



# TAGHLEEF INDUSTRIES S.P.A.

## MODEL OF ORGANISATION, MANAGEMENT AND CONTROL EX LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

### General part

APPROVED BY THE BOARD OF DIRECTORS ON 30/03/2022

**TAGHLEEF INDUSTRIES S.P.A.**  
REGISTERED OFFICE IN SAN GIORGIO DI NOGARO, VIA ENRICO FERMI N. 46  
REGISTRATION IN THE UDINE COMPANIES REGISTER NO. 02591680216

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## GENERAL PART

### SECTION ONE

#### 1.1. THE ADMINISTRATIVE RESPONSIBILITY OF ENTITIES

Legislative Decree no. 231 of 8 June 2001, which lays down the "*Rules on the administrative liability of legal persons, companies and associations, including those without legal personality*" (hereinafter also referred to as the "**Legislative Decree 231/2001**" or the "**Decree**"), came into force on 4 July 2001 in implementation of art. The Decree, which came into force on 4 July 2001 in implementation of Article 11 of Delegated Law No 300 of 29 September 2000, introduced into the Italian legal system, in accordance with the provisions of the European Union, the administrative liability of entities, where "entities" means commercial companies, companies and associations, including those without legal personality.

The Decree also aimed to bring domestic legislation on the liability of legal persons into line with a number of international conventions to which the Italian Republic had already acceded some time ago, and in particular:

- the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests;
- the Brussels Convention of 26 May 1997 on the fight against corruption of officials of the European Community or its Member States;
- the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

This new form of liability, although defined as "administrative" by the legislator, has the characteristics of criminal liability, since the competent criminal judge is responsible for ascertaining the crimes from which it derives, and the same guarantees of criminal proceedings are extended to the body.

*The company's administrative liability arises from the commission of crimes, expressly indicated in Legislative Decree 231/2001, committed, in the interest or to the advantage of the company itself, by natural persons who hold positions of representation, administration or management of the company or of one of its organizational units with financial and functional autonomy, or who exercise, even de facto, the management and control thereof (so-called "senior persons"), or who are subject to the management or supervision of one of the persons indicated above (so-called "subordinates"). On the contrary, the existence of an exclusive advantage on the part of the person who commits the offence excludes the liability of the Company, which thus finds itself in a situation of absolute and manifest extraneousness to the offence committed.*

In addition to the existence of the requirements described above, Legislative Decree 231/2001 also requires the establishment of guilt on the part of the entity, in order to be able to affirm its liability. This requirement can be traced back to "*organisational fault*", to be understood as a failure on the part of the entity to adopt adequate preventive measures to prevent the commission of the crimes listed in the following paragraph, by the persons identified in the Decree.

Where the entity is able to demonstrate that it has adopted and effectively implemented an organisation capable of preventing the commission of such crimes, through the adoption of the organisation, management and control model provided for in Legislative Decree 231/2001, it should not be liable for administrative liability.

It should be noted that the administrative liability of the legal person is additional to, but does not cancel out, the criminal liability of the natural person who materially committed the crime; both of these liabilities are subject to assessment before the criminal courts.

The company's liability may also arise if the predicate crime takes the form of an attempt (pursuant to Article 26 of Legislative Decree 231/01), i.e. when the agent carries out acts that are unequivocally suitable for committing the crime and the action is not carried out or the event does not occur.

## **1.2. CRIMES COVERED BY THE DECREE**

The crimes, the commission of which gives rise to the entity's administrative liability, are those expressly and exhaustively referred to in Legislative Decree 231/2001 and subsequent amendments and additions. The "families of crimes" currently included in the scope of application of Legislative Decree 231/2001 are listed below, with reference to ANNEX 1 to this document for details of the individual cases included in each family:

### **Categories of Crime D. Legislative Decree 231/2001**

- 1** Crimes against the Public Administration (Articles 24 and 25).
- 2** Computer crime and unlawful data processing crimes, introduced into the Decree by Law 48/2008 (Article 24-bis).
- 3** Organised crime crimes, introduced by Law 48/2008 (Article 24b).
- 4** Crimes relating to counterfeiting money, public credit cards, revenue stamps and instruments or identifying marks, introduced by Law 409/2001 and amended by Law 99/2009 (Article 25-bis).
- 5** Crimes against industry and trade, introduced by Law 99/2009 (Article 25-bis 1).
- 6** Corporate crimes, introduced by Legislative Decree no. 61/2002, amended by Law no. 262/2005 (Article 25-ter) and by Law no. 190/2012 and extended by Law no. 69/2015.
- 7** Crimes for the purpose of terrorism or subversion of the democratic order, introduced by Law 7/2003 (Article 25c).
- 8** Practices of mutilation of female genital organs, introduced by Law 7/2006 (Article 25-quater. 1).
- 9** Crimes against the individual, introduced by Law 228/2003 and amended by Law 38/2006 and Legislative Decree 39/2014 (Article 25 quinquies).
- 10** Market abuse, introduced by Law 62/2005 and amended by Law 262/2005 (Article 25-sexies).
- 11** Transnational crimes, introduced by Law 146/2006 (Article 10).
- 12** Culpable crimes committed in breach of accident prevention regulations and regulations on the protection of hygiene and health at work, introduced by Law 123/2007 (Article 25-septies).
- 13** Crimes relating to receiving, laundering and using money of unlawful origin introduced by Legislative Decree 231/2007, and self-laundering (Article 25-octies).
- 14** Copyright infringement crimes, introduced by Law 99/2009 (Article 25-novies).
- 15** Crime of inducement not to make statements or to make false statements to the judicial authority, introduced by Law 116/2009 (Article 25-decies).

- 16** Environmental crimes, introduced by Legislative Decree no. 121/2011 (Article 25-undecies) and extended by Law no. 68/2015 (Article 25-undecies).
- 17** Crime of employment of third country nationals whose stay is irregular, introduced into the Decree by Legislative Decree 109/2012 (Article 25-duodecies).
- 18** Crimes of Racism and Xenophobia, introduced into the Decree by Law No. 167 of 20 November 2017 (Article 25-terdecies).
- 19** Fraud in sporting competitions, abusive exercise of gaming or betting and games of chance exercised by means of prohibited devices, introduced into the Decree by Law 39/2019 (Article 25 quaterdecies).
- 20** Tax crimes, introduced by Decree-Law No. 124/2019, converted with amendments by Law 157/2019 (Article 25 quinquiesdecies).
- 21** Smuggling crimes, introduced by Legislative Decree 75/2020 (Article 25 sexiesdecies).

### **1.3. THE PENALTIES IMPOSED BY THE DECREE**

The system of sanctions described in Legislative Decree 231/2001, when the crimes listed above are committed, provides for the application of the following administrative sanctions, depending on the crimes committed:

- Financial penalties;
- Disqualifying sanctions;
- Confiscation;
- Publication of the judgment.

The prohibitory sanctions, which may be imposed only where expressly provided for and also as a precautionary measure, are as follows:

- Disqualification from exercising the activity;
- Suspension or revocation of authorisations, licences or concessions functional to the commission of the crime;
- Prohibition on contracting with the Public Administration;
- Exclusion from benefits, financing, contributions and subsidies, and/or revocation of those already granted;
- Ban on advertising goods or services.

Legislative Decree no. 231/2001 also provides that, where the conditions exist for the application of a disqualification sanction ordering the interruption of the company's activity, the judge, instead of applying that sanction, may order the continuation of the activity by a judicial commissioner (Article 15 of the Decree) appointed for a period equal to the duration of the disqualification sanction which would have been applied, when at least one of the following conditions is met:

- The company performs a public service or a service of public necessity the interruption of which may cause serious harm to the community;
- The interruption of the activity may have significant repercussions on employment taking into account the size of the company and the economic conditions of the territory in which it is located.

**1.4. EXISTING CONDITION OF ADMINISTRATIVE RESPONSIBILITY**

Article 6 of Legislative Decree No. 231/2001 provides that the entity shall not be held administratively liable if it proves that:

- The management body has adopted and effectively implemented, before the commission of the crime, organisational, management and control models capable of preventing crimes of the kind committed;
- The task of supervising the operation of and compliance with the models and ensuring that they are kept up to date has been entrusted to a body within the entity with autonomous powers of initiative and control (the so-called Supervisory Board);
- The persons committed the crime by fraudulently circumventing the organisation, management and control models;
- There was no omitted or insufficient supervision by the Supervisory Board.

The adoption of the model of organisation, management and control, therefore, allows the entity to escape the charge of administrative liability. The mere adoption of such a document, by resolution of the administrative body of the entity, is not, however, sufficient in itself to exclude such liability, since it is necessary that the model is effectively and effectively implemented.

With reference to the effectiveness of the organisation, management and control model for preventing the commission of the crimes provided for in Legislative Decree 231/2001, it is required that it:

- Identifies the corporate activities within the scope of which crimes may be committed;
- Provides for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the crimes to be prevented;
- Identifies ways of managing financial resources suitable to prevent the commission of crimes;
- Provides for information obligations vis-à-vis the body in charge of supervising the functioning of and compliance with the models;
- Introduce an appropriate disciplinary system to sanction non-compliance with the measures indicated in the organisation, management and control model.

With reference to the effective application of the organisation, management and control model, Legislative Decree 231/2001 requires:

- A periodic check, and, if significant violations of the requirements imposed by the model are discovered or if there are changes in the organisation or in the activity of the entity or legislative changes, the modification of the organisation, management and control model;
- The imposition of sanctions in the event of violation of the requirements imposed by the organisation, management and control model.

### **1.5. CRIMES COMMITTED ABROAD**

Under Article 4 of the Decree, the entity may be held liable in Italy for the commission abroad of certain crimes. In particular, Article 4 of the Decree provides that organisations with their head office in the territory of the State are also liable for crimes committed abroad in the cases and under the conditions provided for in Articles 7 to 10 of the Criminal Code, provided that the State of the place where the crime was committed does not take action against them.

Therefore, the entity is liable to prosecution when:

- In Italy it has its head office, i.e. the actual place where administrative and management activities are carried out, which may also be different from the place where the business or registered office is located (entities with legal personality), or the place where the activity is carried out on a continuous basis (entities without legal personality);
- The State of the place where the act was committed is not prosecuting the entity;
- The request of the Minister of Justice, to which punishment may be subject, also refers to the entity itself.

These rules concern crimes committed entirely abroad by senior or subordinate persons.

In the case of criminal conduct which has taken place even only in part in Italy, the principle of territoriality pursuant to Article 6 of the Criminal Code applies, according to which 'the crime shall be deemed to have been committed in the territory of the State when the act or omission constituting the crime has taken place wholly or in part there, or when the event which is the consequence of the act or omission has occurred there'.

### **1.6. THE REVIEW OF SUITABILITY**

The assessment activity carried out by the criminal court concerning the existence of profiles of administrative liability against the entity concerns two profiles:

- The ascertainment that a crime falling within the scope of the Decree has been committed;
- The so-called "suitability check" on the organisation, management and control model adopted by the entity, if any.

The judge's review of the abstract suitability of the organisational model to prevent the crimes referred to in Legislative Decree no. 231/2001 is carried out in accordance with the criterion of the so-called "posthumous prognosis": the judge's assessment of suitability is formulated according to a criterion that is essentially *ex ante*, whereby the judge places himself, ideally, in the company's situation at the time when the crime occurred in order to test the congruence of the Model adopted.

In other words, the organisational model that, before the crime was committed, could and should be considered 'suitable to prevent crimes' should be deemed to have eliminated or, at least, minimised, with reasonable certainty, the risk of the crime subsequently being committed.

### **1.7. The Confindustria 'Guidelines**

Article 6 of Legislative Decree No. 231/2001 expressly provides that organisational, management and control models may be adopted based on codes of conduct drawn up by associations representing the entities.

The Confindustria Guidelines were approved by the Ministry of Justice with the Ministerial Decree of 4 December 2003. The subsequent update, published by Confindustria on 24 May 2004, was approved by the Ministry of Justice, which deemed these Guidelines suitable for achieving the purposes set out in the Decree. Said Guidelines were updated by Confindustria in March 2014 and approved by the Ministry of Justice on 21 July 2014.

In defining the organisation, management and control model, the Confindustria Guidelines provide for the following planning stages:

- The identification of risks, i.e. the analysis of the company context to highlight in which areas of activity and in what ways the crimes provided for by Legislative Decree 231/2001 may occur;
- The preparation of a control system capable of preventing the risks of crime identified in the previous phase, through the evaluation of the control system existing within the entity and its degree of adaptation to the requirements expressed by Legislative Decree 231/2001.

The most relevant components of the control system outlined in the Confindustria Guidelines to ensure the effectiveness of the organisation, management and control model are as follows:

- Provision of ethical principles and rules of conduct in a Code of Ethics;
- A sufficiently up-to-date, formalised and clear organisational system, in particular as regards the allocation of responsibilities, reporting lines and description of tasks with specific provision for control principles;
- Manual and/or computerised procedures governing the conduct of activities, including appropriate controls;
- Powers of authorisation and signature consistent with the organisational and managerial responsibilities assigned by the body, providing, where appropriate, for expenditure limits;
- Integrated control systems which, taking into account all operational risks, are capable of providing a timely warning of the existence and emergence of general and/or specific critical situations;
- Information and communication to staff, characterised by capillarity, effectiveness, authoritativeness, clarity and adequately detailed as well as periodically repeated, to which is added an adequate staff training programme, modulated according to the levels of the addressees.

The Confindustria Guidelines also specify that the components of the control system described above must comply with a number of control principles, including:

- Verifiability, traceability, consistency and appropriateness of each operation, transaction and action;
- Application of the principle of separation of functions and segregation of duties (no one can manage an entire process independently);
- Establishment, execution and documentation of control activities on processes and activities at risk of crimes.

## SECTION TWO

### THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF TAGHLEEF INDUSTRIES S.P.A.

#### 2.1. THE COMPANY

Taghleef Industries S.p.A. (hereinafter referred to as "**Taghleef**" or the "**Company**"), a company belonging to the Taghleef Industries Group (hereinafter referred to as the "**Group**") and a world leader in the production of BOPP, BOPLA and CPP films with a parent company in Dubai U.A.E., operates in the plastic film production sector. TAGHLEEF manufactures and markets plastic film, mainly used for food packaging, by processing raw materials.

#### 2.2. GOVERNANCE AND ORGANISATIONAL STRUCTURE OF TAGHLEEF INDUSTRIES S.P.A.

The Company adopts a traditional management system whose corporate bodies are represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors, while the audit is entrusted to an external auditing company.

#### 2.3. PURPOSE OF THE MODEL

Taghleef, aware of the importance of adopting and effectively implementing an organisational, management and control model, pursuant to Legislative Decree 231/2001, capable of preventing the commission of unlawful behaviours within the company context, approved, with a resolution of the Board of Directors (hereinafter also referred to as the "**BoD**") on 2011, its own model of organisation, management and control (hereinafter, the "**Model**"), on the assumption that the same constitutes a valid tool for sensitising the recipients (as defined in paragraph 2.4) to assume correct and transparent conduct in order to prevent the crimes referred to in the Decree.

Although the adoption of the Model does not constitute an obligation imposed by the Decree, but rather an optional choice made by each individual entity, for the reasons mentioned above Taghleef has decided to comply with the provisions of the Decree, by launching a project to analyse its organisational, management and control tools, aimed at verifying the correspondence of the behavioural principles and control measures already adopted to the purposes of the Decree and, if necessary, to integrate the system currently in place.

Aware of the need to keep the Model up-to-date in order to ensure that it is suitable for preventing the commission of the predicate crimes foreseen, the Company has therefore approved this version of the Model, which incorporates the Company's assessment of the organisational structure and the applicability of the newly introduced predicate crimes to Taghleef's operating context.

By adopting the Model, the Company intends to pursue the following aims:

- Prohibit conduct that might constitute the crimes referred to in the Decree;
- Disseminate awareness that violation of the Decree, of the provisions contained in the Model and of the principles of the Code of Ethics, may result in the application of sanctions (pecuniary and prohibitory) also against the Company;
- Disseminate a business culture based on legality, in the knowledge that Taghleef expressly disapproves of any behaviour contrary to the law, regulations, internal provisions and, in particular, the provisions contained in this Model;
- Establish an efficient and balanced organisation, with particular regard to the clear allocation of powers, the formation of decisions and their transparency and justification, preventive and subsequent controls on acts and activities, as well as the correctness and truthfulness of internal and external information;
- Enable the Company, thanks to a system of control measures and constant monitoring of the proper implementation of that system, to prevent and/or counteract the commission of crimes under the Decree in a timely manner.

#### **2.4. TARGET AUDIENCE**

The provisions of this Model are binding for the directors and for all those who hold, in Taghleef or in one of its organisational units with financial and functional autonomy, functions of representation, administration and direction or management and control, also de facto, for the employees (including managers), for the collaborators subject to the direction or supervision of the apical figures of the Company (hereinafter referred to as the "**Addressees**").

The addressees of the general principles of the Model, insofar as they are applicable within the limits of the existing relationship, are also those who, although not belonging to the Company, operate by mandate or on behalf of it or are in any case linked to the Company by legal relationships relevant to the prevention of crimes.

The recipients of the Model are required to comply with all the provisions and protocols contained therein, as well as with all the procedures for their implementation, with the utmost correctness and diligence.

#### **2.5. FUNDAMENTAL ELEMENTS OF THE MODEL**

The Model consists of this General Section, in which the functions and principles of the Model are illustrated and its essential components are identified and regulated (the System of preventive controls, the Disciplinary System and the sanction mechanisms, the characteristics of the Supervisory Board and the updating process over time), and of the Special Sections reporting the risks/crimes identified and the related principles of conduct and control to prevent them.

Below is a list of the Special Sections that make up the Model and concerning crimes potentially relevant to the Company:

- Special Section A - "Crimes against the Public Administration";
- Special Section B - "Computer crimes";
- Special Section C - "Organised crime crimes";
- Special Section D - "Counterfeiting money, public credit cards, revenue stamps and instruments or identifying marks" and "Crimes against industry and commerce";
- Special Section E - "Corporate crimes";
- Special Section F - "Crimes against the individual";
- Special Section G - "Crimes related to health and safety at the workplace";
- Special Section H - "Crimes of receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin as well as self-laundering";
- Special Section I - "Crimes related to violation of copyright";
- Special Section L - "Inducement not to make or to make false statements to the judicial authorities";
- Special Section M - "Environmental crimes";
- Special Section N - "Crimes of employing citizens of third countries whose stay is irregular";
- Special Section O - "Tax crimes";
- Special Section P - "Crimes related to smuggling".

The basic elements developed by Taghleef in defining the Model can be summarised as follows:



The mapping of the so-called "sensitive" activities, with examples of possible ways of carrying out the crimes and instrumental processes within which, in principle, the conditions and/or means for committing the crimes covered by the Decree could occur.



The provision of specific control measures (as set out in the following Special Parts of this Model) to support the instrumental processes considered to be exposed to the potential risk of commission of crimes.



Establishment of a Supervisory Board, with specific tasks to supervise the effective implementation and application of the Model.



The adoption of a system of sanctions (as set out in Section Four of the General Part of this Model) aimed at ensuring the effective implementation of the Model and containing the disciplinary measures applicable in the event of violation of the provisions contained in the Model.



The carrying out of information and training activities on the contents of this Model (as better described in Section Five of this General Section).

## 2.6. MAPPING OF ACTIVITIES AT RISK OF CRIME

Article 6(2)(a) of Legislative Decree 231/2001 expressly provides that the Company's Organisation, Management and Control Model must identify the corporate activities in the context of which the crimes included in the Decree may potentially be committed. Consequently, the Company has carried out, with the support of an external consultant, an in-depth analysis of its business activities.

Within the scope of this activity, the Company firstly analysed its organisational structure, represented in the company organisational chart, which identifies the company Departments and Functions, highlighting their roles and hierarchical lines.

Subsequently, the Company proceeded to analyse its corporate activities based on the information gathered by the Department Managers and the senior management who, by virtue of the role they hold, have the broadest and deepest knowledge of the operations of the corporate sector for which they are responsible. In particular, the identification of activities at risk within the company processes was based on a preliminary analysis:

- The company organisational chart showing hierarchical and functional reporting lines;
- The body of company regulations (i.e. procedures, instructions) and the system of controls in general;
- The system of powers and delegations;
- The indications contained in the Confindustria Guidelines updated in March 2014;
- The Company's "history", i.e. the prejudicial events that have affected the Company in the past.

The results of the activities described above were collected in a descriptive sheet (the so-called **Matrix of Crime Risk Activities**), which illustrates in detail the risk profiles of the commission of the crimes referred to in Legislative Decree 231/2001, within the context of Taghleef's own activities. This document is kept at the Company's registered office, making it available for consultation by the Directors, Statutory Auditors, Supervisory Board and anyone else who may be entitled to examine it.

In particular, the Matrix of Crime Risk Activities shows the so-called **sensitive activities**, i.e. corporate activities potentially associated with crimes which are considered possible to commit, examples of possible ways and purposes of carrying out such crimes, as well as the processes in the performance of which, again in principle, the conditions, tools and/or means for committing the crimes identified as applicable could be created (so-called **sensitive processes**).

## 2.7. THE INTERNAL CONTROL SYSTEM

The Company's internal control and risk management system consists of a set of tools, organisational structures and corporate procedures aimed at contributing, through a process of identification, management and monitoring of the main risks within the Company, to the sound and correct management of the company in line with the objectives set by the Board of Directors.

