Manucor S.p.A.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 8 JUNE 2001, No. 231

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CHAPTER 1

DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 The regime governing the administrative liability of legal entities

Legislative Decree No. 231 of 8 June 2001 laying down *'Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No.* 300 *of 29 September* 2000' (hereinafter the 'Decree'), introduced into Italian law a regime of administrative liability (essentially analogous to criminal liability) applicable to legal entities (meaning companies, associations, consortia, etc., hereinafter referred to **as** 'Entities') for certain types of offences committed, in the interest or for the benefit of such entities, by:

- natural persons holding positions of representation, administration or management within the Entities themselves or within one of their organisational units endowed with financial and functional autonomy; this category also includes all persons delegated by the directors to carry out management or administrative functions within the company or its branch offices;
- natural persons who exercise, even de facto, the management and control of the Entities themselves;
- natural persons subject to the management or supervision of any of the persons referred to above. Specifically, this category includes employees and those individuals who, whilst not forming part of the workforce, are required to carry out a task under the direction and supervision of senior management. Particular emphasis is placed on the actual activities carried out, rather than on the existence of an employment contract, to prevent the organisation from circumventing the legislation by outsourcing activities that may constitute criminal offences.

As indicated above, for liability to arise under the Decree, the offence must be committed in the interest or for the benefit of the organisation; it must therefore have been committed in a context relating to the company's specific activities, and the company must have derived a benefit from it, even if only potentially. It is sufficient for at least one of the following two alternative conditions to be met:

- 'interest' exists when the perpetrator of the offence acted with the intention of benefiting the company, regardless of whether that objective was actually achieved;
- 'benefit' exists when the company has derived, or could have derived, a positive outcome – whether financial or of another nature – from the offence.

According to the Court of Cassation (Criminal Cassation, 4 March 2014, No. 10265), the concepts of 'interest' and 'benefit' should not be understood as a single concept, but rather as distinct concepts, as there is a clear distinction between what might be understood as a possible anticipated gain resulting from the offence, and a benefit clearly achieved as a result of the offence. The Court of Milan (order of 20 December 2004) and the Supreme Court of Cassation (see also the judgment of the Criminal Division of the Court of Cassation, 4 March 2014, No. 10265) have also expressed this view, holding that it is sufficient for the criminal conduct to be directed towards the pursuit of a specific benefit, regardless of whether this benefit is actually realised.

The organisation's liability therefore arises not only when it has derived an immediate financial benefit from the commission of the offence, but also where, even in the absence of such a result, the act is motivated by the organisation's interests.

It is also important to note that, where the offence is committed by authorised persons from another company belonging to a group, the concept of interest may be extended, to the detriment of the parent company. The Court of Milan (order of 20 December 2004) held that the defining feature of the group's interest lies in the fact that it is not specific to or exclusive to any one member of the group, but is shared by all the entities forming part of it. For this reason, it is held that an offence committed by a subsidiary may also be attributed to the parent company, provided that the natural person who committed the offence also belongs functionally to the parent company[1] .

This liability is in addition to the (criminal) liability of the natural person who actually committed the offence.
With the adoption of the Decree, Italy has brought its domestic legislation on the liability of legal persons into line with the international conventions to which Italy is a party[2] .

1.1.1 Penalties

The penalties[3] imposed on organisations as a result of the commission or attempted commission of the offences referred to in the Decree are:

- financial penalties (up to 1.5 million euros, except in specific cases). These penalties are always imposed where the court finds the organisation liable. They are based on a system of 'bands' determined by the court. The amount of the financial penalty depends on the seriousness of the offence, the extent of the company's liability, and the measures taken to eliminate or mitigate the consequences of the offence or to prevent the commission of further offences. When determining the *amount* of the penalty, the court also takes into account the company's financial and asset situation;
- disqualification sanctions, such as disqualification from carrying out business activities, the suspension or revocation of licences or concessions, a ban on contracting with the public administration, the exclusion from or revocation of funding and grants, and a ban on advertising goods and services; such sanctions may be imposed in addition to financial penalties, but only if expressly provided for in relation to the offence in question and only where at least one of the following conditions is met:
  - the organisation has derived a significant profit from the offence and the offence was committed by a senior manager or by a subordinate, but only where the commission of the offence was made possible by serious organisational failings;
  - in the event of a repeat offence.

  Although exceptionally applied with definitive effect, disqualification sanctions are usually temporary, lasting between three months and one year, and relate to the specific activity to which the organisation's offence pertains. They may also be applied as a precautionary measure, prior to a conviction, at the request of the Public Prosecutor, where there is serious evidence of the organisation's liability and there are well-founded and specific

[1] The Supreme Court of Cassation (Cass., 5th Criminal Section, judgment no. 24583 of 2011), with regard to this latter issue, has ruled that the criminal liability of the parent company or group parent exists when the offence committed in the course of the subsidiary's business:
- was committed in the immediate and direct interest or for the immediate and direct benefit not only of the subsidiary but also of the parent company (or group parent);
- was committed with a causally relevant contribution, proven in a concrete and specific manner, by natural persons functionally linked to the parent company.

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

[3] Article 9 et seq., Chapter I, Section II 'Sanctions in general' of the Decree.

factors giving rise to a reasonable belief that there is a real risk of offences of the same nature as the one under investigation being committed.

- the confiscation (and preventive seizure as a precautionary measure) of the proceeds that the organisation has derived from the offence, including their equivalent value[4] ;
- the publication of the judgment (in the event of the imposition of a disqualification order[5]): this consists of the publication of the conviction once only, in extract form or in full at the entity's expense, in one or more newspapers specified by the judge in the judgment, as well as by posting a notice in the municipality where the entity has its principal place of business.

1.1.2 Types of offence

The types of offences relevant for the purposes of the Decree and subsequent amendments may fall into the following categories:

- offences against the Public Administration[6] ;
- cybercrimes and unlawful data processing[7] ;
- organised crime offences[8] ;
- offences against public trust[9] relating to counterfeiting of currency, public credit instruments, revenue stamps and identification documents or marks;
- offences against industry and trade[10] ;
- corporate offences[11] ;
- offences committed for the purposes of terrorism and the subversion of the democratic order[12] ;
- practices involving female genital mutilation[13] ;
- offences against the individual, such as the exploitation of child prostitution, child pornography (including via the Internet), the solicitation of minors, human trafficking and the enslavement and maintenance of persons in slavery[14] ;
- market abuse[15] ;
- manslaughter and causing serious or very serious bodily harm, committed in breach of regulations on accident prevention and the protection of health and hygiene in the workplace[16] ;
- receiving stolen goods, money laundering and the handling of money, property or benefits of criminal origin; self-laundering[17] ;
- offences relating to copyright infringement[18] ;
- the offence of inducing a person not to make statements or to make false statements to the judicial authorities[19] ;
- environmental offences[20] ;

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[4] The proceeds of crime have been defined by the Joint Divisions of the Court of Cassation (see Criminal Cassation, Joint Divisions, 27 March 2008, No. 26654) as the economic benefit deriving directly and immediately from the offence, and determined in practice net of any actual benefit that may have been obtained by the injured party within the context of the synallagmatic relationship with the entity; the Joint Divisions have specified that any business-related parameters must be excluded from this definition; consequently, the profit cannot be equated with the net profit realised by the entity (except in the case, provided for by law, where the entity is placed under administration). Furthermore, according to the Court of Naples (order of 26 July 2007), the failure to incur a financial loss resulting from the non-payment of sums for costs that would otherwise have been incurred cannot be regarded as unrelated to the concept of profit.

[5] Article 18, Section II.

[6] Articles 24 and 25, Chapter I, Section III 'Administrative liability for criminal offences' of the Decree.

[7] Article 24-bis, Section III.

[8] Article 24-ter, Section III.

[9] Article 25-bis, Section III.

[10] Article 25-bis1, Section III.

[11] Article 25-ter, Section III.

[12] Article 25-quater, Section III.

[13] Article 25-quarter1, Section III.

[14] Article 25-quinquies, Section III.

[15] Article 25-sexies, Section III.

[16] Article 25-septies, Section III.

[17] Article 25-octies, Section III.

[18] Article 25-novies, Section III.

[19] Article 25-decies, Section III.

[20] Article 25-undecies, Section III.

- the offence of employing third-country nationals whose stay in Italy is irregular, where this constitutes a criminal offence[21] ;
- transnational offences[22] ;
- offences of facilitating unlawful entry and aiding and abetting unauthorised residence[23] ;
- racism and xenophobia[24] ;
- fraud in sporting competitions and the unlawful operation of gambling or betting activities, and games of chance conducted using prohibited devices[25] ;
- tax offences[26] ;
- smuggling and customs offences[27] ;
- offences relating to non-cash payment instruments[28] ;
- offences against cultural heritage[29] ;
- money laundering involving cultural heritage and the destruction and looting of cultural and landscape heritage[30] .

1.1.3 Offences committed abroad

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

1.2 The adoption of the 'Organisation and Management Model' as a mandatory requirement for the company in order to prevent, as far as possible, the commission of the offences provided for in the Decree

Article 6 of the Decree provides for a specific form of exemption from the liability in question where the organisation demonstrates:

a) that, prior to the commission of the offence, it had, through its management body, adopted and effectively implemented organisational and management models suitable for preventing offences of the type that occurred;
b) that it has entrusted an internal body, endowed with autonomous powers of initiative and control, with the task of monitoring the functioning of and compliance with the models, as well as ensuring they are kept up to date;
c) that the persons who committed the offence acted by fraudulently circumventing the aforementioned organisational and management models;
d) that there was no omission or failure of supervision on the part of the body referred to in point (b) above.

The conditions listed above must all be met in order for the organisation's liability to be excluded. The company's exemption from liability therefore depends on the adoption and effective implementation of a model for the prevention of offences and on the establishment of a Supervisory Body entrusted with the responsibility of monitoring compliance of activities with the standards and procedures defined in the model.

[21] Article 25-duodecies, Section III.
[22] Law No. 146 of 16 March 2006.
[23] Article 25-duodecies, Section III.
[24] Article 25-terdecies, Section III.
[25] Article 25-quaterdecies, Section III.
[26] Article 25-quinquiesdecies, Section III.
[27] Article 25-sexiesdecies, Section III.
[28] Article 25-octies.1, Section III.
[29] Article 25-septiesdecies, Section III
[30] Article 25-duodevicies, Section III

Although the model serves as a ground for exemption from liability, whether the predicate offence was committed by a person in a senior position or by a subordinate, the Decree is much stricter and more severe where the offence was committed by a person in a senior position, since, in such cases, the organisation must demonstrate that the offence was committed by fraudulently circumventing the model; the Decree requires stronger evidence of non-involvement, as the organisation must also prove a form of internal fraud on the part of senior management.

In the case of offences committed by subordinates, the organisation may, however, be held liable only if it is established that the commission of the offence was made possible by a failure to comply with management or supervisory obligations. In this case, it constitutes a genuine organisational fault: the company has indirectly consented to the commission of the offence by failing to monitor the activities and individuals at risk of committing a predicate offence.

Adopting a model in accordance with the Decree is not a legal requirement, although, based on the criteria for attributing liability to the organisation, it is the only tool which, if effectively implemented, may prevent the organisation from being implicated in the commission of the offences provided for by the Decree.

It follows, therefore, that the adoption of an effective and efficient model is in the company's best interests.

The mere adoption of the model is not the sole or sufficient condition for excluding the company's liability; the Decree merely sets out certain general principles, without, however, specifying its specific characteristics. The model serves as a ground for exemption from punishment only if:

- it is effective, that is to say, if it is reasonably capable of preventing the offence or offences committed;
- it is effectively implemented, that is, if its content is applied in the company's procedures and internal control system.

As regards the effectiveness of the model, the Decree stipulates that it must contain at least the following:

- the company's activities within which offences may be committed are identified;
- specific protocols are provided for, aimed at planning the formulation and implementation of the company's decisions in relation to the offences to be prevented;
- the methods for managing financial resources suitable for preventing the commission of offences must be identified;
- a disciplinary system must be introduced to penalise failure to comply with the measures set out in the model;
- provision must be made for reporting obligations to the Supervisory Body;
- in accordance with the nature and size of the organisation, as well as the type of activity carried out, appropriate measures are put in place to ensure that activities are conducted in compliance with the law and to promptly identify and eliminate situations of risk.

1.3 The Guidelines drawn up by Confindustria

The Decree stipulates that organisational and management models may be adopted – whilst ensuring the above requirements are met – on the basis of guidelines drawn up by representative trade associations and deemed suitable by the relevant ministries. In this regard, in 2002 Confindustria issued its 'Guidelines for the development of organisational, management and control models *pursuant to* Legislative Decree 231/01' ('Guidelines'), which have been updated over the years and can be summarised according to the following key points:

- identification of risk areas, aimed at ascertaining in which area or sector of the company the offences provided for in the Decree might be committed;
- establishment of a control system capable of preventing the risks of such offences being committed through the adoption of specific protocols.

CHAPTER 2

DESCRIPTION OF THE COMPANY'S OPERATIONS – ELEMENTS OF THE GOVERNANCE MODEL

2.1 The Company's Activities

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

2.2 Brief description of the corporate structure

The Company's corporate governance structure is currently organised as follows:

Board of Directors

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

The Company has adopted a functional organisational structure, as described in more detail in the attached organisation chart (Annex 1 'Organisation Chart').

With regard to the responsibilities of the key functions, or the main *process owners,* it is specified that:

- the Chief Executive Officer is the Company's legal representative, vested with powers of day-to-day and extraordinary management, with the exception of certain matters reserved for the exclusive competence of the Board of Directors;
- the *Chief Financial Officer* is responsible for managing the Company's finance and accounting departments;
- *the Human Resources Manager* is responsible for the recruitment and management of the Company's staff;
- the *Marketing & Sales Manager* is responsible for managing commercial and contractual relations with customers;
- The *Supply Chain & IT Manager* oversees and ensures the smooth running of all aspects of the company's logistics and monitors the integrity and continuous operation of the *information technology* systems;
- *The Operations Manager* is responsible for ensuring the efficiency of production processes and promoting their improvement, whilst fully complying with regulations safeguarding workers' health and safety.

Corporate governance is subject to first-level oversight by staff involved in sensitive activities; furthermore, support, verification and control activities are carried out by external professionals in the fields of corporate *governance* and accounting.

Furthermore, the Company places emphasis on and is progressively implementing the principle of *'segregation of* duties', with a view to introducing preventive internal control measures.

CHAPTER 3

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL AND METHODOLOGY FOLLOWED FOR ITS PREPARATION

3.1 Methodology

The adoption of an organisation, management and control model in accordance with the Decree (hereinafter also referred to as the "Model"), together with the concurrent existence of the Code of Ethics (Annex 2, hereinafter the "Code"), not only constitutes a basis for the Company's exemption from liability in relation to the commission of certain types of offences, but is also an act of social responsibility, from which benefits accrue to all stakeholders: employees, creditors and all other parties whose interests are linked to the Company's fortunes. The introduction of an additional control system, together with the establishment and dissemination of ethical principles, by improving the *standards* of conduct adopted by the Company, enhances the Company's credibility and reputation in the eyes of third parties but, above all, fulfils a regulatory function. These tools, in fact, help to govern the conduct and decisions of those who, on a daily basis, are called upon to act on behalf of or in the interests of the Company.

Manucor has therefore undertaken a series of activities aimed at creating and adopting its own organisational model that complies with the requirements set out in the Decree and is consistent both with the principles already embedded in its *governance* culture and with the guidance contained in the Guidelines. To this end, a process has been launched to adopt and implement the Model (hereinafter the 'Project'), taking into account developments in legislation and practice, as well as Manucor's corporate reality and organisational structure.

The methodology chosen to carry out the Project – in terms of organisation, the definition of operational procedures, phased implementation and the allocation of responsibilities amongst the various corporate functions – was devised to ensure the quality and credibility of the results. The Project was divided into the phases summarised briefly below:

Phases	***Activities***
Phase 1	***Launch of the Project and identification of the processes and activities within which the offences referred to in Legislative Decree 231/01 may be committed*** Collection and analysis of documentation and preliminary identification of the processes/activities within which the offences referred to in the Decree may, in theory, be committed (so-called 'sensitive' processes/activities).
Phase 2	***Identification of process owners or key officers*** Identification of those within the Company who, by virtue of their roles and responsibilities, have in-depth knowledge of the sensitive areas/activities, as well as of the control mechanisms currently in place, in order to determine the areas for intervention and draw up a detailed interview plan.
Phase 3	***Analysis of sensitive processes and activities*** Identification and analysis of sensitive processes and activities and the control mechanisms in place, with particular attention to preventive controls and other *compliance* elements/activities.
Phase 4	***Identification of control protocols*** Identification of the organisational requirements characterising a suitable model of organisation, management and control in accordance with the Decree and the protocols for
	control protocols with a preventive function, taking into account the procedures and practices already in place at Manucor.

Phase 5	***Definition of the organisational, management and control model***. Definition of the organisational, management and control model in accordance with the Decree, setting out all its components and operating rules.

3.2 Purpose and structure of the Model: General Part and Special Parts, tailored to the various types of offences

The Model aims to establish a structured and comprehensive system of procedures and control activities, designed to prevent, as far as possible, the commission of conduct that may constitute the offences covered by the Decree.
By identifying sensitive activities and establishing procedures for them, the aim is, on the one hand, to ensure that all those acting in the name and on behalf of Manucor are fully aware that they may commit an offence liable to sanctions; and, on the other hand, through constant monitoring of activities, to enable the Company to intervene promptly to prevent or counter the commission of such offences.

The Model is divided in this 'General Part', which contains a description of the Company's activities and sets out the structure required for the implementation of the Model, such as the functioning of the Supervisory Body and the disciplinary system, and into 'Special Parts', the content of which consists of the identification of activities that may be at risk of the offences provided for in the Decree, together with the relevant control protocols. In particular, the structure of the Model, with its provision for "Special Parts", allows for timely updates, through any appropriate additions, should the legislator decide to introduce further relevant criminal offences.
Within each of the macro-areas considered, the sensitive activities and the control measures adopted for prevention are described. These measures are binding on the recipients of the Model, as defined below, and consist of obligations to act (compliance with procedures, reporting to supervisory bodies) and obligations not to act (compliance with prohibitions), which are also expressly set out. Compliance with these obligations has specific legal significance; in the event of a breach of these obligations, Manucor will take action by applying the disciplinary system set out in this document.

The Special Sections must also be considered in conjunction with the principles of conduct set out in the company procedures and in the Code, which guide the conduct of the addressees across the various operational areas, with the aim of preventing misconduct or behaviour that is not in line with Manucor's guidelines. The Special Sections are as follows:

- Special Section A – Offences in dealings with the Public Administration;
- Special Part B – Offences relating to copyright infringement;
- Special Part C – Corporate offences;
- Special Part D – Negligent offences in breach of health and safety at work regulations;
- Special Part E – Offences relating to money laundering, handling stolen goods and self-laundering;
- Special Part F – Offences relating to immigration.
- Special Part G – Tax offences;
- Special Part H – Smuggling offences;
- Special Part I – Environmental offences
- Special Part J – Instrumental Proceedings.

