysis certificate containing false information on the nature, composition and chemical and physical characteristics of the waste transported or, finally, in the case in which the transporter accompanies the waste transport with a paper copy of the SISTRI - AREA MOVIMENTAZIONE form which has been fraudulently altered.

### ***Offenses relating to industrial water discharges***

#### **Discharges of industrial waste water containing hazardous substances (Article 137, paragraphs 2, 3 and 5 of Legislative Decree No. 152/2006)**

This offense is committed if a person, for example, discharges industrial waste water containing hazardous substances included in the families and groups of substances specified by law, without authorization, or if, when discharging industrial waste water, he/she exceeds the limit values set by law.

#### **Discharges on soil, subsoil and groundwater (Article 137, paragraph 11 of Legislative Decree No. 152/2006)**

This offense is committed when a person does not observe the prohibitions on discharges into the soil, subsoil and groundwater laid down by law.

### ***Offenses relating to emissions into the atmosphere***

#### **Exceeding emission and air quality limit values (Article 279, paragraphs 2 and 5 of Legislative Decree No. 152/2006)**

This offense is committed when a person, in the operation of an establishment, breaches the emission limit values or requirements laid down in the authorization, plans and programs or the applicable legislation.

### ***Offenses relating to flora, fauna, habitat and environmental pollution***

#### **Destruction or degradation of habitat within a protected site (Article 733-bis of the Italian Criminal Code)**

This offense occurs when a person, outside the permitted cases, destroys a habitat within a protected site or in any event degrades it and compromises its state of conservation.

#### **Environmental pollution, including negligence (Articles 452-bis and 452-quinquies of the Italian Criminal Code)**

These offences are committed if a person, illegally, willfully or negligently causes significant and measurable impairment or degradation of: 1) water or air, or of large or significant portions of the soil or subsoil; 2) of an ecosystem, biodiversity, including agricultural biodiversity, flora or fauna.

#### **Aggravated criminal conspiracy (Articles 416 and 452-octies of the Italian Criminal Code)**

This offense occurs in the case of a criminal conspiracy directed, exclusively or concurrently, at committing the offense of environmental pollution.

#### **Organized activities for the illegal trafficking of waste (Article 452-quaterdecies of the Italian Criminal Code)**

This offense is committed when a person, in order to obtain an unlawful profit, by means of several transactions and through the setting up of means and ongoing organized activities, transfers,

receives, transports, exports, imports, or in any case unlawfully manages large quantities of waste, including highly radioactive waste.

## **N.2 Sensitive Activities**

*omitted*

## **N.3 General Principles and Rules of Conduct**

This section describes the general principles and rules of conduct, as well as the structure of the organization, management and control system, to be followed by the Recipients to prevent the occurrence of environmental crimes, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the specific protocols set out in paragraph N.4.

This Special Section “N” provides for an express **prohibition** - for the Recipients of this Model - to engage in conduct that:

- may cause the occurrence of the offenses referred to in Article 25-*undecies* of the Decree;
- although per se do not constitute the offense considered above, may potentially become so;
- is not in line or not compliant with the principles and provisions of the Model and Code of Ethics.

All Company employees and collaborators of the Company are required to:

- comply with the standards, obligations and principles laid down in current environmental legislation;
- comply with the general rules of conduct, control principles and specific requirements laid down in this Model;
- promote the fulfillment of the aforementioned standards, rules and principles and ensure environmental compliance;
- adopt a conduct of full cooperation and transparency and respect the principles of conduct and behavior specified in the Special Section A in relations with the public bodies with jurisdiction in environmental matters, both in the preparation and notification of any statements and on the occasion of inspections / audits;
- promote internal information and training on specific risks related to the performance of one's duties and activities, on the company's environmental structure and regulations, and/or take note of the information provided and/or actively participate in training courses;
- refrain from dumping or unlawfully depositing waste;
- report breaches of identified regulations to those responsible for environmental management.

## **N. 4 Specific Principles of Conduct and Control**

*omitted*

## SPECIAL SECTION “O”: OFFENSES AGAINST THE PERSON

This Special Section, relating to offenses against the persons, regulating the conducts and activities that may, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the group of offenses against the person that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the *Control & Risk Self Assessment* (so-called **Sensitive Activities**) with a **summary description** of them and examples of certain offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, **for each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** (defined as control standards) are provided, in order to prevent the perpetration of the aforementioned offenses.