In particular, Taghleef's internal control system is based not only on the behavioural rules set out in this Model, but also on the following elements:

- The Code of Ethics;
- The hierarchical-functional structure (company organisation chart);
- The system of delegated and proxy powers;
- The system of company procedures, including operating instructions;
- Periodic verification of the effective operation of controls as defined by the local audit plans of the integrated quality-hygiene-environment-safety management system, as well as by the third-party Certifying Body with regard to more detailed checks on the operation of the management system itself;
- Information systems oriented towards the segregation of functions and the protection of the information they contain, with reference both to management and accounting systems and to the systems used to support business-related operational activities.

Taghleef's current system of internal control, as a process implemented by the Company in order to manage and monitor the main risks and to allow for the sound and correct management of the Company, is capable of ensuring the achievement of the following objectives:

- "*Every operation, transaction, action must be verifiable, documented, consistent and congruous*": every operation must be supported by adequate documentation on which the competent corporate bodies may proceed at any time to carry out controls certifying the characteristics and reasons for the operation and identifying who authorised, carried out, recorded and verified the operation itself.
- "*No one can manage an entire process autonomously*": the control system operating in the company must guarantee the application of the principle of separation of functions, whereby the authorisation to carry out an operation must be under the responsibility of a person other than the person who accounts for, carries out operationally or controls the operation. In addition, the system provides that:
  - (i) no one is granted unlimited powers;
  - (ii) powers and responsibilities are clearly defined and known within the organisation;
  - (iii) powers of authorisation and signature are consistent with the organisational responsibilities assigned.
- "*Documentation of controls*": the performance of controls, including supervisory ones, carried out in accordance with the responsibilities assigned, must always be documented (possibly by drafting minutes).

The Internal Control System also ensures:

- Effectiveness and efficiency in using the company's resources, protecting against losses and safeguarding the company's assets;
- Compliance with applicable laws and regulations in all operations and actions of the Company;
- Reliability of information, to be understood as timely and reliable communications to ensure the proper conduct of any decision-making process.

Responsibility for the proper functioning of the internal control system rests with each Department/Function for all processes for which it is responsible.

The type of corporate control structure existing in TAGHLEEF includes:

- Line controls, carried out by individual Departments on the processes for which they have management responsibility, aimed at ensuring the proper conduct of operations;
- Monitoring activities, carried out by the persons in charge of each process and aimed at verifying the correct performance of the underlying activities;
- Detection, evaluation and monitoring activities of the internal control system on administrative and accounting processes and systems that are relevant to the financial statements, carried out within the Administration, Finance and Control Department.

## **2.8. CODE OF ETHICS AND MODEL**

Taghleef is determined to ensure that its business activities are carried out in compliance with the law and principles, and has adopted a Code of Ethics (hereinafter referred to alternatively as the "**Code**" or the "**Code of Ethics**"), which sets out a series of "business ethics" rules that the Company recognises as its own and which it requires its corporate bodies and employees to comply with.

This Model, the provisions of which are in any case consistent with and conform to the principles of the Code of Ethics, responds more specifically to the requirements expressed by the Decree and is therefore aimed at preventing the commission of the types of crimes included in the scope of application of Legislative Decree 231/2001.

Taghleef's Code of Ethics sets out principles that are also suitable for preventing unlawful conduct as set out in Legislative Decree 231/2001, and is therefore relevant for the purposes of the Model and complementary to it.

## SECTION THREE

### SUPERVISORY BOARD

Article 6(1) of Legislative Decree no. 231/2001 requires, as a condition for benefiting from the exemption from administrative liability, that the task of supervising the observance and functioning of the Model, taking care of its updating, be entrusted to a Supervisory Board within the entity which, endowed with autonomous powers of initiative and control, exercises on a continuous basis the tasks entrusted to it.

The Decree requires the Supervisory Board to carry out its functions outside the Company's operational processes, reporting periodically to the Board of Directors, free from any hierarchical relationship with the Board itself and with the individual heads of Departments.

In compliance with the provisions of Legislative Decree 231/2001, on 14.07.2011 the Taghleef Board of Directors set up a Supervisory Board with a collective structure of three members, functionally dependent on the Board itself.

In particular, the composition of the Supervisory Board has been defined so as to ensure the following requirements:

- **Autonomy and independence**: this requirement is ensured by its collegial composition and by *reporting* directly to the Board of Directors.
- **Professionalism**: this requirement is guaranteed by the professional, technical and practical knowledge of the members of the Supervisory Board. In particular, the chosen composition guarantees appropriate knowledge of the law and of control and monitoring principles and techniques, as well as of the company organisation and of the main processes of the Company.
- **Continuity of action**: with reference to this requirement, the Supervisory Board is obliged to constantly monitor, through powers of investigation, the compliance with the Model by the Addressees, to ensure its implementation and updating, representing a constant reference point for all Taghleef's personnel. In particular, this requirement is guaranteed by the presence in the Body of one or more employees of the Company.

#### 3.1. TERM OF OFFICE, DISQUALIFICATION AND REMOVAL FROM OFFICE

The members of the Supervisory Board remain in office for three years and may in any case be re-elected. They are chosen from among persons possessing an ethical and professional profile of unquestionable value and must not be in a relationship of marriage or kinship with members of the Board of Directors.

Employees of the Company and external professionals may be appointed as members of the Supervisory Board. The latter must not have relationships with the Company that would compromise their independence and autonomy.

The remuneration of the members of the Supervisory Board, whether internal or external to the Company, does not constitute a conflict of interest.

A person cannot be appointed as a member of the Supervisory Board and, if appointed, shall be removed from office if he/she is disqualified, incapacitated, bankrupt or has been sentenced, even if not definitively, to a punishment entailing disqualification, even temporary, from holding public office or the inability to exercise executive offices, or has been sentenced, even if not definitively or by plea bargaining, for having committed one of the crimes provided for in Legislative Decree 231/2001.

Members who have an employment relationship with the Company shall automatically cease to hold office, in the event of the termination of said relationship and regardless of the cause of its termination.

The Board of Directors may dismiss the members of the Supervisory Board at any time, but only for just cause, by resolution of the Board, after hearing the opinion of the Board of Auditors.

The following shall constitute just cause for the removal of members:

- The establishment of a serious breach by the Supervisory Board in the performance of its duties;
- Failure to inform the Board of Directors of a conflict of interest that prevents the continuation of the role of member of the Supervisory Board;
- The conviction of the Company, which has become final, or a plea bargaining sentence, where the acts show the omitted or insufficient supervision by the SB;
- Violation of confidentiality obligations with regard to news and information acquired in the performance of the Supervisory Board's duties;
- For the member linked to the Company by an employment relationship, the initiation of disciplinary proceedings for facts which may lead to the sanction of dismissal.

If the removal occurs without just cause, the removed member may apply for immediate reinstatement.

Each member may withdraw from the office at any time with at least 30 days' written notice, to be communicated to the Board members by registered mail with return receipt.

The Supervisory Board independently regulates the rules for its own functioning in a special Regulation, in particular defining the operating procedures for carrying out the functions assigned to it. The Regulations are then sent to the Board of Directors for acknowledgement.

### **3.2. POWERS AND FUNCTIONS OF THE SUPERVISORY BOARD**

The Supervisory Board is entrusted with the following tasks:

- Ensure that the knowledge, understanding and observance of the Model is disseminated within the Company;
- Supervise compliance with the Model by the Addressees;
- Monitor the validity and adequacy of the Model, with particular reference to the behaviour observed within the company;
- Verify the actual capacity of the Model to prevent the commission of the crimes provided for in the Decree;

- Supervise the implementation of and compliance with the Model within the areas of activity potentially at risk of crimes;
- Report to the Company the opportunity to update the Model, where there is a need for adaptation in relation to changed business conditions and/or regulations.

In carrying out these activities, the Supervisory Board shall perform the following tasks:

- Coordinating and cooperating with the Company Departments (also by means of special meetings) in order to better monitor the company activities identified in the Model as being at risk of crime;
- Verify the establishment and operation of specific "dedicated" information channels (e.g. e-mail address, fax number and post box for paper reports), aimed at facilitating the flow of reports and information to the SB;
- Carry out targeted checks on certain operations or specific acts carried out within the areas of corporate activity identified as potentially at risk of crimes;
- Verify and control the regular keeping and effectiveness of all documentation relating to the activities/operations identified in the Model;
- Verify the effective implementation of the information and training initiatives on the Model undertaken by the Company;
- Immediately report to the Board of Directors any violations of the Model, deemed justified, by the Directors of the Company or by its top management, in the latter case also informing the Managing Director (as the person in charge of exercising disciplinary and sanctioning powers) if not directly involved in the report;
- Immediately report to the Board of Auditors any violations of the Model, deemed to be justified, by the entire Board of Directors.

For the purposes of carrying out the above tasks, the Supervisory Board is endowed with the powers listed below:

- Issue provisions and service orders to regulate its activities and prepare and update the list of information to be received by it from Central Functions and local area functions;
- Access, without prior authorisation, any company document relevant to the performance of the functions assigned to it by Legislative Decree No. 231/2001;
- Provide that the heads of company Departments, and in any case all the Recipients, promptly supply the information, data and/or news requested from them to identify aspects connected with the various company activities relevant to the Model and to verify its actual implementation by the Company;
- Use external consultants of proven professionalism in cases where this is necessary for the performance of verification and control activities or for updating the Model.

In order to better carry out its activities, the SB may delegate one or more specific tasks to individual members, who will carry them out in the name and on behalf of the SB itself. With regard to the delegated tasks, the responsibility arising from them falls on the SB as a whole.

The Board of Directors of the Company assigns the Supervisory Board an annual expenditure budget in the amount proposed by the Supervisory Board itself and, in any case, adequate in relation to the functions assigned to it. The SB independently decides on the expenses to be incurred in compliance with the company's signatory powers and, in the event of expenses exceeding the budget, must be authorised directly by the Board of Directors.

### **3.3. REPORTING BY THE SUPERVISORY BOARD**

As already mentioned above, in order to ensure full autonomy and independence in the performance of its functions, the SB reports directly to the Company's Board of Directors.

In particular, the Supervisory Board reports to the Board of Directors on the state of implementation of the Model and the results of the supervisory activity carried out in the following ways:

- Whenever the Supervisory Board deems it necessary, and in any case at least annually, to the Board of Directors, by means of a written report illustrating the monitoring activities carried out by the Supervisory Board, the critical points that have emerged and any corrective or improvement measures required to implement the Model. The SB also informs the Board of Statutory Auditors of the content of this written report;
- Occasionally, towards the Board of Statutory Auditors, if it deems it necessary, in relation to alleged violations committed by top management or members of the Board of Directors, and may receive from the Board of Statutory Auditors requests for information or clarifications concerning such alleged violations.

The Supervisory Board may be convened at any time by both the Board of Directors and the Board of Statutory Auditors and, in turn, may ask to be heard by these bodies if it deems it appropriate to report on issues relating to the functioning and effective implementation of the Model or in relation to specific situations.

In order to guarantee a correct and effective flow of information, as well as for the purpose of a complete and correct exercise of its duties, the SB is also entitled to request clarifications or information directly from the persons having the main operational responsibilities.

### **3.4. INFORMATION FLOWS TO THE SUPERVISORY BOARD**

Legislative Decree 231/2001 sets out, among the requirements that the Model must meet, the establishment of specific information obligations towards the Supervisory Board by the Company's Functions, aimed at enabling the Supervisory Board to carry out its supervisory and verification activities.

In this respect, the following information must be communicated to the Supervisory Board:

- On a periodic basis, information, data, news and documents that constitute exceptions and/or exceptions to company procedures, previously identified by the SB and formally requested by the latter from the individual Departments/Functions (so-called information flows), according to the methods and timing defined by the SB itself;
- Within the scope of the verification activities of the SB, any information, data, news and documents deemed useful and/or necessary for carrying out such checks, previously identified by the SB and formally requested from the individual Departments/Functions;
- On an occasional basis, any other information, of whatever nature, concerning the implementation of the Model in the areas of activity at risk of crime, as well as compliance with the provisions of the Decree, which may be useful for the purposes of carrying out the duties of the SB (so-called reports).

In this regard, the Recipients must report to the Supervisory Board any information relating to conduct that may constitute a violation of the provisions of the Decree and/or the Model, as well as specific crimes.

Reports, also in accordance with Law 179/2017 on "*Provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship*" (so-called Whistleblowing) may be made through three distinct channels and in the following ways:

- Paper mail to the address: Organismo di Vigilanza c/o Taghleef Industries S.p.A.; Via Enrico Fermi, 46 – 33058 San Giorgio di Nogaro (UD) - ITALY
- E-mail address: [organismodivigilanza@ti-films.com](mailto:organismodivigilanza@ti-films.com)

These channels are made known to the addressees of the Model, to whom any reports may be sent, and access to which is restricted to the members of the Body.

The way in which reports are transmitted is designed to ensure the utmost confidentiality of whistleblowers, also in order to avoid retaliation or any other form of discrimination or penalisation against them.

The Company guarantees the protection of whistleblowers against any form, direct or indirect, of retaliation, discrimination or penalisation (application of sanctions, demotion, dismissal, transfer or submission to other organisational measures having direct or indirect negative effects on working conditions) for reasons connected, directly or indirectly, to the report. At the same time, the Company reserves the right to take any action against anyone who makes untruthful reports in bad faith.

The Company shall in all cases ensure the confidentiality and anonymity of the whistleblower, without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly accused and/or in bad faith.

Reports that lack any substantive evidence to support them, are excessively vague or unsubstantiated, or clearly contain defamatory or libellous content will not be taken into consideration.

The Supervisory Board shall assess the reports received, and may summon, if it deems it appropriate, both the reporting party to obtain further information and the alleged perpetrator of the violation, and shall carry out all the checks and investigations necessary to ascertain the validity of the report.

Having ascertained that the report is well founded, the Supervisory Board:

- For violations committed by employees, it immediately notifies in writing the Chief Executive Officer (in his capacity as the person responsible for exercising disciplinary and sanctioning powers) for the initiation of the consequent actions;
- For violations of the Model, deemed to be justified, by the Company's Directors, it shall immediately inform the Board of Directors and the Board of Auditors;
- For violations of the Model, deemed justified, by apical figures of the Company, it shall immediately inform the Board of Directors, also informing the Managing Director (in his capacity as the person in charge of exercising disciplinary and sanctioning powers) if not directly involved in the report.

In addition to the above information, it is mandatory to send the Supervisory Board information concerning:

- Measures and/or information from the judicial police, or from any other authority, including administrative authorities, involving the Company or senior management, which indicate that investigations are being carried out, even against unknown persons, for the crimes referred to in Legislative Decree no. 231/2001, without prejudice to the obligations of confidentiality and secrecy legally imposed;
- Requests for legal assistance made by managers and/or employees in the event of legal proceedings being initiated for crimes covered by Legislative Decree 231/2001;
- Changes in the system of delegated and proxy powers, changes to the articles of association or to the company organisation chart;
- The results of any action taken following a written report by the Supervisory Board of an ascertained violation of the Model, the imposition of disciplinary sanctions for violation of the Model, as well as the measures for dismissal with the relevant reasons;
- Reporting serious accidents (manslaughter or serious or very serious negligent injury, in any case any accident with a prognosis of more than 40 days) occurring to employees, collaborators of TAGHLEEF, and more generally to all those who have access to the Company's facilities;
- Results of internal and external audits of the Integrated Management System quality - hygiene - environment - safety;
- Alleged violations of the Code of Ethics. The sending of such information to the Supervisory Board is the responsibility of the Unit Finance Head and Unit Human Resources Head.

The Supervisory Board, with the support of the Company, defines the procedures for transmitting such information, informing the Departments required to do so.

All information, documentation, including the reports provided for by the Model, and reports collected by the SB - and received by it - in the performance of its institutional duties must be kept by the SB in a special archive at the Company's headquarters.

## **SECTION FOUR**

### **SANCTIONING SYSTEM**

The definition of a system of sanctions, applicable in the event of violation of the provisions of this Model, is a necessary condition to ensure the effective implementation of the Model itself, as well as an essential condition to allow the Company to benefit from the exemption from administrative liability.

The application of disciplinary sanctions is irrespective of the initiation and outcome of any criminal proceedings that may have been initiated in cases where the breach constitutes a crime under Legislative Decree No. 231/2001. The sanctions that may be imposed are diversified according to the nature of the relationship between the author of the violation and the Company, as well as the importance and seriousness of the violation committed and the role and responsibility of the author.

In general, violations can be traced to the following behaviours and classified as follows:

- A. Conduct constituting a culpable failure to implement the provisions of the Model, including company directives, procedures or instructions;
- B. Conduct constituting a wilful transgression of the provisions of the Model, such as to compromise the relationship of trust between the perpetrator and the Company in that it is unequivocally designed to commit a crime.

The sanction procedure is in any case referred to the competent corporate function and/or bodies.

#### **4.1. SANCTIONS FOR EMPLOYEES**

With regard to its employees, the Company shall comply with the limits set out in Article 7 of Law 300/1970 (Workers' Statute) and the provisions contained in the applicable National Collective Labour Agreement, with regard to both the sanctions that may be imposed and the procedures for exercising disciplinary power.

Failure to comply - by employees - with the provisions of the Model, and all the documentation that forms part of it, constitutes a breach of the obligations arising from the employment relationship pursuant to Article 2104 of the Civil Code and a disciplinary crime.

More specifically, the adoption by an employee of the Company of a conduct that can be qualified, on the basis of what is indicated in the previous paragraph, as a disciplinary crime, also constitutes a violation of the employee's obligation to perform the tasks entrusted to him/her with the utmost diligence, complying with the directives of the Company, as provided for by the applicable CCNL in force.

The following sanctions may be imposed on employees:

1. Verbal reprimand;
2. Written warning;
3. Fine;
4. Suspension from work and pay;
5. Dismissal.

In order to highlight the criteria of correlation between violations and disciplinary measures, it is specified that:

- i) An employee is subject to disciplinary measures if:
  - Violates the provisions contained in the Model and in all the documentation which forms part of it, or adopts, in the performance of activities in areas at risk, a conduct which does not comply with the provisions contained in the Model itself, such conduct being construed as a failure to execute the orders given by the Company;
- ii) On the other hand, an employee is subject to disciplinary measures if:
  - Adopts, when carrying out activities in the areas at risk, a conduct which does not comply with the provisions contained in the Model, and in the documentation which forms part of it, such conduct being construed as a lack of discipline and diligence in the performance of one's contractual obligations which is so serious as to undermine the Company's trust in the employee;
  - Adopts, when carrying out the activities attributable to the areas at risk, a conduct which is clearly in conflict with the provisions contained in the Model and in the documentation which forms part of it, such as to determine the concrete application against the Company of the measures provided for by Legislative Decree 231/2001, such conduct constituting an act which causes serious moral and material damage to the Company which does not allow the continuation of the relationship, even temporarily.

The Company may not take any disciplinary action against the employee without complying with the procedures laid down in the applicable CCNL for individual cases.

The principles of correlation and proportionality between the infringement committed and the penalty imposed are guaranteed by compliance with the following criteria:

- Seriousness of the infringement committed;
- Task, role, responsibility and autonomy of the employee;
- Foreseeability of the event;
- Intentionality of the behaviour or degree of negligence, carelessness or inexperience;
- The overall conduct of the offender, with regard to the existence or otherwise of disciplinary precedents under the terms of the applicable CCNL;
- Other special circumstances characterising the infringement.

The existence of a system of sanctions connected with failure to comply with the provisions contained in the Model, and in the documentation which forms part of it, must necessarily be brought to the attention of employees by the means deemed most appropriate by the Company.

#### **4.2. SANCTIONS FOR EMPLOYEES WITH MANAGERIAL STATUS**

Failure to comply - by managers - with the provisions of the Model, and with all the documentation that forms part of it, including violation of the obligations to inform the SB, determines the application of the sanctions laid down in collective bargaining for other categories of employees, in accordance with Articles 2106, 2118 and 2119 of the Civil Code, and Article 7 of Law 300/1970.

In general, the following sanctions may be imposed on managerial staff:

- i. Fine;
- ii. Suspension from work;
- iii. Early termination of employment.

The ascertainment of any violations, as well as inadequate supervision and failure to promptly inform the Supervisory Board, may lead to the precautionary suspension from work of workers with executive status, without prejudice to the right of the executive to remuneration, as well as, again on a provisional and precautionary basis for a period not exceeding three months, the assignment to different tasks in accordance with Article 2103 of the Civil Code.

In the event of serious violations, the Company may proceed with the early termination of the employment contract without notice pursuant to Article 2119 of the Civil Code.

#### **4.3. SANCTIONS FOR EMPLOYEES SUBJECT TO DIRECTION OR SUPERVISION**

Failure to comply - by collaborators subject to the direction or supervision of the Company's top management - with the provisions of the Model, including violation of the obligations to provide information to the Supervisory Board determines, in accordance with the provisions of the specific contractual relationship, the termination of the relevant contract, without prejudice to the Company's right to claim compensation for damages suffered as a result of such conduct, including damages caused by the application of the sanctions provided for in Legislative Decree no. 231/2001.

#### **4.4. MEASURES AGAINST DIRECTORS**

In the event of an ascertained violation of the provisions of the Model, including those of the documentation which forms part of it, by one or more directors, the Supervisory Board shall promptly inform the entire Board of Directors and the Board of Statutory Auditors, so that they may take or promote the most appropriate and adequate initiatives, in relation to the seriousness of the violation detected and in accordance with the powers provided for by current legislation and the Articles of Association.

In the event of an ascertained violation of the provisions of the Model by the entire Board of Directors, including the documentation that forms part of it, the Supervisory Board shall immediately inform the Board of Statutory Auditors, so that it may promote the consequent initiatives.