With regard to the other 'predicate offences' giving rise to the administrative liability of legal persons under the Decree, such as, by way of example, counterfeiting, offences against the individual (slavery and child pornography), cybercrimes, offences committed for the purposes of terrorism or the subversion of the democratic order, transnational offences, offences committed as part of a criminal organisation, organised crime offences, offences against industry and commerce, *market abuse* offences, the offence of inducing a person not to make, or to make false, statements to the judicial authorities, offences of racism and *xenophobia*, offences relating to fraud in sporting competitions and the unauthorised operation of gambling or betting activities, offences concerning non-cash payment instruments, and offences against cultural heritage. It should be noted that, whilst these were taken into account during the preliminary analysis, no sensitive activities or processes were identified (following further analysis, consideration and interviews with key company personnel), as it is considered that the risk of such offences occurring is negligible and, therefore, no specific rules and/or procedures are envisaged, without prejudice, however, to the requirement to act in accordance with the principles set out in the Code.
Should it become necessary to issue further Special Parts relating to new types of offences pertaining to the Company's *business* area which may in future fall within the scope of the Decree, the Board of Directors of Manucor is authorised to amend this Model by means of a specific resolution.

3.3 Recipients of the Code

The Model and its General Part and Special Parts are addressed to the directors and employees (hereinafter referred to as **"Company** Representatives") of Manucor, as well as to external collaborators and those who work with the Company (hereinafter collectively referred to as "Recipients"). In particular, the aim of the Special Parts is for all Recipients, as identified above, to adopt rules of conduct in accordance with the provisions of each of them, in order to prevent the commission of the offences set out in the Decree.

CHAPTER 4

THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/01

4.1 Identification of the Supervisory Body

In accordance with the provisions of the Decree (Article 6, paragraph 1, letters a) and b)), the organisation may be exempted from liability arising from the commission of offences provided for in the Decree itself, if it has, amongst other things, entrusted the task of continuously monitoring the functioning of and compliance with the Model, and of ensuring its updating, to a body endowed with autonomous powers of initiative and control, the requirements for which (as also suggested by the Guidelines) are:

- ***autonomy and independence***
  - absence of conflicts of interest, including potential ones, with Manucor;
  - possession of independent powers of initiative and control;
  - no assignment of operational tasks within Manucor;
  - a position reporting directly to the Board of Directors;

- ***professionalism,*** understood as:
  - possession of adequate specialist expertise;
  - access to specialist tools and techniques to carry out the role, including by drawing on the advice of external parties;

- ***continuity of action,*** understood as:
  - a term of office independent of that of the other corporate bodies;
  - regularity of audits.

4.2 Establishment, appointment and replacement of the Supervisory Body.

Manucor's Supervisory Body (hereinafter also referred to as **the "SB"**) is established by resolution of the Board of Directors and remains in office for the period specified at the time of appointment: it may consist of a single member or multiple members. The SB ceases to hold office on the date specified in the instrument of appointment, whilst continuing to perform its duties *on an interim basis* until a new appointment is made. The Board of Directors has the power to convene the SB at any time.

Appointment as a member of the SB is subject to the fulfilment of the subjective requirements of good character, integrity and respectability, as well as the absence of any grounds for incompatibility with the appointment itself, and potential conflicts of interest with the role and duties to be performed. It follows that, upon appointment, any person designated to hold the office of member of the Supervisory Board must issue a declaration certifying the absence of grounds for incompatibility, such as those listed in the previous paragraph, and expressly undertake to notify the Board of any changes to the content of that declaration. These rules also apply in the event of the replacement of a member of the Supervisory Board.

The revocation of the appointment and the assignment of the same to different individuals may take place, in addition to the natural expiry of the term of office, only for just cause – including reasons linked to objective organisational restructuring of the Company – by means of a specific resolution of the Board of Directors. 'Just cause' for the revocation of the Supervisory Board appointment includes, by way of example and without limitation:

- serious negligence in the performance of duties related to the appointment, such as the failure to draw up the annual summary report on the activities carried out;

- '*failure to exercise* supervision *or insufficient* supervision' on the part of the Supervisory Board – in accordance with Article 6(1)(d) of the Decree – resulting from a conviction, even if not yet final, handed down against Manucor pursuant to the Decree, or from a sentence imposing a penalty upon request (the so-called 'plea bargain');
- in the case of an internal member, the assignment of operational functions and responsibilities within the company's organisation that are incompatible with the requirements of *'autonomy and* independence' and *'continuity of* action' inherent to the Supervisory Body. In any event, any organisational measure concerning the member (e.g. termination of employment, transfer to another post, dismissal, disciplinary measures, appointment of a new head) must be submitted to the Board of Directors for review and acknowledgement;
- in the case of an external member, serious and established grounds for incompatibility that undermine their independence and autonomy;
- the failure to meet even one of the eligibility requirements.

Any decision concerning individual members or the entire Supervisory Board relating to revocation or replacement falls within the exclusive competence of the Board of Directors.

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

4.3 Financial resources allocated to the Supervisory Body

Each year, the Board of Directors allocates an expenditure *budget* to the Supervisory Body, taking into account the latter's requests.
The allocation of *this budget* enables the Supervisory Body to operate independently and with the appropriate resources to carry out effectively the tasks assigned to it by this Code, in accordance with the provisions of the Decree.

4.4 Functions and powers of the Supervisory Body

In carrying out the tasks entrusted to it, the Supervisory Body may, under its direct supervision and responsibility, draw on the cooperation of all the Company's departments and structures, or of external consultants. This authority enables the Supervisory Body to ensure a high level of professionalism and the necessary continuity of action.
The Supervisory Body has independent powers of initiative, intervention and control, which extend to all sectors and departments of Manucor, and which must be exercised in order to carry out effectively and promptly the functions set out in the Model and in the regulations implementing it.
In particular, the SB is entrusted with the following duties and powers for the performance and exercise of its functions:

- to monitor the functioning of the Model, both with regard to the prevention of the offences referred to in the Decree and with regard to its ability to detect the occurrence of any unlawful conduct;
- to carry out periodic inspections and checks – at intervals and in the manner set out in its programme of supervisory activities – as well as unannounced checks, taking into account the various areas of operation or types of activity and their critical points, in order to verify the efficiency and effectiveness of the Model;
- to have unrestricted access to any department or unit within Manucor – without the need for prior consent – to request and obtain information, documentation and data deemed necessary for the performance of the duties set out in the Decree, from all employees and managers. In the event of a reasoned refusal

to access the documents, the Supervisory Body shall, if it does not agree with the grounds given, draw up a report to be submitted to the Board of Directors;
- to request relevant information or the production of documents, including electronic ones, pertaining to risk-related activities, from directors, supervisory bodies, staff, consultants and, in general, all parties required to comply with the Model;
- to oversee, develop and promote the continuous updating of the Code, making proposals to the organisation, where necessary, for any updates and adjustments that may become necessary as a result of: i) significant breaches of the Code's provisions; ii) significant changes to Manucor's structure and/or the manner in which business activities are conducted; iii) changes in legislation;
- monitor compliance with the provisions of the Model in relation to the various types of offences covered by the Decree and by subsequent laws extending its scope of application; verify compliance with the procedures set out in the Model; and identify any behavioural deviations that may emerge from the analysis of information flows and from reports received;
- to ensure that the mapping and identification of sensitive areas are updated periodically;
- maintain liaison with the supervisory bodies (sole auditor, board of statutory auditors, independent audit firm), where appointed, as well as with other advisers and collaborators involved in the implementation of the Model;
- manage relations and ensure the flow of relevant information to the Board of Directors;
- promote communication and training initiatives on the contents of the Decree and the Model, on the impact of the legislation on the company's activities and on codes of conduct, whilst also establishing checks on attendance and, where necessary, tailored programmes for those working in various sensitive areas;
- verify the establishment of an effective internal communication system to enable the transmission of information relevant to the Decree, whilst ensuring the protection and confidentiality of the whistleblower;
- provide clarification regarding the meaning and application of the provisions contained in the Code;
- draw up and submit for the Board of Directors' approval the budget required for the proper performance of the assigned tasks, acting with complete independence. The Supervisory Body may independently commit resources exceeding its spending powers where the use of such resources is necessary to deal with exceptional and urgent situations. In such cases, the Supervisory Body must inform the Board of Directors at the next meeting;
- to report promptly, for the appropriate measures to be taken, any established breaches of the Code that may give rise to liability on the part of Manucor;
- to initiate any disciplinary proceedings and propose any sanctions referred to in Chapter 7 of this Code;
- verify and assess the suitability of the disciplinary system in accordance with and for the purposes of the Decree.

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

The Supervisory Body reports on the implementation of the Code, on the emergence of any critical issues, and on the need for amendments; to this end, it prepares, *inter alia*:

i) annually, a summary report on the activities carried out during the current year and a plan of activities envisaged for the following year, to be submitted to the Board of Directors;
ii) immediately, a communication regarding the occurrence of extraordinary situations (for example: significant breaches of the principles contained in the Model, legislative changes concerning the administrative liability of legal entities, etc.) and in the event of reports received that are of an urgent nature, to be submitted to the Chairman of the Board of Directors.

Meetings with Manucor must be documented by means of specific minutes.

4.6 Collection and retention of information

All information, reports and communications provided for in the Model are retained by the Supervisory Body in a dedicated archive (digital or paper-based) for a period of at least 10 years.

CHAPTER 5

INFORMATION FLOWS TO THE SUPERVISORY BODY AND THE WHISTLEBLOWING SYSTEM

5.1 Obligations to provide information to the Supervisory Body

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

- information, data, reports and documents that enable the Supervisory Body to carry out its monitoring activities in an informed manner;
- reports concerning events that could give rise to the Company's liability under the Decree.

All Persons Subject to the Code are subject to these obligations.

5.1.1 Information flows

The Supervisory Body may, including by establishing a procedure, determine the types of information that the persons responsible for managing sensitive activities must provide, together with the frequency and manner in which such communications are submitted to the Supervisory Body.

The company departments operating within the scope of sensitive activities must provide the Supervisory Body with information concerning:

- the periodic findings of the monitoring activities carried out by them in implementation of the Model, including upon request (summary reports of the activities carried out, etc.);
- any anomalies or irregularities identified in the available information.

The information may relate, by way of example only, to:

- transactions falling within the scope of sensitive activities (for example: information relating to new staff recruitment or the use of financial resources for the purchase of goods or services or other activities, etc.);
- measures and/or reports from judicial police bodies, or from any other authority, indicating that investigations are being carried out – including against unknown persons – into offences covered by the Decree and which may involve Manucor;
- requests for legal assistance submitted by employees in the event of legal proceedings being brought against them in relation to the offences referred to in the Decree, unless expressly prohibited by the judicial authority;
- reports prepared by heads of other company departments as part of their monitoring activities, which may reveal facts, acts, events or omissions that raise concerns regarding compliance with the rules and provisions of the Model;
- information relating to disciplinary proceedings conducted and any sanctions imposed (including measures taken against employees) or decisions to discontinue such proceedings, together with the relevant reasons;
- any other information which, although not included in the above list, is relevant for the purposes of the proper and comprehensive monitoring and updating of the Model.

Information must be sent to the Supervisory Body by forwarding the relevant documentation to the dedicated email address.

5.1.2 Reports – *Whistleblowing*

The obligation to report any unlawful conduct, whether relevant under the Decree or carried out in breach of the Model, the Code or other company protocols governing sensitive activities, of which one has become aware by virtue of the duties performed, forms part of the employee's broader duty of care and obligation of loyalty.
As regards external consultants or collaborators, etc., a contractual obligation must be in place requiring them to report immediately should they receive, directly or indirectly, a request from a Manucor employee or representative to engage in conduct that could constitute a breach of the Model.

Consequently, all company personnel – whether senior management or subordinates – as well as external parties to whom this document is addressed, are obliged to report instances of criminal offences, circumstances of unlawful conduct relevant under the Decree and based on precise and consistent factual evidence, any breaches of the Code of Conduct, as well as any instances of deviation from the principles of conduct set out in the Code of Conduct and the Code of Ethics, of which they have become aware by virtue of their duties, through a range of alternative communication channels suitable for ensuring, by electronic means, the confidentiality of the whistleblower's identity, as provided for in Article 6, paragraph 2-bis, letter b), of the Decree.

Content of reports

For the purposes set out above, the reporting person is required to provide all the information known to them that is useful for verifying, through the necessary checks, the facts reported. In particular, the report must contain the following essential elements:

- Subject: a clear description of the facts being reported is required, indicating (where known) the time and place at which the acts were committed or omitted.
- Subject of the report: the whistleblower must provide the personal details or other information (such as their position or role within the company) that enable the alleged perpetrator of the unlawful conduct to be easily identified.

Furthermore, the whistleblower may provide the following additional details: (i) their own personal details, should they not wish to exercise the right to keep their identity confidential; (ii) the names of any other individuals who can corroborate the facts described; (iii) details of any documents that may confirm the validity of these facts.

Reports, even when anonymous, must always contain information that is relevant within the meaning of the Decree. Anonymity must under no circumstances be used as a means of venting disagreements or conflicts between employees. It is also prohibited to:

- the use of abusive language;
- submitting reports for purely defamatory or slanderous purposes;
- submitting reports that relate exclusively to aspects of private life, without any direct or indirect connection to the company's activities. Such reports will be considered even more serious when they relate to sexual, religious, political or philosophical habits and orientations.

In a nutshell, every report must have as its sole purpose the protection of the Company's integrity or the prevention and/or prosecution of unlawful conduct as defined in the Code.

Communication channels

The following communication channels, in accordance with the legislation on *whistleblowing*, guarantee the confidentiality and protection of the whistleblower, including against any retaliation. Furthermore, the Company ensures that the career progression of any whistleblowers is not subject to discriminatory treatment and imposes disciplinary sanctions, depending on the seriousness of the facts and in any event in accordance with the criteria set out in Chapter 7 of the Code, on those who breach the measures protecting whistleblowers and on whistleblowers who, with intent or gross negligence, report facts that subsequently prove to be unfounded.

The channels provided are as follows:

Ordinary post: QLT Studio Legale e Tributario Associato – Viale Tunisia 43, 20124 Milan, for the attention of Mr Francesco Fiore/Mr Francesco D'Amora (**the "Whistleblowing** Officer"). To ensure the confidential registration of the report by the Whistleblowing Officer, the report must be placed in two sealed envelopes: the first containing the whistleblower's personal details together with a photocopy of their identity document; the second containing the report itself, so as to separate the whistleblower's personal details from the report. Both must then be placed in a third sealed envelope bearing the words "Strictly confidential. For the attention of the Whistleblowing Officer' on the outside, in order to ensure maximum confidentiality; if this channel is used, the Whistleblower must include in the communication an address to which the Whistleblowing Officer can send proof of receipt of the report and provide the relevant response in accordance with Article 5 of Legislative Decree 24/2023.

Email **m** **email** : i) OdV@manucor.com; ii) whistleblowingMa**i**nucor@quorumlegal.com. Access to these email accounts is restricted to specifically authorised persons only, namely the Supervisory Body and the Whistleblowing Officer respectively, who shall be the only ones aware of the login password, which is changed periodically; the subject line of the email must state 'Strictly confidential'

Further channels identified and activated in accordance with the provisions of Article 6, paragraph 2-bis, of the Decree.

In order to ensure the utmost confidentiality of the whistleblower, the use of the postal service is recommended.

Handling of reports

As indicated above, the Whistleblowing Officer and the Supervisory Body – with whom reports containing information relevant under the Decree must be shared – shall take appropriate measures to ensure the confidentiality of the identity of those providing information. However, conduct aimed solely at hindering the work of the Whistleblowing Officer and/or the Supervisory Body must be appropriately sanctioned. The Company protects whistleblowers acting in good faith against any form of retaliation, discrimination or penalisation and, in all cases, the confidentiality of the whistleblower's identity is guaranteed, subject to legal obligations and the protection of the rights of the Company or of persons accused erroneously or in bad faith[31] .

For the purposes set out above, the Supervisory Body collects and retains reports received/shared by the Whistleblowing Officer in a dedicated archive (digital and/or

[31] It should be noted that the rights referred to in Articles 15 to 22 of the GDPR (679/2016) may not be exercised by means of a request to the data controller if the exercise of such rights could result in actual and concrete prejudice to the confidentiality of the identity of the employee making the report, pursuant to Law No. 179 of 30 November 2017, the offence of which they have become aware by virtue of their position.

(in paper form) accessible only to the latter. The Supervisory Body assesses, at its discretion and under its own responsibility, the reports received and the cases in which action is required. Decisions regarding the outcome of the investigation must be justified in writing.

CHAPTER 6

TRAINING AND COMMUNICATION PLAN

6.1 Introduction

Manucor, with a view to effectively implementing the Model, intends to ensure the proper dissemination of its contents and principles both within and outside its organisation, communicating the contents and principles of the Model not only to its employees but also to those who, whilst not formally holding the status of employee, work – on an ongoing basis – towards the achievement of Manucor's objectives.

Manucor therefore intends to:

- ensure that all those acting in its name and on its behalf in sensitive activities are aware that, in the event of a breach of the provisions set out herein, they may be guilty of an offence liable to sanctions;
- inform all those who act in any capacity in its name, on its behalf or otherwise in its interest that a breach of the provisions contained in the Code will result in the application of appropriate sanctions or the termination of the contractual relationship, as such breaches constitute a breach of the duties of loyalty, fairness and diligence arising from the legal relationships established by Manucor;
- reiterate that Manucor does not tolerate unlawful conduct of any kind and regardless of any purpose, as such conduct (even where Manucor might appear to stand to gain from it) is in any event contrary to the ethical principles to which Manucor is committed.

Communication and training activities must be tailored to the specific target audiences and must, in all cases, be guided by the principles of comprehensiveness, clarity, accessibility and continuity, so as to ensure that the various target audiences have full knowledge and awareness of the company policies they are required to comply with and the ethical standards that must guide their conduct.
Communication and training activities are supervised by the Supervisory Board, as this forms part of its remit.
Training initiatives may also be conducted remotely using IT systems (e.g. video conferencing, *e-learning*).

6.2 Making the Model and the Code Available

In order to ensure effective and efficient communication and training, Manucor promotes awareness amongst all employees – including both managerial staff and non-managerial staff – and all external collaborators with permanent contracts, of the contents and principles of the Model and the implementation procedures, with the level of detail varying according to the position and role held. The Model and the Code are made available to employees (including new recruits) and external collaborators on the Company's website (https://www.manucor.com/legal/)
Members of the corporate bodies and individuals acting as representatives of Manucor are provided with a copy of the Model upon accepting their appointment. Appropriate communication and training tools will be used to keep them informed of: i) any amendments to the Model; ii) significant procedural, regulatory or organisational changes.
Third parties outside Manucor are provided with a specific information letter regarding the adoption of the Code and the consequences of non-compliance with it, following an invitation to consult the copy available on the website.

The Company will continue to include specific clauses in the contracts it negotiates and concludes, designed to govern such consequences.

CHAPTER 7 R

DISCIPLINARY SYSTEM

7.1 General Principles

Article 6(2)(e) and Article 7(4)(b) of the Decree stipulate that, as a condition for the effective implementation of the Model, a system must be introduced to impose sanctions for failure to comply with the measures set out in the Model itself. Therefore, the establishment of an appropriate disciplinary and sanctions system is an essential prerequisite for the effectiveness of the Organisation, Management and Control Model pursuant to the Decree.

The sanctions provided for shall be applied to any breach of the provisions contained in the Model, irrespective of the conduct and outcome of any criminal proceedings that may be initiated by the judicial authorities, where the conduct in question constitutes the elements of a relevant offence under the Decree.

The determination and imposition of disciplinary sanctions shall be carried out in accordance with the procedures laid down in Article 7 of Law No. 300 of 30 May 1970 ('Workers' Statute') and any applicable special legislation, and must take into account the principles of proportionality and appropriateness in relation to the alleged breach. In this regard, the following circumstances are of particular importance:

- the nature of the alleged offence;
- the specific circumstances in which the offence took place;
- the manner in which the conduct was carried out;
- the seriousness of the breach, taking into account the agent's subjective attitude;
- whether multiple breaches were committed as part of the same conduct;
- whether several persons were involved in committing the breach;
- whether the perpetrator is a repeat offender.