### O.1 Types of offenses against the person

Among the offenses against the person provided by the Decree, the following offenses, in theory, could be perpetrated within the activities carried out by Industries:

#### **Unlawful intermediation and exploitation of labor (Article 603-bis of the Italian Criminal Code)**

- This offense is committed when anyone 1) recruits labor on behalf of third parties, under exploitative conditions, taking advantage of the state of need, a) uses, hires or employs workers recruited in the manner referred to in point 1), subjecting workers to exploitative conditions and taking advantage of their state of need.

An **indicator of exploitation** is if one or more of the following conditions exist:

- repeated payment of wages excessively below the level fixed by national or local collective bargaining agreements concluded by the most representative trade unions at national level, or which are at least disproportionate to the quantity and quality of performed work;
- repeated violation of regulations on working times, rest periods, weekly time off, compulsory leave, holiday leave;
- violation of workplace safety and hygiene regulations;
- subjecting workers to degrading working conditions, supervision or housing.

### O.2 Sensitive Activities

*omitted*

### O.3 General Principles and Rules of Conduct

This section describes the general principles and rules of conduct, as well as the structure of the organization, management and control system, to be followed by the Recipients in order to prevent the occurrence of offenses relating to the unlawful intermediation and exploitation of labor, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the specific protocols set out in paragraph O.4.

This Special Section “O” provides for an express **prohibition** – for the Recipients of this Model - to engage in conduct:

- such as to constitute the offense of illegal intermediation and exploitation of labor covered under Article 25-quinquies of the Decree;
- that, although per se do not constitute the offense considered above, may potentially become so;
- not aligned or not in accordance with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures/policy and guidelines.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- they must behave in a correct, transparent and cooperative manner in compliance with the laws and internal procedures, in all activities aimed at the recruitment and management of employees, including seasonal employees, and the use of any temporary workers;
- they must comply with the requirements, including procedural, set out in:
  - a. national and regional collective bargaining agreements stipulated by trade unions that are comparatively more widely representative or by any other duly applicable collective bargaining agreements, at any level;
  - b. regulations on working times, rest periods, weekly time off, compulsory leave, holiday leave;
  - c. workplace safety and hygiene regulations;
- they must refrain from engaging in business relations with (natural or legal) persons that are known to carry out, or suspected of carrying out activities in violation of:
  - a. the provisions set out in regional or national collective bargaining agreements stipulated by the most representative trade unions at national level;
  - b. regulations on working times, rest periods, weekly time off, compulsory leave, holiday leave;
  - c. workplace safety and hygiene regulations;
- they must consider, in any case, that the protection of workers overrides any and all economic considerations.

Moreover, it is forbidden for Recipients to:

- recruit, use, hire or employ workers, including by means of intermediation, and subject them (whether employees, seasonal workers or temps) to exploitative conditions and/or take advantage of their state of need;
- pay wages excessively below the level fixed by national or local collective bargaining agreements concluded by the most representative trade unions at national level, or which are disproportionate to the quantity and quality of performed work;
- violate regulations on working times, rest periods, weekly time off, compulsory leave, holiday leave;
- violate workplace safety and hygiene regulations<sup>7</sup>;
- subject workers, whether employees, seasonal workers or temps, to degrading working conditions, supervision or housing conditions.

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<sup>7</sup> The number and recurrence of conduct in violation of the accident prevention regulations are not recorded, given that the mere fact that such violations exist is sufficient.

#### **O.4 Specific Protocols relating to the Sensitive Activities referred to below**

*omitted*

## SPECIAL SECTION “P”: TAX OFFENSES

This Special Section, relating to tax offenses, regulating the conducts and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of tax offenses that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the *Control & Risk Self Assessment* (so-called **Sensitive Activities**) with a **summary description** of them and examples of certain offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, **for each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** (defined as control standards) are provided, in order to prevent the perpetration of the aforementioned offenses.

In this regard, it should be noted that the group has defined and implemented an effective system for the detection, measurement, management and control of tax risk, the so-called **Tax Control Framework** (i.e. **TCF**), one of the main tools for preventing the risk of tax offenses from being committed within the Company.