In particular, in the event of violation of the provisions of the Model, including those of the documentation which forms part of it, by one or more directors, the Board of Directors may proceed directly, depending on the extent and seriousness of the violation committed, to impose the sanction of a formal written warning or the revocation, even partial, of the delegated powers and the powers of attorney granted in the most serious cases, such as to undermine the Company's trust in the person responsible.

In the event of violations of the provisions of the Model, including those of the documentation which forms part of it, by one or more directors, unequivocally aimed at facilitating or instigating the commission of a crime relevant under Legislative Decree no. 231/2001 or at committing such a crime, sanctions (such as, by way of example, temporary suspension from office and, in the most serious cases, revocation of the office) shall be adopted by the Shareholders' Meeting, on the proposal of the Board of Directors or the Board of Statutory Auditors.

#### **4.5. MEASURES AGAINST SENIOR MANAGEMENT**

In any case, even the breach of the specific obligation to supervise the subordinates incumbent on top management shall entail the adoption by the Company of the sanctioning measures deemed most appropriate in relation, on the one hand, to the nature and seriousness of the breach committed and, on the other, to the status of the top manager who commits the breach.

#### **4.6. SANCTIONS UNDER ARTICLE 6(2) BIS OF LEGISLATIVE DECREE 231/2001 ("WHISTLEBLOWING")**

With reference to the system of sanctions relating to the proper handling of reports of crimes under Article 6, paragraph 2-bis, of Legislative Decree no. 231/2001 (so-called Whistleblowing), there are provisions:

- Sanctions to protect the whistle-blower against those who retaliate or discriminate, directly or indirectly, against the whistle-blower for reasons related, directly or indirectly, to the report;
- Sanctions against persons who, with malice or gross negligence, make reports that turn out to be unfounded.

The sanctions are defined in relation to the role of the addressee of the sanctions, as indicated in the preceding paragraphs, to the extent that violations of the rules relating to the reporting system represent, in themselves, violations of the provisions of the Model.

## **SECTION FIVE**

### **DISSEMINATION OF THE MODEL**

Taghleef, aware of the importance that training and information aspects assume in a prevention perspective, defines a communication and training programme aimed at ensuring the disclosure to the Recipients of the main contents of the Decree and the obligations deriving from it, as well as the provisions of the Model.

Personnel information and training activities are organised at different levels of detail according to the different degree of involvement of personnel in activities at risk of crime. In any case, training activities aimed at disseminating knowledge of Legislative Decree 231/2001 and the provisions of the Model are differentiated in terms of content and dissemination methods according to the Recipients' qualifications, the risk level of the area in which they operate and whether or not they hold representative and management positions in the Company.

The training activity involves all current staff, as well as all resources that will be included in the company organisation in the future. In this regard, the relevant training activities must be planned and carried out both at the time of recruitment and when any change of duties occurs, as well as following updates and/or amendments to the Model.

With regard to the dissemination of the Model in the Taghleef business environment, Taghleef undertakes to:

- Send a communication to all personnel concerning the adoption of this Model;
- Publish the Model on the company intranet and/or on any other communication tool deemed appropriate (e.g. company notice boards);
- Organise training activities aimed at disseminating knowledge of Legislative Decree 231/2001 and the provisions of the Model, as well as planning training sessions for staff when the Model is updated and/or amended, in the manner deemed most appropriate.

The documentation relating to the information and training activities shall be kept by the Personnel Department and available for consultation by the Supervisory Board and by any person entitled to inspect it.

## **SECTION SIX**

### **ADOPTION AND UPDATING OF THE MODEL**

The adoption and effective implementation of the Model are - by express legislative provision - the responsibility of the Board of Directors. It follows that the power to adopt any updates to the Model lies, therefore, with the Board of Directors, which shall exercise it by means of a resolution in the manner laid down for its adoption.

The updating activity, intended both as an integration and as a modification, is aimed at ensuring the adequacy and suitability of the Model, assessed in relation to the preventive function of committing the crimes provided for in Legislative Decree 231/2001.

On the other hand, the Surveillance Body is responsible for concretely verifying the need or advisability of updating the Model, and promoting this need to the Board of Directors. The Supervisory Board, in the context of the powers conferred on it in accordance with Article 6(1) (b) and Article 7(4) (a) of the Decree, is responsible for formulating proposals to the Board of Directors concerning the updating and adjustment of this Model.

In any event, the Model must be promptly amended and supplemented by the Board of Directors, also on the proposal and after consultation with the Supervisory Board, when such changes are made:

- Variations and circumventions of the requirements contained therein which have revealed their ineffectiveness or inconsistency for the purposes of preventing crimes;
- Significant changes in the internal structure of the Company and/or in the way in which it carries out its business activities;
- Regulatory changes.

In particular, the Chairman defines the structure of the Model to be submitted to the Board of Directors for approval, with the support of the Plant and Company Departments for the areas of their respective competence.

The Departments and Heads of the Company Departments concerned prepare and make changes to the operating procedures for which they are responsible, when such changes appear necessary for the effective implementation of the Model, or when they prove ineffective for the purposes of proper implementation of the Model's provisions. The competent company departments also make the changes or additions to the procedures necessary to implement any revisions of this Model.

Amendments, updates and additions to the Model must always be communicated to the Supervisory Board.

**MODEL OF ORGANISATION,  
MANAGEMENT AND CONTROL EX  
LEGISLATIVE DECREE NO. 231  
OF 8 JUNE 2001**

**Attachment 1**

**APPROVED BY THE BOARD OF DIRECTORS ON 30/03/2022**

**TAGHLEEF INDUSTRIES S.P.A.**  
REGISTERED OFFICE IN SAN GIORGIO DI NOGARO, VIA ENRICO FERMI N. 46  
REGISTRATION IN THE UDINE COMPANIES REGISTER NO. 02591680216

**ATTACHMENT ONE****CRIMES LIST**

1. Crimes against the Public Administration (artt. 24 e 25):
  - Embezzlement (art. 314 c.p.);
  - Embezzlement through profit from the error of others (art. 316 c.p.);
  - Misappropriation of State or European Communities Funds (art. 316 bis c.p.);
  - Embezzlement through profit from the error of others (art. 316 ter c.p.);
  - Fraud against the State or the European Union (art. 640, paragraph 2, n. 1, c.p.);
  - Serious fraud to obtain public funding (art. 640 bis c.p.);
  - Computer fraud to the detriment of the State and other public bodies (art. 640 ter c.p.);
  - Corruption (artt. 318, 319, 319 bis, 320, 321, 322 bis c.p.);
  - Instigation to corruption (art. 322 c.p.);
  - Corruption in legal proceedings (art. 319 ter c.p.);
  - Extortion (art. 317 c.p.);
  - Improper inducement to give or promise a benefit (art. 319 quater c.p.);
  - Abuse of office (art. 323 c.p.);
  - Influence peddling (art. 346 bis c.p.);
  - Fraud in public supplies (art. 356 c.p.);
  - Fraud in agriculture (art. 2 L. 898/1986).
  
2. Cybercrime and Illegal Data Processing (art. 24 bis):
  - False information in an electronic document (art. 491-bis c.p.);
  - Illicit access to an IT or telematic system (art. 615 ter c.p.);
  - Illicit possession and diffusion of IT or telematic system access codes (art. 615 quater c.p.);
  - Diffusion of equipment, devices or IT programs aimed at damaging or interrupting an IT or telematic system (art. 615 quinquies c.p.);
  - Interception, impediment or unlawful interruption of IT or telematic communications (art. 617 quater c.p.);
  - Installation of equipment aimed at intercepting, impeding or interrupting IT or telematic communications (art. 617 quinquies c.p.);
  - Damage to information, data and IT programs (art. 635 bis c.p.);
  - Damage to information, data and IT programs used by the state or other public bodies or otherwise of public utility (art. 635 ter c.p.);
  - Damage to computer or telematic systems (art. 635 quater c.p.);
  - Damage to IT or telematic systems of public utility (art. 635 quinquies c.p.);
  - Computer fraud by party providing electronic signature certification services (art. 640 quinquies c.p.);
  - Cyber security (art. 1, paragraph 11, D.L. 105/2019).
  
3. Organized crime offenses (art. 24 ter):
  - Criminal association (art. 416 c.p.);
  - Mafia type association (including transnational ones) (art. 416 bis c.p.);
  - Electoral exchange between mafia members and politicians (art. 416 ter c.p.);
  - Kidnapping for ransom (art. 630 c.p.);

- Association for the purpose of illegal trafficking in drugs or narcotic substances (art. 74, D.P.R. 9 October 1990 no. 309);
  - Crimes of illicit manufacture, introduction in the State, sales, possession and carrying on in public place war weapons or similar or part of them, explosives, [...] (art. 407, paragraph 2 a), no. 5) c.p.p.).
4. Counterfeiting of coins, legal tender, official stamps and identification marks (art. 25 bis):
- Forgery of currency/credit cards (art. 453 c.p.);
  - Alteration of coins/currency (art. 454 c.p.);
  - Spending and introduction into the country of counterfeit coins/currency (art. 455 c.p.);
  - Spending counterfeit money received in good faith (art. 457 c.p.);
  - Counterfeiting of official stamps, introduction into the country, purchase, retention or circulation of counterfeit official stamps (art. 459 c.p.);
  - Counterfeiting of watermarked paper used to manufacture legal tender or official stamps (art. 460 c.p.);
  - Manufacture or retention of watermarks or tools intended for use in counterfeiting coins/currency, official stamps or watermarked paper (art. 461 c.p.);
  - Use of counterfeit or forged official stamps (art. 464, paragraph 1 e 2, c.p.);
  - Alteration or illicit use of trademarks or distinguishing signs or patents, models or designs (art. 473 c.p.);
  - Introduction of counterfeit goods in the state (art. 474 c.p.).
5. Crimes against industry and trade (art. 25-bis 1):
- Harming the freedom of industry and trade (art. 513 c.p.);
  - Unlawful competition with threat or violence (art. 513 bis c.p.);
  - Fraud against national industries (art. 514 c.p.);
  - Fraud in the exercise of trade (art. 515 c.p.);
  - Sale of non-genuine food as genuine (art. 516 c.p.);
  - Sale of industrial products with untruthful marks (art. 517 c.p.);
  - Manufacturing and trade of goods made encroaching upon industrial property rights (art. 517 ter c.p.);
  - Infringement of geographic indications or designations of origin of agricultural and food products (art. 517 quater c.p.).
6. Corporate crimes (art. 25 ter):
- False corporate communications (art. 2621 c.c.);
  - False statements in corporate records of moderate extent (art. 2621 bis c.c.);
  - False corporate communication on listed companies (art. 2622 c.c.);
  - Obstruction of control activities (art. 2625 c.c.);
  - Undue reimbursement of contributions (art. 2626 c.c.);
  - Illegal allocation of profits or reserves among shareholders (art. 2627 c.c.);
  - Unlawful transactions in the stock of the company or its controlling company (art. 2628 c.c.);
  - Transactions prejudicial to creditors (art. 2629 c.c.);
  - Failure to disclose a conflict of interest (art. 2629 bis c.c.);
  - Fictitious formation of corporate capital (art. 2632 c.c.);
  - Undue distribution of corporate assets by liquidators (art. 2633 c.c.);
  - Corruption in the private sector (art. 2635 c.c.);
  - Instigation to corruption in the private sector (art. 2635-bis c.c.);

- Unlawful influence on shareholders' meetings (art. 2636 c.c.);
  - Stock jobbing (art. 2637 c.c.);
  - Obstruction of activity of public regulatory authorities (art. 2638, paragraph 1 e 2, c.c.).
7. Crimes with the purpose of terrorism or subversion of the democratic order (art. 25 quater):
- Subversive associations (art. 270 c.p.);
  - Terrorist crimes and crimes aimed at subverting the democratic order (art. 270 bis c.p.);
  - Assistance to members/conspirators (art. 270 ter c.p.);
  - Recruitment for purposes of terrorism (art. 270 quarter c.p.);
  - Organization of transfers for terrorist purposes (art. 270 quater 1 c.p.);
  - Training in activities for purposes of terrorist (art. 270 quinquies c.p.);
  - Conduct for the purposes of terrorism (art. 270 sexies c.p.);
  - Attack for terrorist purposes (art. 280 c.p.);
  - Act of terrorism using deadly or explosive devices (art. 280 bis c.p.);
  - Kidnapping for purposes of terrorism or subversion (art. 289 bis c.p.);
  - Inducement to commit any of the crimes provided (art. 302 c.p.);
  - Political conspiracy by agreement (art. 304 c.p.);
  - Political Conspiracy by Association (art. 305 c.p.);
  - Armed band training and participation (art. 306 c.p.);
  - Assistance to participants in conspiracy or armed gangs (art. 307 c.p.);
  - Possession, hijacking and destruction of an aircraft (art. 1, L. no. 342/1976);
  - Damage to ground installations (art. 2, L. no. 342/1976);
  - Provisions on offences against the safety of maritime navigation and the safety of fixed platform installations (art. 3, L. no. 422/1989);
  - International Convention for the Suppression of the Financing of Terrorism (art. 2 Conv New York 9/12/1999).
8. Female Genital Mutilation (art. 25 quater 1).
9. Crimes against individual personality (art. 25 quinquies):
- Reduction to slavery (art. 600 c.p.);
  - Child prostitution (art. 600 bis, paragraph 1 c.p.);
  - Child pornography (art. 600 ter, paragraph 1 and 2 c.p.);
  - Possession of child pornography (art. 600 quater c.p.);
  - Virtual Pornography (art. 600 quater 1 c.p.);
  - Grooming of minors (art. 609 undecies c.p.);
  - Tourism initiatives for the purposes of exploiting child prostitution (art. 600 quinquies c.p.);
  - Trafficking in human beings (art. 601 c.p.);
  - Sale and purchase of human beings (art. 602 c.p.);
  - Illegal intermediation and exploitation of labour (art. 603 bis c.p.).
10. Market manipulation (art. 25 sexies):
- Insider dealing (art. 184 D.Lgs. 58/1998);
  - Market manipulation (art. 185 D.Lgs. 58/1998).
11. Ratification and execution of the UN Convention against transnational organized crime (art. 10 L. 146/2006):
- Criminal association (art. 416 c.p.);

- Mafia type association (art. 416 bis c.p.);
  - Criminal association for the purpose of smuggling foreign tobacco products (DPR 43/1973, art. 291 quater);
  - Association for the purpose of illegal trafficking in drugs or narcotic substances (art. 74 del DPR 309/1990);
  - Crimes related to illegal immigration (art. 12 del D.Lgs. 286/1998);
  - Induction to not make statements or to make false statements to the judicial authority (art. 377 bis c.p.);
  - Personal aiding and abetting (art. 378 c.p.).
12. Crimes on safety at the workplace (art. 25 septies):
- Manslaughter (art. 589 c.p.);
  - Serious or extremely serious negligent injury committed in violation of worker's safety regulations (art. 590 c.p.).
13. Handling, laundering or use of money, goods or benefits from an unlawful source 3 (art. 25 octies):
- Handling stolen goods (art. 648 c.p.);
  - Money laundering (art. 648 bis c.p.);
  - Use of money, goods or commodities of unlawful origin (art. 648 ter c.p.);
  - Self-money-laundering (art. 648 ter.1 c.p.).
14. Offences relating to infringement of copyright (art. 25-novies):
- Distribution of intellectual property via an online network (art. 171, L. 633/41);
  - Software and databases offences (art. 171-bis, L. 633/41);
  - Copyright offences regarding materials intended for radio, Tv and cinema, or literacy, scientific and educational materials (art. 171-ter, L. 633/41);
  - Breach of copyright to detriment of Italian Copyright Agency ("SIAE") (art. 171-septies L. 633/41);
  - Tampering with equipment used to decode audio-visual signals subject to conditional access (art. 171-octies L. 633/41).
15. Induction to not make statements or to make false statements to the judicial authority (art. 25-decies).
16. Environmental crimes (art. 25-undecies):
- Environmental pollution (art. 452-bis c.p.);
  - Environmental disaster (art. 452-quater c.p.);
  - Environmental pollution and environmental disaster committed with gross negligence (art. 452-quinquies c.p.);
  - Trade and dereliction of high radioactive material (art. 452-sexies c.p.);
  - Criminal association related to environmental crimes (art. 452-octies c.p.);
  - Killing, destruction, catching, taking, and possession of protected wild animal and vegetable species (art. 727-bis c.p.);
  - Destruction or deterioration of habitats within a protected site (art. 733-bis c.p.);
  - Sewage dumping and violation of the rules for the management of dumping industrial sewage (art. 137 D.Lgs. 152/2006);
  - Unauthorized waste management (art. 256 D.Lgs. 152/2006);

- Failure to perform site drainage and failure to file notices with the competent authorities in the event of site contamination (art. 257 D.Lgs. 152/2006);
  - Breach of the duties of communication, keeping of mandatory registers and forms on environmental matters (art. 258 D.Lgs. 152/2006);
  - Illegal waste trading (art. 259 D.Lgs. 152/2006);
  - Organised activities for the illegal trafficking of waste (art. 452 quaterdecies c.p.);
  - Offences regarding air pollution and reduction of atmospheric emissions (art. 279 D.Lgs. 152/2006);
  - Offences regarding protection of animal and plant species in danger of extinction (artt. 1, 2, 3 bis, 6 L. no. 150/1992);
  - Offences regarding the ozone and the atmosphere (art. 3 L. no. 549/1993);
  - Criminal or negligent pollution caused by ships (art. 8 - 9 D.Lgs. no. 202/2007).
17. Employment of illegally staying third-country nationals in order to fight illegal immigration (art. 25 duodecies):
- Promotion, management, organization, financing or transport of foreigners in the territory [...]. (art. 12, paragraph 3, 3-bis, 3-ter e paragraph 5, D.Lgs. no. 286/1998);
  - Hire of employees with irregular residency permit (art. 22, paragraph 12-bis, D.Lgs. no. 286/1998).
18. Racism and xenophobia (art. 25 terdecies):
- Propaganda and incitement to commit racial, ethnic, and religious discrimination (art. 604-bis c.p.).
19. Fraud in sports competitions (art. 25 quaterdecies):
- Fraud in sporting competitions (art. 1, L. no. 401/1989);
  - Abusive exercise of gambling or betting activities (art. 4, L. 401/1989).
20. Tax crimes (art. 25 quinquiesdecies):
- Fraudulent tax declaration through the use of invoices for fictitious operations (art. 2 D.Lgs. n. 74/2000);
  - Fraudulent tax declaration by other means (art. 3 D.Lgs. n. 74/2000);
  - Unfaithful tax declaration (art. 4 D.Lgs. 74/2000);
  - Omission of tax declaration (art. 5 D.Lgs. 74/2000);
  - Issuance of invoices or other documents for non-existent transactions (art. 8 D.Lgs. n. 74/2000);
  - Concealment or destruction of accounting documents (art. 10 D.Lgs. n. 74/2000);
  - Undue compensation (art. 10-quater D.Lgs. 74/2000);
  - Fraudulent withholding of taxes (art. 11 D.Lgs. no. 74/2000).
21. Smuggling (art. 25 sexesdecies):
- Smuggling in the movement of goods across land borders and customs areas (art. 282 Presidential Decree 43/1973);
  - Smuggling in the movement of goods in border lakes (art. 283 Presidential Decree 43/1973);
  - Smuggling in the maritime movement of goods (art. 284 Presidential Decree 43/1973);
  - Smuggling in the movement of goods by air (art. 285 Presidential Decree 43/1973);
  - Smuggling in non-customs areas (art. 286 Presidential Decree 43/1973);

- Smuggling for undue use of goods imported with customs facilities (art. 287 Presidential Decree 43/1973);
- Smuggling in customs warehouses (art. 288 of Presidential Decree 43/1973);
- Smuggling in cabotage and traffic (art. 289 Presidential Decree 43/1973);
- Smuggling in the exportation of goods eligible for duty drawback (art. 290 Presidential Decree 43/1973);
- Smuggling on temporary import or export (art. 291 of Presidential Decree 43/1973);
- Smuggling of foreign processed tobacco (art. 291-bis Presidential Decree 43/1973);
- Criminal association for the purpose of smuggling foreign manufactured tobacco (art. 291-  
quater Presidential Decree 43/1973);
- Other cases of smuggling (art. 292 Presidential Decree 43/1973);
- Penalty for smuggling in the event of failure to detect or incomplete detection of the object  
of the offence (art. 294 Presidential Decree 43/1973);
- Aggravating circumstances (art. 295 Presidential Decree 43/1973);
- Differences between the load and the manifest (art. 302 Presidential Decree 43/1973);
- Differences between declaration for export of goods with refund of duties (art. 304  
Presidential Decree 43/1973);
- Failure to discharge the security note. Quantity differences (art. 305 Presidential Decree  
43/1973);
- Quality differences with respect to the security bill (art. 306 Presidential Decree 43/1973);
- Differences in goods stored in private customs warehouses (art. 308 Presidential Decree  
43/1973);
- Differences with respect to declaration of goods for temporary importation or exportation  
(art. 310 Presidential Decree 43/1973);
- Quality differences in re-exportation at temporary importation discharge (art. 311  
Presidential Decree 43/1973);
- Quality differences in re-importation at temporary exportation outlet (art. 312 Presidential  
Decree 43/1973);
- Quantity differences with respect to the declaration for re-export and re-import (art. 313 of  
Presidential Decree 43/1973);
- Failure to comply with the obligations imposed on captains (art. 316 of Presidential Decree  
43/1973);
- Failure to comply with customs requirements by masters of aircraft (art. 317 Presidential  
Decree 43/1973);
- Omission or delay in lodging the customs declaration (art. 318 of Presidential Decree  
43/1973);
- Failure to comply with customs formalities (art. 319 of Presidential Decree 43/1973);
- Penalties for violations of the rules on warehouses in surveillance zones (art. 320  
Presidential Decree 43/1973);
- Penalties for violations of regulations on navigation in surveillance zones (art. 321  
Presidential Decree 43/1973).