7.2 Persons

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

The procedure for imposing the sanctions referred to in this chapter takes into account the specific circumstances arising from *the* legal *status* of the person against whom proceedings are brought.

In all cases, the Supervisory Body must be informed of the procedure for imposing disciplinary sanctions.

The Board of Directors is responsible for the practical implementation of disciplinary measures and shall impose sanctions following any report from the Supervisory Board, having also taken into account the non-binding opinion of the line manager of the person who committed the misconduct. The Supervisory Board is, however, tasked with assessing the adequacy of the disciplinary system in relation to the requirements set out in the Decree.

The Supervisory Body also ensures, in consultation with the members of the Board of Directors, that specific procedures are adopted to inform all the persons referred to above, from the outset of their relationship with the Company, of the existence and content of this disciplinary framework.

7.3 Sanctions against clerical staff and middle managers

The National Collective Labour Agreement (CCNL) for employees in the rubber, electrical cables and related industries, and plastics industries applies to the Company's employees classified as clerical staff and middle managers.

Conduct by non-executive staff that breaches the individual rules of conduct set out in this Code shall constitute disciplinary offences, in accordance with and in application of the provisions of the National Collective Labour Agreement; furthermore, the sanctions that may be imposed are also those provided for in the National Collective Labour Agreement, in accordance with the procedures laid down in the Workers' Statute and any applicable special regulations.
The sanctions provided for therein are: a verbal reprimand, a written warning, a fine not exceeding the amount corresponding to three hours' pay, suspension from work and pay for a period not exceeding three days of actual work, and dismissal.
The type and severity of each of the above sanctions shall be determined in relation to:

- the intentional nature of the conduct or the degree of negligence, imprudence or incompetence, taking into account the foreseeability of the event;
- the employee's overall conduct, with particular regard to whether or not they have a history of disciplinary offences, within the limits permitted by law;
- the employee's duties;
- the functional position of the persons involved in the incident;
- any other specific circumstances surrounding the disciplinary breach.

This is without prejudice to the Company's right to claim compensation for damages arising from a breach of the Code by an employee.

7.4 Measures concerning managers/staff in managerial roles

Manucor's managers, in the course of their professional duties, are obliged both to comply with, and to ensure that their staff comply with, the provisions set out in the Code. Managers' adherence to the principles and rules contained in the Code will form part of their professional assessment and may have an impact on their career progression.
The following are examples, by way of illustration and not an exhaustive list, of unlawful conduct by a manager that may be subject to sanctions for breaching the provisions of the Code:

- fails to supervise staff reporting to them in the hierarchy, to ensure compliance with the provisions of the Code when carrying out activities in areas at risk of criminal offence and activities instrumental to operational processes at risk of criminal offence;
- fails to report instances of non-compliance and/or anomalies relating to the fulfilment of the obligations set out in the Code, should they come to their attention, which are such as to render the Code ineffective, with the consequent potential risk to Manucor of incurring the sanctions provided for in the Decree;
- fails to report to the Supervisory Body any critical issues relating to the conduct of activities in areas at risk of criminal offence, identified during monitoring by the relevant authorities;
- commits one or more breaches of the provisions of the Model, such as to constitute the offences covered by the Model, thereby exposing Manucor to the imposition of sanctions under the Decree.

In the event of a breach of the provisions and rules of conduct contained in the Code by a director, the Company shall take the measure deemed most appropriate against that director in accordance with the provisions of the law and the applicable National Collective Labour Agreement. In general, particular consideration shall be given to any breach of the special relationship of trust between the Company and the director that may arise from the breach of the Code.

7.5 Measures concerning Directors and Statutory Auditors (where appointed)

In the event of a breach of the Code by one or more directors and/or statutory auditors (where appointed), the Supervisory Board shall inform the Chairman of the Board of Directors, provided he is not directly involved, who, in accordance with the powers provided for by law and/or the Articles of Association, shall take the appropriate measures, including, where necessary, convening a general meeting of shareholders in order to adopt the most appropriate measures.

In the event of a breach of the Code by the Chair of the Board of Directors, the Supervisory Body may directly request that a general meeting of shareholders be convened in order to adopt the most appropriate measures.

7.6 Measures concerning external consultants and collaborators

Any conduct by external consultants or collaborators (whether in the case of permanent or occasional working relationships), however they may be designated, or by other parties having contractual relationships with Manucor, that contravenes the provisions contained in the Decree, the Code of Conduct or the Code, shall be sanctioned in accordance with the specific contractual clauses to be included in the relevant contracts.

Under these clauses, the third party undertakes to adopt and effectively implement company procedures and/or to behave in a manner suitable for preventing the commission – including attempted commission – of offences in respect of which the sanctions provided for in the Decree apply. Any breach, even partial, of this obligation shall be sanctioned by Manucor's right to suspend the performance of the contract and/or to unilaterally withdraw from it, even whilst it is being performed, with the possibility of imposing liquidated damages, or to terminate the contract, without prejudice in any event to Manucor's right to compensation for any damages suffered. Such sanctions must be reported to the Supervisory Body.

7.7 Measures implementing the *whistleblowing* regulations

In accordance with the provisions of Article 6, paragraph 2-bis, letter d), of the Decree, the sanctions referred to in the preceding paragraphs, in compliance with the principles and criteria set out therein, shall also apply to any person who:

- has, with intent or gross negligence, made a report that has proved to be unfounded, even if upheld by a first-instance judgment, in civil and/or criminal proceedings;
- has breached the confidentiality of the whistleblower;
- is responsible for acts of retaliation as defined by Legislative Decree 24/2023;
- has obstructed or attempted to obstruct the report.

Any actions taken in breach of the prohibition on retaliation are null and void. Persons who have been dismissed as a result of a report (internal and/or external), public disclosure or a complaint to the judicial or accounting authorities are entitled to be reinstated in their job.

In the event of disputes relating to the imposition of disciplinary sanctions, or to demotions, dismissals, transfers, or the imposition on the whistleblower of any other organisational measure having direct or indirect adverse effects on their working conditions, following the submission of the report, it is the employer's responsibility to demonstrate that such measures are based on reasons unrelated to the report itself.

CHAPTER 8

ADOPTION OF THE POLICY – CRITERIA FOR UPDATING AND AMENDING THE POLICY

8.1 Reviews and checks on the Code

The Supervisory Body must draw up an annual supervision programme through which it plans, in general terms, its activities, setting out: a calendar of activities to be carried out during the year; the timing of checks; the identification of analysis criteria and procedures; and the possibility of carrying out unscheduled audits and checks.

In carrying out its activities, the Supervisory Body may draw on the support of both internal departments and units within Manucor with specific expertise in the business areas subject to inspection at any given time, and, with regard to the performance of the technical operations necessary for the exercise of its supervisory function, external consultants. In such cases, the consultants must always report the results of their work to the Supervisory Body.

The SB is granted the broadest powers during audits and inspections in order to carry out the tasks entrusted to it effectively.

8.2 Updating and adaptation

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

i) significant breaches of the Model's provisions;
ii) changes to Manucor's internal structure and/or the way in which business activities are carried out;
iii) changes in legislation;
iv) the findings of internal audits;
v) the discovery of serious criminal offences committed even prior to the approval of the Model.

The Board of Directors has exclusive authority in this matter.

Once approved, the amendments and instructions for their immediate implementation are communicated to the Supervisory Board, which, in turn, shall, without delay, ensure that these amendments are implemented and that their contents are correctly communicated both within and outside Manucor.

The Supervisory Board shall also, by means of a specific report, inform the Board of Directors of the outcome of the actions undertaken. The Supervisory Board retains, in any event, specific duties and powers regarding the management, development and promotion of the Model's ongoing updating. To this end, it submits observations and proposals to the Board of Directors. In particular, in order to ensure that changes to the Code are made with the necessary timeliness and effectiveness, whilst avoiding any lack of coordination between operational processes, the provisions contained in the Code and the dissemination of such provisions, the Chairman of the Board of Directors is responsible for periodically making amendments to the Code relating to descriptive aspects, and for promptly informing the Board and the Supervisory Board thereof. The Board must ratify the amendments at the next available meeting. It should be noted that the term 'descriptive aspects' refers to elements and information that do not affect the substantive content of the Special Sections of the Model and/or that derive from resolutions passed by Manucor's governing bodies (such as

amendments to the Articles of Association, etc.) or from corporate functions with specific delegated authority (such as the redefinition of the organisational chart, etc.).
The Code shall, in any event, be subject to a periodic review at least every three years.

Appendix 1 – Organisation Chart

The current version of the company organisation chart is attached.

Appendix 2 – Code of Ethics

The Code of Ethics is attached.

SPECIAL SECTIONS OF THE MODEL

1 SENSITIVE ACTIVITIES AND THE CONTROL SYSTEM

Article 6(2)(a) of the Decree identifies, as one of the essential elements of the organisational and management models provided for by the Decree, the identification of so-called 'sensitive' or 'at-risk' activities, namely those business activities in the context of which there may be a risk of committing one of the offences expressly referred to in the Decree (hereinafter **'Sensitive** Activities').

Consequently, for each specific section dedicated to the macro-categories of offences potentially at risk, the Sensitive Activities, the relevant *process owners*, the offences that may be committed and the preventive controls to be applied are identified.

In this regard, the system of controls – refined by Manucor on the basis of guidance provided by the main trade associations, such as the Guidelines – provides for the adoption of:

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

The control protocols are based on the following general rules, applicable to each specific area, which must be adhered to within the context of every identified sensitive activity:

- **Segregation of duties**: (taking into account the size of the company) the preventive and balanced distribution of responsibilities and the establishment of appropriate levels of authorisation, designed to prevent the mixing of potentially incompatible roles or excessive concentrations of responsibility and power in the hands of individual persons. In particular, the separation of activities and responsibilities must be ensured between those who authorise, those who carry out and those who monitor a given operation within sensitive activities.
- **Regulations**: the existence of company policies and/or formalised procedures designed to provide principles of conduct, operational procedures for carrying out sensitive activities, and methods for archiving relevant documentation. Manucor's *policies*, regulations and procedures form an integral part of the Model.
- **Authorisation and signing powers**: authorisation and signing powers must be: i) consistent with the organisational and managerial responsibilities assigned, including, where required, an indication of expenditure approval thresholds; ii) clearly defined and known within Manucor.
- **Traceability**:
  - every transaction relating to sensitive activities must be properly recorded;
  - the process of decision-making, authorisation and execution of sensitive activities must be verifiable *retrospectively*, including through appropriate documentary evidence;
  - in any event, the circumstances and procedures governing the possible deletion or destruction of the records made must be set out in detail.

The individual Special Parts set out below identify, for each Sensitive Activity, the relevant specific control protocols and list the general principles of conduct.

SPECIAL PART "A"
OFFENCES AGAINST THE PUBLIC ADMINISTRATION

1 Offences against the Public Administration

The Decree provides an exhaustive list of offences against the Public Administration that give rise to liability on the part of organisations. These are:

- **misappropriation of public funds**[32] : failure to use grants, subsidies or similar funds for the purposes for which they were intended;
- **unlawful receipt of** public **funds** from the State, another public body or a Community body[33] through the use of forged documents or the making of false statements, or through the omission of required information;
- **Interference with the freedom of tendering (Article 353 of the Criminal Code):** This offence punishes the conduct of anyone who, through violence or threats, or through gifts, promises, collusion or other fraudulent means, prevents or disrupts the tendering process in public auctions or private tenders on behalf of public administrations, or deters bidders[34] ;
- **Disruption of the contractor selection process (Article 353-bis of the Criminal Code)**: This offence punishes the conduct of anyone who, unless the act constitutes a more serious offence, […] by means of violence or threats, or by means of gifts, promises, collusion or other fraudulent means, disrupts the administrative procedure aimed at establishing the content of the tender notice or other equivalent document, with the aim of influencing the manner in which the public administration selects the contractor[35] ;
- **fraud in public procurement**[36] **:** this offence punishes those who commit fraud in the performance of supply contracts or in the fulfilment of other contractual obligations arising from a supply contract concluded with the State, or with another public body, or with an undertaking providing public services or services of public necessity, by failing to supply, in whole or in part, goods or works necessary for a public establishment or a public service;
- **fraud in relation to EU aid in the agricultural sector**[37] : this offence is committed where any person, by providing false data or information, unduly obtains, for themselves or for others, aid, premiums, allowances, refunds, contributions or other payments funded in whole or in part by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development;

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[32] Article 316-bis of the Criminal Code

[33] Article 316-ter of the Criminal Code

[34] Introduced by Law No. 137 of 9 October 2023, converting Decree-Law No. 105 of 10 August 2023 (the so-called 'Justice Decree'). The penalty is imprisonment for a term of between six months and five years and a fine of between €103 and €1,032. If the offender is a person appointed by law or by the authorities to conduct the aforementioned auctions or tenders, the term of imprisonment is between one and five years and the fine is between €516 and €2,065. These penalties also apply in the case of private tenders on behalf of private individuals, conducted by a public official or a legally authorised person, but are reduced by half. For offences relating to the disruption of the freedom of auctions and the disruption of the freedom of the contractor selection process (as set out below), the following penalties apply:

a) Fines of up to 500 units, or between 200 and 600 units if the profit is substantial or if the damage is particularly serious.

b) Disqualification sanctions pursuant to Article 9(2)(c), (d) and (e), namely: a ban on contracting with the public administration (except for the provision of a public service); exclusion from incentives, funding, grants or subsidies and the possible revocation of those already granted; a ban on advertising goods or services.

[35] Introduced by Law No. 137 of 9 October 2023, converting Decree-Law No. 105 of 10 August 2023 (the so-called 'Justice Decree'). The offence is punishable by imprisonment for a term of between six months and five years and a fine of between €103 and €1,032.

[36] Article 356 of the Criminal Code

[37] Article 2 of Law No. 898 of 1986

- **aggravated fraud to obtain public funds**[38] **:** the wrongful receipt of grants, loans or other payments from the State, another public body or a Community body through deception or trickery other than the use of forged documents, false declarations or the omission of required information;
- **aggravated fraud to the detriment of the State or another public body** [39]: the use of deception or trickery to obtain an unjust profit to the detriment of the State or another public body;
- **computer fraud**[40] **:** the alteration of the functioning of a computer or telecommunications system, or the unauthorised access to data, information or programmes contained within a computer system, with a view to obtaining an unjust profit to the detriment of the State or another public body;
- **extortion**[41] , that is to say, where a public official or a person entrusted with a public service, by abusing their position or powers, compels another person to unduly give or promise, to them or to a third party, money or other benefits;
- **bribery in the performance of official duties**[42] , that is to say, where a public official or a person entrusted with a public service, in the performance of their duties or powers, unduly receives, for themselves or for a third party, money or other benefits, or accepts a promise thereof;
- **bribery for an act contrary to official duties**[43] , namely where a public official or a person entrusted with a public service, in order to omit or delay, or for having omitted or delayed, an act within the scope of their office, or in order to perform or for having performed an act contrary to their official duties, receives, for themselves or for a third party, money or other benefits, or accepts a promise thereof;
- **bribery in judicial proceedings**[44] **:** in both of the above-defined cases of bribery, this refers to the offence of receiving (or agreeing to receive), for oneself or for others, money or other benefits with the aim of favouring or prejudicing a party in civil, administrative or criminal proceedings;
- **undue inducement to give or promise benefits** [45]**:** that is, where a public official or a person entrusted with a public service, by abusing their position or powers, induces another person to unduly give or promise, to them or to a third party, money or other benefits; criminal liability also extends to anyone who gives or promises money or other benefits;
- **incitement to corruption**[46] : in both cases of corruption defined above, the scenario where the public official does not agree to receive, or the private individual refuses to give, money or other benefits;
- **embezzlement**[47] ;
- **Misappropriation of money or movable property**[48] **;**

[38] Article 640-bis of the Criminal Code
[39] Article 640(2)(1) of the Criminal Code
[40] Article 640-ter of the Criminal Code
[41] Article 317 of the Criminal Code
[42] Articles 318 and 320 of the Criminal Code
[43] Articles 319 and 320 of the Criminal Code
[44] Article 319-ter of the Criminal Code
[45] Article 319-quater of the Criminal Code
[46] Article 322 of the Criminal Code
[47] Article 314 of the Criminal Code
[48] Article 314-bis of the Criminal Code

- **embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise a benefit, bribery and incitement to bribery of members of international courts or bodies of the European Communities or of international parliamentary assemblies or international organisations, and of officials of the European Communities and of foreign states**[49] : the scenario envisaged by the legislator is that of the offences listed in the heading committed against foreign officials;
- **trading in unlawful influence (Article 346-bis of the Criminal Code)**[50] : this offence occurs where a person, by exploiting existing relations with a public official or a person entrusted with a public service, unduly causes or secures a promise to be made, to themselves or to others, of money or other financial advantage, as the price of their unlawful mediation with the public official or the person entrusted with a public service, or to remunerate them, in connection with the performance of an act contrary to the duties of office or the omission or delay of an act within the scope of their office.

In order to better understand the terminology used in this paragraph, it is clarified that:
- 'Public Administration' ('P.A.') is taken to mean all entities, whether public or private, which perform a *public function* or are entrusted with a *public service*;
- 'public function' refers to activities governed by public law and by authoritative acts relating to the legislative function (the State, Regions, Provinces with special status, etc.), administrative (members of state and local administrations, law enforcement agencies, members of supranational administrations, members of regulatory authorities, Chambers of Commerce, etc.), and judicial (judges, bailiffs, auxiliary bodies of the administration of justice such as trustees or liquidators in bankruptcy proceedings, etc.). The *public function* is characterised by the exercise of:
  - *authoritative power*, that is, the power that enables the public administration to achieve its objectives through direct orders, in relation to which private individuals find themselves in a position of subordination. This is the activity in which the so-called 'power of imperium' is exercised, which encompasses both the power of coercion (arrest, search, etc.) and the power to challenge breaches of the law (issuing fines, etc.), as well as the powers of hierarchical supremacy within public offices;
  - *certifying power* is that which confers upon the certifying authority the power to attest to a fact with probative effect;
    - 'public service' refers to activities:
      - governed by rules of public law;
  - characterised by the absence of the authoritative or certifying powers typical of the civil service, excluding the performance of simple administrative tasks and the provision of purely manual labour.
- 'public official' means a person who 'exercises a public legislative, judicial or administrative function'.

[49] Article 322-bis of the Criminal Code
[50] Article 346-bis of the Criminal Code

2 Sensitive Activities and the Protocols to be Adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the offences referred to could, in theory, be committed, and the processes that could be considered 'instrumental' to the commission of the so-called 'predicate' offences.

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

- Procurement of goods and services (Supplier Cycle);
- Management of cash and financial flows;
- Gifts and expense claims;
- Management of variable remuneration.

For the identification of control protocols within the scope of the aforementioned key processes, please refer to the relevant Special Part J.