The TCF is not a static system, but is designed to adapt to major changes that may affect both the structure and business model of the company (adaptability to the internal environment) and any tax legislation that may have changed in the meantime (adaptability to the external environment).

### P.1 Types of tax offenses

Among the tax offenses provided by the Decree, the following offenses may, in theory, be perpetrated within the activities carried out by Industries:

- **Fraudulent tax returns, through the use of invoices or other documents for non-existent transactions (Article 2 of Italian Legislative Decree No. 74/2000)** [Paragraph 1] Any person who, in order to evade income or value added taxes, through invoices or other documents for non-existent transactions, reports false liabilities in any of the tax returns relating to said taxes, must be punished by imprisonment from four to eight years. [Paragraph 2] The fact is considered as having occurred through the use of invoices or other documents for non-existent transactions when such invoices or documents are recorded in the mandatory accounting records, or are held as evidence *vis à vis* the tax authorities. [Paragraph 2-bis]. If the amount of the fictitious liabilities is less than one hundred thousand euros, imprisonment for a period ranging from one year and six months to six years will apply.
- **Fraudulent tax returns by means of other artifices (Article 3 of Italian Legislative Decree No. 74/2000)** [Paragraph 1] In cases other than those covered by Article 2, the punishment of imprisonment from three to eight years shall apply to anyone who, in order to evade income or value added taxes, by carrying out objectively or subjectively simulated transactions by using false documents or other fraudulent means capable of obstructing the assessment by and of misleading the tax authorities, reports assets in any tax return relating to the above taxes for a lower than actual amount or fictitious liabilities or fictitious receivables or withholdings, whenever, concurrently: a) the tax evaded is higher, with reference to any of the individual taxes, than EUR 30,000; b) the total amount of the assets omitted from taxation, also by reporting fictitious liabilities, is higher than five percent of the total amount of the assets reported in the tax return, or in any case, exceeds EUR 1.5 million, or if the total

amount of fictitious receivables and withholdings deducted from taxation is higher than five percent of the amount of the tax itself or, in any case, than EUR 30,000. [Paragraph 2] The fact is considered as having occurred through the use of false documents when such documents are recorded in the mandatory accounting records, or are held as evidence *vis à vis* the tax authorities. [Paragraph 3] For the purposes of applying the provision of paragraph 1, the mere violation of the obligations of invoicing and recording of assets in the accounting records or the mere indication in the invoices or in the accounting records of assets with a lower value than the real one does not constitute fraudulent means.

- **Unfaithful declaration (article 4 of Legislative Decree 74/2000)** Except for the cases provided for in Articles 2 and 3, anyone who declares in one of the annual tax returns lower taxable income than the actual amounts or non-existent liabilities shall be punished by imprisonment for two years to four years and six months, whenever, concurrently: a) the tax evaded is higher, with reference to any of the individual taxes, than one hundred thousand euro; b) the total amount of the unreported assets, also by declaring non-existent liabilities, is higher than ten percent of the total amount of the assets declared in the tax return, or, in any case, is higher than two million euro.

For the purposes of the application of the provision of paragraph 1, no account is taken of incorrect classification, the valuation of objectively existing assets or liabilities, in respect of which the criteria actually applied have in any case been stated in the financial statements or in other documentation relevant for tax purposes, breach of the criteria for determining for the year in question, the irrelevancy, the non-deductibility of real liabilities.

Except for the cases referred to in paragraph 1-bis, valuations which, taken as a whole, are less than 10 percent different from the correct ones shall not be punishable. The amounts included in this percentage are not taken into account when verifying whether the thresholds for punishment set out in paragraph 1, letters a) and b) are exceeded.

If committed in the context of cross-border fraudulent systems and for the purpose of evading value added tax for a total amount of not less than ten million euro, the entity will be punished with a fine of up to three hundred quotas.

An entity can also be punished in the event of attempt, when carried out at a transnational level (within the European Union) and if committed for the purpose of evading value added tax for an amount of not less than ten million euro.