# TAGHLEEF INDUSTRIES S.P.A.

## MODEL OF ORGANISATION, MANAGEMENT AND CONTROL EX LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

### SPECIAL PART

**APPROVED BY THE BOARD OF DIRECTORS ON 30.03.2022**

**TAGHLEEF INDUSTRIES S.P.A.**  
REGISTERED OFFICE IN SAN GIORGIO DI NOGARO, VIA ENRICO FERMI N. 46  
REGISTRATION IN THE UDINE COMPANIES REGISTER NO. 02591680216

LAST AMENDED 16.03.2022

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## **SPECIAL PART A**

### **CRIMES AGAINST THE PUBLIC ADMINISTRATION (ARTICLES 24 AND 25)**

#### **TYPES OF CRIME**

This Special Part refers to the crimes against the Public Administration, referred to in Articles 24 and 25 of Legislative Decree 231/2001 and, in particular, lists the individual types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also referred to as "Taghleef" or "the Company"). It also identifies the so-called "sensitive" activities (those in which it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

A precise definition of the concept of Public Administration is essential in order to identify which persons qualify as "active parties" in the crimes indicated in Legislative Decree 231/2001 and which are the subject of this analysis, or rather which qualification of those persons is necessary, with reference to the scope of this special part, in order to integrate the criminal crimes provided for therein. There are three macro-categories linked to the Public Administration: Entities/Institutions, Public Officials and Persons in Charge of a Public Service.

By way of example only, the following entities or categories of entities may be indicated as being part of the Public Administration, referring for a formal list to Article 1(2) of Legislative Decree 165/2001:

- *Constitutional and constitutionally relevant bodies* (Presidency of the Republic, Presidency of the Council, Senate of the Italian Republic, Chamber of Deputies, Ministries, Constitutional Court, National Council for the Economy and Labour, Superior Council of the Magistracy, Supreme Court of Cassation, Council of State, Regional Administrative Courts, Court of Auditors);
- *Regions*;
- *Provinces*;
- *Municipalities*;
- *Armed Forces and Police Forces* (Defence Staff, Army Staff, Navy Staff, Air Force Staff, Carabinieri, Guardia di Finanza, State Police, Prison Police, State Forestry Corps, Harbour Offices, SISDE - Servizio per le Informazioni e la Sicurezza Democratica, SISMI - Servizio per le Informazioni e la Sicurezza Militare);
- *Guaranteeing bodies appointed by Parliament* (AGCM - Autorità Garante della Concorrenza e del Mercato, Commissione di Garanzia sull'Esercizio del Diritto di Sciopero, AGCOM - Autorità per le Garanzie nelle Comunicazioni, Autorità Garante per la Protezione dei Dati Personali, Autorità per la Vigilanza sui Lavori Pubblici);
- *Authorities, Committees, Commissions* (AIPA - Authority for Information Technology in Public Administration, Authority for Electricity and Gas CONSOB National Commission for Companies and the Stock Exchange, ISVAP Institute for the Supervision of Private Insurance, Bank of Italy);

- *Other Bodies/Institutions* (ACI - Automobile Club d'Italia, Agenzia delle Entrate, Agenzia del Demanio, Agenzia delle Dogane, Agenzia del Territorio, Agenzie Regionali per la Prevenzione e l'Ambiente, ASI Agenzia Spaziale italiana, ASL - Aziende Sanitarie Locali, CNR - Consiglio Nazionale delle Ricerche, CONI - Comitato Olimpico Nazionale, CRI - Croce Rossa Italiana, ENASARCO - Ente Nazionale Assistenza Agenti e Rappresentanti di Commercio, NEA - Ente per le Nuove Tecnologie, l'Energia e l'Ambiente, ICE - Istituto Nazionale per il Commercio Estero, INAIL - Istituto Nazionale Assicurazioni Infortuni sul Lavoro, INPDAP - Istituto Nazionale di Previdenza per Dipendenti dell'Amministrazione Pubblica, INPS - Istituto Nazionale della Previdenza Sociale, INEA - Istituto Nazionale di Economia Agraria, INFM - Istituto Nazionale per la Fisica della Materia, INFN - Istituto Nazionale di Fisica Nucleare, ISS - Istituto Superiore di Sanità, ISAE - Istituto di Studi e Analisi Economica, ISTAT - Istituto Nazionale di Statistica, IPZS - Istituto Poligrafico e Zecca dello Stato, ISPESL - Istituto Superiore per la Prevenzione del Lavoro e della Sicurezza, Monopoli di Stato, Protezione Civile, VVFF - Vigili del Fuoco);
- *Other Institutions* (Conference of the Presidents of the Regions and Autonomous Provinces, ANCITEL - Telematic Network of the Municipalities of Italy, UPITEL - Telematic Network of the Italian Provinces, Chambers of Commerce, Public Universities and Public Research Institutions, Italian Embassies and Consulates abroad European Union);
- Entities entrusted with a Public Service (Private entities performing public services under a concessionary regime Private entities performing design activities for public works, members of the Board of Directors of the "Pension Fund" of Banking Institutions, Entities, including those established as joint-stock companies, performing an activity functional to a specific public interest for the exercise of which they have been established by law, Municipal Utilities, Waterworks, Classification and Certification Bodies (if they operate on behalf of Public Entities);
- *All equivalent Entities or categories of Entities belonging to foreign States.*

Without prejudice to the purely illustrative nature of the public bodies listed above, it should be noted that not all the natural persons acting in the sphere of and in relation to the aforementioned bodies are persons against whom (or by whom) the criminal crimes under Legislative Decree no. 231/2001 are committed. In particular, only Public Officials and Persons in Charge of a Public Service are relevant for this purpose.

As regards the first type, under Article 357(1) of the Criminal Code, a **public official** for the purposes of criminal law is anyone who exercises a legislative, judicial or administrative public function.

As regards the second type, the definition of "**persons in charge of a public service**" In this respect, Article 358 of the Criminal Code states, "*persons in charge of a public service are those who, for whatever reason, perform a public service. The term 'public service' is to be understood as meaning an activity regulated in the same way as a public function, but characterised by the absence of the powers typical of the latter, and excluding the performance of simple tasks of order and the performance of merely material work*". In order for the "service" to be defined as public, it must be governed - like the "public function" - by rules of public law, but without the powers of a certifying, authorising and deliberative nature proper to the public function. The law also specifies that the performance of "simple tasks of an orderly nature" or the "performance of purely material work" can never constitute a "public service".

Jurisprudence has also identified a series of 'indications' of the public nature of the entity, for which the case law on public limited companies is emblematic.

In particular, reference is made to the following indices:

- a) Submission to control and guidance activities for social purposes, as well as a power of appointment and revocation of directors by the State or other public bodies;
- b) The presence of an agreement and/or concession with the Public Administration;
- c) The financial contribution by the State;
- d) The presence of public interest within the economic activity.

On the basis of the above, the discriminating element for indicating whether or not a subject has the status of "person in charge of a public service" is represented, not by the legal nature assumed or held by the entity, but by the functions entrusted to the subject, which must consist in the care of public interests or the satisfaction of needs of general interest.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **MISAPPROPRIATION OF STATE OR EUROPEAN COMMUNITIES FUNDS (ARTICLE 316-BIS OF THE CRIMINAL CODE)**  
This offence occurs when, after having received funding or contributions from the Italian State, other public bodies or the European Union, the sums obtained are not used for the purposes of the public interest for which they were intended. Taking into account that the moment of commission of the offence coincides with the executive phase, the offence may also occur with reference to funding already obtained in the past and which is not used for the purposes for which it was granted.
- **UNLAWFUL APPROPRIATION OF FUNDS TO THE DETRIMENT OF THE STATE (ARTICLE 316-TER OF THE CRIMINAL CODE)**  
This offence occurs when - through the use or presentation of false declarations or documents or through the omission of required information - one obtains, for oneself or for others and without being entitled to do so, grants, loans, subsidised loans or other funds of the same type granted or provided by the State, by other public bodies or by the European Union. In this case, the correct use of the funds (as provided for in Article 316-bis) is not relevant, since the offence is committed at the time when the funds are unduly obtained. Finally, it should be noted that this offence is residual with respect to Article 640-bis of the Criminal Code, with reference to those cases where the conduct does not constitute the most serious offence of fraud against the State.
- **FRAUD AGAINST THE STATE OR THE EUROPEAN UNION (ARTICLE 640(2)(1) OF THE CRIMINAL CODE)**  
Article 640 of the Criminal Code is a common offence that can be committed by anyone. The act constituting the offence consists in procuring for oneself or others an unfair profit to the detriment of another person, by misleading someone through artifice or deception. In particular, in the case referred to in Article 24 of Legislative Decree no. 231/2001 (i.e. Article 640(2) (1) of the Criminal Code), the acts committed to the detriment of the State or of another public body or of the European Union are relevant.

- **SERIOUS FRAUD TO OBTAIN PUBLIC FUNDING (ARTICLE 640 BIS OF THE CRIMINAL CODE)**  
This offence occurs when fraud (as referred to in Article 640 of the Criminal Code) is perpetrated in order to unduly obtain contributions, financing, subsidised loans or other funds of the same type, however named, granted or provided by the State, other public bodies or the European Union.
  
- **COMPUTER FRAUD TO THE DETRIMENT OF THE STATE OR OTHER PUBLIC BODIES (ARTICLE 640-TER OF THE CRIMINAL CODE)**  
Whoever, by altering in any way the operation of a computer or telecommunications system or by intervening without right in any way on data, information or programs contained in a computer or telecommunications system pertaining thereto, procures for himself or others an unjust profit to the detriment of others, shall be punished with imprisonment from six months to three years and with a fine ranging from €51.00 to €1032.00.  
The penalty shall be imprisonment for a term of between one and five years and a fine ranging from €309.00 to €1,549.00 if one of the circumstances envisaged in number 1) of the second paragraph of Article 640 applies, or if the act is committed with abuse of the capacity of system operator.  
The penalty is imprisonment for a term of between two and six years and a fine of between €600.00 and €3,000.00 if the offence is committed by theft or misuse of a digital identity to the detriment of one or more persons.  
The offence shall be punishable on complaint by the offended person, unless one of the circumstances referred to in the second and third paragraphs or another aggravating circumstance applies.
  
- **CORRUPTION IN RELATION TO EXERCISE OF A PUBLIC FUNCTION (ARTICLE 318 OF THE CRIMINAL CODE)**  
The offence referred to in Article 318 of the Criminal Code occurs where a public official, in the exercise of his functions or powers, unduly receives, for himself or for a third party, money or other benefits or accepts the promise thereof.
  
- **CORRUPTION TO PERFORM ACTION IN CONTRAVENTION OF OFFICIAL DUTIES (ARTICLE 319 OF THE CRIMINAL CODE)**  
The offence referred to in Article 319 of the Criminal Code occurs where a public official, in order to omit or delay or to have omitted or delayed an act of his office, or to perform or to have performed an act contrary to the duties of his office, receives, for himself or for a third party, money or other benefits, or accepts the promise thereof.
  
- **AGGRAVATING CIRCUMSTANCES (ARTICLE 319-BIS OF THE CRIMINAL CODE)**  
The penalty shall be increased if the act referred to in Article 319 relates to the conferment of public employment, salaries, pensions or the conclusion of contracts in which the administration to which the public official belongs is involved, or to the payment or reimbursement of taxes.
  
- **CORRUPTION IN LEGAL PROCEEDINGS (ARTICLE 319-TER OF THE CRIMINAL CODE)**  
This offence occurs when the facts indicated in Articles 318 and 319 of the Criminal Code are committed to favour or damage a party in a civil, criminal or administrative trial. The offence of bribery in judicial proceedings may be committed against Judges or members of the Board of Arbitrators competent to judge the litigation/arbitration in the interest of the Entity (including court-appointed auxiliaries and experts), and/or representatives of the Public Administration, when the latter is a party to the litigation, in order to illegally obtain favourable judicial and/or extrajudicial decisions.

- **IMPROPER INDUCEMENT TO GIVE OR PROMISE A BENEFIT (319-QUARTER OF THE CRIMINAL CODE)**  
This offence occurs when a public official or a person in charge of a public service, abusing his position or powers, induces someone to give or promise unduly, to him or to a third party, money or other benefits.
- **BRIBERY OF A PERSON IN CHARGE OF A PUBLIC SERVICE (ARTICLE 320 OF THE CRIMINAL CODE)**  
This provision extends the applicability of the provisions of Articles 318 and 319 of the Criminal Code to any person in charge of a public service; in this case, however, the penalties are reduced by no more than one third.
- **PUNISHMENT OF THE PERSON COMMITTING CORRUPTION (ARTICLE 321 OF THE CRIMINAL CODE)**  
The penalties laid down in the first paragraph of Article 318, in Article 319, in Article 319-bis, in Article 319-ter and in Article 320 of the Criminal Code in relation to the aforementioned cases of Articles 318 and 319 of the Criminal Code shall also apply to whoever (i.e. the bribe-giver) gives or promises the public official or the person in charge of a public service money or other benefits.
- **INSTIGATION TO CORRUPTION (ARTICLE 332 OF THE CRIMINAL CODE)**  
This offence is committed by anyone who offers or promises money or other benefits not due to a public official or a public service officer to induce him to perform, omit or delay an act of his office, or to perform an act contrary to his duties, if the offer or promise is not accepted.
- **MISAPPROPRIATION OF PUBLIC FUNDS, CORRUPTION AND INSTIGATION TO CORRUPT MEMBERS OF THE BODIES OF THE EUROPEAN COMMUNITY [...] (ARTICLE 322-BIS OF THE CRIMINAL CODE)**  
This offence is committed by anyone who offers, promises money or other benefits not due to a public official or a public service officer in order to induce him to perform, omit or delay an act of his office, or to perform an act contrary to his duties.<sup>1</sup>

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<sup>1</sup> In particular, the rule provides for, as a public official or person in charge of a public service:

- Members of the Commission, the Parliament, the Court of Justice and the European Court of Auditors;
- Officials and agents recruited under contract in accordance with the Staff Regulations of Officials of the European Communities or the Conditions of Employment of agents of the European Communities;
- Persons seconded by the Member States or by any public or private body to the European Communities to carry out functions corresponding to those of officials or other servants of the European Communities;
- Members and employees of bodies set up on the basis of the Treaties establishing the European Communities;
- Those who, within the framework of other Member States of the European Union, perform functions or activities corresponding to those of public officials and public service officers;
- Judges, prosecutors, assistant prosecutors, officers and agents of the International Criminal Court, persons seconded by States Parties to the Treaty establishing the International Criminal Court who perform functions corresponding to those of officers or agents of the International Criminal Court;
- Members and staff of bodies established on the basis of the Treaty establishing the International Criminal Court;
- Persons exercising functions or activities corresponding to those of public officials and persons in charge of a public service within international public organizations;
- Members of international parliamentary assemblies or of an international or supranational organization and to judges and officials of international courts;
- Persons exercising functions or activities corresponding to those of public officials and persons in charge of a public service in non-EU states, when the act offends the financial interests of the Union.

- **INFLUENCE PEDDLING (ARTICLE 346-BIS OF THE CRIMINAL CODE)**

The offence referred to in Article 346-bis of the Criminal Code occurs where a person exploiting or boasting existing or alleged relations with a public official or a person in charge of a public service or one of the other persons referred to in Article 322-bis, unduly gives or promises to give, to himself or to others, money or other benefits, as the price of his unlawful mediation with a public official or a person in charge of a public service or one of the other persons referred to in Article 322-bis, or to remunerate him in relation to the exercise of his functions or powers. The person who unduly gives or promises money or other benefits shall also be punished.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of crimes against the Public Administration, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Management of the funding obtained in terms of its use (compliance with the procedures laid down for the implementation of the project and the truthfulness of what is declared in the accounts).
- Management of the funding obtained in terms of its use (compliance with the procedures laid down for the implementation of the project and the truthfulness of what is declared during reporting), including deductions and deductions of tax credits provided for;
- Preparation, signing and transmission of application documentation for public funding (e.g. administrative documentation required by the call, technical documentation, etc.), including deductions and deductions of tax credits;
- Management of relations with Public Authorities officials in the verification phase of customs requirements in the context of import/export activities of raw materials, semi-finished and finished products, such as, for example
  - Transport declaration (for calculation of customs duties);
  - Declaration of origin (extra EU, EU Preferential);
  - Other declarations relating to customs traffic.
- Request for the administrative measures necessary for the start of construction, renovation and maintenance work on buildings:
  - Declaration of commencement/endation of work.
  - Building permit (e.g. for renovations involving change of volume, construction of extensions, photovoltaic system).
  - Compliance with safety, health, hygiene at work and environmental requirements (e.g. fire prevention certificate, report on electrical installations, water discharges, etc.).
  - Requests for administrative measures (accessibility of premises, change/maintenance of signs).
  - Testing of installations and buildings (e.g. fire brigade for the issue of fire certificates, ASL for ground system certification, etc.).
  - Requests for changes in progress or changes in intended use (e.g. from production site to warehouse)."

- Managing the fulfilment of relations with the Officials of the competent bodies for corporate fulfilment at the Court, the CCIAA and the Registry Office.
- Modification of the functioning of the computer or telematic system, i.e. the regular course of a process of processing or transmitting data to the Public Administration.
- Management of "high profile" relations with Institutional Bodies and/or other Public Bodies (Regions, Provinces, Municipalities, etc.) to establish preferential communication channels aimed at identifying new business opportunities. (*Activity included on a prudential basis*).
- Management of relations with public bodies with which the Company is in a situation of pre-litigation or possible litigation.
- Management of relations with national and supranational (e.g. Region, European Community) public financing bodies, in order to obtain, by way of example but not limited to, funding aimed at implementing company training plans (e.g. European Social Fund) or aimed at research and development projects.  
In particular, reference is made to the activities carried out during:
  - Obtaining information related to calls for tender;
  - Submission of the request;
  - Checks and inspections on the correct use of the funding.
- Management of relations with control authorities (ASL, Fire Brigade, Labour Inspectorate, etc.) on the subject of health and safety at work, during inspections, with reference to all the Company's workplaces.
- Management of relations with the Authorities in charge of authorisation, management, monitoring and disposal of radioactive materials (e.g. EURATOM).
- Management of relations with public officials for the issue of certificates of conformity to the reference legislation of production facilities (ASL, ISPEL, etc.).
- Management of relations with public officials in connection with compliance and possible inspections in relation to waste production, water and air (traffic police, ARPA, etc.).
- Management of relations with officials of the Guardia di Finanza, the Inland Revenue Service and other competent bodies in tax, fiscal, corporate and customs matters, including during audits, inspections and assessments (e.g. periodic transmission of the Tax Registry, annual communications and any reports to the Inland Revenue Service).
- Management of monetary and financial flows (including petty cash and credit management).
- Management of gifts, sponsorships and donations.
- Management of relations and information directed to Independent Administrative Authorities (e.g. Authority for the Protection of Personal Data, on the subject of management of customer information), including during audits, inspections and checks.
- Managing relations with competent officials (INPS, INAIL, ASL, Direzione Provinciale del Lavoro, etc.) for compliance with the obligations laid down in the relevant legislation:
  - Preparation of reports on the establishment, modification and termination of the employment relationship;
  - Lists of active, employed and retired personnel at INAIL;
  - Controls and checks on compliance with the conditions and requirements laid down in the legislation in force;
  - Preparing and executing payments to the State or other public bodies.

- Managing relations with the Patent and Trademark Office (both nationally and internationally).
- Selection, recruitment and management of employees (including management of expense accounts).
  
- Selection, management and monitoring of suppliers and purchase management of:
  - Raw materials;
  - Semi-finished products and components;
  - Finished products;
  - Services (including consultancy).
- Managing relations with judges, their technical advisers and their assistants in the context of legal proceedings (civil, criminal, administrative), with particular reference to the appointment of lawyers and technical and party advisers.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001 and the Code of Ethics adopted by the Company, in carrying out the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control in managing relations with representatives of the Public Administration.

All Addressees must comply with the following guidelines:

- The fulfilment of obligations towards the Public Administration and the preparation of the relevant documentation must be carried out in compliance with the applicable regulations (EU, national, regional, provincial and municipal);
- Fulfilments towards the Public Administration and the preparation of the relevant documents must be carried out with the utmost diligence and professionalism so as to provide clear, accurate, complete, faithful and true information, avoiding and in any case reporting, in the appropriate form and manner, situations of conflict of interest;
- Relations with the Public Administration must be based on the utmost transparency, cooperation, availability and full respect for its institutional role, with prompt and punctual implementation of the requirements and fulfilments requested;
- Documents must be drafted in a timely manner and in clear, objective and comprehensive language;
- All documentation to be transmitted to the Public Administration must be verified and signed by a person with appropriate powers;
- Fulfilments towards the Public Administration must be carried out respecting the principle of good faith.