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

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

- **Key Parties, Functions and individuals involved:**
  Persons holding specific powers of attorney

- **Potential offences:**
  - Extortion (Article 317 of the Italian Criminal Code)
  - Bribery in the performance of official duties (Article 318 of the Italian Criminal Code)
  - Bribery for an act contrary to official duties (Article 319 of the Italian Criminal Code)
  - Bribery of a person entrusted with a public service (Article 320 of the Criminal Code)
  - Inciting corruption (Article 322 of the Criminal Code)
  - Undue inducement to give or promise a benefit (Article *319-quater* of the Criminal Code)
  - Trafficking in unlawful influence (Article *346-bis* of the Criminal Code)
  - Aggravated fraud to the detriment of a public body (Article 640 of the Italian Criminal Code)

- **Protocols**

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

- ensure a clear separation of roles between those who manage relations with the public administration during inspection phases and those responsible for supervising their conduct (e.g. inspection reports);
- clearly define the roles and responsibilities of the relevant organisational functions or units;
- adopt procedures governing the manner in which authorised persons participate in judicial, tax, administrative and/or supervisory inspections, and the manner in which relations with public bodies are managed during inspections/audits;

- ensure that only persons holding specific powers of attorney are authorised to sign the reports and the documentation required during the course of verification and control activities;
- ensure that, during any judicial, tax or administrative inspections, the persons expressly delegated for this purpose (at least two) are present. Appropriate minutes must be drawn up and retained for the entire inspection process. Should the final report highlight any critical issues, the Supervisory Body must be informed by means of a written note from the head of the relevant function or organisational unit;
- verify the existence of any conflicts of interest relating to personal, financial, legal or other relationships with natural or legal persons within the public administration with whom Manucor staff may have dealings in relation to the sensitive activity in question;
- ensure the traceability and verifiability*, after the event,* of transactions carried out with the Public Administration through appropriate documentary and information records;
- verify that all consultants, *partners* and collaborators, if any, employed during the audit/inspection process are selected using transparent methods and in accordance with specific company procedures, and that they meet the requirements of professionalism, independence and competence;
- ensure that all consultancy agreements are drawn up in writing, specifying, in particular, the agreed remuneration or the criteria for determining it, and the scope of the services to be provided;
- the inclusion in all consultancy contracts of a clause requiring the *partner* to comply with the Company's Model, the principles set out in the Decree, and the provisions of the Code of Ethics, reserving the right for the Company to terminate the contractual relationship should the partner/consultant breach such rules or *policies*;
- submitting a quarterly report to the Supervisory Board on meetings with representatives of the public administration and on inspections/audits carried out.

Management of import-export activities and customs formalities: this involves the management of exports and imports of Manucor's products.

➢ **Key individuals, functions and parties involved:**
Supply Chain & IT Manager, *Finance & Administration*

➢ **Potential offences:**
- Extortion (Article 317 of the Italian Criminal Code)
- Bribery in the performance of official duties (Article 318 of the Italian Criminal Code)
- Bribery for an act contrary to official duties (Article 319 of the Italian Criminal Code)
- Bribery of a person entrusted with a public service (Article 320 of the Italian Criminal Code)
- Inciting corruption (Article 322 of the Criminal Code)
- Undue inducement to give or promise a benefit (Article *319-quater* of the Criminal Code)
- Trafficking in unlawful influence (Article *346-bis* of the Criminal Code)

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

- ensure that every transaction relating to the sensitive activity in question is always governed by a written contract specifying the subject matter and the relevant purpose;
- include in all contracts for *import-export* activities a clause requiring compliance with the Company's Model, the principles set out in the Decree, and the provisions of the Code of Ethics, reserving the right for the Company to terminate the contractual relationship should the supplier breach these rules or *policies*;
- the head of the relevant department must ensure that documentation relating to the sensitive activity in question is kept in a dedicated archive in such a way as to prevent subsequent alteration unless duly recorded, in order to ensure the proper traceability of the entire process and to facilitate any subsequent audits.

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

➢ **Key Parties, Functions and Individuals Involved:**
Finance & Administration and the Chief Executive Officer

➢ **Potential offences:**
- Extortion (Article 317 of the Italian Criminal Code)
- Bribery in the course of official duties (Article 318 of the Criminal Code)
- Bribery for an act contrary to official duties (Article 319 of the Criminal Code)
- Bribery of a person entrusted with a public service (Article 320 of the Criminal Code)
- Inciting corruption (Article 322 of the Criminal Code)
- Undue inducement to give or promise a benefit (Article *319-quater* of the Criminal Code)
- Inducement not to make statements or to make false statements (Article *377-bis* of the Criminal Code)

➢ **Protocols**
With regard to this sensitive area, the following protocols must be followed:
- identify a person in charge, in line with the nature of the matter, who has the necessary powers to represent the Company or to coordinate the work of any external professionals;
- establish a regular, at least quarterly, flow of information to the Supervisory Body regarding the status of proceedings and disputes in which the Company is involved and which are relevant for the purposes of the Decree;
- maintain documentary evidence and traceability of decisions taken regarding the management of litigation, including labour disputes, and state the reasons why the Company enters into or declines a settlement;
- ensure a clear segregation of duties between the internal person responsible for verifying the validity of receivables and the person responsible for taking decisions concerning the management of those receivables on behalf of the Company (write-offs and the issue of credit notes);
- ensure that the head of the relevant department retains the documentation relating to the sensitive activity in question in a dedicated archive, in such a way as to prevent subsequent alterations unless duly recorded, in order to allow

proper traceability of the entire process and to facilitate any subsequent audits;

- ensure that all advisers (e.g. lawyers) are selected in accordance with the specific company procedure, in compliance with applicable legislation, using transparent methods, and that they meet the requirements of professionalism, independence and competence;
- ensure that all consultancy agreements are drawn up in writing, specifying – particularly in the case of consultancy services – the agreed remuneration or the criteria for determining it, and the scope of the service;
- ensure that no remuneration is paid to consultants in an amount that is disproportionate to the services rendered to the Company and not in line with the mandate conferred, to be assessed on the basis of criteria of reasonableness and with reference to prevailing market conditions and practices;
- include in all consultancy contracts or mandates a clause requiring the partner/consultant to comply with the Company's Model, the principles set out in the Decree, and the provisions of the Code of Ethics, reserving the right for the Company to terminate the contractual relationship should the partner/consultant breach such rules or *policies*.

Staff management and administration: this refers to activities relating to the selection, recruitment and termination of employment.
Management of personnel-related compliance obligations: this refers to compliance obligations relating to social security, welfare and accident insurance.

➢ **Key Parties, Functions and Individuals Involved:**
HR Manager, External Consultants (Payroll Firm), Administration Department

➢ **Potential offences:**
- Extortion
- Bribery in the performance of official duties (Article 318 of the Criminal Code)
- Bribery for an act contrary to official duties (Article 319 of the Italian Criminal Code)
- Bribery of a person entrusted with a public service (Article 320 of the Italian Criminal Code)
- Inciting corruption (Article 322 of the Criminal Code)
- Undue inducement to give or promise a benefit (Article *319-quater* of the Criminal Code)

➢ **Protocols**
With regard to these sensitive areas, the following protocols must be followed:

- clearly define the roles and responsibilities of those in charge of the selection and management of employees and contractors;
- file all *CVs* received and documentation relating to interviews conducted and the associated assessments;
- document the reasons for selecting a particular candidate;
- set out the criteria used to determine staff remuneration, as well as the reasons for any decision to deviate from the standard rate;
- include in employment contracts a clause committing the employee to comply with the Model and the Code of Ethics;

- prohibit the employment by the Company of *former* employees of the Public Administration, the State or the European Union, unless in accordance with the provisions of the applicable legislation;
- check for any potential conflicts of interest between the candidate and the Company and ensure the candidate completes a self-declaration certifying that they have no existing relationships with the public administration;
- submitting periodic *reports* on recruitment to the Supervisory Body, setting out both the candidate selection procedures used and any exceptions or derogations from the *standard* rules;
- for compliance with social security, welfare and similar obligations, ensure a clear segregation of duties between the person responsible for preparing the documentation to be submitted and the person responsible for verifying the truthfulness, completeness and accuracy of the data submitted (and ensuring that the amounts paid correspond to the relevant supporting documentation); any alternative arrangements must be agreed with the Supervisory Body;
- there is an obligation to maintain documentary evidence of the checks carried out on the data to be submitted to the Public Administration (either directly or via external consultants);
- archiving of documents submitted to the Public Administration and/or on the basis of which payments relating to staff-related obligations have been made.

3 General principles of conduct prescribed for sensitive activities

This Special Section sets out the express obligation on the part of the Addressees to:

1. strict compliance with all laws and regulations governing the company's activities, with particular reference to activities involving contact and dealings with the Public Administration and to activities relating to the performance of a public function or public service;
2. establishing and maintaining any relationship with the public administration on the basis of the highest standards of fairness and transparency;
3. establish and maintain any relationship with third parties in all activities relating to the performance of a public function or public service on the basis of criteria of fairness and transparency that ensure the proper functioning of the function or service and impartiality in their performance;
4. not to engage in, collaborate in or cause the commission of conduct which, taken individually or collectively, constitutes, directly or indirectly, the offences falling within the categories set out above (Articles 24 and 25 of the Decree);
5. not to breach the corporate principles and procedures set out in this special section and/or subsequently adopted or implemented by the Company.

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

- making cash payments or offering securities equivalent to or comparable with cash to Italian or foreign public officials;
- distribute gifts and presents beyond what is provided for by company practice (that is to say, any form of gift exceeding normal commercial or courtesy practices or, in any case, intended to secure favourable treatment in the conduct of any business activity). In particular, any form of gift to Italian or foreign public officials (even in countries where the giving of gifts is a widespread practice), or to their family members, which may influence their discretion or

their independence of judgement or induce them to secure any advantage for the company; in all cases, the provisions of the Code shall apply;
- to resort to forms of contributions which, under the guise of entertainment expenses, hospitality, assignments, consultancy, sponsorship or donations, actually constitute gifts or gratuities to public officials or public service employees, their family members, or public bodies and authorities;
- granting other benefits of any kind (such as, by way of example only, promises of direct employment or employment for close relatives) to representatives of the public administration, which may lead to the same consequences as those set out in the preceding points;
- paying fees or providing services to consultants, suppliers, customers and/or third parties in general where there is no adequate justification within the context of the contractual relationship established with them and in accordance with local practices;
- receiving or soliciting cash payments, gifts, presents or benefits of any other kind, where these exceed normal commercial and courtesy practices; anyone who receives gifts or benefits of any other kind not covered by the permitted cases is required to report this to the Supervisory Body, which will assess the propriety of the matter and ensure that the person who provided such gifts is notified of Manucor's policy on the matter;
- submitting false declarations to national or EU public bodies in order to obtain public funds, grants or subsidised loans, or in order to gain access to social security benefits or tax deductions;
- to use sums received from national, regional or EU public bodies in the form of grants, subsidies or loans for purposes other than those for which they were intended.

The general rules of conduct described above supplement, and do not replace, the principles set out in the Code, nor any additional safeguards provided for within Manucor.

3.1 The System of Delegated Powers

In this particular area, it is of fundamental importance that the Company's system of delegated powers meets the following essential requirements:
- it is the responsibility of *the manager* of the relevant function or organisational unit to ensure that all their staff members, who represent the Company – even on an occasional basis – in dealings with public authorities, are in possession of a written authorisation;
- the authorisation must specify:
  - the delegating party (the person to whom the delegate reports in the hierarchy);
  - the name and duties of the delegate, consistent with the position held by the delegate;
  - the scope of the authorisation (e.g. project, duration, product, etc.);
  - the date of issue.

The Supervisory Board may periodically review, with the support of other relevant departments, the system of delegations and powers of attorney in force and their consistency with the entire system of organisational communications (i.e. those internal company documents through which delegations are granted), recommending any amendments should the management authority and/or position not correspond to the powers of representation conferred on the authorised representative or should there be any other anomalies.

SPECIAL SECTION "B"
OFFENCES RELATING TO COPYRIGHT INFRINGEMENT

1 Offences relating to copyright infringement

Law No. 99 of 23 July 2009, 'Provisions for the development and internationalisation of enterprises, as well as on energy matters', introduced into the Decree, amongst other things, the offences relating to copyright infringement (Articles 171, first paragraph, letter *a-bis*, and third paragraph; *171-bis*, *171-ter*, *171-septies* and *171-octies* of Law No. 633 of 22 April 1941).

2 Sensitive Activities and the protocols to be adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the aforementioned offences could, in theory, be committed.
Listed below are: i) Sensitive Activities; ii) the functions/organisational units involved; iii) the offences that could potentially be committed; iv) the specific prevention protocols.

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

- **Main Parties, Functions and Organisational Units involved:**
  All corporate and *IT* functions

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

- **Protocols**

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

- put in place control mechanisms and protection measures for the company's means of communication and IT systems;
- prohibit the installation of programmes that have not been acquired centrally, unless written authorisation has been granted;
- ensure that all IT media to be disposed of are first rendered unreadable in an appropriate manner to prevent the dissemination of protected programmes and/or databases;
- include a clause in *IT* product supply contracts requiring compliance with the Model and the Code of Ethics.

3 General Principles of Conduct

In carrying out their respective activities/duties, in addition to being familiar with and complying with the principles set out in the Code and the operating procedures, the Addressees must observe the rules of conduct contained in this Model.
This Special Section expressly prohibits any conduct that constitutes the offences referred to above or conduct which, although not in itself an offence, could potentially constitute one of the offences under consideration here.

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

- carry out checks on the correct use of IT resources;
- use only licensed *software*, within the limits and subject to the conditions laid down by current legislation and by the licence itself.

Furthermore, **it is prohibited to**:

- engage in, collaborate in or cause the commission of conduct which, although not in itself constituting a criminal offence falling within the categories considered above, may potentially become so;
- unlawfully duplicate, for profit, computer programmes or, for the same purposes, import, distribute, sell, hold for commercial or business purposes, or lease programmes contained on media not marked by the Italian Society of Authors and Publishers (SIAE);
- for the purpose of making a profit, to reproduce on media not bearing the SIAE mark, transfer to another medium, distribute, communicate, present or demonstrate in public the contents of a database.

The above obligations and prohibitions must be fully observed even during periods in which the Addressees have the option or are required, pursuant to restrictive measures issued by the competent authorities, to *work remotely* or outside the Company's premises. The general rules of conduct described above supplement, and do not replace, the principles set out in the Code, as well as any *policies*, regulations and procedures providing greater protection established by Manucor.

SPECIAL PART "C" CORPORATE OFFENCES

1 Corporate Offences

As part of the reform of company law, Legislative Decree No. 61 of 11 April 2002, which came into force on 16 April 2002, introduced the new Article *25-ter* of the Decree, extending the regime of administrative liability of legal entities to so-called 'corporate offences'. The types of corporate offences covered are:

- **false corporate disclosures and minor offences (Articles 2621 and *2621-bis* of the Civil Code)**: knowingly setting out, with the aim of obtaining an unjust profit for oneself or others, in financial statements, reports or other corporate communications addressed to shareholders or the public, as required by law, material facts that are untrue; or omitting material facts whose disclosure is required by law regarding the economic, asset or financial situation of the company or the group to which it belongs, in a manner that is actually likely to mislead others. In this regard, it should be noted that Law No. 69 of 27 May 2015, published in the Official Gazette No. 124 of 30 May 2015, introduced significant amendments to the criminal provisions concerning false corporate communications contained in the Civil Code; specifically, the main changes concerned (i) the automatic initiation of proceedings for the offence, (ii) the mental element, represented by specific intent aimed at 'obtaining an unjust profit for oneself or for others', but no longer characterised by any element of intent to deceive, (iii) the partial revision of the typical conduct, (iv) the removal of the quantitative thresholds for the conduct to be criminally relevant;
- **unlawful repayment of capital contributions (Article 2626 of the Civil Code)**;
- **unlawful distribution of profits and reserves (Article 2627 of the Civil Code):** distributing profits or reserves which may not be distributed by law;
- **unlawful transactions involving shares or equity interests in the company or its parent company (Article 2628 of the Civil Code)**: acquiring or subscribing for shares, including those of the parent company, to the detriment of the share capital;
- **transactions prejudicial to creditors (Article 2629 of the Italian Civil Code):** reducing the share capital, or carrying out mergers or demergers that cause harm to creditors;
- **failure to disclose a conflict of interest (Article *2629-bis* of the Civil Code):** breach of the obligation to disclose a conflict of interest that is detrimental to the company or to third parties;
- **fictitious capital formation (Article 2632 of the Civil Code):** artificially increasing the capital, mutually subscribing to shares and overvaluing contributions or assets in the event of a conversion;
- **unlawful distribution of company assets by liquidators (Article 2633 of the Civil Code):** distributing company assets before creditors have been paid or before the sums necessary to satisfy them have been set aside;
- **obstruction of audit (Article 2625(2) of the Civil Code):** concealing documents likely to prevent shareholders or other corporate bodies from carrying out their audit functions;
- **bribery between private individuals (Article 2635(3) of the Civil Code) and incitement to bribery between private individuals (Article *2635-bis* of the Civil Code):** offering, even in response to a request, or

promising money or other undue benefits (as the briber) to directors, general managers, managers responsible for preparing the company's financial statements, statutory auditors and liquidators, as well as to those exercising managerial functions other than the aforementioned, in order to induce them to perform or omit an act, in breach of the duties inherent in their office or of their duties of loyalty (in their capacity as bribed parties); liability *under* Legislative Decree 231/2001 applies to the briber and also applies even if the offer or promise of undue money or other benefits is not accepted;

- **unlawful influence on the general meeting (Article 2636 of the Civil Code):** carrying out simulated or fraudulent acts aimed at securing unlawful majorities at general meetings;
- **market manipulation (Article 2637 of the Civil Code):** disseminating false information or carrying out simulated transactions likely to cause a fluctuation in the price of unlisted financial instruments;
- **obstruction of the functions of public supervisory authorities (Article 2638, paragraphs 1 and 2, of the Civil Code):** with the aim of obstructing the exercise of supervisory functions, presenting material facts that are untrue – even if subject to assessment – regarding the economic, asset or financial situation of those subject to supervision; or, for the same purpose, concealing by other fraudulent means facts that are required to be disclosed.
- False or omitted statements in relation to the issue of the preliminary certificate provided for by the implementing legislation of Directive (EU) 2019/2121 of the European Parliament and of the Council of 27 November 2019: a cross-border offence that may be committed where a person, with the aim of making it appear that the conditions for the issue of the preliminary certificate referred to in Article 29[51] , draws up documents that are wholly or partly false, alters genuine documents, makes false statements or omits relevant information.

2 Sensitive Activities and the protocols to be adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the offences referred to could, in theory, be committed, and the processes that could be considered 'instrumental' to the commission of the so-called 'predicate' offences.

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

- ➢ Procurement of goods and services (Supplier Cycle);
- ➢ Management of cash and financial flows;
- ➢ Staff selection and recruitment;
- ➢ Gifts and expense claims;
- ➢ Management of variable remuneration.

[51] The preliminary certificate attests to the lawful fulfilment, in accordance with the law, of the acts and formalities required prior to the completion of the cross-border merger; for Italian companies participating in the cross-border merger, it is issued by a notary. For foreign companies, each Member State designates the competent body to certify the lawfulness of the merger.