- **Failure to provide a tax return (Article 5 of Legislative Decree No. 74/2000)** Anyone who, to evade income tax or value added tax, fails to file, as required, one of the tax returns relating to said taxes, is punishable with a term of imprisonment of two to five years when the tax evaded exceeds, with reference to any one of the individual taxes, EUR 50,000. **74/2000)** Anyone who, in order to evade income tax or value added tax, fails to file, as required, one of the tax returns relating to said taxes, shall be liable to a term of imprisonment of two to five years when the tax evaded exceeds, with reference to any one of the individual taxes, fifty thousand euro. Anyone who does not file, as required, the withholding agent tax return, when the amount of withholdings not paid exceeds fifty thousand euro shall be liable to a term of imprisonment of two to five years. For the purposes of the provision laid down in paragraphs 1 and 1-bis, a tax return filed no later than ninety days after the deadline or not signed or not prepared on a form conforming to the prescribed model is not considered a failure to file. If committed in the context of cross-border fraudulent systems and for the purpose of evading value added tax for a total amount of not less than ten million euro, the entity will be punished with a fine of up to three hundred quotas.
- **Issuance of invoices or other documents for non-existent transactions (Article 8 of Italian Legislative Decree No. 74/2000)** Anyone who, in order to enable third parties to evade income or value added taxes, issues invoices or other documents for non-existent transactions shall be liable to a term of imprisonment of four to eight years. For the purposes of applying the provision in paragraph 1, the issue of multiple invoices or documents for non-existent transactions during the same tax period is considered as a single offense. If the false amount stated in the invoices or documents, per tax period, is less than one hundred

thousand euro, imprisonment for a period ranging from one year and six months to six years shall apply.

- **Concealment or destruction of accounting documents (art. 10 of Italian Legislative Decree No. 74/2000)** Unless the fact constitutes a more serious offense, any person who, in order to evade income or value added taxes or to enable third parties to evade such taxes, conceals or destroys all or part of the accounting records or documents, the retention of which is mandatory, so as to prevent the tax authorities from reconstructing income or turnover shall be punished with imprisonment from three to seven years.
- **Undue offsetting (Article 10-quater of Italian Legislative Decree No. 74/2000)** Any person who fails to pay the amounts due, through undue offsetting against tax credits, pursuant to article 17 of Legislative Decree no. 241 of 9 July 1997, shall be liable to a term of imprisonment of six months to two years in the case where the annual amount exceeds fifty thousand euro. Any person who fails to pay the amounts due, through undue offsetting against non-existent tax credits, pursuant to Article 17 of Italian Legislative Decree No. 241 of 9 July 1997 shall be liable to a term of imprisonment of one year and six months to six years in the case where the annual amount exceeds fifty thousand euro.  
If committed in the context of cross-border fraudulent systems and for the purpose of evading value added tax for a total amount of not less than ten million euro, the entity will be punished with a fine of up to three hundred quotas.
- **Fraudulent avoidance of tax payments (Article 11 of Italian Legislative Decree No. 74/2000)** Any person who, in order to avoid the payment of income or value added taxes or interest or administrative penalties relating to those taxes for a total of over fifty thousand euros, simulates a sale or commits other fraudulent acts on its own assets or third parties' assets so as to frustrate, in whole or in part, the enforced recovery procedure, shall be liable to a term of imprisonment of six months to four years. If the amount of taxes, penalties and interest is higher than two hundred thousand euro, imprisonment for a period from one year to six years shall apply. Any person who, in order to obtain a partial payment of taxes and incidental charges, personally or for others, reports assets for an amount lower than the actual amount or fictitious liabilities for a total amount exceeding fifty thousand euro in the documents submitted for the tax settlement procedure, shall be liable to a term of imprisonment of six months to four years. If the amount referred to in the previous sentence is higher than two hundred thousand euro, imprisonment for a period from one year to six years shall apply.

## P.2 Sensitive Activities

*omitted*

## P.3 General Principles and Rules of Conduct

This section describes the general principles and rules of conduct, as well as the structure of the organization, management and control system, to be followed by the Recipients in order to prevent the occurrence of IT crimes, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the specific protocols set out in paragraph P.4.