In general, Addressees are prohibited from influencing the decisions of the Representatives of the Public Administration in an improper or unlawful manner. In particular, they are forbidden to:

- Promise, offer or pay to representatives of the Public Administration, even upon induction by the latter and directly or through third parties, sums of money or other benefits in exchange for favours, rewards or other advantages for oneself and/or for the Company;
- Make payments or recognise or promise other benefits to collaborators or other third parties working on behalf of the Company, which are not adequately justified by the contractual relationship or by current practice;
- Influence, even through third parties, in the course of any request or relationship with representatives of the Public Administration, the decisions of the officials dealing with or making decisions on behalf of the Public Administration;
- Grant promises of employment to anyone and, specifically, to representatives of the Public Administration, their relatives and relatives-in-law or persons reported by them;
- Select employees close to or suggested by representatives of the Public Administration or persons close to them, or pay them remuneration in excess of that due or market value, in order to secure advantages of any kind for the Company;
- Favouring, in purchasing processes, suppliers, employees and collaborators on the specific recommendation of the Representatives of the Public Administration, in exchange for favours, fees or other advantages for themselves and/or the Company;
- Unduly favouring a supplier by misapplying contractual provisions, accepting false or incorrect documentation, exchanging information on other suppliers' bids, approving non-existent requirements, receiving services and supplies other than those contractually stipulated;
- Distribute gifts or presents to representatives of the Italian and foreign Public Administration, unless they are small gifts of modest or symbolic value, and such as not to compromise the integrity and reputation of the parties and cannot be considered as aimed at the improper acquisition of benefits. Any explicit or implicit request for benefits from a public official or a person in charge of a public service, except for gifts for commercial use and of modest value, must be rejected and immediately reported to one's superior;
- Accepting or receiving gifts or other advantages, including monetary ones, aimed at influencing the impartiality and independence of their judgement;
- Submit to national or foreign public bodies untruthful statements or statements lacking the necessary information when obtaining public funding and in any case perform any act that may mislead the public body in the granting of funds or making payments of any kind;
- Allocate sums received from national or foreign public bodies by way of a contribution, grant or loan for purposes other than those for which they were intended;
- Unduly procure, for oneself, for third parties or for the Company, advantages of any kind to the detriment of the Public Administration or of a third party;
- Represent, to the financing bodies, untruthful or incomplete information or circumvent regulatory obligations, i.e. the obligation to act in full compliance with the law and any applicable regulations at all stages of the process, avoiding to engage in improper conduct, for example, in order to obtain the overcoming of constraints or criticalities relating to the granting of financing, during meetings with officials of the financing bodies during the preliminary investigation;

- Resorting to forms of pressure, deception, suggestion or capture of the benevolence of the public official, such as to influence the conclusions of the administrative activity;
- Disregard the control obligations and controls provided for by the Company in the field of the management of financial flows (i.e. limitation of the use of financial resources, joint signature procedure for certain types of operations, express reason for the use of resources, etc.), in compliance with the principles of professional and accounting correctness, in order to steer in one's own favour the decisions on obtaining concessions, licences and authorisations from the Public Administration.

Relations with the Public Administration as well as with the judicial authorities (within the scope of proceedings of any nature), are managed exclusively by persons with appropriate powers or by those delegated by them and in any case in compliance with the procedures adopted by the Company.

In the event of legal proceedings or investigations or inspections, it is prohibited to:

- Even through a third party, destroy, alter or conceal records, minutes, accounts and any kind of document or data;
- Telling falsehoods or persuading others to do so;
- Promising or giving gifts, money or other benefits to the officials in charge of the assessment or control activities, in exchange for benefits for themselves and/or the Company.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent the commission of crimes against the Public Administration are set out below, with particular reference to processes which are sensitive/instrumental to the commission of crimes, such as:

- Procurement of goods and services;
- Management of monetary and financial flows, budgeting and relations with the control bodies;
- Relations and compliance with public bodies and independent administrative authorities;
- Selection, recruitment and management of personnel;
- Compliance with health and safety requirements under Legislative Decree 81/2008;
- Protection of industrial and intellectual property;
- Management of environmental impacts generated by activities and processes;
- Management of gifts, donations and sponsorships;
- Sales management;
- Taxation Management;
- Management of Public Financing.

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

➤ **Procurement of goods and services:**

- In order to ensure competition, cost-effectiveness, transparency, fairness and professionalism, the supplier of goods/services and consultancy services shall be identified by means of a comparative evaluation of several offers;
- The choice of the supplier of goods/services or consultants shall be based on objective assessment criteria (such as, by way of example, proven experience in the sector, conditions applied, previous supplies or, in the case of consultants/service providers, registration in professional registers);
- In the process of choosing the supplier, it is guaranteed that the checks carried out on the supplier itself, with regard to honourableness and commercial reliability, can be documented (e.g. request for anti-mafia certificates, criminal records and pending charges);
- Before issuing the Purchase Order or entering into the supply contract, the Company shall verify the absence of economic conditions (for example, the amount of the price, terms and conditions of payment) that are in contrast with best practice and disproportionate to market values;
- Purchases of goods/services and consultancy services must be documented by a purchase order and a contract/letter of assignment formally approved and signed by persons with appropriate powers;
- In order to ensure the segregation of duties, there is a distinction between those who issue the purchase order or the contract, those who verify the correct receipt of goods or the provision of the service and those who authorise the invoice for payment; a separation of duties is implemented between those who request the advice, those who authorise it and those who make payment for the service;
- Suppliers' records are managed in accordance with the segregation of duties and periodically monitored to verify the correctness of the data entered;
- Contracts/purchase orders and letters of appointment with professionals/consultants contain information on the rules of conduct adopted by the Company in relation to the Organisational Model and the Code of Ethics, as well as on the consequences that conduct contrary to the provisions of the Code of Ethics, to the principles of conduct inspiring the Company and to the regulations in force, may have with regard to contractual relations;
- Contracts with suppliers, customers and partners shall contain specific clauses pursuant to Legislative Decree no. 231/2001 aimed at complying with the principles contained in the Organisation, Management and Control Model and in the Code of Ethics adopted by the Company, providing for termination of the said contract in the event of violation of such provisions.

➤ **Management of monetary and financial flows, budgeting and relations with the control bodies:**

- The use of financial resources is done by setting quantitative budget thresholds consistent with management competencies and organisational responsibilities;
- Administrative Management is responsible for verifying the existence of authorisations for expenditure and, should doubts arise as to the relevance of the expenditure or the nature of the service provided, Management must make appropriate enquiries and request authorisation;
- The Purchasing Department carries out congruity checks between the purchase order and the matching documents. Approval of the invoice and subsequent payment are carried out in accordance with the roles and responsibilities of the staff with appropriate powers;

- The Administrative Directorate defines the modalities of petty cash management, with reference to the following terms: size of the petty cash fund, identification of types of eligible expenditure, reporting and reconciliation, authorisation of expenditure;
- The opening/closing of current accounts and the way they are managed are carried out by authorised persons in accordance with the stratification of signature powers;
- It is forbidden to grant reimbursement of expenses to persons not employed by the Company, unless provided for in the contract/letter of appointment (e.g. consultants/collaborators); such reimbursements are payable only upon presentation of an invoice by the person himself or by the company on whose behalf he performs his professional work;
- Criteria for the allocation of company credit cards are defined, as well as the procedures for their use and the reporting of expenses incurred with them;
- The Company only makes payments in settlement of invoices recorded in the accounting system and approved for payment by identified parties in accordance with the principle of segregation of roles.

With reference to the preparation of the Financial Statements and relations with the Controlling Bodies, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part E "Corporate crimes" (art. 25 ter).

➤ **Relations and compliance with public bodies and independent administrative authorities:**

- Communications, fulfilments and relations with the Public Administration and with the Independent Administrative Authorities are managed by the personnel in charge, in accordance with the behavioural principles adopted by the Company, by the Department Managers or by subjects specifically delegated by them, in compliance with the activities for which they are responsible, the powers of attorney, the corporate procedures and in accordance with the rules of segregation of duties;
- Meetings with Public Bodies shall be attended by at least two representatives entitled to do so; a record of such meetings shall be kept, with the documentation requested and delivered attached; this information shall be communicated to the person in charge, filed and stored;
- The Company identifies the names of the persons who process, collect and transmit the documentation required by the Public Administration;
- Each person in charge is obliged to archive and preserve all the documentation produced in the framework of his/her activity, including a copy of the documentation transmitted to the competent offices, also electronically;
- Segregation of tasks between the person who searches for funding from a public body and the person who authorises the obtaining of funding is implemented;
- The documentation to be submitted to the public financing body is checked in terms of completeness, correctness, truthfulness and updating of the information and is signed by persons with appropriate power of attorney;
- The Company defines the methods and criteria to be applied in transmitting the documentation required by the Authorities and control and verification activities are implemented in order to ensure the correctness of the documentation communicated to the Public Administration;
- The correct use of the company's IT resources and the passwords assigned to them in their custody is guaranteed, keeping strictly confidential any access codes and credentials provided by the Public Administration;

- The Company formally identifies the persons entitled to preside over inspections by Public Officials, providing for the preparation of minutes relating to the activities carried out to be promptly shared with the Directors if they are not present at the meeting;
- Inspection reports must be signed by persons with appropriate powers, in accordance with the system of delegated and proxy powers adopted.

➤ **Personnel selection, recruitment and management**

- Reimbursement of expenses incurred by staff is only made against the submission of supporting documents, the relevance and consistency of which must be verified by checking the expense claims submitted for reimbursement;
- Travel requests relating to personnel are made using the appropriate transactions in the management system used by the Company, in accordance with the defined and duly approved timeframes;
- Authorisation levels for the approval of individual expense claims are defined and formalised;
- Entertainment expenses incurred by employees are authorised and managed in accordance with the internal rules adopted by the Company;
- Expense claims are settled following successful verification of the correctness and adequacy of the data entered by employees and due authorisation;
- The application of criteria for assessing candidates that meet the requirements of objectivity and transparency is guaranteed;
- The application is duly traced and filed;
- The outcome of selection interviews is formalised in writing, duly signed by the recruiters and formalised by means of special interview sheets, ensuring the traceability of the selection and recruitment process;
- Employment letters are signed by persons with appropriate powers, in accordance with the system of delegated and proxy powers adopted;
- No staff are employed that do not comply with the types of contract provided for by the applicable legislation and national collective labour agreements;
- The letters of employment contain information on the rules of conduct adopted by the Company in relation to the Organisational Model and the related Code of Ethics, as well as on the consequences that conduct contrary to the provisions of the Code of Ethics, to the principles of conduct inspiring the Company and to the regulations in force, may have with regard to the Recipients of the Model;
- Renewal/change of the employment relationship and confirmation of the probationary period are formalised in writing in appropriate documentation, so as to ensure the traceability of the evaluation process;
- The Company defines in advance and shares with each employee the performance objectives of the resource, so as to ensure absolute transparency in the process of evaluating the employee for the purposes of the annual bonus, where provided for;
- The criteria for determining employee bonuses are objective, defined, formalised and shared, and clear authorisation levels are defined.

➤ **Compliance with health and safety requirements under Legislative Decree 81/2008:**

With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part G "Health and safety crimes" (art. 25 septies).

- **Protection of industrial and intellectual property:**  
With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part D "Crimes against Industry and Commerce" (art. 25 bis 1).
- **Management of environmental impacts generated by activities and processes:**  
With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part M "Environmental crimes" (art. 25 undecies).
- **Management of gifts, donations and sponsorships:**
  - Sponsorships and donations are made within the limits of the approved budget and the types provided for in company procedures;
  - Requests for donations and proposals for sponsorship received by the Company's staff must undergo the evaluation and authorisation process laid down in corporate procedures;
  - Sponsorships are governed by a contract signed by persons with appropriate powers of attorney;
  - Adequate traceability of the use made of donations and sponsorships by recipients is maintained;
  - Grants, sponsorships and donations are managed in accordance with implemented company regulations;
  - Gifts that are not characterised by their low value are not permitted.
- **Sales management:**  
With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part E "Corporate Crimes" (art. 25 ter)".
- **Taxation Management:**  
With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part O "Tax Crimes" (Article 25 quinquiesdecies)".
- **Management of Public Funding:**
  - Compliance with the segregation of duties between those who seek funding from public bodies and those who authorise the obtaining of such funding;
  - Documents sent to the financing body are checked for completeness and correctness before being sent, and are signed by persons with appropriate powers in accordance with the system of powers of attorney and proxies in force;
  - All the documents (electronic and hard copy) produced in the context of financing by Public Entities, are kept by the Administration and Finance Department and made available upon request of the Board of Directors, the Board of Statutory Auditors, the Independent Auditors and the Supervisory Board. The documents produced in the context of the activities described in this procedure must be kept for 10 years, unless otherwise provided for by law.

## **SPECIAL PART B**

### **COMPUTER CRIMES (ARTICLE 24 BIS)**

#### **TYPES OF CRIME**

This Special Part refers to computer crimes, as referred to in Article 24-bis of Legislative Decree 231/2001, and in particular it reports the individual types of crimes considered relevant to the administrative liability of Taghleef Industries S.p.A. (hereinafter also "Taghleef" or "the Company"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the context of the *risk assessment* activity), specifying the behavioural principles and operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In consideration of the risk analysis carried out, the following crimes have been found to be potentially feasible within the Taghleef Industries S.p.A. company context:

- **FALSE INFORMATION IN AN ELECTRONIC DOCUMENT (ARTICLE 491 BIS OF THE CRIMINAL CODE)**  
The article in question states that all crimes relating to forgery of documents, including both ideological and material falsity, whether in public or private acts, are punishable even if the conduct does not concern a paper document but a computer document. Computer documents are therefore treated in the same way as traditional documents for all purposes.  
An electronic document is a computerised representation of legally relevant acts, facts or data (Art. 1(1) (p) of Legislative Decree 82/2005).
- **ILLICIT ACCESS TO AN IT OR TELEMATIC SYSTEM (ARTICLE 615 TER OF THE CRIMINAL CODE)**  
This offence occurs when a person unlawfully enters a computer or telecommunications system protected by security measures or remains there against the express or tacit will of the person entitled to exclude him.  
Access is abusive because it is carried out against the will of the owner of the system, which may be implicitly manifested by the provision of protections that prevent third parties from accessing the system.  
The offence of unauthorised access to a computer system also applies to a person who, although having legitimately entered a system, remains in it against the will of the system owner, or a person who has used the system for purposes other than those for which he was authorised.
- **ILLICIT POSSESSION AND DIFFUSION OF IT OR TELEMATIC SYSTEM ACCESS CODES (ARTICLE 615 QUATER OF THE CRIMINAL CODE)**  
This offence occurs when a person, in order to procure a profit for himself or others or to cause damage to others, illegally obtains, reproduces, disseminates, communicates or delivers codes, passwords or other means of access to a computer or telecommunications system protected by security measures, or in any case provides indications or instructions suitable for that purpose.  
This offence occurs both where the person who is lawfully in possession of the abovementioned devices (system operator) communicates them without authorisation

to third parties, and where that person unlawfully obtains one of these devices. The conduct is abusive if the access codes are obtained as a result of the violation of a rule, or a contractual clause, prohibiting such conduct (e.g. Internet policy).

Article 615 quater also punishes anyone who issues instructions or indications that make it possible to reconstruct the access code or to overcome security measures.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, in the context of computer crimes, are indicated in detail in the Matrix of Crime Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Access to the company's or third party's computer systems, which contain:
  - Patents, designs, R&D;
  - Marketing data;
  - Confidential information of public bodies;
  - Banking information;
  - Parameters for the activation of services;
  - Billing or credit data;
  - Payment data.
- Falsification of electronic documents relating, for example, to electronic reporting of activities and/or electronic attestation of qualifications or requirements of the Company;
- Abusive acquisition, possession and management of access credentials (passwords) to company or third-party systems.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistently with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001 and the Code of Ethics adopted by the Company, all the Recipients of the Model who, for whatever reason, have been designated or appointed to manage and maintain the *servers*, databases, applications, *clients* and telecommunications networks, as well as all those who have been assigned *passwords* and access keys to the corporate information system are required to comply with the following principles of conduct and control:

- Personnel shall refrain from any conduct that may compromise the confidentiality and integrity of company and third party information and data, and in particular shall take care not to leave their computer systems unattended and to lock them, if they leave their workstation, with their access codes, or to switch off their computer and all peripheral devices at the end of their work shift;
- Personnel shall refrain from any conduct aimed at overcoming or circumventing the protections of the company's or others' computer systems;

- Staff undertake to sign the specific document on the correct use of company computer resources;
  - Personnel shall keep their assigned identification codes, refraining from communicating them to third parties, who could thus gain unauthorised access to confidential company data;
  - Staff are not allowed to install programmes on servers, tablets and smartphones, without first informing the company department responsible for managing IT security;
  - Personnel may not use alternative connections to those provided by the Company in the performance of their work.
2. In relation to the crime referred to in art. 24 bis, in particular with reference to the hypothesis of "unauthorized access" to an IT or telematic system, protected by security measures, or the permanence in it against the express or tacit will of those who have control of the system, it should be noted that the Company, in the context of the Register of treatments drawn up pursuant to EU Regulation 2016/679, has identified specific security measures also in this sense.

For the protection of tools and data, from malfunctions, computer attacks and programs that contain malicious codes (viruses/malware), the Company has adopted the following measures:

- **"Antivirus/Antimalware" system** which provides for updating on all workstations and servers on the network; all those in charge have been instructed on the use of antivirus programs and, more generally, on the rules of conduct to be followed. The System Administrator is responsible for the antivirus/antimalware update procedure. All data processors are responsible for applying the procedure and corporate rules of conduct on IT security. It is necessary that each person in charge pay attention to any document of external origin (for example an e-mail attachment) by contacting the IT office to request a check. Antivirus/antimalware software is installed on all corporate systems that contain user data and on all clients.
- **System of protection from "unauthorized access"** of computers on the network, implemented

In particular, it is considered appropriate to point out that:

- the perimeter protection system provides for the "log" of the registration of internet connections for the purpose of any control;
  - the system is configured so that no internet connection is possible from the company network if perimeter protection is not active;
  - the system is redundant with automatic activation of the "backup" system in case of malfunction of the main system;
  - the system is continuously updated.
- **Automation of operating systems updating:** The system administrator is responsible for the correct updating of operating systems, and of the firewalls present in the structure.
  - The Company believes that the updating of IT systems and application programs, by installing patches of the current versions or possibly by updating them, constitutes a fundamental security and protection measure, also pursuant to the current legislation on data processing personal data (EU Regulation 2016/679). the criteria adopted establish that the evaluation of any available updates must be carried out on a monthly basis, proceeding with their installation if there are no reasons or technical conditions that make it impossible, not recommended or risky.

- **Organized management of removable** media (e.g. USB sticks, hard disk backup copies ...) which includes:
  - custody and use of the supports such as to prevent unauthorized access (including theft) and unauthorized treatments. In particular, the media are stored in premises with access excluded to the public and / or third parties for the period of their use and formatted when the purpose for which the data was stored on them has ceased;
  - media containing particular or otherwise sensitive data must be stored in closed containers, in turn placed inside locked drawers or cabinets;
  - in any case, the data contained in the supports, when no longer used, must be rendered unintelligible and not technically reconstructable. Therefore, if their cancellation does not give these guarantees, the support must be physically destroyed.

As a security measure taken by the Company as data controller on the basis of the "accountability" principle established by EU Regulation 2016/679, the Company has extended the application of the criteria described above to media containing personal data of any kind , even of a common type.

The logical security measures that the Company is equipped with for the protection of the treatments that take place with electronic tools appear as a whole suitable for guaranteeing the necessary security to the personal data processed and it is believed that they constitute an effective tool for protection from the risks related to crimes that could be committed through the use of IT systems, as well as constituting an effective protection of company information.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent the commission of computer crimes are set out below, with particular reference to the process instrumental to the commission of crimes such as management of the technological infrastructure.

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

➤ **Management of technological infrastructure**

- Personnel access the company's information system solely by means of their assigned identification profile, using *user IDs* and *passwords* structured on the basis of an appropriate level of complexity;
- Appropriate controls/monitoring of the company's computer network are put in place in order to identify abnormal behaviour or exceptional server activities outside the company's operating hours, and provision of adequate defences/physical protection of the servers themselves in order to prevent the entry and exit of unauthorised material or personnel;
- There are internal rules governing the use of technological equipment (e.g. laptops, telephones) provided to Company staff;
- Detection, prevention and recovery controls are defined in order to protect against malicious software (viruses), as well as procedures for raising user awareness of the issue;
- System authentication requirements are formally defined for data access and for granting remote access to data by third parties such as consultants and suppliers;
- Criteria and procedures for assigning, modifying and deleting user profiles are defined;
- The corporate function responsible for managing IT security must define the criteria and methods for managing the process of decommissioning terminated users;
- Physical access to company server rooms is defined and regulated;
- System administrators must have their own authentication credentials and access to company applications is adequately logged, in compliance with the provisions of the Italian Data Protection Authority;
- Applications keep track of changes made by users to data and systems;
- The company's server and laptops are periodically updated according to specific needs; the company's server and laptops are also protected by automatically updated antivirus programmes against the risk of intrusion;
- The company's data transmission network is protected by appropriate access restriction tools (firewalls and proxies);
- Rules are in place to detect and address technical vulnerabilities in systems in a timely manner;
- Rules for surfing the Internet are defined, which include, among other things, the use of the network for work purposes only, the prohibition of downloading software into the company's information facilities;
- Rules on the use of electronic mail are defined, which can be summarised as prohibiting the use of personal mailboxes for purposes other than service requirements;
- Content filtering solutions are in place to protect the integrity of the computer system from potential attacks transmitted in a prohibited manner (botnet-type malware), and up-to-date antivirus software is present in the workstation.