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

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

Sensitive Activities – Corporate offences

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

- **Key individuals, functions and organisational units involved:**
  Finance & Administration, Procurement Department, *CFO*, Chief Executive Officer, Treasury, *IT Manager*

- **Potential offences:**
  - False corporate disclosures (Articles *2621–2621-bis* of the Civil Code)
  - Obstruction of audit (Article 2625(1) of the Italian Civil Code)
  - Unlawful repayment of capital contributions (Article 2626 of the Civil Code)
  - Unlawful distribution of profits and reserves (Article 2627 of the Civil Code)
  - Unlawful transactions involving shares or equity interests in the company or its parent company (Article 2628 of the Civil Code)
  - Transactions to the detriment of creditors (Article 2629 of the Civil Code)
  - Fictitious formation of capital (Article 2632 of the Civil Code)

- **Protocols**

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

- the Company operates in accordance with national accounting standards, and the data and information that each department must provide, as well as the accounting criteria for processing the data and the deadlines for their submission to the relevant departments, are clearly set out;
- all transactions relating to the recognition and recording of business activities are carried out correctly and in accordance with the principles of truthfulness and completeness; furthermore, for each accounting transaction, adequate supporting documentation of the activity carried out (whether relating to assets or liabilities) must be retained in order to enable: (i) straightforward accounting recording, (ii) the identification of the various levels of responsibility; and (iii) the accurate reconstruction of the transaction;
- the heads of the various departments must provide the relevant department with the information requested of them in a timely manner, certifying, where possible, the completeness and accuracy of the information, or indicating the persons who can

provide such certification;

- the collection, transmission and aggregation of accounting information for the purpose of preparing corporate disclosures shall take place exclusively through methods that can guarantee the traceability of the individual steps in the data processing procedure;
- appropriate measures must be adopted to ensure that, should requests be made by any party to alter the criteria for recognition, recording and presentation of accounts, or to make quantitative changes to data compared with that already recorded, the Board of Directors and the Supervisory Board are promptly informed;
- organising regular meetings and/or exchanges of information with any accounting, tax or other advisers, in order to verify their consistent and ongoing professionalism in the management of the service and the preparation of accounting documents;
- the establishment of formalised rules regarding the maintenance, retention and updating of the financial statements and other company accounting documents, from their preparation and any approval by the Board of Directors through to their filing and publication (including in electronic form) and subsequent archiving;
- access to the company's IT systems is permitted only to authorised persons and via the use of *passwords*;
- periodic verification of the 'maintenance' of existing security measures (both IT and organisational) in order to prevent unauthorised access to accounting data and the possibility of transferring such data to external media;
- an obligation on anyone who becomes aware of any anomalies in the operation of the IT system supporting the production of accounts to report them promptly to their line manager, who, if they deem the anomaly to be substantiated, must promptly inform the Supervisory Board;
- to hold regular meetings of the board of directors to assess the adequacy of the administrative and accounting framework, the economic and financial stability, and the Company's operational performance, so as to identify crisis situations;
- periodically verify the proper functioning of *business continuity* and *disaster recovery* plans designed to ensure the preservation of data and information relating to the Company's business activities and the restoration of normal operations of the supporting IT systems following failures that compromise their functionality;
- verification that all accounting documents relating to the items on the agenda of Board of Directors' meetings are complete and made available to directors in good time prior to the date of the meeting.

Management of relations with the audit firm and other corporate bodies, as well as the drafting, maintenance and retention of documents over which they may exercise control: this concerns relations with the audit firm and other corporate bodies in relation to the activities they may carry out in accordance with the provisions of the law.

- **Key individuals, functions and organisational units involved:**
  Finance & Administration, *Accounting & Tax Manager*, *CFO*

- **Potential offences:**
  - Obstruction of audit (Article 2625(1) of the Civil Code)
  - Bribery between private individuals (Article 2635(3) of the Civil Code)
  - Unlawful influence on the general meeting (Article 2636 of the Italian Civil Code)

- **Protocols**

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

- clear segregation of roles between those responsible for preparing the documentation to be provided to the Audit Firm and those authorised to send it;
- clear definition of the roles and responsibilities of those in charge of managing the various stages of the sensitive process (e.g. gathering or providing the information to be sent to the audit firm, checking the accuracy of the documentation/information gathered);
- selection of the audit firm using transparent methods;
- the organisation, where necessary, of one or more meetings – with the drafting of minutes – between the Audit Firm and the Supervisory Board, prior to the meetings of the Board of Directors and the General Meeting convened to approve the financial statements, to discuss the draft financial statements, should any critical issues have arisen during the audit;
- the obligation to document and archive key correspondence with the Audit Firm, as well as any requests for documentation or findings.

3 General principles of conduct set out

Corporate offences

Prohibitions

This Special Section expressly prohibits – directly in the case of company representatives, and through specific contractual clauses in the case of external collaborators and *partners* – the following:

- engaging in, collaborating in or causing the commission of conduct constituting the offences referred to above (Article *25-ter* of the Decree);
- engaging in, collaborating in or causing the commission of conduct which, although not in itself constituting an offence falling within the categories set out above, may potentially become so.

In the context of the aforementioned conduct, it is specifically prohibited to:

- present or transmit, for the purposes of processing and presenting in financial statements, *budgets*, reports or other corporate communications, data that is false, incomplete or, in any case, does not reflect reality, regarding the Company's economic, equity and financial position;
- failing to disclose data and information required by law regarding the Company's economic, asset and financial position;
- return capital contributions to shareholders or release them from the obligation to make such contributions, except in cases of lawful reduction of share capital, in any form not specifically included amongst those described below;
- distributing profits or interim dividends on profits not actually realised or allocated by law to reserves;
- carrying out reductions in share capital, mergers or demergers in breach of the statutory provisions protecting creditors;
- to carry out fictitious formations or increases in share capital by allocating shares or units at a value below their nominal value upon the incorporation of the company or in connection with a capital increase;
- to divert the company's assets, during the liquidation of the Company, from their intended distribution to creditors, by distributing them to the shareholder before creditors have been paid or the sums necessary to satisfy them have been set aside.
- engaging in conduct that materially prevents, through the concealment of documents or the use of other fraudulent means, or that in any case constitutes an obstacle to the performance of control or audit activities in relation to the company's management by the Audit Firm;
- to determine or influence the adoption of resolutions by the Shareholders' Meeting by carrying out simulated or fraudulent acts aimed at altering the proper process by which the Shareholders' Meeting reaches its decisions.

Duties

This section imposes an express obligation on the persons referred to above to:

- conduct themselves in a proper, transparent and cooperative manner, in compliance with the law, in all activities relating to the accounting, preparation and drawing up of Manucor's annual financial statements, as well as other documents required by sector-specific regulations;
- strictly comply with all legal provisions designed to safeguard the integrity and effectiveness of the Company's share capital;
- refrain from carrying out simulated or otherwise fraudulent transactions likely to cause a significant distortion of the economic, equity and financial results achieved by the Company;

In addition, the following supplementary measures are required:

- the implementation of a training programme for relevant staff on corporate offences;

- the scheduling of regular meetings between the Company's control functions and the Supervisory Board to verify compliance with corporate governance regulations;
- the provision, in good time, to the Company's control functions of all documents relating to items on the agenda of meetings of the corporate bodies or on which the Supervisory Board is required by law to give an opinion.

The general guidelines described above supplement, and do not replace, the principles set out in the Code, as well as any *policies*, regulations or procedures providing greater protection established within Manucor.

Corruption between Private Individuals

Prohibitions

This Special Section expressly prohibits – directly in the case of company representatives, and through specific contractual clauses in the case of external collaborators and *partners* – the following:

- giving or promising, including through an intermediary, money or other benefits to directors, managers responsible for preparing company accounts, statutory auditors and liquidators of client companies or potential clients, or partners in general, belonging to the private sector;
- engaging in conduct which, although not in itself constituting an offence *under* Articles 2635 or *2635-bis* of the Civil Code, could potentially become so;
- finding oneself in, or giving rise to, any situation of conflict of interest vis-à-vis one's *partners*, clients or potential clients in relation to the provisions of the aforementioned offence.

In the context of the aforementioned conduct, it is specifically prohibited to:

- providing benefits to consultants, *partners* and collaborators in general that are not adequately justified within the context of the contractual relationship established with them, or in relation to the nature of the assignment to be carried out and prevailing local practices;
- making cash payments or granting benefits of any kind (such as the promise of employment) to the persons referred to in Article 2635 of the Italian Civil Code.

Duties

For the purposes of implementing the above conduct:

- the assignments entrusted to external collaborators must also be set out in writing, specifying the agreed remuneration, and must be proposed and approved by two different individuals;
- company representatives must not accept or solicit gifts, acts of courtesy – such as complimentary items or hospitality – or other benefits, except where these are of modest value and such that they may be considered customary in relation to the occasion and would not be interpreted by an impartial observer as intended to secure advantages improperly. It is not permitted to offer, promise or give gifts, acts of courtesy (such as complimentary items or hospitality), or other benefits unless they are of modest value. In all cases, such expenditure must always be authorised, documented and in compliance

budget limits; furthermore, anyone receiving gifts or benefits of any other nature not included amongst the permitted cases is required to report this to the Supervisory Body, which will assess the propriety of the matter and ensure that the person who provided such gifts is notified of Manucor's policy on the matter;

- during business negotiations, enquiries or commercial dealings with a private individual, the following actions must not be undertaken (either directly or indirectly):
  - explore or propose employment and/or commercial opportunities that may benefit employees of private entities;
  - soliciting or obtaining confidential information that could compromise the integrity or reputation of either party.

The general guidelines described above supplement, and do not replace, the principles set out in the Code, as well as any *policies*, regulations or procedures providing greater protection within Manucor.

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

1 Offences of manslaughter and causing serious or very serious bodily harm in breach of regulations on accident prevention and the protection of health and hygiene at work.

Law No. 123 of 3 August 2007[52]introduced Article *25-septies* into the Decree. Under this provision, the organisation is liable for the following offences:

- manslaughter (Article 589 of the Criminal Code) and
- serious or very serious negligent injury (Article 590 of the Criminal Code),

where the offence of manslaughter has been committed in breach of the regulations on accident prevention and the protection of health and hygiene at work.
The relevant regulations are set out in the Consolidated Act on Safety.
Furthermore, it should be noted that any breach of the employer's duty to ensure the safety of the workplace (Article 2087 of the Civil Code) – resulting in an injury that is at least serious – automatically triggers the initiation of proceedings against the company. Case law has, in fact, established that any breach of regulations concerning workplace safety aggravates the offences of manslaughter and causing serious or very serious bodily harm through negligence and, therefore, renders Article *25-septies* of the Decree applicable.

Serious or very serious injury is defined (Article 583 of the Criminal Code) as an injury that causes:

- an illness that endangers the life of the injured person, or an illness or an inability to carry out ordinary activities for a period exceeding forty days;
- the permanent impairment of a sense or an organ; an illness that is certainly or probably incurable; the loss of a sense; the loss of a limb, or a mutilation rendering the limb useless, or the loss of the use of an organ or the capacity to procreate, or a permanent and serious speech impediment; disfigurement, or a permanent scar on the face.

From a subjective perspective, murder or serious bodily harm relevant to the administrative liability of legal entities must be committed through negligence: this aspect of subjective liability may be generic (breach of rules of conduct established within the social fabric on the basis of rules of experience centred on the parameters of diligence, prudence and expertise) or specific (breach of rules of conduct laid down by laws or regulations). This represents a fundamental difference from the criteria for subjective liability set out for the other criminal offences referred to in the Decree, all of which are punishable on the basis of intent (with the exception of the offence *under* Article *452-quinques* of the Criminal Code, referred to in Article *25-undecies* of the Decree): in such cases, it is necessary for the person to act whilst representing and intending the occurrence of the event – as a consequence of their own

[52] Published in the Official Gazette No. 185 of 10 August 2007, and came into force on 25 August 2007.

criminal conduct, as mere imprudent or unskilled behaviour in relation to such conduct is not sufficient.
Under the Decree, the agent's harmful conduct constituting the offences of manslaughter and serious or very serious negligent injury must necessarily be an aggravated offence, that is to say, it must result from a breach of health and safety regulations concerning the protection of health and safety at work. For the purposes of implementing the Model, it is nevertheless necessary to bear in mind that:

- compliance with *the* minimum safety *standards* laid down by sector-specific legislation does not, in itself, fulfil the overall duty of care required;
- it is necessary to ensure the adoption of safety *standards* such as to minimise (and, where possible, eliminate) any risk of accident or illness, taking into account the best available technical and scientific knowledge, in accordance with the specific nature of the work;
- the conduct of the injured worker which gave rise to the incident does not exclude all liability on the part of the individual or the organisation, where such conduct is attributable, in any event, to the absence or inadequacy of precautions which, had they been taken, would have neutralised the risk inherent in such conduct. Liability is excluded only where the worker's conduct is of an exceptional, abnormal or excessive nature in relation to the work process, the organisational instructions received and the standard of reasonable care.

As regards the persons protected, health and safety regulations protect not only employees but all persons who lawfully enter company premises. As for the perpetrators, these types of offences may be committed by those who, by virtue of their role, carry out activities that are particularly relevant in this regard. For example:

- a worker who, through their actions and/or omissions, may jeopardise their own health and safety and that of others;
- the Health and Safety Manager (RSPP), who is responsible for coordinating the risk prevention and protection service;
- the employer, as the key figure in the field of prevention and protection.

2 Sensitive Activities and the Protocols to be Adopted

An analysis of Manucor's business processes has enabled the identification of activities whose omission or ineffective implementation could potentially give rise to the offences referred to in Article *25-septies* of the Decree.

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

System for the allocation of responsibility and organisation of safety: these are the activities aimed at the correct identification of roles and responsibilities regarding health and safety at work, leading to the identification

of the various roles: Employer ('E'), Workers' Safety Representative ('WSR'), Head of the Prevention and Protection Service ('HPPS'), and Occupational Health Physician.

- **Key Parties, Functions and Organisational Units involved:**
  Employer, Employer's Delegate, RLS, RSPP, Occupational Health Physician

- **Potential offences:**
  - Manslaughter (Article 589 of the Italian Criminal Code)
  - Negligent causing of bodily harm (Article 590 of the Italian Criminal Code)

- **Protocols**

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

- definition by the Designated Manager (a natural person to whom, as evidenced by official company documentation, responsibility for the company's organisation is assigned, including for the purposes of the health and safety legislation in force at any given time) and notification to the Board of Directors and the Supervisory Board of the organisational structure responsible for overseeing health and safety at work, as well as any subsequent amendments thereto;
- clear identification of the Safety Manager and, in the event of delegations of authority, formalisation thereof in accordance with the requirements set out in Article 16 of Legislative Decree 81/2008. The system of delegations must be documented and traceable;
- the appointment of the Health and Safety Manager (RSPP) and the Occupational Health Physician; these roles are carried out in compliance with the legislation in force at any given time and in such a way as to ensure adherence to the principles of fairness, transparency and traceability; specifically, the Company: (i) constantly verifies that the specific requirements laid down by the relevant legislation are met; (ii) carries out an *assessment* of staff to ascertain their capabilities and availability to fulfil these specific roles; (iii) provides for the formal designation and assignment of these roles; and (iv) ensures the traceability of the formal acceptance of the roles assigned;
- verifies, where the Prevention and Protection Service is outsourced, that the relationship between the service provider and the Companies is formally set out in a contract and that specific clauses are included requiring *the outsourcer* to comply with the principles contained in the Model and in this Special Part, and governing the consequences arising from breaches of the provisions contained therein.

Risk identification and assessment: these are activities aimed at assessing business risks in accordance with the requirements set out in Legislative Decree No. 81/2008.

➢ **Key Parties, Functions and Organisational Units involved:**

Employer, *Site and Operations Manager* (Employer's Delegate), Health and Safety Representative (RSL), Health and Safety Manager (RSPP), Occupational Health Physician, External Consultants

➢ **Potential offences:**

- Manslaughter (Article 589 of the Italian Criminal Code)
- Negligent causing of bodily harm (Article 590 of the Italian Criminal Code)

➢ **Protocols**

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

- a clear definition of roles and responsibilities in order to identify: (i) the responsibilities for verifying, approving and updating the contents of the Risk Assessment Document (RAD); (ii) the procedures and criteria for reviewing the processes for identifying hazards and assessing risks; (iii) the traceability of the Occupational Health Physician's involvement in the process of identifying hazards and assessing risks;
- identification of workers' duties;
- definition of the assessment criteria adopted for the various risk categories in accordance with current legislation and regulations;
- drafting of the Risk Assessment Document (DVR) in accordance with the provisions of the law; it contains: (i) the assessment procedure, specifying the criteria adopted and the names of those who participated in the assessment; (ii) the identification of prevention and protection measures and any personal protective equipment, as well as the procedures for implementing the measures resulting from the assessment; (iii) the programme of measures deemed appropriate to ensure the continuous improvement of safety levels over time; (iv) the identification of tasks that expose workers to specific risks requiring recognised professional skills and specific experience, education and training;
- timely updating of the Risk Assessment Document (RAD) in the event of a change in workplace risks, new regulatory provisions, or accidents or significant events that suggest a need for amendment;
- submission of the DVR to the Supervisory Body and the obligation to inform the latter of any updates;
- in relation to cleaning and maintenance activities at Manucor's offices, the preparation of a DUVRI or evidence that such a document is not required due to the absence of any interference.

Process for defining and managing protection and prevention procedures: this involves the identification, preparation, implementation and dissemination of procedures designed to prevent accidents at work, both under normal conditions and in emergency situations.

➢ **Key Parties, Roles and Organisational Units involved:**

Employer, Health and Safety Manager (RSPP), Employer's Representative, Workers' Safety Representative (RLS), Workers responsible for managing the implementation of fire prevention and first aid measures, External consultants

➢ **Potential offences:**

- Manslaughter (Article 589 of the Italian Criminal Code)
- Negligent causing of bodily harm (Article 590 of the Italian Criminal Code)

➢ **Protocols**

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

- Drawing up plans and organising regular training and information sessions aimed at publicising and disseminating both managerial and operational safety procedures;
- review of any safety procedures that may have been breached in the event of accidents, near-misses or emergency situations;
- carrying out preventive and scheduled maintenance on all systems and work areas, ensuring that all safety and alarm devices are in working order;
- organising emergency management and evacuation procedures, including carrying out appropriate drills;
- defining, implementing, disseminating and monitoring prevention and protection procedures for each of the roles involved in the organisational structure responsible for health and safety at work (Managing Director, Head of the Prevention and Protection Service, Occupational Health Physician), each in accordance with their respective roles and responsibilities.

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

- the Managing Director, in accordance with Articles 17 and 29 of Legislative Decree 81/2008, defines and maintains the criteria and methodologies for identifying general and specific workplace risks;
- the Head of the Prevention and Protection Service: (i) reports periodically to the Managing Director on the effectiveness and efficiency of the system for safeguarding the health and safety of workers at Manucor's workplaces. This report highlights any critical issues, including those arising from significant changes to the organisation of work, or relating to advances in technology, prevention and protection, or following significant accidents, and sets out the countermeasures and mitigation strategies already planned and/or adopted (solution/person responsible) as well as situations not yet addressed; (ii) verifies the adequacy of the company's regulations on health and safety at work; (iii) oversees the activities of the Health and Safety Service; (iv) convenes the annual meeting with the relevant parties;
- the Occupational Health Physician reports to the Managing Director at least once a year on the work carried out and any critical issues identified. Should the Occupational Health Physician ascertain non-compliance

by the Employer of the assessments of temporary or permanent unfitness relating to a specific role of one or more workers, he or she shall promptly report this to the Supervisory Body;

- the Workers' Safety Representative (RSL) cooperates with the Employer by reporting any irregularities identified and proposing appropriate solutions. The same RSL, in accordance with the regulations, has the right to access workplaces, including during inspections, as well as to company documentation relating to risk assessment and the associated preventive measures;
- the Health and Safety Manager (RSPP) meets at least once a year with the Health and Safety Representative (RLS), the occupational health doctor and the Employer (DL) or their representative, in accordance with Article 35 of Legislative Decree 81/2008. A copy of the minutes is forwarded by the Employer to the Supervisory Board;
- Upon completion of the activity, a specific report is drawn up containing the results of the assessment carried out. On the basis of the findings that emerged during the activity and the recorded results, the actions to be implemented in order to rectify the non-conformities identified are defined.

3 General principles of conduct

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

- compliance, in particular, with *the* statutory technical and structural *standards* relating to equipment, installations and workplaces;
- the carrying out of risk assessments and the implementation of the resulting prevention and protection measures;
- the performance of organisational activities, such as emergency procedures, first aid, contract management, regular health and safety meetings, and consultations with workers' health and safety representatives;
- the provision of occupational health surveillance;
- the provision of information and training to workers;
- monitoring workers' compliance with safety procedures and work instructions;
- obtaining documentation and certifications required by law;
- periodic checks on the implementation and effectiveness of the procedures adopted.