This Special Section "P" provides that it is expressly **forbidden** for the Recipients of the Model to:

- engage in conduct that constitutes any offense considered in the Decree or that may become such an offense;

- record in the company accounts or hold as evidence *vis à vis* the tax authorities fictitious liabilities that result from invoices or other documents for non-existent transactions at the time of filing tax returns;
- carry out objectively or subjectively simulated transactions or use false documents or other fraudulent means capable of hindering the assessment and misleading tax authorities at the time of filing tax returns;
- conceal or destroy all or part of the accounting records or documents that are required to be kept, so as to evade taxes;
- simulate a sale or commit other fraudulent acts on personal property or the property of third parties such as to frustrate, in whole or in part, the enforced recovery procedure, in order to avoid paying taxes;
- approve invoices payable for non-existent services in whole or in part;
- create fictitious suppliers;
- make payments or grant fees to third parties, without adequate contract-based justification or in any case not adequately documented, justified and authorized;
- approve payments in the absence of formally granted powers;
- pay fees to consultants and suppliers that cannot be justified in relation to the type of task to be performed and the market prices;
- arrange payments or collect money to/from countries included in the main international blacklists, without adequate documentation proving the real and specific need to do so;
- award works, service and supply contracts and arrange for the related payments without complying with the formal and traceability requirements set forth in current regulations on public contracts and on the traceability of cash flows, where applicable;
- establish relationships or conduct transactions with third parties if there are reasonable grounds to suspect that this may expose the Company to the risk of offenses being committed.

In particular, all Recipients involved in Sensitive Activities must:

- adhere to the principles and code of conduct provided for by corporate procedures applicable to operations carried out, as well as the principles of the Code of Ethics; in particular, Recipients must act in compliance with the principles of integrity, fairness and transparency;
- respect the principles of clarity, correctness, completeness and transparency in relation to all statements and disclosures made to representatives of the Public Administration and Tax Authorities, provided for in existing rules or specifically requested by the aforesaid persons.

#### **P.4 Specific Principles of Conduct and Control**

*omitted*

## SPECIAL SECTION “Q” - OFFENSES RELATING TO NON-CASH PAYMENT MEANS

This Special Section, regarding offenses relating to non-cash payment means, regulating the conducts and activities that, in theory, constitute them, and the rules and codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of offenses relating to non-cash payment means and that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity**, **specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

### Q.1 Types of offenses relating to non-cash payment means (Article 25-octies 1 of the Decree)

The offenses concerning non-cash payment instruments that may, in theory, be committed in the context of the activities carried out by Industries S.p.A. are:

- **Misuse and counterfeiting of non-cash means of payment (Article 493-ter of the Italian Criminal Code)** - This offense occurs when someone, in order to obtain a profit for himself/herself or others, unduly uses credit or payment cards, or any other non-cash payment mean, without being entitled thereto. For instance, if Company personnel obtain actual access to the credit card data of a customer in the e-commerce channel, requesting them from the payment service provider in order to misuse them by carrying out further transactions for the benefit of the Companies.
- **Fraudulent transfer of valuables (Article 512-bis of the Italian Criminal Code)** - This offense punishes anyone who fictitiously attributes to others the ownership or availability of money, goods or other benefits for the purpose of evading the law provisions on asset protection measures or smuggling, or of facilitating the commission of one of the offenses referred to in Articles 648, 648-bis and 648 ter.

### Q.2 Sensitive Activities

*omitted*

### Q.3 General Principles and Rules of Conduct

This section describes the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of the offenses relating to non-cash payment means, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the specific protocols set out in paragraph Q.4, for each Process.

This Special Section “Q” provides for an express **prohibition** - for the Recipients of this Model - to engage in conducts:

- such as to incur the types of offenses considered above (Article 25-octies 1 of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;
- that is contrary to or inconsistent with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- specific policies, procedures and/or organizational directives must be defined and maintained, including at the group level, containing the operational rules for the management, control and authorization of payment orders, money transfers and collection;
- Recipients must not in particular entertain commercial relationships with persons (natural persons or legal persons) that are known to belong, or suspected of belonging, to a criminal organization or howsoever operate outside of the law, such as for example, but not limited to, parties associated with or that may in any way be traced back to the environment of organized crime, money laundering and terrorism financing, drug trafficking, usury;
- Recipients must hold a correct, transparent and cooperative behavior in compliance with the rules of law, the principles of the Code of Ethics and internal policies and procedures of the Company and of the group, with particular reference to operations relating to the management of personal information of Suppliers / Contractors / Advisors / Collaborators / Partners / Customers and in general when entertaining relationships with third parties, including foreign third parties, etc.;
- Recipients must ensure the traceability of the stages of the decision-making process relating to financial and business transactions with third parties;
- Recipients must retain supporting documentation, taking all the physical and IT security measures established by Industries;
- Recipients must maintain cooperative behavior with the Supervisory and/or Judicial Authorities;
- Recipients must bring to the attention of their immediate superior and/or the SB any of the situations of uncertainty as to the behavior to hold and the interpretation to give to applicable regulations and internal procedures;
- Recipients must report to the heads of corporate functions and/or the SB any violations of the rules and any unusual transactions that may be an indication of phenomena of receiving, laundering and using of money, goods and benefits of illicit origin.
- Recipients must conduct themselves correctly, transparently and cooperatively, in compliance with the law and internal company procedures, in all activities aimed at managing the customers' personal data, including of foreign customers (through the administration, updating and monitoring of the relevant historical list);
- Recipients must not use anonymous instruments to carry out transactions involving the transfer of amounts of money;
- Recipients must act in compliance with the respective procedures with regard to payments and collections by Credit Card, as well as within the limits of the powers of attorney and proxies granted for that purpose;

- in the event of payment to the Company by credit card, Recipients must only use the company credit card or other instrument in the name of the Company or a natural person representing it;
- Recipients must act in compliance with legal obligations and ensure the proper implementation of policies concerning money laundering and terrorism financing risk management;
- Recipients must refrain from engaging in business relations with persons (natural or legal) who are known or suspected to belong to criminal organizations or otherwise operating outside the law (i.e. by way of example but not limited to, persons linked to money laundering, drug trafficking, usury);
- Recipients must refrain from unlawfully using credit or payment cards - whether their origin is lawful or unlawful - in order to make a profit;
- Recipients must not possess, transfer or acquire such cards or documents having illicit origin or in any case forged or altered, as well as payment orders made through them;
- Recipients must refrain from producing, importing, exporting, selling, transporting, distributing equipment, devices or computer programs for the commission of offenses relating to non-cash payment means;
- it is prohibited to assign or fictitiously register shares, equity interests, movable assets, real estate or business units, as well as to carry out other transactions to circumvent the legal provisions on asset protection measures or smuggling, or to facilitate the commission of one of the offenses referred to in Articles 648, 648 bis and 648 ter;
- Recipients must not hold relations, in particular, with persons (natural or legal) who are known, or suspected, to be engaged in unlawful activities or are subject to asset protection measures, or are otherwise involved in activities related to smuggling and money laundering;
- Recipients must take immediate action in case of negative perceptions and/or reports about the integrity of those with whom they engage;
- Recipients must report to the heads of function any situations of uncertainty concerning the possible involvement of counterparties in receiving, laundering and using money, goods and benefits of illicit origin, in smuggling or other criminal activities;
- Recipients must retain all supporting documentation, taking all the physical and IT security measures established by the Company and ensuring the traceability of the decision-making process in regard of financial and corporate transactions with third parties;
- Recipients must maintain cooperative behavior with the Supervisory and/or Judicial Authorities.

#### **Q.4 Specific Conduct and Control Protocols**

*omitted*

## **SPECIAL SECTION “R” - CRIMES AGAINST THE CULTURAL HERITAGE AND LAUNDERING OF CULTURAL ASSETS AND DEVASTATION AND LOOTING OF CULTURAL AND LANDSCAPE ASSETS**

This Special Section, relating to crimes against cultural heritage and the laundering of cultural assets and the devastation and looting of cultural and landscape assets, regulating the conducts and activities that may, in theory, constitute such offenses, and to the rules and the codes of conduct, is divided into the following sections:

- explanation of the **types of offenses** falling under the category of crimes against the cultural heritage and laundering of cultural assets and devastation and looting of cultural and landscape assets, that may, in theory, be committed within Industries;
- identification of Industries' corporate activities where there is a potential risk of committing the aforementioned offenses and resulting from the Control & Risk Self Assessment activities (so-called **Sensitive Activities**) with a **brief description** of them and some examples of potentially relevant offenses;
- outline of the **general principles and rules of conduct** applied when performing Sensitive Activities;
- finally, for **each Sensitive Activity or group of categories of Activity, specific conduct and control protocols** are provided, in order to prevent the perpetration of the aforementioned offenses.