## **SPECIAL PART C**

### **ORGANISED CRIME OFFENCES (ARTICLE 24 TER)**

#### **TYPES OF CRIME**

This Special Part refers to organised crime crimes and transnational crimes, referred to in Article 24 ter of Legislative Decree 231/2001 and in Article 10 of Law 146/2006, and in particular it reports the individual types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "Taghleef" or "the Company"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the context of the *risk assessment* activity), specifying the behavioural principles and operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **CRIMINAL ASSOCIATION (ARTICLE 416 OF THE CRIMINAL CODE) - ALSO OF TRANSNATIONAL CHARACTER**

With reference to the types of crimes considered above, the criminal sanction is linked solely to the fact of the promotion, constitution, participation in a criminal association formed by three or more persons, regardless of the actual commission (and separate punishment) of the offence constituting the purpose of the association. This means that the mere conscious participation in a criminal association by a member or employee of the company could give rise to the administrative liability of the company itself, provided that the participation or participation in the association is instrumental to the pursuit of the interest or advantage of the company.

However, it is required that the associative bond is expressed through a minimum organisation of a stable nature over time and the sharing of a plan to commit an indefinite series of crimes. Therefore, the occasional agreement to commit one or more specific crimes is not sufficient.

- **INDUCTION TO NOT MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITY (ARTICLE 377-BIS OF THE CRIMINAL CODE)**

Unless the act constitutes a more serious offence, any person who, by means of violence or threats, or by offering or promising money or other benefits, induces a person called upon to make before the judicial authorities statements usable in criminal proceedings, when the latter has the right to remain silent, not to make statements or to make false statements, shall be punished by imprisonment of from two to six years.

#### **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of organised crime crimes, are indicated in detail in the Matrix of Crime Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Managing the collection, transport, recovery, disposal and intermediation of waste (generated by all the company's sites), including through the outsourcing of activities to third party companies;
- Managing relationships with national and international customers, including through agents, distributors and brokers;
- Selection, management and monitoring of suppliers and purchase management of:
  - Raw materials
  - Semi-finished products and components
  - Finished products
  - Services (including consultancy)
- Participation in partnerships/collaborations for the construction of electricity distribution lines;
- Selection, recruitment and management of staff (including management of expense accounts).

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

With reference to organised crime and transnational crimes, reference is also made to the general principles of conduct contained in Special Part A - "Crimes against the Public Administration", in Special Part H - "Crimes of receiving, laundering and using money, goods or benefits, as well as self-laundering" and in Special Part M - "Environmental Crimes" for the purpose of integrating the principle that it is forbidden to associate in any form whatsoever in order to pursue purposes that are not permitted by law.

## **CONTROL PROCEDURES**

With reference to organised crime and transnational crimes, reference is also made to the control principles set forth in Special Part A - "Crimes against the Public Administration", in Special Part H - "Crimes of receiving stolen goods, money laundering and use of money, goods or utilities, as well as self-laundering" and in Special Part M - "Environmental Crimes", in addition to which it is forbidden to:

- Associate in any form to pursue purposes not permitted by law;
- Carry out operations which may be anomalous in terms of type or object, or which may lead to the establishment or maintenance of relations with anomalous profiles from the point of view of the reliability and/or reputation of the counterparties.

## **SPECIAL PART D**

### **FORGERY OF MONEY, PUBLIC CREDIT CARDS, REVENUE STAMPS AND IDENTIFYING INSTRUMENTS OR SIGNS (ARTICLE 25 BIS) CRIMES AGAINST INDUSTRY AND TRADE (ARTICLE 25 BIS 1)**

#### **TYPES OF CRIME**

This part of the Special Part refers to the crimes of counterfeiting money, public credit cards, revenue stamps and instruments or signs of recognition and to crimes against industry and commerce, referred to in Articles 25-bis and 25-bis 1 of Legislative Decree 231/2001 and in particular it reports the individual cases of offence considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company"). It also identifies the so-called "sensitive" activities (those where the commission of the offence is theoretically possible and which were identified in the *risk assessment* activity) specifying the behavioural principles and the operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **ALTERATION OR ILLICIT USE OF TRADEMARKS OR DISTINGUISHING SIGNS OR PATENTS, MODELS OR DESIGNS (ARTICLE 473 OF THE CRIMINAL CODE)**  
The offence in question punishes anyone who, being in a position to know of the existence of an industrial property right, counterfeits or alters trademarks or distinctive signs, whether national or foreign, of industrial products, or anyone who, without being complicit in the counterfeiting or alteration, makes use of such counterfeited or altered trademarks or signs. Anyone who counterfeits or alters national or foreign industrial patents, designs or models, or who, without having taken part in the counterfeiting or alteration, makes use of such counterfeited or altered patents, designs or models, shall also be punished.  
This is a case in which the person who is in a position to know the existence of an industrial property right intentionally counterfeits or alters trademarks, distinctive signs, patents, industrial designs or models, or, without having participated in the counterfeiting/alteration activity, simply makes use of them.
- **INTRODUCTION OF COUNTERFEIT GOODS IN THE STATE (ARTICLE 474 OF THE CRIMINAL CODE)**  
The offence in question punishes anyone who introduces into the territory of the State, in order to make a profit, industrial products with counterfeit or altered domestic or foreign trademarks or other distinctive signs, with a term of imprisonment ranging from one to four years and a fine ranging from €3,500.00 to €35,000.00. Apart from cases of complicity in counterfeiting, alteration, introduction into the territory of the State, whoever holds for sale, puts on sale or otherwise puts into circulation, in order to gain profit, the products referred to in the first paragraph shall be punished with imprisonment of up to two years and with a fine of up to 20,000.00 Euros.

- **FRAUD IN THE EXERCISE OF TRADE (ARTICLE 515 OF THE CRIMINAL CODE)**  
Whoever, in the course of a business activity, or in a shop open to the public, delivers to the purchaser a movable item for another, or a movable item, in origin, source, quality or quantity, different from that stated or agreed, shall be punished, unless the act constitutes a more serious offence, with imprisonment of up to two years or with a fine of up to €2,065.00.  
In the case of precious objects, the penalty shall be imprisonment for up to three years or a fine of not less than €103.00.
  
- **SALE OF INDUSTRIAL PRODUCTS WITH UNTRUTHFUL MARKS SIGNS (ARTICLE 517 OF THE CRIMINAL CODE)**  
The offence under consideration punishes anyone who offers for sale or otherwise puts into circulation intellectual works or industrial products, with domestic or foreign names, trademarks or distinctive signs, capable of misleading the buyer as to the origin, source or quality of the work or product, with imprisonment of up to two years and a fine of up to €20,000.00, if the act is not criminalised by another provision of law.
  
- **MANUFACTURE AND TRADE OF GOODS MADE BY ENCROACHING UPON INDUSTRIAL PROPERTY RIGHTS (ARTICLE 517 TER OF THE CRIMINAL CODE)**  
Without prejudice to the application of Articles 473 and 474, anyone who, being in a position to know the existence of an industrial property right, manufactures or industrially uses objects or other goods made by usurping an industrial property right or in violation thereof shall be punished, on complaint by the injured party, with imprisonment of up to two years and a fine of up to €20,000.00.  
The same punishment shall apply to any person who, in order to make a profit, introduces into the territory of the State, holds for sale, offers for sale directly to consumers or otherwise puts into circulation the goods referred to in the first paragraph.  
The provisions of Articles 474a, 474b, second paragraph, and 517a, second paragraph, shall apply.  
The crimes provided for in the first and second paragraphs shall be punishable provided that the provisions of domestic laws, Community regulations and international conventions on the protection of intellectual or industrial property have been complied with.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of crimes relating to counterfeiting money, public credit cards, revenue stamps, identification instruments or signs and crimes against industry and trade are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the ways and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Research and development, design and drawing of products, also at the request of customers;
- Management of incoming and outgoing movements of:
  - Raw materials;
  - Semi-finished products;
  - Finished products.

*(Activity included on a prudential basis)*

- Management of product marketing;
- Sale of products whose quality differs from that stated on the product data sheet or in the sales catalogues;
- Analysis, development and design of new plant/industrial production process patents.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

In particular, it is prohibited to:

- Use evocative names, trademarks or distinctive signs of other people's products without a valid licence or outside the limits defined by the relevant contracts;
- Having products produced or purchased for marketing, through distributors and agents, with trademarks or other distinctive signs, designs or industrial models, domestic or foreign, counterfeited or altered in order to obtain an unfair profit;
- Selling or otherwise putting into circulation industrial products with names, trademarks or distinctive signs, whether domestic or foreign, that are likely to mislead the customer as to the origin, source or quality of the work or product, for example by altering declarations of origin and certifications of product quality;
- Misleading the customer as to the origin, source, quality or quantity of the product itself, for example by altering declarations of origin and quality of the marketed product;
- Falsifying and/or altering product certifications necessary for the import, export and re-export of raw materials, semi-finished products and components.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures are set out below to prevent the commission of crimes relating to counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs, with particular reference to the process instrumental to the commission of the offence such as the protection of industrial and intellectual property.

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

➤ **Procurement of goods and services**

With reference to the purchase of goods and services, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25).

➤ **Protection of industrial and intellectual property**

- The Company is responsible for putting in place appropriate control procedures, through the inclusion of contractual clauses with suppliers, which provide for a guarantee on their part not to infringe the rights of third parties in the context of the activity carried out;
- Contractual documentation with suppliers must contain contractual clauses providing for their responsibility also for the actions of any subcontractors;
- The Company is responsible for requesting and managing the product certifications necessary to certify particular characteristics (or compositions) of the product, including for export to specific countries;
- Specific controls are defined on the quality and characteristics of marketed products, especially in the presence of product certification requirements, also for export to specific countries.

➤ **Sales management**

With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part E "Corporate Crimes" (art. 25 ter)".

## **SPECIAL PART E**

### **CORPORATE CRIMES (ARTICLE 25 TER)**

#### **TYPES OF CRIME**

This part of the Special Part refers to corporate crimes, as referred to in Article 25-ter of Legislative Decree 231/2001 and in particular it lists the individual types of crimes considered relevant to the administrative liability of Taghleef Industries S.p.A. (hereinafter also "Taghleef" or "the Company"). It also identifies the so-called "sensitive" activities (those in which it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

The types of crimes envisaged by Article 25 ter of the Decree (with the exception of Bribery among Private Individuals) are related to so-called "proper" crimes, i.e. crimes that may be committed by persons holding certain positions specified by the Law: Directors, General Managers, Manager responsible for preparing the company's financial reports, Statutory Auditors or Liquidators of the company.

However, the company may also be liable if the unlawful conduct is carried out by lower levels, in particular by the heads of management and/or function or by their subordinates. In fact, the administrative liability under Legislative Decree 231/01 of Entities operates:

- if the offence is committed by the company's directors, general managers, managers in charge, auditors or liquidators, and the company's interest in carrying out the offence is proven;
- if the offence is committed by employees or other persons subject to the supervision of the company's Directors, General Managers, Executive in Charge, Auditors or Liquidators, if the company's interest in the commission of the offence is proven and, in addition, the failure to exercise adequate control activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **FALSE CORPORATE COMMUNICATIONS (ART. 2621 OF THE CIVIL CODE)**  
Except for the cases provided for in Art. 2622, directors, general managers, managers responsible for preparing the company's financial reports, statutory auditors and liquidators, who, in order to obtain an unjust profit for themselves or others, in financial statements, reports or other corporate communications addressed to shareholders or the public, as required by law knowingly present material facts that are not true, or omit material facts whose disclosure is required by law on the economic, asset or financial situation of the company or of the group to which it belongs, in a manner that is likely to mislead others, shall be punished by imprisonment of from one to five years.  
The same punishment shall also apply if the falsehoods or omissions concern property owned or administered by the company on behalf of third parties.

- **FALSE STATEMENTS IN CORPORATE RECORDS OF MODERATE EXTENT (ART. 2621 BIS OF THE CIVIL CODE)**

Unless they constitute a more serious offence, a penalty of six months to three years' imprisonment shall be imposed if the facts referred to in Article 2621 are minor, taking into account the nature and size of the company and the manner or effects of the conduct.

Unless they constitute a more serious offence, the same punishment as in the preceding paragraph shall apply when the facts referred to in Article 2621 concern companies that do not exceed the limits indicated in the second paragraph of Article 1 of Royal Decree No 267 of 16 March 1942. In this case, the offence is prosecutable on complaint by the company, the shareholders, the creditors or the other recipients of the company's communication.
- **OBSTRUCTION OF CONTROL ACTIVITIES (ARTICLE 2625(2) OF THE CIVIL CODE)**

The offence referred to in Article 2625(2) of the Civil Code occurs where the directors prevent or obstruct, by concealing documents or other suitable devices, the performance of the control activities legally attributed to the shareholders or other corporate bodies, thereby causing damage to the shareholders. The offence is punishable on complaint by the injured party and the penalty is aggravated if the offence is committed in relation to listed companies or in relation to issuers with financial instruments widely distributed among the public.
- **UNDUE REIMBURSEMENT OF CONTRIBUTIONS (ARTICLE 2626 OF THE CIVIL CODE)**

The typical conduct provides, outside the cases of legitimate reduction of share capital, for the repayment, also by means of simulated transactions, of contributions to shareholders or the release of the latter from the obligation to make them. In other words, the above-mentioned offence punishes a reduction of the capital, with the consequent failure to formalise the reduction of the real capital by lowering the nominal capital, the value of which is therefore higher than that of the real capital. The offence must be committed against the shareholders and it is not necessary for all the shareholders to be released from the obligation to contribute, but it is sufficient for a single shareholder or several shareholders to be released.
- **ILLEGAL ALLOCATION OF PROFITS AND RESERVES AMONG SHAREHOLDERS (ARTICLE 2627 OF THE CIVIL CODE)**

This offence occurs when profits or advances on profits are distributed which have not actually been earned or which are intended by law to be set aside as reserves, or when reserves, including those not established with profits, which cannot be distributed by law, are distributed.

It should be noted that the return of profits or the reconstitution of reserves before the deadline for approval of the balance sheet extinguishes the offence.
- **UNLAWFUL TRANSACTIONS IN THE STOCK OF THE COMPANY OR ITS CONTROLLING COMPANY (ARTICLE 2628 OF THE CIVIL CODE)**

The offence in question is committed by the purchase or subscription, outside the cases permitted by law, of shares or quotas of the company itself or of its parent company, which causes damage to the integrity of the share capital or of reserves that cannot be distributed by law.
- **TRANSACTIONS PREJUDICIAL TO CREDITORS (ARTICLE 2629 OF THE CIVIL CODE)**

The offence is committed by carrying out, in breach of the legal provisions protecting creditors, reductions in share capital or mergers with other companies or demergers, which cause damage to creditors.

- **FICTITIOUS FORMATION OF CORPORATE CAPITAL (ARTICLE 2632 OF THE CIVIL CODE)**

This offence occurs where the directors and contributing shareholders fictitiously pay up or increase the company's capital by allocating shares or quotas in excess of the amount of the share capital, by reciprocally subscribing to shares or quotas, or by significantly overvaluing the contributions of assets in kind or receivables, or of the company's assets in the event of transformation.
  
- **CORRUPTION IN THE PRIVATE SECTOR (ARTICLE 2635 OF THE CIVIL CODE)**

Unless the act constitutes a more serious offence, directors, general managers, managers in charge of drafting corporate accounting documents, statutory auditors and liquidators of companies or private entities, who, also through a third party, solicit or receive, for themselves or for others, undue money or other benefits, or accept the promise thereof, in order to perform or omit an act in breach of the obligations inherent in their office or the obligations of loyalty, shall be punished by imprisonment from one to three years.

The same penalty shall apply if the act is committed by a person who, within the organisational framework of the company or private body, exercises management functions other than those of the persons referred to in the preceding sentence.

Whoever, even through a third party, offers, promises or gives money or other benefits not due to the persons indicated in the first and second paragraphs shall be punished with the penalties provided for therein.

The penalties laid down in the preceding paragraphs shall be doubled in the case of companies with shares listed on regulated markets in Italy or other States of the European Union or widely distributed among the public pursuant to Article 116 of the Consolidated Law on Financial Intermediation, referred to in Legislative Decree No 58 of 24 February 1998, as subsequently amended.

Proceedings shall be brought on complaint by the injured party, unless the act results in distortion of competition in the acquisition of goods or services.

Without prejudice to Article 2641, the measure of confiscation for equivalent value shall not be less than the value of the benefits given, promised or offered.
  
- **INSTIGATION TO CORRUPTION IN THE PRIVATE SECTOR (ARTICLE 2635-BIS OF THE CIVIL CODE)**

Whoever offers or promises money or other undue benefits to directors, general managers, managers in charge of preparing the company's accounting documents, auditors and liquidators of companies or private entities, as well as to those who work in them in a managerial capacity, in order that they perform or omit an act in breach of the obligations inherent in their office or the obligations of loyalty, shall be subject, if the offer or promise has not been accepted, to the penalty established in the first paragraph of Article 2635, reduced by one third.

The punishment referred to in the first paragraph shall apply to directors, general managers, managers in charge of drawing up the company's accounting documents, auditors and liquidators of companies or private entities, as well as to persons working in them in an executive capacity, who solicit, for themselves or for others, including through a third party, a promise of money or other benefits, in order to perform or omit an act in breach of the obligations inherent in their office or the obligations of loyalty, if the solicitation is not accepted. Proceedings are brought on complaint by the injured party.

- **UNLAWFUL INFLUENCE ON THE SHAREHOLDERS' MEETING (ARTICLE 2636 OF THE CIVIL CODE)**  
The 'typical conduct' requires that, by simulated or fraudulent acts, a majority at the shareholders' meeting be established in order to obtain an unfair profit for oneself or others.
  
- **OBSTRUCTION OF ACTIVITY OF PUBLIC REGULATORY AUTHORITIES (ARTICLE 2638(1) AND (2) OF THE CIVIL CODE)**  
The offence in question occurs where, with the specific aim of hindering the exercise of the functions of the public supervisory authorities, material facts which do not correspond to the truth, even though they are the subject of evaluations, are disclosed in communications required by law, or facts which were required to be disclosed concerning the company's assets and liabilities, profit and loss account or financial situation are concealed, wholly or partly, by fraudulent means, even where the information relates to assets owned or administered by the company on behalf of third parties. Punishment is also extended to cases where the information relates to assets owned or administered by the company on behalf of third parties.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of corporate crimes, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- General accounting management, with particular reference to the activities of:
  - Recognition, classification and control of all management events with administrative and economic consequences;
  - Proper maintenance of administrative relations with third parties (e.g. customers, suppliers) and related accounting management of debit/credit items;
  - Administrative and accounting management of assets;
  - Administrative and accounting management of the warehouse;
  - Establishment of all other administrative events during the year (e.g. personnel costs, contractual penalties, loans receivable and payable and related interest, etc.);
  - Verification of data from feeding systems.
- Collaboration and support to the Administrative Body for the preparation of financial statements functional to the implementation of:
  - Extraordinary transactions;
  - Transactions to increase/reduce share capital;
  - Other transactions in shares or quotas of the company.
- Collection, aggregation and evaluation of the accounting data necessary for the preparation of the Company's draft statutory and consolidated financial statements, as well as the reports attached to the financial statements to be submitted to the Board of Directors for approval;
- Preparation of the draft budget and corporate communications;
- Approval of the budget and corporate communications in general;

- Management of relations with the Controlling Bodies in relation to audits on administrative/accounting management and on the Financial Statements and with Shareholders in the activities of verification of company management;
- Keeping of accounting records and company books;
- Collaboration and support to the Administrative Body in carrying out the activities of distributing profits for the year, reserves and return of contributions;
- Collaboration and support to the Administrative Body in carrying out the activities of distributing profits for the year and reserves;
- Collaboration and support to the Administrative Body in carrying out operations to increase/reduce share capital or other operations on shares or quotas of the company or its subsidiaries;
- Management of relations with any certifying bodies during the activities of verification and control of the production process, the work environment and the final quality of the product aimed at guaranteeing the suitability of all or part of the Company's production and logistics cycle by customers;
- Management of gifts, donations and sponsorships;
- Selection, recruitment and management of personnel;
- Management of monetary and financial flows, budgeting and relations with the control bodies;
- Sales management;
- Management of claims and complaints relating to products sold;
- Management of claims and complaints relating to the procurement of goods and services;
- Management and settlement of pre-litigation and litigation;
- Selection, management and monitoring of suppliers and purchase management of:
  - raw materials
  - semi-finished products and components
  - finished products
  - services (including consultancy)
- Preparation of the documentation to be discussed and resolved upon at the General Meeting and management of relations with that body;
- Management of reports and information to the Independent Administrative Authorities, including during audits, inspections and checks.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

In general, such persons are required to:

- behave in a correct, transparent and collaborative manner, in compliance with the law and internal company procedures, in all activities aimed at drawing up the financial statements and other company communications, in order to provide shareholders and the public with true and correct information on the Company's economic and financial situation;

- strictly observe all the rules laid down by law to protect the integrity and effectiveness of the share capital and always act in compliance with the internal company procedures based on such rules, so as not to prejudice the guarantees of creditors and third parties in general;
- to ensure the proper functioning of the company and its corporate bodies, guaranteeing and facilitating all forms of control over the company's management provided for by law, as well as the free and correct formation of the shareholders' will;
- promptly, correctly and in good faith make all communications required by law and regulations to the supervisory authorities, and not obstruct in any way the exercise of the supervisory functions undertaken by them;
- to formalise guidelines for the above-mentioned functions, establishing (in such a way as to keep track of the various steps) which data and information must be provided to the Administrative Directorate, as well as which checks must be carried out on elements provided by the same Directorate;
- guaranteeing the traceability of access profiles, with the support of IT systems, in the process of identifying the persons who enter data into the system, ensuring the separation of functions and the consistency of authorisation levels, within the scope of the collection, transmission and aggregation of accounting information aimed at preparing corporate communications;
- ensure overall adequate control over routine and valuation accounting entries, which must be carried out accurately, correctly and truthfully, and comply with the relevant accounting standards;
- ensuring timeliness, accuracy and compliance with the accrual principle in making accounting entries;
- ensure that each operation is not only correctly recorded, but also authorised, verifiable, legitimate and consistent with the reference documentation;
- observe the rules laid down by law to protect the integrity and effectiveness of the share capital, so as not to prejudice the guarantees of creditors and third parties in general;
- use the banking channel in the execution of collection and payment transactions arising from relationships of purchase or sale of goods or services. The use of cash payments must be limited to cases expressly permitted and in any case in compliance with the limits provided for by current legislation on payment instruments.