Prohibitions

This Special Section therefore expressly prohibits the addressees from:

- engaging in conduct that could facilitate the commission of offences as set out in Article *25-septies* of the Decree;
- failing to update preventive measures in response to organisational changes that are relevant to health and safety at work;
- failing to adopt fire safety and rapid evacuation measures in the event of serious and immediate danger.

Obligations

This Special Section also provides for the express obligation on the part of the above-mentioned parties to:

- comply with the provisions of the Risk Assessment Document (DVR) and any other safety protocol, document or related procedure;
- use equipment, means of transport and other work equipment, as well as safety devices, correctly;
- immediately report to the Head of the Prevention and Protection Service any deficiencies in the equipment and devices referred to in the preceding point, as well as any other hazardous conditions of which they become aware, taking direct action in the event of an emergency;
- not to remove or alter, without authorisation, or in any way compromise safety, signalling or control devices;
- not to carry out, on their own initiative, operations or manoeuvres that fall outside their remit or that may compromise their own safety or that of other workers;
- comply with the requirements set out in the Emergency and Evacuation Plan;
- comply with the instructions given by safety signage and with the contents of the emergency safety procedures communicated by the Health and Safety Manager (RSPP), including through classroom training.

SPECIAL SECTION "E"
OFFENCES RELATING TO MONEY LAUNDERING, RECEIVING STOLEN GOODS AND SELF-LAUNDERING

1 Receiving Stolen Goods, Money Laundering and Self-Laundering

The Legislative Decree of 16 November 2007 [53] extended the scope of the Decree to include the offences set out in Articles 648 of the Criminal Code (Receiving stolen goods), *648-bis* of the Criminal Code (Money laundering) and *648-ter* of the Criminal Code (Use of money, property or benefits of criminal origin). Through these provisions, the legislator aims to prevent persons other than those who committed the offence (the so-called 'predicate offence') from taking an interest in the proceeds of that offence ('except in cases of complicity…'). The core of these three offences, therefore, lies in activities occurring after a crime has been committed; these activities nevertheless involve an infringement of a legal interest such as property (as these provisions are designed to prevent any financial gain derived from assets of criminal origin) and a legal interest such as the administration of justice (as, in any case, assets of unlawful origin, through criminal conduct, risk being dispersed, thereby creating an obstacle for the authorities in their work of investigating and prosecuting the predicate offences). The differences between Articles 648, *648-bis* and *648-ter* of the Criminal Code lie essentially in the conduct (material element) and in the intent (generic or specific, subjective element). With regard to the material element:

- Receiving stolen goods: it is a criminal offence to purchase, receive, conceal or intervene to purchase, receive or conceal money or property derived from a criminal offence;
- Money laundering: it is a criminal offence to substitute, transfer or carry out other transactions in such a way as to hinder the identification of the criminal origin of money, property or other benefits derived from a criminal offence;
- Use of money, property or assets of criminal origin: it is a criminal offence to use money, property or assets of criminal origin in economic or financial activities.

With regard to the subjective element:

- Receiving stolen goods: it is a criminal offence to engage in conduct with the intention of obtaining a profit for oneself or for others (specific intent);
- Money laundering: this is an offence involving general intent;
- Use of money, property or benefits of criminal origin: this is an offence involving general intent.

Of these three criminal offences, within the context of corporate criminal law, money laundering is undoubtedly the most significant and, therefore, the most important risk to consider (in US legislation, this is referred to as *'money* laundering').
The legislation, which is constantly evolving, imposes restrictions on the use and transfer of cash, as well as obligations regarding customer identification and record-keeping on the part of

[53] Implementing Directive 2005/60/EC of 26 October 2005 and Directive 2006/70/EC of 1 August 2006.

financial intermediaries and the reporting of suspicious transactions, as well as operational rules for the prevention of criminal activities.
It should be noted that in 2013, the offence of unauthorised use or alteration of credit or payment cards, or any other similar document enabling the withdrawal of cash or the purchase of goods or the provision of services, was brought within the scope of the Decree.

Offence of self-laundering
Article 3 of Law No. 186 of 15 December 2014, *'Provisions concerning the disclosure and repatriation of capital held abroad, as well as the strengthening of the fight against tax evasion. Provisions concerning self-laundering'*, introduced, *inter alia*, into the Italian legal system the offence of self-laundering, which punishes *'any person who, having committed or participated in the commission of an intentional offence, uses, substitutes or transfers, in economic, financial, business or speculative activities, the money, property or other benefits derived from the commission of that offence, in such a way as to effectively obstruct the identification of their unlawful origin*'.
The offence of self-laundering constitutes a multi-faceted offence, capable of exacerbating the damage to the assets of the victim of the predicate offence and of also undermining the administration of justice and the public economy as a whole. Those who engage in self-laundering through investments and purchases of various kinds prevent or hinder efforts to compensate the victim, distort credit and price trends and, ultimately, the entire system of economic relations.
Self-laundering is a distinct offence in its own right, in that the perpetrator must necessarily be the person who participated in the commission of the intentional predicate offence from which the proceeds subject to reinvestment were derived.
As regards the material element, the typical conduct constituting the offence takes three different factual forms: the substitution, transfer or use in economic or financial activities of money, assets or other benefits derived from the commission of the non-culpable offence.
The definition of punishable conduct is limited to those acts which, whilst not necessarily deceptive in themselves (i.e. constituting the deception and trickery typical of fraud), objectively make it difficult to identify the criminal origin of the asset.
In particular, the concept of the substitution of money, property or other assets of criminal origin encompasses all activities aimed at the so-called 'laundering' of the proceeds of crime, by severing any possible link with the offence (substitution, therefore, can take a wide variety of forms, for example by exchanging cash for other banknotes, depositing it in a bank and subsequently withdrawing it).
Transfer, on the other hand, constitutes a specific form of substitution and concerns all conduct involving the movement of assets of criminal origin from one person to another or from one place to another, so as to obscure the trace of ownership, origin and actual destination. The transfer or substitution of illicit proceeds must relate to financial,

economic or speculative activities, as provided for in paragraph 4 of Article *648-ter* 1 of the Criminal Code. In any event, the offence is not punishable if the money, property or other benefits of illicit origin are intended for personal use or enjoyment.
As regards the subjective element, the offence is punishable on the basis of general intent, which consists of the awareness and intention to carry out the substitution, transfer or other transactions involving money, assets or other benefits, together with the awareness that such conduct is likely to hinder the identification of their origin. The main categories of predicate offences for the offence of self-laundering may include:

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

Consequently, as a result of the offence in question, the predicate offence may also be a crime that is not currently covered by the scope of the Decree[54] .

2 Sensitive Activities and the protocols to be adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the offences referred to could, in theory, be committed.

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

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

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

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

[54] Legislative Decree No. 195/2021 on the "Implementation of Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law", introducing amendments to the offence of handling stolen goods (Article 648 of the Criminal Code), money laundering (Article 648-bis of the Criminal Code), the use of money, property or benefits of unlawful origin (Article 648-ter of the Criminal Code), self-laundering (Article 648 ter.1 of the Italian Criminal Code), and has provided that offences punishable by imprisonment of not more than one year or not less than six months shall also be deemed predicate offences for the crimes listed above (the penalty will vary depending on whether the predicate offence is a crime or a misdemeanour). Furthermore, among the predicate offences, negligent offences are also relevant for money laundering and self-laundering.

Intra-group contracts and financial flows: this refers to all activities relating to dealings with companies belonging to the Manucor Group.

- Key Parties, Functions and Organisational Units involved:
  Administration & Finance, Chief Executive Officer

- **Potential offences:**

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

- **Protocols**

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

- assessment, during a formal meeting of the Board of Directors, of the objectives, profitability and the Company's interest in carrying out an intra-group transaction;
- formalisation of the contractual terms and conditions governing relations and transactions between companies belonging to the same group; specifically, for each intra-group transaction, a written contract is drawn up, which contains, respectively:
  - ✓ the identification of the contracting parties;
  - ✓ a description of the subject matter (provision of services, purchase/sale of goods, granting of loans) of the contract;
  - ✓ a statement of the consideration (price, commission, interest rate) or, at the very least, the criteria for determining the relevant consideration;
  - ✓ the duration of the contract.
- a guarantee that the consideration for intra-group transactions is at arm's length in accordance with the provisions of Article 110(7) of Presidential Decree No. 917 of 22 December 1986 and the OECD Transfer Pricing Guidelines;
- compliance with the following operational protocols:
  - ✓ an original copy of the contract, signed by the parties, is duly filed and retained at the Company's registered office;
  - ✓ the services covered by the contract are effectively performed by the various parties involved in accordance with the agreed terms, conditions and procedures;
  - ✓ adequate documentary evidence of purchases or sales, and of services rendered or acquired, is maintained by the relevant manager (with the relevant documents archived at the Company's registered office);
  - ✓ payments made or received as consideration comply with: (i) the sales/services actually rendered/received and (ii) the terms set out in the relevant contract;
  - ✓ all payments are made upon the issue of an invoice or equivalent document, where required by law; invoices are recorded

only after verification that they correspond accurately – with regard to both the existence of the transaction and the amount thereof as stated on the invoice; in the absence of specific supporting documentation, the invoice is recorded only upon presentation of an appropriate memo drawn up and signed by the requesting department, specifying the reasons for the lack of such documentation;
  - ✓ all payments are duly recorded in accordance with the applicable legal provisions;
- Periodic reconciliations are carried out using the SAP system.

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

➢ **Key Parties, Functions and Organisational Units involved:**

Purchasing/Procurement *Purchasing/Procurement*, *Finance & Administration*, Chief Executive Officer, Director or Head of the requesting department

➢ **Possible offences:**

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

➢ **Protocols**

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

- select and assess suppliers in accordance with the internal procedures adopted;
- carry out periodic audits of suppliers aimed, in particular, at verifying that each supplier and its legal representatives are not involved in legal proceedings for offences provided for by Legislative Decree 231/2001;
- the relevant departments must promptly report to the Supervisory Body in cases where:
  - ✓ the supplier refuses or is unjustifiably reluctant to provide the information necessary to declare the business activity carried out, to submit accounting or other documentation, or to provide any other information which, under normal circumstances, is obtained in the course of normal business activities;
  - ✓ the supplier refuses or objects to providing the account number to which the payment has been or will be credited;
  - ✓ the supplier provides information that is manifestly inaccurate or incomplete, such as to indicate an intention to conceal essential information;
  - ✓ the supplier uses identification documents that appear to be forged;
  - ✓ the supplier uses the services of a front man without plausible justification.

Management of corporate transactions: this refers to activities aimed at carrying out extraordinary transactions.

- **Key Parties, Functions and Organisational Units involved:**
  Board of Directors

- **Potential offences:**
  - Money laundering (Article *648-bis* of the Italian Criminal Code)
  - Use of money, property or benefits of unlawful origin (Article *648-ter* of the Italian Criminal Code)
  - Self-laundering (Article *648-ter(*1) of the Italian Criminal Code)
- **Protocols**

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

- always assess, during a formal meeting of the board of directors, the objectives, profitability and the Company's interest in carrying out an extraordinary transaction;
- ensure that data and information relating to extraordinary transactions (acquisitions, mergers, demergers, etc.) are forwarded to the Supervisory Board via a system (including an IT system) that allows the tracking of individual steps, including with regard to the inflow and outflow of cash, in order to verify, for example, the existence of certain indicators of anomalies, such as, by way of example but not limited to:
  - ✓ the carrying out of transactions financed by international payments, in particular from foreign countries known as *offshore* centres or characterised by preferential tax regimes or banking secrecy, or designated by the FATF as non-cooperative;
  - ✓ transactions characterised by an unjustified use of payment techniques involving clearing, or by factors such as the agent's registered address being with a third party, the use of post office boxes, or postal addresses other than the tax or business address;
  - ✓ settlement of payments by means of cheques with consecutive serial numbers, or multiple cheques of the same amount bearing the same date, or cheques without the payee's name;
  - ✓ transactions carried out with counterparties in locations that are unusual for the party concerned;
  - ✓ sending and receiving money to and from numerous and recurring counterparties abroad in locations that are not geographically distant;
  - ✓ transactions involving counterparties based in foreign countries known as offshore centres or characterised by preferential tax regimes or banking secrecy, or designated by the Financial Action Task Force

(FATF) as non-cooperative, and which are not justified by the customer's economic activity or other circumstances;

- ✓ transactions relating to the creation and transfer of real property rights, carried out using means of payment originating from the aforementioned countries;
- ✓ seeking financing on the basis of guarantees, including those in the form of securities or certificates, attesting to the existence of substantial deposits with foreign banks, particularly if such deposits or loans are held with or granted by entities established in those countries.

Tax management and compliance: this refers to activities aimed at preparing tax documents, paying taxes, etc.

- ➢ **Key Parties, Functions and Organisational Units involved:**
  Finance & Administration, *CFO*, Chief Executive Officer, Treasury, *IT Manager*
- ➢ **Potential offences:**
  - o Money laundering (Article *648-bis* of the Italian Criminal Code)
  - o Use of money, property or benefits of unlawful origin (Article *648-ter* of the Italian Criminal Code)
  - o Self-laundering (Article *648-ter(*1) of the Italian Criminal Code)

- ➢ **Protocols**

The management of the identified sensitive area provides for:

- segregation within the process, with a separation of roles between those responsible for recording financial transactions, those responsible for verifying the entries, and those responsible for tax management;
- traceability of the decision-making process through documentation and archiving (electronic and/or paper-based) of every activity within the process by the relevant department;
- the use of a dedicated IT system for recording outgoing and incoming invoices, as well as any other financial transaction;
- regulation and monitoring of access to the IT system;
- proper maintenance and retention of the accounting records required for the purposes of income tax and value added tax;
- calculation and determination of taxes due with the assistance of a third-party adviser, with whom a specific written contract must be signed, including *standard* clauses regarding the adviser's unconditional acceptance of the Model;
- regular training sessions on tax matters and related obligations, delivered by a third-party adviser;
- periodic review of the correct fulfilment of tax obligations;
- verification, with a third-party adviser, of any tax implications arising from the execution of a transaction of an ordinary or extraordinary nature;

- external advisers who assist the Company in managing tax matters and tax litigation are selected, with reasons given for the choices made, on the basis of requirements relating to professionalism, independence and competence;
- the professionals appointed to provide tax advice must not have been convicted, under investigation or have entered into the procedure *under* Article 444 of the Code of Criminal Procedure in relation to offences provided for by Legislative Decree 74/2000.

3 General principles of conduct

Prohibitions

This Special Section **expressly prohibits the Addressees** from:

- carry out, collaborate in, or cause the commission of conduct constituting the offences referred to above (Article *25-octies* of the Decree);
- to engage in, collaborate in or cause the commission of acts which, although not in themselves constituting offences falling within the categories set out above, may potentially become such.

Duties

This section imposes **an** express **obligation** on the persons referred to above to:

- be familiar with and comply with all measures designed to ensure the proper management of cash flow, and, consequently, of receipts and payments;
- verify the commercial and professional reliability of suppliers;
- verify the regularity of payments, ensuring that the recipients/payers of the payments correspond exactly to the counterparties actually involved in the commercial transactions;
- carry out formal and substantive checks on the company's cash flows, with regard to receipts from third parties, payments to third parties and intra-group transactions. These checks must take into account, amongst other things, the registered office of the counterparty company (e.g. tax havens, countries at risk of terrorism, etc.), and the credit institutions used (the registered offices of the banks involved in the transactions and institutions that have no physical presence in any country).

The general guidelines described above supplement, and do not replace, the principles set out in the Code, as well as any *policies*, regulations and procedures providing greater protection within Manucor.

SPECIAL SECTION "F"
OFFENCES RELATED TO IMMIGRATION

1 Offences provided for in Article *25-duodecies* of the Decree

Employment of third-country nationals whose stay in Italy is irregular
Legislative Decree 109/2012, containing: "Implementation of Directive 2009/52/EC introducing minimum standards on sanctions and measures against employers who employ third-country nationals whose stay is irregular" refers in Article 25-duodecies of the Decree to the offence referred to in Article 22(12-bis) of Legislative Decree No. 286/1998 (the employment of third-country nationals whose stay in Italy is irregular).

Offences of facilitating unlawful entry and aiding and abetting unauthorised residence
Article 30(4) of Law No. 161 of 17 October 2017, containing 'Amendments to the Code of Anti-Mafia Laws and Preventive Measures, as set out in Legislative Decree No. 159 of 6 September 2011, to the Criminal Code and to the implementing, coordinating and transitional provisions of the Code of Criminal Procedure and other provisions. Authorisation to the Government for the protection of employment in seized and confiscated companies' has included, amongst the predicate offences of the Decree, in Article *25-duodecies*, the offences of facilitating unlawful entry, as referred to in Article 12, paragraphs 3, *3-bis* and *3-ter* of Legislative Decree No. 286 of 25 July 1998, and aiding and abetting illegal residence, *pursuant to* Article 12(5) of Legislative Decree No. 286 of 25 July 1998, concerning illegal immigration.

2 Sensitive Activities and the protocols to be adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the offences referred to could, in theory, be committed. Listed below are: i) sensitive activities; ii) the functions/organisational units involved; iii) the offences that could potentially be committed; iv) the specific prevention protocols.

Staff recruitment*:* this refers to the procedures for selecting candidates to be employed under an employment contract.

- **Key Individuals, Functions and Organisational Units involved:**
  HR Manager, Head of the department for which the new recruit is required

- **Potential offences:**
  - Employment of third-country nationals residing in the country illegally (Article 22, paragraph *12-bis*, of Legislative Decree No. 286 of 25 July 1998);
  - The offence of facilitating unlawful entry (Article 12, paragraphs 3, *3-bis* and *3-ter* of Legislative Decree No. 286 of 25 July 1998);

- The offence of aiding and abetting unauthorised residence (Article 12(5) of Legislative Decree No. 286 of 25 July 1998)

➢ **Protocols**

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

- carry out preliminary checks, including by consulting the relevant authorities, regarding the validity of residence permits and whether non-EU candidates applying for employment generally meet the requirements for work;
- carry out periodic follow-up checks to ensure that non-EU foreign nationals recruited and employed by the Company continue to meet the requirements for the validity of their residence permits.

3 General principles of conduct

In carrying out their respective duties and functions within the scope of the aforementioned sensitive activities, in addition to being familiar with and complying with the principles set out in the Code, the operational procedures and all other internal regulations, company representatives, directly, and external collaborators and partners, through specific contractual clauses, must comply with the rules of conduct contained in this Model.

This Special ***Section*** expressly ***prohibits***:

- engaging in conduct that constitutes the offences referred to above (*pursuant* to Article *25-duodecies* of the Decree) or conduct which, although not in itself constituting an offence, may potentially constitute one of the offences under consideration here;
- breaching the principles and procedures in place within the company relating to the recruitment of foreign workers and/or set out in this Special Section.

Consequently, this Special Section imposes ***an*** express ***obligation*** on the persons referred to above to:

- conduct themselves in a proper, transparent and cooperative manner, in compliance with the legal provisions relating to the employment of third-country nationals;
- make all communications required by law and regulations to the supervisory authorities in a timely, correct and good-faith manner, without placing any obstacle in the way of the supervisory functions that these authorities may exercise.

The general rules of conduct described above supplement, and do not replace, the principles set out in the Code, as well as any *policies*, regulations and procedures providing greater protection within Manucor.