### **R.1 The types of crimes against cultural heritage and laundering of cultural assets and devastation and looting of cultural and landscape assets (Articles 25-septiesdecies and 25-duodecimes of the Decree)**

The crimes against the cultural heritage and laundering of cultural assets and devastation and looting of cultural and landscape assets, which may, in theory, be envisaged in the context of the activities carried out by Industries, are the following:

- **Destruction, dispersion, deterioration, defacement, staining and unlawful use of cultural and landscape assets (Article 518-duodecimes of the Italian Criminal Code).** - This offense is committed if someone destroys, disperses, deteriorates or renders wholly or partially unusable or unfit for use their cultural or landscape assets or those of others, or if someone defaces or stains their cultural or landscape assets or those of others, or uses cultural assets in such a way that is unsuited to their historical or artistic character or detrimental to their conservation or integrity. For example, if Company personnel, as part of renovation work on real estate leased for use as a point of sale, carry out extensive work that results in the deprivation or loss of features of the original appearance.

### **R.2 Sensitive Activities**

*omitted*

### **R.3 General Principles and Rules of Conduct**

This section describes the general principles and rules of conduct to be followed by the Recipients in order to prevent the occurrence of the offenses relating to non-cash payment means, together with:

- the principles laid down in Chapter 4 in the General Section of the Model;
- the specific protocols set out in paragraph R.4, for each Process.

This Special Section “R” provides for an express **prohibition** - for the Recipients of this Model - to engage in conduct:

- such as to incur the types of offenses considered above (Article 25-septiesdecies e 25-duodevices of the Decree);
- although per se do not constitute the offenses considered above, may potentially become so;
- that is contrary to or inconsistent with the principles and provisions contained in the Model and Code of Ethics or in any case with corporate procedures.

For the implementation of the above prohibitions, the Recipients must comply with the rules set out below:

- specific policies, procedures and/or organizational directives must be defined and maintained, including at the group level, for the management, control and authorization of interventions on cultural heritage;
- Recipients must hold a correct, transparent and cooperative behavior in compliance with the rules of law, the principles of the Code of Ethics and internal policies and procedures of the Company and of the group, with particular reference to operations for the purpose of managing real estate assets, including those belonging to third parties;
- procedures/manuals/operational instructions must be set for the management of real estate/furniture of cultural interest to ensure its proper conservation;
- Recipients must adopt formalized procedures/manuals/operational instructions governing the management of interventions on assets subject to constraints, providing for the verification and authorization process by the competent corporate functions;
- the state of cultural assets’ conservation must be monitored on a regular basis, through the preparation of dedicated reports, drawn up by the competent corporate function;
- documentation proving the cultural interest of owned or leased property must be archived;
- Recipients must provide for controls prior to interventions on assets subjects to constraints in order to verify the existence of the necessary authorizations by the competent corporate functions;
- interventions on assets subject to constraints must be monitored in their progress, in order to verify their appropriateness and consistency with the authorizations obtained.

In the event of the purchase or sale of a cultural asset:

- powers to apply for the administrative measures necessary for the disposal and/or exportation of cultural assets must be granted exclusively to persons with appropriate powers of attorney and proxies and within the spending powers;
- private records relating to the purchase or sale of cultural assets must be archived;
- it is necessary to formalize/trace back the reasons that led to any decisions to purchase a cultural asset;
- the obligation to issue a certificate of work authenticity upon sale of cultural asset must be set forth;

- it is necessary to archive: (1) any authorizations issued by the competent authorities for the disposal of the assets; (2) reports on the transfer of ownership or cultural assets submitted to the competent authorities;
- the certificate of authenticity of the purchased asset must be archived bearing the following: 1) name of the artist, 2) title, 3) year of production, 4) technical specifications (materials used and dimensions), 5) origin, 6) signature and/or stamp of the person issuing the declaration.
- incoming and outgoing movements of cultural goods (mapping and updating of inventories) must be registered.

#### **R.4 Specific Conduct and Control Protocols**

*omitted*