More specifically, the Addressees are forbidden to:

- engage in any conduct that obstructs the exercise of the control functions of the relevant corporate bodies;
- represent or transmit for preparation and representation in the financial statements, reports or other corporate communications, false, incomplete or, in any case, untrue data, or prepare corporate communications that do not truthfully represent the economic and financial situation of the Company;
- omit data and information required by law on the economic and financial situation of the Company;
- omit communications, by the Directors, of conflicts of interest, specifying their nature, terms, origin and extent such as may affect the choices of the Board of Directors concerning ordinary and/or extraordinary operations;
- return contributions or release from the obligation to make them, except in cases of lawful reduction of the share capital;
- distribute profits or advances on profits not actually made or allocated by law to reserves;

- purchasing or subscribing to shares in the Company, thereby causing damage to the integrity of the share capital;
- carry out reductions in share capital, mergers or demergers, in breach of the provisions of the law protecting creditors, thereby causing damage to them;
- carry out a fictitious increase in the share capital by allocating shares for a value lower than their nominal value;
- behave in such a way as to prevent, through the concealment of documents or the use of other fraudulent means, or obstruct the performance of control and audit activities by the shareholders and the Board of Statutory Auditors;
- engage in any conduct that obstructs the exercise of the functions of the Independent Administrative Authorities, including during inspections (by way of example: express opposition, pretextual refusals, or even obstructive or non-cooperative conduct, such as delays in communications or in the provision of documents);
- omit to make, with due completeness, accuracy and timeliness, all the periodic reports required by the law and applicable regulations to the public bodies and supervisory and control authorities to which the company's activity is subject, as well as the transmission of data and documents required by the law and/or specifically requested by the said authorities;
- making inaccurate, incorrect and untrue accounting entries;
- record in the accounts transactions at incorrect values, either assets or liabilities, which do not have an actual correspondence in supporting accounting documents proving the actual receipt or implementation of the service received or rendered;
- grant promises of employment to anyone and, specifically, to persons from whom the company may derive an unfair advantage, their relatives or relatives-in-law or persons reported by them without a proper selection process;
- resorting to forms of pressure, deception, suggestion or capture of the goodwill of the counterparty, such as to influence the conclusions of a commercial activity (purchase or sale).

In order to prevent the risk that Taghleef Industries S.p.A. may be charged with the crimes of "Bribery among private individuals" and "Instigation to bribery among private individuals", it is essential that every possible business relationship of the Company, both when negotiating agreements and when executing them with other private operators, is marked by fairness and transparency, not influencing the decisions of third parties to the Company in an improper and/or unlawful manner and in compliance with the behavioural principles set out in Special Part A - Crimes against the Public Administration.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent the commission of corporate crimes are set out below, with particular reference to the process of preparing the financial statements and relations with the supervisory bodies. With reference to the crimes of bribery among private individuals (Article 2635 of the Italian Civil Code), incitement to bribery among private individuals (Article 2635-bis of the Italian Civil Code) and obstruction of supervisory activities (Article 2638 of the Italian Civil Code), reference should also be made to the control principles set out in Special Part A - Crimes against the Public Administration, such as:

- Purchases of goods and services
- Management of monetary and financial flows, budgeting and relations with control bodies

- Relations and obligations with public bodies and independent administrative authorities
- Selection, recruitment and management of personnel
- Sales management
- Management of sponsorships, donations and gifts

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

➤ **Procurement of goods and services:**

- when selecting a new supplier of goods/services or consultants, as well as before the renewal of the contractual agreement previously in force between the parties, the Company subjects the same to an adequate Due Diligence process, through which it assesses the ethical/reputational background and the potential risk profile of the counterparties and of the agreements/initiatives/contracts;
- the outcome of the Due Diligence process, including any decision not to carry out such a check (e.g. because of the customary relations with the business partner, its proven reliability, the excellent and acknowledged reputation of the business partner also from an ethical point of view), are reported to the person/body in possession of appropriate powers in order to authorise the formalisation of the contract/transaction/initiative;
- the Company conducts a preliminary check on its Business Associates by means of a standard form (e.g. Compliance Statement), while also reserving the right to carry out cross-checks (e.g. through web searches, consultation of specific databases, etc.);
- the choice of supplier of goods/services or consultants is based on objective evaluation criteria;
- in the process of choosing the supplier, it is ensured that the checks carried out on the supplier regarding his honourableness and commercial and financial reliability are documented;
- In order to ensure criteria of competition, cost-effectiveness, transparency, fairness and professionalism, the supplier of goods and services must be identified by means of a comparative evaluation of several offers;
- below certain pre-established minimum thresholds, duly justified, a specific supplier can be selected, freeing the process from the comparative procedure;
- the purchase of goods/services and consultancy services is governed by a contract/letter of assignment, or by a purchase order approved by persons with appropriate powers;
- the purchasing process must comply with the limits of the budget and the delegated powers assigned, and explicit authorisation is required for any extra budget;
- in relations with suppliers and third parties in general, offers of money, gifts or benefits of any kind on a personal basis aimed at obtaining undue real or apparent advantages of any kind (e.g. promises of economic advantages, favours, promises of recruitment and/or recommendations, promises of job offers, etc.) are not permitted;
- The evaluation of the supplier of goods/services is carried out on the basis of costs and performance achieved;
- contracts/purchase orders and letters of appointment with professionals/consultants contain information on the rules of conduct adopted by the Company in relation to the Code of Ethics, as well as on the consequences

that conduct contrary to the provisions of the Code of Ethics, the Organisational, Management and Control Model, the principles of conduct inspiring the Company and the regulations in force, may have on contractual relations.

➤ **Management of monetary and financial flows, budgeting and relations with control bodies**

- data and information are collected in a timely manner, under the supervision of the Administrative Department and processed by persons in charge of preparing the draft budget;
- the head of the department responsible for collecting and processing the information requested and transmitted to the Board of Auditors must ensure the completeness, relevance and correctness of the documentation transmitted;
- analysis and balancing of the audited financial statements, preparation of the financial statements and evidence of sharing with company management, sharing with supervisory bodies and approval of the financial statements;
- all data and information used to prepare the financial statements and other accounting documents of the Company must be clear, complete and give a true and fair view of the economic and financial situation and assets of the Company;
- the Administrative Department makes accounting entries on the basis of budget data and duly substantiated documents;
- transactions on the share capital are properly documented and tracked;
- those involved in the process of estimating accounting items must comply with the principle of reasonableness and clearly set out the valuation parameters followed in accordance with the reference accounting standards, providing any additional information necessary to ensure the truthfulness and completeness of the valuation and estimation process carried out;
- an analysis of financial statement items characterised by a high valuation component or by specific complexity factors related to the application of accounting standards or non-recurring factors is carried out;
- the collection, transmission and aggregation of data and accounting information, for the preparation of the financial statements, must take place in such a way (including through the company's accounting information system) as to ensure that there is always evidence of the steps of the data formation process, and that it is always possible to identify the person who entered the data in the system; access profiles to this system are identified by IT staff under the supervision of the Administrative Management;
- the draft budget is delivered to all members of the Board of Directors, prior to the meeting for its approval, within the legally required timeframe;
- Any changes to the chart of accounts are requested from the staff of the Administrative Department, who check that the request exists and, if successful, make the changes;
- the heads of the departments involved in the process of preparing the draft annual accounts or other corporate communications sign a declaration of truthfulness, completeness and consistency of the data and information transmitted;
- any conflicts of interest on the part of the Directors shall be promptly reported to the Board of Directors and the Board of Auditors, specifying their nature, terms, origin and extent;
- traceability of the decision-making process for purchases and sales of own and/or other companies' shares is ensured;
- the scheduling of closure activities and their communication in writing to all company functions;

- the Administrative Management issues instructions to accounting staff setting out what data, information and estimates are to be provided in connection with accounting closures, also specifying the manner in which such information is to be sent and the timeframe within which it is to be sent;
- the timely transmission to all members of the Board of Directors and the Board of Statutory Auditors of the accounting evidence and the auditors' report, as well as an appropriate record of such transmission, is guaranteed;
- the draft financial statements to be submitted to the Board of Directors are made available to the directors within the time limits laid down by the relevant regulations;
- the timely transmission to all members of the Board of Directors and the Board of Statutory Auditors of the accounting evidence and the auditors' report, as well as a suitable record of such transmission, is ensured;
- all supporting documentation for the preparation of the financial statements is archived and stored by the Administrative Department.

With reference to the management of monetary and financial flows, reference is also made to the principles of conduct and behaviour and the control mechanisms set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25), in Special Part H "Receiving, laundering and using money, goods or benefits of unlawful origin as well as self-laundering (Article 25 octies)".

➤ **Relations and obligations with public bodies and independent administrative authorities**

With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25).

➤ **Personnel selection, recruitment and management**

With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25).

➤ **Management of gifts, donations and sponsorships**

With reference to this sensitive process, reference is made to the principles of conduct and behaviour and the control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25) and in Special Part O "Tax crimes" (Article 25 quinquiesdecies)".

➤ **Sales management**

- when selecting new agents/distributors/brokers, as well as before renewing the contractual agreement previously in force between the parties, the Company subjects them to an adequate Due Diligence process, through which it assesses the ethical/reputational background and the potential risk profile of the counterparties and of the agreements/initiatives/contracts;
- the outcome of the Due Diligence process, including any decision not to carry out such a check (e.g. because of the customary relations with the business partner, its proven reliability, the excellent and acknowledged reputation of the business partner also from an ethical point of view), are reported to the person/body in possession of appropriate powers in order to authorise the formalisation of the contract/transaction/initiative;

- the Company conducts a preliminary check on its Business Associates by means of a standard form (e.g. Compliance Statement), while also reserving the right to carry out cross-checks (e.g. through web searches, consultation of specific databases, etc.);
- agency and distribution contracts and letters of appointment contain information on the rules of conduct adopted by the Company in relation to the Code of Ethics, as well as on the consequences that conduct contrary to the provisions of the Code of Ethics, the Organisation, Management and Control Model, the principles of conduct inspiring the Company and the regulations in force, may have on contractual relations;
- Commissions to agents are contractually defined and paid according to parameters defined on the basis of sales receipts;
- formal approval, in accordance with existing delegated and proxy powers, of commercial initiatives.

## **SPECIAL PART F**

### **CRIMES AGAINST THE INDIVIDUAL PERSONALITY (ARTICLE 25 QUINQUIES)**

#### **TYPES OF CRIME**

This Special Part refers to the crimes against the individual, referred to in Article 25 quinquies of Legislative Decree 231/2001, and in particular it reports the individual types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the context of the *risk assessment* activity), specifying the behavioural principles and operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crime was found to be potentially possible within the Taghleef business context:

- **ILLEGAL INTERMEDIATION AND EXPLOITATION OF LABOUR (ARTICLE 603 BIS OF THE CRIMINAL CODE)**

With reference to the cases in question, unless the act constitutes a more serious offence, any person shall be punished with imprisonment from one to six years and a fine ranging from €500 to €1,000 for each worker recruited:

- i. recruits labour for the purpose of assigning them to work for third parties under exploitative conditions, taking advantage of the workers' state of need;
- ii. uses, recruits or employs labour, including through the intermediary activity referred to in paragraph 1), subjecting workers to exploitative conditions and taking advantage of their state of need.

If the acts are committed by means of violence or threats, the penalty is imprisonment for a term of five to eight years and a fine of between €1,000 and €2,000 for each worker recruited.

For the purposes of this standard, one or more of the following conditions is an indication of exploitation:

- 1) the repeated payment of remuneration in a manner clearly different from the national or territorial collective agreements entered into by the most representative trade unions at national level, or in any case disproportionate to the quantity and quality of the work performed;
- 2) repeated infringement of the rules on working time, rest periods, weekly rest, compulsory leave and holidays;
- 3) the existence of violations of occupational safety and hygiene rules;
- 4) subjecting the worker to degrading working conditions, surveillance methods or housing situations.

They constitute a specific aggravating circumstance and lead to an increase in the penalty of between one third and one half:

- 1) the fact that the number of recruited workers exceeds three;
- 2) the fact that one or more of the recruited subjects are minors of non-working age;
- 3) having committed the act by exposing the exploited workers to situations of serious danger, having regard to the characteristics of the services to be performed and the working conditions.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of crimes against the individual, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

This activity is summarised below:

- Procurement management, with particular reference to contracting out activities involving the use of third-party labour (e.g. waste collection and disposal company, construction site activities) and temporary workers (temporary staff, cooperatives).

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

In general, the following conditions must be guaranteed:

- remuneration of employees in accordance with national and territorial collective agreements and in any case proportionate to the quality and quantity of work;
- compliance with regulations on working time, rest periods, weekly rest, compulsory leave and holidays;
- enforcement of occupational safety and hygiene legislation;
- adequate working conditions, surveillance methods (only in cases provided for by law) and non-degrading housing situations.

In general, the Addressees are required to:

- ensure compliance with labour legislation, including the minimum wage levels laid down in the applicable collective agreements, as well as with social security and tax obligations;
- ensure compliance with regulations on working time, rest periods, weekly rest, compulsory leave, holidays;
- carry out appropriate reputational checks before establishing relations with suppliers using labour (e.g. in the context of contracts and subcontracts);
- ascertain compliance with social security, pay and tax obligations and labour legislation by suppliers using labour, as well as by any subcontractors;
- ensuring suitable working conditions, supervision methods and accommodation.

Recipients are also prohibited from:

- establish and/or continue relations with suppliers who use labour subject to exploitative conditions and in particular:
  - which pay wages that are manifestly not in line with the applicable national collective agreements or in any case disproportionate to the quantity and quality of the work performed;
  - infringing regulations on working time, rest periods, weekly rest, compulsory leave, holidays;
  - which allow the existence of violations of the rules on safety and hygiene in the workplace;
  - subjecting workers to degrading working conditions, surveillance methods or housing situations.

In order to prevent the commission of the offence of unlawful intermediation and exploitation of labour, the Company requires the monitoring of the working conditions of its employees and of the employees of third party companies it uses (e.g. cooperatives, employment agencies, etc.) with regard to working hours, pay conditions, health and safety impacts and working conditions in general.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent crimes against the individual are set out below, with particular reference to processes that are sensitive/instrumental to the commission of crimes, such as:

- Procurement of goods, services and consultancy;
- Compliance with health and safety requirements under Legislative Decree 81/2008.

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

- **Purchases of goods, services and consultancy**
  - in the process of selection of external suppliers whose activity involves the provision of labour, it must be ensured that the checks carried out on compliance with the elements referred to in the legislation on labour intermediation (e.g. minimum wages and conditions provided for by the applicable collective bargaining agreement, working hours, shifts and breaks, etc.) can be documented;
  - suppliers are subject to periodic monitoring and sample checks in relation to compliance with indicators relating to regularity, congruity and consistency of remuneration, compliance with regulations relating to working hours, holidays, rest periods, etc., compliance with regulations on health and safety at work and, in general, in relation to the working conditions of their workers employed in the processes entrusted by the Company.
  
- **Health and safety requirements under Legislative Decree 81/2008**
  - with reference to suppliers of services involving the use of the counterparty's labour force, the Company shall authorise access to its premises only to workers whose names have been promptly communicated by the supplier prior to the start of the activities;
  - With reference to the crime of unlawful intermediation and exploitation of labour (art. 603 bis of the Italian Criminal Code) in the field of health and safety at work, reference should be made to the control principles set out in Special Part G - "Crimes related to health and safety at the workplace".

## **SPECIAL PART G**

### **HEALTH AND SAFETY AT WORK CRIMES (ARTICLE 25 SEPTIES)**

#### **TYPES OF CRIME**

This Special Part refers to the crimes concerning health and safety at the workplace, referred to in Article 25 septies of Legislative Decree 231/2001 and, in particular, it reports the individual types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and the operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **MANSLAUGHTER (ARTICLE 589 OF THE CRIMINAL CODE)**  
Whoever culpably causes the death of a person shall be punished by imprisonment of from six months to five years.  
If the offence is committed in breach of the rules for the prevention of accidents at work, the penalty is imprisonment for a term of between two and seven years.  
In the event of the death of more than one person, or of the death of one or more persons and injuries to one or more persons, the penalty to be imposed for the most serious of the crimes committed shall be increased by up to three times, but the penalty may not exceed fifteen years.
- **SERIOUS OR EXTREMELY SERIOUS NEGLIGENT INJURY COMMITTED IN VIOLATION OF WORKMAN'S SAFETY REGULATIONS (ARTICLE 590 OF THE CRIMINAL CODE)**  
Whoever culpably causes personal injury to another person shall be punished by imprisonment of up to three months or by a fine of up to €309.  
If the injury is serious, the penalty shall be imprisonment from one to six months or a fine ranging from €123 to €619; if it is very serious, imprisonment from three months to two years or a fine ranging from €309 to €1,239.  
If the acts referred to in the preceding paragraph are committed in violation of the rules for the prevention of accidents at work, the penalty for serious injuries shall be imprisonment from three months to one year or a fine ranging from 500 to 2,000 euros, and the penalty for very serious injuries shall be imprisonment from one to three years.  
In the case of injury to more than one person, the punishment to be imposed for the most serious of the crimes committed shall apply, increased by up to three times; but the sentence of imprisonment shall not exceed five years.  
The offence is punishable on complaint by the injured party, except in the cases provided for in the first and second paragraphs, limited to acts committed in breach of the rules for the prevention of accidents at work or relating to occupational hygiene or which have resulted in an occupational disease.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of crimes relating to health and safety at work, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Fulfilment and management of obligations relating to health and safety at work in accordance with Legislative Decree 81/2008 (Safety Consolidation Act), at the offices, the production plant and during trips abroad;
- Fulfilment and management of obligations relating to the protection of health and safety at work pursuant to Legislative Decree 81/2008 (Safety Consolidation Act) with reference to:
  - works or supply contracts pursuant to Art. 26 for the execution of works, extraordinary maintenance, rebuilding of ovens, installation of plant or machinery and expansion of facilities;
  - managing operations at temporary and mobile construction sites under Title IV for construction and/or plant engineering activities at the points, offices and logistics site;
  - management of operations at its logistics site by cooperatives contracted to carry out activities on behalf of the Company.
- Fulfilment and management of obligations in the field of occupational health and safety protection pursuant to the "Shared protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace" of 24 April 2020 and all prescriptions issued by the Government and the competent authorities on a national and regional basis.

## **GENERAL PRINCIPLES OF CONDUCT**

The Company, through its Occupational Health and Safety Management System, promotes the dissemination of a culture of safety and awareness of the risks associated with work activities, carried out in its own premises or in the premises of its customers, at every level of the company, responsible behaviour and respect for the measures and instructions adopted in the field of occupational safety.