SPECIAL SECTION "G"
TAX OFFENCES

1 Tax Offences

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

- **fraudulent declaration through the use of invoices or other documents relating to non-existent transactions** (Article 2, Legislative Decree 74/2000): it constitutes an offence for any person, with the aim of evading income tax or value added tax, to use invoices or other documents relating to non-existent transactions to include fictitious liabilities in a tax return relating to those taxes. The offence is deemed to have been committed by using invoices or other documents relating to non-existent transactions when such invoices or documents are recorded in the mandatory accounting records, or are held for the purpose of providing evidence to the tax authorities;

- **fraudulent declaration by other means** (Article 3, Legislative Decree 74/2000): it is a criminal offence for a person, with the aim of evading income tax or value added tax, to carry out transactions that are objectively or subjectively simulated, or to use false documents or other fraudulent means capable of obstructing theassessment and to mislead the tax authorities, declares in one of the returns relating to those taxes assets amounting to less than the actual figure, or fictitious liabilities, or fictitious credits and withholdings, where, taken together: a) the evaded tax exceeds, in respect of any single tax, €30,000.00; b) the total amount of assets evaded from taxation, including through the declaration of fictitious liabilities, exceeds five per cent of the total amount of assets declared, or in any event exceeds €1,500,000.00, or where the total amount of fictitious credits and withholdings reducing the tax liability exceeds five per cent of the tax liability itself or, in any event, exceeds €30,000.00. The offence is deemed to have been committed using forged documents when such documents are recorded in the mandatory accounting records or are held for the purpose of providing evidence to the tax authorities;

- **false declaration** (Article 4, Legislative Decree 74/2000): this offence punishes persons who, in an annual income tax or VAT return, declare assets at an amount lower than the actual figure or non-existent liabilities, where the evaded tax exceeds €100,000.00 and the total amount of assets

withheld from taxation exceeding 10 per cent of the assets declared, or, in any event, exceeding €2,000,000.00. This offence is relevant for the purposes of Regulation 231 if committed, even in part, within the territory of another EU Member State with the aim of evading VAT amounting to a total of not less than €10,000,000.00;

- **failure to file a tax return** (Article 5, Legislative Decree 74/2000): the offence of failure to file a tax return penalises the failure to submit the annual income tax return, VAT return or withholding tax return where the evaded tax for each tax type exceeds €50,000.00. This offence is relevant for the purposes of Regulation 231 if committed, even in part, within the territory of another EU Member State with the aim of evading VAT amounting to a total of not less than €10,000,000.00;

- **issuing invoices or other documents for non-existent transactions** (Article 8, Legislative Decree 74/2000): the criminally relevant conduct consists of issuing or providing invoices or other documents for non-existent transactions, with the aim of enabling third parties to evade income tax or value added tax;

- **concealment or destruction of accounting documents** (Article 10 of Legislative Decree 74/2000): the criminally relevant conduct consists of concealing or destroying, in whole or in part, accounting records or documents which must be retained by law, so as to prevent the reconstruction of income or turnover, with the aim of evading income tax or value added tax, or of enabling third parties to evade such taxes;

- **unlawful set-off** (Article *10-quater*, Legislative Decree 74/2000): the offence of unlawful set-off is committed when the credits to which the taxpayer is not entitled or which do not exist, used as a set-off to avoid payment of the sums due, exceed €50,000.00. This offence is relevant for the purposes of Regulation 231 if committed, even in part, within the territory of another EU Member State with the aim of evading VAT amounting to a total of not less than €10,000,000.00;

- **fraudulent evasion of tax payments** (Article 11, Legislative Decree 74/2000): it is an offence for any person who: (i), with the aim of evading the payment of income tax or value added tax, or of interest or administrative penalties relating to such taxes, totalling more than €50,000.00, simulates the disposal of, or carries out other fraudulent acts in respect of, their own or another person's assets, such as to render the enforced collection procedure wholly or partly ineffective; (ii) with the aim of obtaining, for themselves or for others, a partial payment of taxes and related charges, states in the documentation submitted for the purposes of the tax settlement procedure assets amounting to less than the actual figure or fictitious liabilities totalling more than €50,000.00.

2 Sensitive Activities and the Protocols to be Adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the offences referred to could, in theory, be committed.

The **processes instrumental** to the commission of the offences referred to in this section are as follows:

- Procurement of goods or services;
- Management of cash and financial flows;
- Gifts, entertainment expenses and expense claims.

For details of the control protocols to be adopted, please refer to the relevant Special Part J.

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

***Preparation of tax returns and related obligations*:** this refers to the process of drawing up tax returns, based on accounting records, and the associated obligations, such as the submission of returns, payment of the relevant taxes, etc.

- **Key Parties, Functions and Organisational Units involved:**
  Finance & Administration, *CFO*, Chief Executive Officer, Treasury, *IT Manager*

- **Potential offences:**
  - fraudulent tax returns through the use of invoices or other documents relating to non-existent transactions (Article 2 of Legislative Decree 74/2000);
  - fraudulent declaration through other means (Article 3 of Legislative Decree 74/2000);
  - untruthful declaration (Article 4 of Legislative Decree 74/2000);
  - failure to make a declaration (Article 5 of Legislative Decree 74/2000);
  - unauthorised set-off (Article *10-quater* of Legislative Decree 74/2000).

- **Protocols**

The Company has implemented/will implement the following protocols:

- ensuring a clear separation of roles and responsibilities between those responsible for the recording and accounting of business transactions and those responsible for

calculate taxes and prepare tax returns and the related payments;

- provide for control mechanisms to ensure that every cost or revenue item is supported by an invoice or any other documentation attesting to the existence of the transaction;
- ensuring that any increases and/or decreases reported in tax returns (IRES and IRAP) are supported by adequate documentation and justifications in accordance with applicable tax legislation;
- ensure that the data and information reported in VAT returns (where filed) are compliant with and consistent with the VAT registers and the VAT settlements made;
- ensure that taxes paid (IRES, IRAP, withholding tax) are consistent with the data and information reported in tax returns;
- guarantee compliance with the obligations required by legislation on direct and indirect taxes;
- to arrange regular discussions with tax advisers on tax matters and related obligations;
- establish mechanisms for the periodic review of the correct fulfilment of tax obligations, as well as for verifying the correspondence between accounting data and the calculation bases required for the purposes of calculating taxes and the related settlements;
- verify, in the event of a claim for tax allowances and/or deductions, that the necessary requirements are actually met;
- where a third-party adviser is engaged to prepare and submit tax returns and/or to make payments of withholding tax on employees' income, enter into a specific contract containing clauses regarding the consultant's unconditional acceptance of the principles set out in the Decree, as well as the provisions of the Model and the Code, reserving the right for the Company to terminate the contractual relationship should the consultant breach such rules or provisions.

***Recognition, accounting and recording of purchase transactions*:** this involves the management of purchase cycle transactions (purchase of goods and services), which form the basis for the relevant tax and accounting entries, based on contractual and tax documentation.

➢ **Key Parties, Functions and Organisational Units involved:**
Finance & Administration, *CFO*, Chief Executive Officer, Treasury, *IT Manager*

➢ **Potential offences:**

- fraudulent declarations through the use of invoices or other documents relating to non-existent transactions (Article 2 of Legislative Decree 74/2000);

- fraudulent declaration through other means (Article 3 of Legislative Decree 74/2000);
- untruthful declaration (Article 4 of Legislative Decree 74/2000);
- failure to submit a declaration (Article 5 of Legislative Decree 74/2000);
- issuing invoices or other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000).

➢ **Protocols**

The management of this sensitive activity involves:

- compliance with the control protocols relating to accounting records set out in Special Part C – Corporate Offences, sensitive process 'Preparation of communications and accounting records (bookkeeping, preparation of financial statements, reports and corporate communications in general)';
- compliance with the control protocols set out in Special Part E – Offences of money laundering, handling stolen goods and self-laundering;
- compliance with the control protocols set out in Special Part I – Instrumental Processes, specifically the process 'Procurement of goods and services';
- the traceability of the decision-making process, through documentation and archiving (electronic and/or paper-based), of every activity in the procurement cycle; in particular, every transaction involving the purchase of goods and/or services must be accompanied by a duly authorised purchase request, a purchase order, a contract, and documentation certifying the supplier's existence, their relevant authority, and the execution of the transaction;
- the clear and traceable identification of the supplier's designated contact person (role held, email address, company contact details, head office/branch);
- a mechanism for verifying the economic validity of the transaction (checks on the value/price of the goods/services to ensure they are in line with those normally charged in the relevant market) and its actual occurrence;
- the use of a dedicated IT system for recording incoming invoices, as well as any other financial transaction, capable of tracking every entry;
- the regulation and monitoring of access to the IT system;
- the recording in the accounting records and VAT registers only of those purchase invoices that have been approved for entry and payment only after receiving approval from the relevant department head, who certifies that the transaction has been carried out;
- the recording of all company administrative events on the liabilities side that have an impact on the financial position and results;
- the periodic verification that salaries paid to employees correspond to the relevant amounts stated in the certificates/payslips.

***Recording, accounting for and posting of outgoing transactions*:** this involves the ~~management of transactions in the outgoing cycle (sale of goods and services), which~~ feed into

the relevant tax and accounting records, based on contractual and tax documentation.

➢ **Key individuals, functions and organisational units involved:**
Sales Managers, Sales Directors, *Finance & Administration*, *CFO*

➢ **Potential offences:**
- fraudulent declaration through the use of invoices or other documents relating to non-existent transactions (Article 2 of Legislative Decree 74/2000);
- fraudulent declaration through other means (Article 3 of Legislative Decree 74/2000);
- untruthful declaration (Article 4 of Legislative Decree 74/2000);
- failure to make a declaration (Article 5 of Legislative Decree 74/2000);
- issuing invoices or other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000);
- fraudulent evasion of tax payments (Article 11 of Legislative Decree 74/2000).

➢ **Protocols**
To ensure the best possible management of this sensitive activity, the Company has implemented and/or is implementing the following measures:
- compliance with the control protocols relating to accounting records set out in Special Part C – Corporate Offences, sensitive process 'Preparation of communications and accounting records (bookkeeping, preparation of financial statements, reports and corporate communications in general)';
- traceability of the decision-making process, through documentation and archiving (electronic and/or paper-based), of every activity in the accounts receivable cycle; in particular, every product supply transaction must be accompanied by a competitive tender process, a purchase order issued by the client, a contract, and documentation certifying the execution of the transaction (delivery note, transport documents, reports, etc.);
- the use of a dedicated IT system for recording outgoing invoices, as well as any other financial transaction, capable of tracking every entry;
- the regulation and monitoring of access to the IT system;
- the recording of all active company administrative events that have an impact on the financial position and results.

***Process for the management and archiving of accounting documentation*:** this involves the management and retention of accounting records and documents that are required by law to be retained.

➢ **Key Parties, Functions and Organisational Units involved:**
Finance & Administration

➢ **Potential offences:**

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

➢ **Procedures**

It is necessary to ensure:

- the proper maintenance and retention of the accounting records required for the purposes of income tax and value added tax;
- compliance with the requirements laid down by legislation on direct and indirect taxation, regarding the terms and conditions for the retention of accounting and tax documentation;
- the adoption of a transparent, effective and efficient system for archiving accounting and tax documentation;
- a mechanism for controlling and monitoring the transfer to remote storage and/or the destruction of documentation, which is only permissible once the limitation periods for tax assessment have expired.

Management of intra-group transactions: this refers to activities aimed at carrying out extraordinary transactions and/or settling accounts with companies belonging to the Manucor Group.

➢ **Key Parties, Functions and Organisational Units involved:**

Finance & Administration, Chief Executive Officer

➢ **Potential offences:**

- fraudulent declaration through the use of invoices or other documents relating to non-existent transactions (Article 2 of Legislative Decree 74/2000);
- fraudulent declaration through other means (Article 3 of Legislative Decree 74/2000);
- untruthful declaration (Article 4 of Legislative Decree 74/2000);
- failure to make a declaration (Article 5 of Legislative Decree 74/2000);
- issuing invoices or other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000);
- fraudulent evasion of tax payments (Article 11 of Legislative Decree 74/2000);
- concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000);
- unauthorised offsetting (Article *10-quater* of Legislative Decree 74/2000).

➢ **Protocols**

With regard to this sensitive area, reference is made to the protocols set out in Special Part C – Corporate Offences and in Special Part E – Offences of money laundering, handling stolen goods and self-laundering, in relation to the same sensitive area.

Furthermore, for each transaction, it is necessary to analyse, with the support of an independent adviser, any potential tax avoidance aspects of the transactions to be carried out.

3 General principles of conduct

This Special Part expressly prohibits any conduct that would constitute the offences referred to above (*pursuant to* Article *25-quinquiesdecies* of the Decree) or conduct which, although not in itself constituting an offence, could potentially constitute one of the offences under consideration here.

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

- submit tax returns within the time limits laid down by law;
- pay taxes by the due dates or by making use of the voluntary disclosure scheme;
- complete tax returns with data and information that is entirely truthful;
- record invoices supported by documentation proving their existence in the VAT registers;
- make monthly VAT settlements (where due) and withholdings on employees' earnings in accordance with the statutory deadlines;
- organise training and information sessions on tax obligations and deadlines;
- put in place mechanisms for reconciling accounting data with tax data;
- cooperate fully in the event of visits, inspections or access by the Revenue Agency or the Guardia di Finanza;
- respond with complete and truthful data and information to questionnaires issued by the Revenue Agency.

Furthermore**, it is prohibited to**:

- include fictitious liabilities or assets in tax returns, or state asset values lower than their actual amounts;
- carry out simulated transactions;
- requesting, preparing or issuing invoices or other documentation for non-existent transactions;
- draw up false documents to alter tax results and reduce the tax liability;
- conceal and/or destroy, in whole or in part, accounting records or documents that are required to be retained;
- disposing of assets to frustrate enforced tax recovery (e.g. making payments to suppliers and third parties to maintain business continuity, thereby diverting resources away from the proper payment of taxes due);
- submitting false documents, data and information in the context of a tax transaction.

SPECIAL PART "H" :
SMUGGLING OFFENCES

1 Smuggling offences

Legislative Decree No. 75 of 14 July 2020, enacted to implement Directive (EU) 2017/1371 on the fight against fraud affecting the financial interests of the Union through criminal law, introduced into the body of the Decree Article 25-sexiesdecies, entitled 'Smuggling'; this offence, as provided for in the Consolidated Customs Act (Legislative Decree No. 141 of 26 September 2024), consists of the conduct of any person who, in breach of customs regulations, brings goods subject to taxes or border duties into the territory of the State. Specifically, the types of smuggling offences provided for in the Decree are:

- Smuggling by failure to declare (Article 78 of Legislative Decree 141/2024);
- Smuggling by making a false declaration (Article 79 of Legislative Decree 141/2024);
- Smuggling in the movement of goods by sea, air and on border lakes (Article 80 of Legislative Decree 141/2024);
- Smuggling through the unauthorised use of imported goods with total or partial remission of duties (Article 81 of Legislative Decree 141/2024);
- Smuggling in the export of goods eligible for duty drawback (Article 82 of Legislative Decree 141/2024);
- Smuggling in the context of temporary export and under the special use and processing regimes (Article 83 of Legislative Decree 141/2024);
- Smuggling of manufactured tobacco (Article 84 of Legislative Decree 141/2024);
- Aggravating circumstances relating to the offence of smuggling manufactured tobacco (Article 85 of Legislative Decree 141/2024);
- Criminal organisation for the purpose of smuggling manufactured tobacco (Article 86 of Legislative Decree 141/2024);

2 Sensitive Activities and the protocols to be adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the offences referred to could, in theory, be committed.

As regards the **processes instrumental** to the commission of the offences referred to in this section, they are as follows:

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

For the identification of the control protocols to be adopted, please refer to the specific Special Part J.

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

***Management of customs operations*:** this involves the management of *import and export* operations entailing the fulfilment of customs obligations (declarations, payment of duties and VAT, etc.), including through freight forwarders.

➢ **Key Parties, Functions and Organisational Units involved:**
Supply Chain & IT Manager, Finance & Administration (CFO)

➢ **Potential offences:**
- Smuggling by failure to declare (Art. 78 of Legislative Decree 141/2024);
- Smuggling through false declaration (Article 78 of Legislative Decree 141/2024);
- Smuggling in the movement of goods by sea, air and on border lakes (Article 80 of Legislative Decree 141/2024);
- Smuggling through the unauthorised use of imported goods with total or partial remission of duties (Article 81 of Legislative Decree 141/2024);
- Smuggling in the export of goods eligible for duty drawback (Article 82 of Legislative Decree 141/2024);
- Smuggling in the context of temporary export and under the special use and processing regimes (Article 83 of Legislative Decree 141/2024);

➢ **Protocols**
It is necessary to:
- ensure a clear separation of roles and responsibilities between those overseeing import and export operations and those managing customs procedures;
- to prepare and submit customs declarations, including through third-party freight forwarders, ensuring they are completed with entirely accurate data and information (e.g. tariff code, origin, value, quantity, etc.) and to pay duties and VAT where due;
- select freight forwarders in accordance with internal procurement procedures, subject to verification of their integrity and professionalism;
- establish the agency relationship with freight forwarders through specific contracts setting out the terms and conditions, as well as the relevant liability provisions;
- include clauses in contracts with freight forwarders whereby suppliers undertake to comply with the Company's Organisational Model and Code of Ethics;
- establish control mechanisms over customs operations carried out by freight forwarders in the name and on behalf of the Company;
- ensure compliance with the obligations required by customs legislation;
- consider organising regular training sessions on customs matters and related obligations, delivered by an external consultant, including through the use of informative and explanatory circulars.

3 General Principles of Conduct

This Special Section expressly prohibits any conduct that would constitute the offences referred to above (pursuant to Article 25-sexiesdecies of the

Decree) or conduct which, although not in itself constituting a criminal offence, could potentially amount to one of the offences under consideration here.
More specifically, **it is mandatory to**:

- conduct oneself in a proper, transparent and cooperative manner, in compliance with the law and internal company procedures, in all activities relating to the preparation of documents required by customs legislation and in import and export operations, in order to provide the Customs Agency with true and accurate information regarding the Company's customs obligations;
- comply with the provisions of national law relating to customs matters;
- cooperate fully in the event of visits, inspections or access by the Customs Agency;
- to respond with truthful data and information to questionnaires issued by the Customs Agency;

Furthermore**, it is prohibited to**:

- engage in, collaborate with, or cause the commission of conduct that may constitute offences under Legislative Decree 231/2001:
- importing goods into the country in breach of customs regulations;
- providing false and/or incorrect data and information in customs declarations, using incorrect invoices or other documents;
- taking advantage of customs concessions to which one is not entitled;
- making improper use of the temporary importation scheme;
- issuing or providing false invoices or other documents with the aim of circumventing customs obligations.

SPECIAL PART "I"
ENVIRONMENTAL
OFFENCES

1 Environmental offences

A number of "Environmental Offences" have been included amongst the offences falling within the scope of the Decree (Article 25-undecies), including:

- discharges of waste water (Article 137, paragraphs 2, 3, 5, 11 and 13 of Legislative Decree No. 152 of 3 April 2006);
- unauthorised waste management activities (Article 256, paragraphs 1, 3, 4, 5 and 6);
- temporary storage of hazardous clinical waste (Article 256(6), first sentence, point (a) of Legislative Decree No. 152 of 3 April 2006);
- site remediation (Article 257(1) and (2) of Legislative Decree No. 152 of 3 April 2006);
- breach of obligations regarding notification, the keeping of mandatory registers and the completion of forms (Article 258(4), second sentence, of Legislative Decree No. 152 of 3 April 2006);
- illegal trafficking of waste (Article 259(1) of Legislative Decree No. 152 of 3 April 2006);
- computerised system for monitoring the traceability of waste (Article 260-bis of Legislative Decree No. 152 of 3 April 2006);
- breach of emission limit values (Article 279(5) of Legislative Decree No. 152/06).
- trade in specimens of species listed in Annex A, Appendix I, and Annex C, Part 1 of Regulation (EC) No 338/97 (Article 1 of Law No 150 of 7 February 1992);
- phasing out and reduction of the use of ozone-depleting substances (Article 3 of Law No. 549 of 28 December 1993);
- wilful pollution caused by ships (Article 8 of Legislative Decree No. 202 of 6 November 2007);
- negligent pollution caused by ships (Article 9 of Legislative Decree No. 202 of 6 November 2007);
- environmental pollution (Article 452-bis of the Criminal Code);
- environmental disaster (Article 452-quater of the Criminal Code);
- negligent offences against the environment (Article 452-quinquiens of the Criminal Code);
- aggravated offences committed as part of a criminal organisation (Article 452-octies of the Criminal Code);
- trafficking in and abandonment of highly radioactive material (Article 452-sexies of the Criminal Code);
- Organised activities for the illicit trafficking of waste (Article 452-quaterdecies of the Italian Criminal Code, (formerly Article 260 of Legislative Decree 152/206));
- killing, destruction, capture, removal or possession of specimens of protected wild animal or plant species (Article 727-bis of the Italian Criminal Code).

2 Sensitive Activities and the protocols to be adopted

An analysis of Manucor's business processes has made it possible to identify the activities within which the offences referred to could, in theory, be committed.

With regard to the **processes instrumental** to the commission of the offence referred to in this section, these are as follows:

- Procurement of goods or services;
- Management of cash and financial flows;

For the identification of the control protocols to be adopted, please refer to the specific Special Part J.

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

Waste management: this system concerns the management of environmental protection systems and, in particular:

- the waste management process (collection, transport, recovery, disposal and brokering) and the related legislative and authorisation requirements;
- the selection, assessment and management of relations with the company responsible for collection, transport and disposal;
- the process of preparing the certificate of analysis and characterisation of waste;
- the management of the temporary storage of hazardous waste;
- the waste traceability process.

➢ **Key Individuals, Functions and Organisational Units involved:**
Purchasing Department, COO, CFO, Managing Director, HSE, Quality & Hygiene Management System.

➢ **Potential offences:**

- Unauthorised waste management activities (Article 256, paragraphs 1, 3, 5 and 6)
- Breach of obligations regarding reporting, the keeping of mandatory records and forms (Article 258 of Legislative Decree No. 152 of 3 April 2006)
- Illegal trafficking of waste (Article 259(1) of Legislative Decree No. 152 of 3 April 2006)
- Activities organised for the illegal trafficking of waste (Article 452-quaterdecies of the Criminal Code)
- Computerised system for monitoring the traceability of waste (Article 260-bis of Legislative Decree No. 152 of 3 April 2006)

➢ **Protocols**

The following principles must be observed and integrated with the system procedures and process, operational control and emergency instructions provided for within the plant.
Specifically, the operational waste management procedures adopted by the Company in accordance with the provisions of Legislative Decree 152/06, as well as the administrative waste management procedures applicable to the various types of waste produced by the Company, must be established and strictly adhered to, with particular reference to reporting obligations, the keeping of mandatory registers and forms, and/or the requirements prescribed by the computerised waste traceability control system.

Furthermore, the following protocols must be observed:

- identify all categories of waste and the correct methods for their temporary storage (in clearly designated areas where all types of waste are stored in specific sub-areas marked with appropriate signage), including regulations governing any waste produced by contractors operating on the Company's sites;
- identify the administrative and operational responsibilities for waste management;
- entrust the collection, transport, recovery and disposal of waste exclusively to authorised companies and in accordance with the company's procedures relating to supplier qualification. In this regard, it is particularly necessary to ensure that:
  - economic operators listed in the register of qualified companies carrying out waste management activities are subject to constant monitoring and updating, including through consultation of the National Register of Environmental Operators held at the Ministry of the Environment and Energy Security;
  - when entrusting waste disposal or recovery activities to authorised companies, the following are verified: (a) the existence and validity of the authorisation for the transport of waste (verification of the EWC codes authorised for transport); (b) the existence and validity of any authorisation for storage; (c) the existence and validity of the authorisation for recovery and/or disposal facilities: (a)
- provide for information sessions for all workers;
- provide information and training for workers who, within the company's organisation, are involved in operational activities at risk of criminal offence (i.e. ensure that the movement of waste from departments to the designated collection area is carried out by qualified external staff responsible for cleaning and sanitising the departments);
- check the records (by way of example only, the register of waste received and disposed of, waste transport forms, etc.) of the environmental management system and ensure they are completed truthfully and correctly, refraining from committing acts of forgery or falsification (for example, in relation to information on the qualitative or quantitative characteristics of the waste);
- collect and retain documentation relating to compliance with laws, regulations and environmental protection standards, as well as relating to authorisation procedures, authorisations, certifications and all related documentation, including any supplementary or amending documents;
- carry out internal audits;
- to monitor company procedures on an ongoing basis, ensuring they are reviewed adequately and promptly, particularly in the event of any increase in risk or in the event of an emergency;
- monitor environmental legislation and the obligations it imposes, and

periodically verify compliance with the administrative obligations laid down by the relevant legislation. In particular, in accordance with the provisions of environmental legislation, accurately and regularly complete the single environmental declaration form.

Atmospheric emissions: this concerns the management of environmental protection systems, with particular regard to:

- Implementation of legal obligations regarding the management of atmospheric emissions, including the relevant authorisations, requirements and limits.

➢ **Key Individuals, Functions and Organisational Units involved:**
COO, Chief Executive Officer, HSE, Quality & Hygiene Management System.

➢ **Potential offences:**

- Breach of emission limit values (Article 279 of Legislative Decree No. 152 of 3 April 2006)
- Discontinuation and reduction of the use of ozone-depleting substances (Article 3 of Law No. 549 of 28 December 1993)

➢ **Protocols**

The following principles must be observed and integrated with the system procedures and process, operational control and emergency instructions provided for within each plant:

- define and strictly observe specific protocols relating to the implementation of preventive measures, both under normal operating conditions and during emergency safety procedures, which may become necessary in the event of incidents likely to result in situations where atmospheric emission limits are potentially exceeded;
- verify, in accordance with the provisions of current legislation, the need to obtain authorisation for atmospheric emissions, issued in respect of the entire plant;
- to ensure that authorisation is obtained within the timeframes set out in current legislation and, for installations not yet authorised, to carry out the checks required under the applicable legislative provisions;
- maintain and renew emissions authorisations within the time limits set out in current legislation;
- submit a new application for authorisation in the event of a substantial change to the plant;
- periodically verify the correct implementation of the above obligations.

Furthermore, the following protocols must be observed:

- draw up operational instructions on environmental protection, including procedures for monitoring the limits set out in the relevant legislation or authorisations;

- ensure that all workers have received adequate information and training on environmental issues and pollution prevention;
- identify potential emergency situations and potential incidents that could lead to limits being exceeded and have an impact on the environment, along with the relevant response procedures;
- ensure that preventive measures are carried out on machinery and plant, with particular reference to plastics production facilities, on a regular basis, by scheduling maintenance work at set intervals.

Management of prevention and containment systems: this concerns the management of the prevention and containment systems present within the plant.

➢ **Key Individuals, Functions and Organisational Units involved:**
COO, Managing Director, HSE, Quality & Hygiene Management System.

➢ **Potential offences:**
- Environmental pollution (Article 452-bis of the Italian Criminal Code)
- Environmental disaster (Article 452-quater of the Italian Criminal Code)
- Negligent offences against the environment (Article 452-quinquiens of the Italian Criminal Code)

➢ **Protocols**
With regard to this sensitive area, the following protocols must be followed:
- define appropriate policies for planning activities relating to the adoption, improvement and implementation of systems for the prevention and containment of any liquid or gaseous flows that may be spilled or emitted into the atmosphere in the event of an accident;
- carry out periodic audits on the quality and reliability of prevention and containment systems, to be conducted by specialists in environmental matters;
- carry out periodic inspections of containment facilities and equipment (retention basins, fire-extinguishing systems, etc.), including through tests simulating the occurrence of accidents;
- plan and carry out maintenance work on the systems and equipment designed to contain liquid spills or gaseous emissions following accidents;
- carry out in-depth analyses of the mechanisms of action and reaction of prevention and containment systems in the event of near-misses, with a view to identifying any weaknesses or shortcomings, leading to the formulation of a development and improvement plan.

3 Prescribed general principles of conduct

This Special Part expressly prohibits any conduct that constitutes the offences referred to above (pursuant to Article 25-undecies of the Decree)

or conduct which, although not in itself constituting a criminal offence, may potentially amount to one of the offences under consideration here.

In particular, Recipients are expressly ***prohibited*** from:

- engaging in, collaborating in or causing the commission of conduct which, although not in itself constituting a criminal offence falling within the categories set out above, may potentially become so;
- providing services to *outsourcers*, consultants, partners and collaborators in general that are not adequately justified within the context of the contractual relationship established with them, or in relation to the nature of the task to be performed and prevailing local practices;
- making cash payments or granting benefits of any kind (for example, the promise of employment) to public officials responsible, including those responsible for monitoring compliance with environmental regulations;
- engaging in any conduct that hinders the exercise of supervisory functions, including during inspections by public authorities (the Guardia di Finanza, ARPA, the Fire Brigade, etc.), such as: explicit opposition, spurious refusals, or even obstructive behaviour or a failure to cooperate, including delays in providing information or documents, or delays in attending meetings that have been duly organised.

Consequently, this Special Section imposes ***the following*** express ***obligations*** on the Addressees:

- to conduct themselves in a proper, timely, transparent and cooperative manner, in compliance with the law and internal company procedures, in all activities aimed at protecting the environment;
- to manage relations with the public administration in a unified manner, with regard to the authorities responsible for monitoring environmental regulations in high-risk areas of activity, by identifying the person responsible for each operation or group of operations (in the event of such operations being particularly repetitive) carried out in high-risk areas of activity;
- draw up internal environmental protection policies appropriate to the environmental risks involved.

4 Manucor HSE procedures applied at the plant

i) Documentation

The documentation structure of Manucor's environmental, health and safety management system is based on international standards (e.g. ISO 45001, UNI EN ISO 14001).
In particular:

- *Quality, Health, Environment and Safety Policy*

These documents set out the principles for identifying and analysing risks and for defining objectives relating to safety, health and the environment. These include, amongst others, the emergency and evacuation management plan, which covers the assessment and management of environmental emergencies, and the Manucor DUVRI – a document for assessing risks arising from interactions between Manucor and external contractors – which also governs environmental aspects relating to waste management by external contractors within the plant.

- *Safety and Environment Management Manuals*

The HSE Management System describes the elements of the environmental management system implemented within the plant, defining the tasks, responsibilities, processes and activities necessary for the development, maintenance and improvement of the system in accordance with the plant's health, safety and environmental policy.

- *Management Procedures*

These are organisational documents that describe in general terms who does what, why, where and when (e.g. procedure for waste management and separate collection).

- *Operational Instructions*

These are documents that describe in detail the operational procedures to be followed when carrying out an activity that involves a risk and/or has a potential impact on the working environment.

Finally, it should be noted that Manucor:

a) voluntarily prepares an environmental statement – available on the ISPRA (Higher Institute for Environmental Protection and Research) website. This statement, updated annually and certified by an independent third-party body following an integrated audit (Environment, Health, Safety and Hygiene), provides a detailed account of environmental aspects such as emissions, water discharges, environmental noise, asbestos, environmental risks – incidents (identification and management) and three-year environmental objectives;
b) It is registered under EMAS (Eco-Management and Audit Scheme), registration no. IT-000254, in accordance with Regulation (EC) No 1221/2009 on the voluntary participation of organisations in a Community eco-management and audit scheme (EMAS).

ii) Structure of functions with the technical expertise and necessary powers for the verification, assessment, management and control of risk

The organisational structure and the main specific responsibilities within the Environmental Management System at the Manucor plant are described in the Policy on Quality, Hygiene, the Environment and Safety. Further details are set out in a specific procedure.

iii) A disciplinary system designed to impose sanctions for failure to comply with the measures set out in the Model

For a review of the disciplinary system, see Chapter 7.

iv) System for monitoring the implementation of the Model and ensuring that the measures adopted remain suitable over time

For a review of the monitoring system, see Chapter 4.

SPECIAL PART "J"
SUPPORTING PROCESSES

1 Supporting Processes

The analysis of Manucor's business processes has also enabled the identification of a series of instrumental processes for the commission of the offences set out in the Decree, namely those processes within which the means by which the offence could be committed are contained. For this reason, the control system governing these processes must be particularly stringent.
Listed below are the instrumental processes and the categories of offences (and the special parts) to which they are linked:

Instrumental process	**Art. 24: Offences against the public administration P.S. A**	**Art. 25 ter: Corporate offences P.S. C**	**Article 25-octies: Money laundering, handling stolen goods, self-laundering P.S. E**	**Art. 25 quinquiesdecies: Tax Offences P.S. G**
Purchase of goods or services	*	*	*	*
Management of cash and financial flows	*	*	*	*
Gifts, entertainment expenses and expense claims	*	*	*	*
Staff selection and recruitment	*	*		
Management of variable remuneration	*	*	*	

1. Control system – Specific control *standards*

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

1) Procurement of goods or services (including supplier selection, qualification and management)

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

- clear segregation of roles between the person who submits the purchase request, the person who authorises and executes it, and the person who makes the payment, subject to verification of receipt of the goods or services;
- when selecting suppliers, at least two or three quotations must be obtained where possible;
- verification of the existence of any conflicts of interest relating to personal, financial, legal or other relationships with the natural or legal persons of the counterparties with whom Manucor staff may have dealings in connection with the sensitive activity in question;
- *the* entire supplier evaluation and selection *process* is structured in accordance with the principles of transparency and non-discrimination, and the methodology is clearly set out

used and *the* procedural *steps* followed to make the purchase, the subject matter, the amount and the reasons underlying the choice of supplier;

- no payment may be made in cash; in the event of an exception, such payments must be duly authorised. In all cases, payments must be made in accordance with specific administrative procedures that document the traceability and accountability of the expenditure;
- payments for the supply of goods and services must only be made after verifying the existence of suitable documentation proving receipt of the goods ordered and/or the services rendered to which the payment relates;
- remuneration paid to service providers must be commensurate with the service requested and appropriate in relation to the services rendered to the Company, taking market conditions into account;
- the procurement of goods or services is governed by a written contract or order, in which the price of the goods or services, or the criteria for determining it, are clearly stated;
- contracts must be concluded in writing and using *standard* contract terms; where necessary, *ad hoc* clauses or the counterparty's *standard* contract terms may be used, provided they are approved by the relevant departments;
- all contracts shall include a clause requiring the supplier to comply with the principles set out in the Decree, as well as the provisions of the Model and the Code, reserving the right for the Company to terminate the contractual relationship should the other party breach such rules or *policies*.

For transactions relating to the award of consultancy and professional services, the following protocols must be observed:

- persons to whom consultancy assignments are to be awarded must be selected on the basis of their professionalism, independence and competence;
- the selection of such individuals must always be justified by the requesting business function or by organisational reasons;
- there must be no overlap between the person requesting the assignment and the person authorising it;
- the assignment must be awarded in writing, specifying the agreed remuneration and the scope of the service;
- at the end of the assignment, the consultant must be asked to provide a written breakdown of the services rendered, unless these can be verified by other means;
- in order to authorise payment for the services, the requesting department must certify that the services have been performed prior to payment;
- no remuneration shall be paid that is disproportionate to the services rendered to the Company or that does not comply with the assignment conferred, prevailing market conditions or practices, or the professional rates in force for the relevant category;

- documentation relating to the service (i.e. contracts, evidence of the service provided, etc.) must be retained and archived by the requesting department;
- Contracts with the Company's external consultants must include: i) an express termination clause in the event that the consultant breaches or fails to comply with the Model or the Code of Ethics adopted by the Company; and ii) reporting obligations (with supporting documentation) regarding any expenses incurred by the consultant in the name of or on behalf of the Company.

2) Management of cash and financial flows

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

- clearly define the roles, duties and responsibilities of those involved in payment processes;
- there must be no overlap between the person who commits the Company to third parties and the person who authorises or arranges the payment of sums due on the basis of the commitments undertaken;
- both incoming and outgoing cash flows are prohibited, unless required by law or for minimal types of expenditure (petty cash) expressly authorised by the relevant departments;
- payments must be made in accordance with specific administrative procedures, ensuring the traceability and verifiability of the stages of the payment process, with appropriate archiving of the documents used;
- with regard to banking and financial transactions, the Company must use only financial and banking intermediaries subject to regulations on transparency and fairness in accordance with European Union legislation;
- payments to third parties must be made via banking channels using methods that provide evidence that the payee is indeed the third party with whom the Company has a contractual relationship.

3) Gifts, entertainment expenses and expense claims

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

- comply with *the* 'Staff Travel Management Policy' and 'Use of the Company Credit Card' *policies*;
- reimbursement of expenses incurred, including entertainment expenses, must be requested by completing the relevant forms and only upon presentation of appropriate supporting documentation;
- no payments may be made in cash; in the event of an exception, such payments must be duly authorised. In all cases, payments must be made in accordance with specific administrative procedures that document the origin and traceability of the expenditure;
- verify the existence of any conflicts of interest relating to personal, financial, legal or other relationships with external natural or legal persons

(private or public) with whom Manucor staff may have dealings in relation to the sensitive activity in question;
- to send the Supervisory Body, on a quarterly basis, a list of gifts and/or entertainment expenses incurred;
- comply with the provisions of the Code.

4) Selection and recruitment of staff

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

- drawing up a recruitment plan in line with the company's strategic guidelines;
- the definition, in accordance with the requirements of the role and the specific duties the individual will be required to perform, of eligibility criteria for the staff being recruited and of objective criteria for the selection of candidates;
- the adoption of a structured system for assessing candidates, in order to ensure the traceability of the reasons leading to a candidate's selection or exclusion;
- definition of methods for archiving documentation relating to the activities in question, in order to ensure that documents can be readily retrieved upon request and that the process is traceable;
- verification, at the time of recruitment, of professional and reputational requirements, as well as integrity checks and any pending legal proceedings (to the extent permitted by applicable law);
- in the case of the recruitment of third-country nationals, verification of compliance with immigration legislation in the territory of the host country (e.g. verification that third-country nationals hold a valid residence permit);
- preparation of periodic reports to the Supervisory Body on recruitment, setting out both the candidate selection procedures used and any exceptions or deviations from *standard* rules.

Furthermore:

- this Code must be properly brought to the attention of all staff, not just management, and appropriate communication mechanisms must be put in place to ensure that staff are aware of any changes and/or updates to the Code itself;
- management is responsible for the training and professional development of its employees and collaborators. In particular, management is required to:
  (i) disseminate the Company's ethical principles as set out in the Code; (ii) promote the principles of transparency and organisational clarity amongst employees in order to foster a sense of accountability and the achievement of planned objectives;
  (iii) clarify the rules of conduct and *standards* required by the Company in its dealings with public authorities; (iv) ensure that every employee participates in and completes anti-corruption training;
  (v) review the results achieved and the methods adopted on an annual basis.

5) Management of variable remuneration

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

- periodically monitor remuneration systems;
- ensure that *reward* mechanisms are properly tracked, using appropriate IT systems;
- the Supervisory Board must be informed in writing of any critical issues or conflicts of interest;
- the assessment of individual conduct for the purposes of internal career progression within the company must be carried out with specific regard to the requirements of honesty and compliance with protocols, procedures and the principles set out in the Code;
- no payments of salaries or *bonuses* may be made in cash. In all cases, payments must be made in accordance with specific administrative procedures that document the purpose and traceability of the expenditure.