The following general principles of conduct constitute an important control and verification of the effectiveness and adequacy of the organisation in compliance with the special regulations in force on accident prevention. The principles apply to the Recipients of the Model who, for any reason, are involved in "sensitive" activities related to culpable crimes in the field of health and safety. In particular, for effective risk prevention and in compliance with the requirements of Legislative Decree 81/2008, as subsequently amended and supplemented, as well as in line with the division of roles, tasks and responsibilities in the field of safety, an express request is made:

- all the Recipients, involved in various ways in the management of corporate safety, to implement, each for the part of its competence, the delegations and powers of attorney received and the procedures adopted in this context, the prevention and protection

measures put in place to monitor the risks related to safety identified in the Risk Assessment Document (hereinafter "DVR") of the Company;

- the Employers, and all persons involved in the management of safety, to carry out the tasks assigned to them by the powers of attorney or proxies received in compliance with the law, taking care to inform and train the personnel who, in carrying out their activities, are exposed to safety-related risks;
- the persons in charge, to supervise the proper observance by all workers of the safety measures and procedures adopted by the Company, reporting any shortcomings or misalignments of the safety system, as well as any conduct contrary to it;
- the persons appointed from time to time by the Company or elected by the staff pursuant to Legislative Decree 81/2008 (e.g. Head of the Prevention and Protection Service, persons in charge of the implementation of fire prevention measures, firefighting, evacuation of workers in case of danger, First Aid Officers, competent Doctor, Workers' Safety Representatives) to carry out, each within the scope of their competences and powers, the safety tasks specifically entrusted by current legislation and provided for in the safety system adopted by the Company;
- all employees to take care of their own safety and health and that of other people who have access to the Company's facilities, and to observe the Company's safety measures and instructions.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct indicated above, further operational control measures to prevent the commission of the crimes of manslaughter and serious or very serious injuries are set out below, with particular reference to a process instrumental to the commission of crimes such as the management of health and safety obligations:

- ensuring the provision of continuous training and information to employees by means of courses on general and specific risks present in the workplace, dedicated both to users of personal prevention/protection equipment and to those responsible at various levels for safety and the environment;
- ensuring that the employees of contractors carrying out repair and maintenance work at the Company's premises are informed through the illustration and delivery of specific information documentation, relating to the Site concerned, providing detailed information on the specific risks existing in the working environment and the prevention and emergency measures adopted;
- providing regular monitoring and adaptation activities and delivering general and specific training sessions, based on the risks identified in the Risk Assessment Document;
- define a monitoring system based on periodic meetings - structured on different levels and involving workers' representatives and contractors - on health and safety issues and competences/responsibilities;
- provide that each control and monitoring operation and action be verifiable and appropriately documented by means of the preparation, by the persons in charge, of a periodic report on any problems encountered, addressed to the Supervisory Board responsible for supervision;

- formally defining management, coordination and control responsibilities in the field of health and safety within the company;
- formally record the appointment of the persons provided for by the legislation on health and safety in the workplace and the powers assigned to them, including the Head of the Prevention and Protection Service (RSPP), the Workers' Safety Officers (RLS), the First Aid Officers, the Competent Doctor and the Fire Fighting Team, giving notice of their appointment within the Company;
- formalising and ensuring consistency between the system of delegated and proxy powers and the responsibilities assigned in the field of health and safety at work; also formalising an expenditure system consistent with the responsibilities assigned;
- formalise and plan appropriate training activities for all subjects, as required by current legislation;
- ensure the segregation of duties between the persons who are required to take or implement decisions on health and safety protection and the persons who are responsible for carrying out control activities in this area;
- in the event of works, services or supplies being contracted out by the Company, formally inform the contractors of the risks present in the working environments in which they are to operate and ensure that the DUVRI is correctly drawn up pursuant to Article 26 of Legislative Decree no. 81/2008, as amended;
- complete adequate verification of contractors' compliance with occupational safety regulations;
- verify that service or works contracts contain appropriate clauses on health and safety in the workplace, including the safety costs associated with carrying out the activity;
- eliminating risks to workers' health and safety at source and, where this is not possible, minimising them by making use of acquired knowledge and technological progress;
- Carefully assess all risks to workers' health that cannot be eliminated, in order to take the most appropriate countermeasures;
- Respect ergonomic and health principles in the workplace in the organisation of work, the design of workplaces and the choice of work equipment in the definition of working and production methods, in particular with a view to reducing the effects on health of monotonous and repetitive work;
- giving collective protection measures priority over individual protection measures;
- carry out and/or contribute to, on the basis of his or her responsibility, an in-depth analysis of each occupational accident that has occurred, in order to identify any shortcomings in the health and safety management system and to identify any corrective action to be taken;
- to identify, in compliance with the provisions of Title IV of Legislative Decree 81/2008 ("Temporary or mobile construction sites"), figures of proven professionalism for the performance of the tasks provided for by the sector regulations, including Head of Works, Safety Coordinator during the design phase as well as during the execution phase, and to prepare the documentation prescribed by the regulations, including the Operational Safety Plan and the Safety and Coordination Plan;
- to ensure that its employees are informed about the risks to their health and safety in "smart working" remote working activities, giving precise information pursuant to Article 22, paragraph 1, of Law no. 81 of 22 May 2017 and subsequent amendments and integrations. also by telematic transmission pursuant to the Prime Ministerial Decree of 9 March 2020 and subsequent amendments and additions;
- implementation of verification and control activities in relation to contractors.

In addition, any addressee of the Model who is lawfully on the Company's premises shall:

- in accordance with their own training and experience and with the instructions and means provided or arranged by the employer, refrain from adopting imprudent behaviour with regard to the protection of their own health and safety;
- comply with the regulations on collective and individual protection, exercising in particular all appropriate controls and activities to safeguard the health and safety of employees, suppliers and/or outsiders who may be present in the workplace;
- Correct use of machinery, equipment, tools, means of transport and other work equipment, as well as safety devices within the production sites;
- use the protective equipment provided appropriately;
- Immediately report to the appropriate levels (according to the responsibilities assigned) the anomalies of the means and devices referred to above, as well as any other hazardous conditions of which they are aware;
- to undergo the required health checks;
- adhering to the planned training interventions, carefully studying the material provided;
- contribute to the fulfilment of all obligations imposed by the competent authority or otherwise necessary to protect the safety and health of workers at work.

## **SPECIAL PART H CRIMES OF RECEIVING STOLEN GOODS, MONEY LAUNDERING AND USE OF MONEY, GOODS OR BENEFITS OF UNLAWFUL ORIGIN AS WELL AS SELF-LAUNDERING (ARTICLE 25 OCTIES)**

### **TYPES OF CRIME**

This Special Part refers to the crimes of Receiving, Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin as well as Self Laundering, referred to in Article 25-octies of Legislative Decree 231/2001 and, in particular, it reports the single types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity) specifying the behavioural principles and the operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **HANDLING STOLEN GOODS (ARTICLE 648 OF THE CRIMINAL CODE)**  
Apart from cases of complicity in the offence, any person who, in order to procure a profit for himself or others, acquires, receives or conceals money or things deriving from any offence, or in any case interferes in having them acquired, received or concealed, shall be punished with imprisonment of from two to eight years and with a fine ranging from €516.00 to €10,329.00.  
The punishment is increased when the fact concerns money or things deriving from crimes of aggravated robbery pursuant to Article 629, second paragraph, or aggravated theft pursuant to Article 625, first paragraph, no. 7 bis).  
The penalty shall be imprisonment of up to six years and a fine of up to €516.00 if the act is particularly minor.
- **MONEY LAUNDERING (ARTICLE 648-BIS OF THE CRIMINAL CODE)**  
Apart from cases of complicity in the offence, any person who replaces or transfers money, goods or other benefits resulting from a non-culpable offence, or carries out other transactions in relation thereto, in such a way as to hinder the identification of their criminal origin, shall be punished with imprisonment from four to twelve years and with a fine ranging from €1,032 to €15,493.  
The penalty is increased when the act is committed in the exercise of a professional activity.  
The penalty shall be reduced if the money, goods or other benefits originate from a crime for which the penalty is imprisonment of less than a maximum of five years.  
The last paragraph of Article 648 shall apply.
- **USE OF MONEY, GOODS OR COMMODITIES OF UNLAWFUL ORIGIN (ARTICLE 648-TER OF THE CRIMINAL CODE)**  
Whoever, except for cases of complicity in the offence and the cases provided for in Articles 648 and 648-bis, uses money, goods or other utilities deriving from an offence

in economic or financial activities, shall be punished with imprisonment from four to twelve years and with a fine ranging from €1,032 to €15,493.

The penalty is increased when the act is committed in the exercise of a professional activity.

The penalty shall be reduced in the case referred to in the second paragraph of Article 648. The last paragraph of Article 648 shall apply.

- **SELF- MONEY-LAUNDERING (ARTICLE 648-TER 1 OF THE CRIMINAL CODE)**

A sentence of imprisonment from two to eight years and a fine ranging from €5,000 to €25,000 shall be imposed on any person who, having committed or participated in the commission of a non-culpable offence, uses, substitutes, transfers in economic, financial, entrepreneurial or speculative activities, money, goods or other benefits deriving from the commission of such offence, in such a way as to concretely hinder the identification of their criminal origin.

The penalty shall be imprisonment from one to four years and a fine ranging from €2,500 to €12,500 if the money, goods or other benefits originate from the commission of a non-culpable offence punishable with a maximum imprisonment of less than five years.

In any case, the penalties provided for in the first paragraph shall apply if the money, goods or other utilities originate from a crime committed under the conditions or for the purposes set out in Article 7 of Legislative Decree no. 152 of 13 May 1991, converted, with amendments, by Law no. 203 of 12 July 1991, and subsequent amendments.

Apart from the cases referred to in the preceding paragraphs, conduct whereby the money, goods or other benefits are intended merely for personal use or enjoyment shall not be punishable.

The penalty is increased when the acts are committed in the exercise of a banking or financial activity or other professional activity.

The punishment shall be reduced by up to one half for those who have taken effective steps to prevent the conduct from having further consequences or to ensure the evidence of the offence and the identification of assets, money and other benefits deriving from the offence.

The last paragraph of Article 648 shall apply.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of the crimes of receiving stolen goods, money laundering and Use of money, goods or benefits of unlawful origin as well as self-laundering, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Purchase management of:
  - raw materials;
  - semi-finished products and components;
  - finished products;
  - services.
- Purchase of machinery, plant parts or spare parts also in connection with expansion of the production line;

- Managing relationships with national and international customers, including through agents, distributors and brokers. (*Activity included on a prudential basis*)
- Selection, management and monitoring of suppliers and purchase management of:
  - raw materials
  - semi-finished products and components
  - finished products
  - services (including consultancy)
- General accounting management, with particular reference to the activities of:
  - Recognition, classification and control of all management events with an administrative and economic impact
  - Proper maintenance of administrative relations with third parties (e.g. customers, suppliers) and related accounting management of debit/credit items
  - Administrative and accounting management of assets
  - Administrative and accounting management of the warehouse
  - Establishment of all other administrative events during the year (e.g. personnel costs, contractual penalties, loans receivable and payable and related interest, etc.).
  - Verification of data from feeding systems.
- Management of monetary and financial flows (including petty cash management);
- Intercompany payments and management of intra-group loans;
- Management of tax obligations and preparation of company tax returns;
- Management of account closure activities and preparation of the balance sheet file;
- Management of intra-group financing and intercompany payment transactions.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

In general, Addressees are required to do the following:

- the Company's financial flows, both incoming and outgoing, are constantly monitored and traced;
- for the management of incoming and outgoing flows, only banking channels and other accredited financial intermediaries subject to EU regulation or credit/financial institutions located in a non-EU country that imposes obligations equivalent to those laid down in the laws on money laundering and self-laundering provide for the monitoring of compliance with such obligations;
- operations involving the use or employment of economic or financial resources must have an express reason and be documented and recorded in accordance with the principles of fairness and accounting transparency;
- selection of suppliers according to predefined criteria of transparency, quality and cost-effectiveness;
- the Company defines the methods for ascertaining, through the available means, the honourableness and reliability of suppliers/customers and business partners (commercial and financial), through the acquisition of information, by way of example but not limited to, on the legal representative, directors and shareholders, based on the

type of company, as well as the acquisition of public data concerning prejudicial indexes (e.g. protests, pending bankruptcy proceedings, etc.);

- the deadlines and procedures laid down in the applicable legislation for preparing periodic tax returns and the consequent payments of income and value added tax are respected.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent the commission of the crimes of receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin as well as self laundering are set out below, with particular reference to processes that are sensitive/instrumental to the commission of crimes such as:

- Purchases of goods and services;
  - Management of monetary and financial flows, budgeting and relations with the control bodies;
- Sales management.

These principles are specifically implemented in the procedures adopted by the Company. In particular:

### ➤ **Procurement of goods and services**

In addition to the control measures set out in Special Part A - Crimes against the Public Administration:

- the purchase of goods and services are documented by means of a contract/letter of assignment, i.e. a purchase order as well as a contract/letter of assignment formally approved by persons with appropriate powers;
- purchase orders are signed by persons with appropriate powers of attorney;
- Administrative Management performs congruity checks between the purchase order and the matching documents. Approval of the invoice and subsequent payment are carried out in accordance with the roles and responsibilities of the staff with appropriate powers;
- the purchasing process must comply with the limits of the budget and the delegated powers assigned, and explicit authorisation is required for any extra budget.

### ➤ **Management of monetary and financial flows, budgeting and relations with control bodies**

In addition to the control measures set out in Special Part A - Crimes against the Public Administration and in Special Part E - Corporate Crimes:

- the opening/closing of current accounts are authorised in advance by persons with appropriate powers;
- the Administrative Department carries out periodic checks, balancing and reconciliation of accounting data (e.g. bank reconciliations), respecting the segregation of duties (e.g. segregation of roles between those who manage current accounts, those who carry out bank reconciliations and those who approve them);
- the Administrative Department arranges for periodic verification of home-banking transactions by persons with appropriate signatory powers;
- the Administrative Directorate can only make payments in settlement of invoices recorded as payable in the accounting system;

- all receipts must be matched to a specific lot, must be adequately justified and are accounted for by the Administrative Department;
- the calculation of taxes is verified by a third party with respect to the processor before submission and in any case in accordance with the provisions of Special Part O "Tax Crimes";
- assessments of the sustainability of the investment of purchases and sales of own shares or shares in third companies are adequately documented and tracked, together with the definition of the business plans supporting them.

In addition, all addressees of this model are strictly forbidden to:

- transfer for any reason, except through banks or electronic money institutions or Poste Italiane S.p.A., cash or bearer bank or postal passbooks or bearer securities in euro or foreign currency, when the value of the transaction, even if fractioned, is overall equal to or greater than the minimum threshold established by the applicable law;
- issue bank and postal cheques for amounts equal to or greater than the limit laid down by current legislation which do not bear the indication of the name or company name of the beneficiary and the non-transferability clause;
- endorse for collection bank and postal cheques issued to the order of the drawer to parties other than banks or Poste Italiane S.p.A.;
- making payments and/or money transfers to encrypted or anonymous current accounts or accounts opened at credit institutions with no physical address;
- make payments/accept receipts on current accounts of banks operating in countries on the black list of "tax heavens" and in favour of off-shore companies, unless authorised in writing by the CFO;
- issuing invoices or documents for non-existent transactions in order to enable third parties to commit tax evasion;
- indicating fictitious passive elements by means of invoices or other documents with similar evidential value to invoices for non-existent transactions;
- making fraudulent tax declarations aimed at evading even part of the payment of taxes, using the proceeds of evasion to make payments or transfers from one bank account to another, making it difficult to identify their criminal origin;
- for intra-group transactions, specific contracts are formalised to regulate the way in which transactions are settled and the related charges made.

With reference to the process of drawing up the Financial Statements and relations with the Control Bodies, reference is also made to the principles of conduct and behaviour and the control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25) and in Special Part E "Corporate Crimes".

#### ➤ **Sales Management**

- decision-making and authorisation processes relating to sales must be carried out by persons with appropriate powers, and must always be accurately documented and verifiable;
- relations with customers or business partners must be verifiable by means of complete contractual documentation and/or a sales order that clearly defines any obligations/rights of both parties;
- checks are carried out on the commercial counterpart (e.g. customer/partner) prior to the commercial negotiation.
- With reference to the Sales Management training process, reference is also made to the principles of conduct and behaviour and the control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25) and in Special Part E "Corporate Crimes".

## **SPECIAL PART I**

### **CRIMES RELATED TO COPYRIGHT INFRINGEMENT (ARTICLE 25 NOVIES)**

#### **TYPES OF CRIME**

This Special Part refers to crimes related to the violation of copyright, referred to in Article 25-novies of Legislative Decree 231/2001 and, in particular, lists the individual types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and the operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **SOFTWARE AND DATABASES OFFENCES (ARTICLE 171 BIS, LAW NO. 633/1941, PARAGRAPH 2)**  
This article punishes anyone who (by way of example but not limited to):
  - illegally duplicates software programs for profit;
  - for the same purposes imports, distributes, sells, holds for commercial or business purposes software programs;
  - leases programs contained in media not marked by the Società italiana degli autori ed editori (Italian Authors' and Publishers' Society) by any means intended solely to facilitate the arbitrary removal or functional circumvention of devices applied to protect a computer program.
  
- **DISTRIBUTION OF INTELLECTUAL PROPERTY VIA AN ONLINE NETWORK (ARTICLE 171, LAW NO. 633/1941)**  
In relation to the offence referred to in Article 171 of the Copyright Law, the Decree has taken into consideration only two cases, namely:
  - the making available to the public, through the introduction into a system of telematic networks and through connections of any kind, of a protected intellectual work or part of it;
  - the making available to the public, through the introduction into a system of telematic networks and through connections of any kind, of an original work not intended for publicity, or with usurpation of the authorship of the work, or with deformation, mutilation or other modification of the work itself, if this causes offence to the honour or reputation of the author.

- **BREACH OF COPYRIGHT TO DETRIMENT OF ITALIAN COPYRIGHT AGENCY ("SIAE") (ARTICLE 171 SEPTIES, LAW NO. 633/1941)**

This article punishes, in addition to the provisions of Article 171 ter of Law 633/1941, also:

- producers or importers of media which are not subject to the marking referred to in Article 181-bis, who do not communicate to the SIAE within thirty days from the date on which they are placed on the market in the national territory or imported the data necessary for the unequivocal identification of the media in question;
- unless the act constitutes a more serious offence, to anyone who falsely declares the fulfilment of the obligations provided for in Article 181 bis paragraph 2 of Law 633/1944.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of crimes relating to copyright infringement, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Use of software subject to licences within the company's information systems.
- Managing the reproduction and dissemination to the public through the company's information systems and/or social media of works protected by copyright and related rights.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control:

In general, it is prohibited to:

- use and in particular disseminate to the public, including through websites, third-party works protected by copyright in the absence of formalised written contractual agreements with the relevant owners for the economic exploitation of the same, as well as in breach of the terms and conditions laid down in such agreements;
- use software without the necessary authorisations or licences within the company's information systems;
- duplicate and/or disseminate in any form programmes and files except in the forms and for the service purposes for which they have been assigned and in compliance with the licences obtained;
- duplicate and/or install copyrighted works not bearing the SIAE mark or bearing a forged mark;

- reproduce images, contents, objects protected by copyright without having paid the relevant rights or having agreed on their use with the legitimate owners;
- reproduce databases and, more generally, any media subject to a licence for use, in breach of the restrictions on use set out therein;
- install and use, on the Company's computer systems, software (so-called "P2P", file sharing or instant messaging software) by means of which it is possible to exchange with other persons within the Internet network all types of files (such as films, documents, songs, data, etc.) without any possibility of control by the Company;
- reproduce or disseminate, in any form and without right, the intellectual work of others, in the absence of formalised written contractual agreements with the relevant owners for economic exploitation or in breach of the terms and conditions laid down in such agreements;
- use, duplicate and reproduce the software which would allow the company to save the costs of purchasing or renewing the licence.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent the commission of copyright infringement crimes are set out below, with particular reference to processes that are sensitive/instrumental to the commission of crimes such as:

- Protection of industrial and intellectual property;
- Management of the technological infrastructure.

These principles are specifically implemented in the procedures adopted by the Company.

In particular, in addition to the control principles set out in Special Part B - Computer Crimes:

- **Protection of industrial and intellectual property**
  - carrying out checks by the relevant departments of the correct use of patents and trademarks in terms of intellectual and industrial property infringement prior to their filing;
  - preparation of appropriate control procedures on the entire production and distribution chain by including contractual clauses with suppliers providing for a guarantee that they will not infringe the rights of third parties in their activities;
  - inclusion of contractual clauses with suppliers which provide for the latter's responsibility also for the work of any subcontractors.

➤ **Management of technological infrastructure**

Generally speaking, for the trial in question:

- software purchases are governed by specific contracts signed by the main manufacturer or with suppliers authorised by the manufacturer and contain specific copyright protection clauses;
- in the event of doubts as to the existence of the right of economic exploitation of the intellectual work, or in the event of doubts as to the relevant conditions or terms of exploitation, it is obligatory, before proceeding with the use, to request the necessary information from the IT Department;
- responsibilities are defined for carrying out checks on the existence of copyrights and intellectual property rights and their proper use in accordance with the limitations on use defined by the author;
- contracts with third parties have a special clause referring to compliance with intellectual property rules;
- contracts regulating relations with advertising agencies also provide for the inclusion of specific clauses binding the communication agency to comply with the fundamental principles of the Company's Code of Ethics.

## **SPECIAL PART L**

### **INDUCEMENT NOT TO MAKE OR TO MAKE FALSE STATEMENTS TO JUDICIAL AUTHORITIES (ARTICLE 25 DECIES)**

#### **TYPES OF CRIME**

This Special Part refers to the offence of inducement not to make declarations or to make false declarations to the judicial authorities, referred to in Article 25 decies of Legislative Decree 231/2001 and, in particular, it reports the individual crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and the operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following offence was found to be potentially possible within the Taghleef business context:

- **INCITEMENT NOT TO GIVE DECLARATIONS OR TO GIVE MENDACIOUS DECLARATIONS TO THE JUDICIAL AUTHORITIES (ARTICLE 377 BIS OF THE CRIMINAL CODE) - ALSO OF TRANSNATIONAL CHARACTER**

Unless the act constitutes a more serious offence, any person who, by means of violence or threats, or by offering or promising money or other benefits, induces a person called upon to make before the judicial authorities statements usable in criminal proceedings, when the latter has the right to remain silent, not to make statements or to make false statements, shall be punished by imprisonment of from two to six years.

#### **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, in the context of the offence of inducing people not to make statements or to make false statements to the judicial authorities, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Managing relations with persons under investigation or accused in criminal proceedings;
- Managing relations with the competent judges, their technical advisers and their assistants, in the context of cases of various kinds or related appeals.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

The Company condemns any conduct that may, in any way, directly or indirectly, constitute the offence of "Inducement not to make statements or to make false statements to the judicial authorities" and/or facilitate or favour its commission.

In particular, the following general rules of conduct prohibit the following:

- promise or offer payments in money or other benefits to persons involved in judicial proceedings in order to induce them to conceal/omit facts that may cause penalties/sanctions to the Company, thus protecting or improving the latter's position;
- induce a person not to make statements or to make mendacious statements to the judicial authorities during criminal proceedings, by means of threats or violence (physical or moral coercion) in order to conceal/omit facts that may cause penalties/sanctions to the Company;
- engage (directly or indirectly) in any activity that may favour or damage one of the parties in civil, criminal or administrative proceedings;
- conditioning or inducing, in any form or manner whatsoever, the will of persons called upon to answer to the Judicial Authorities so as not to make statements or declare facts that are not true;
- avoid or distort the liability of the Company in criminal proceedings;
- protect or improve the Company's position in criminal proceedings.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, and to the control procedures set out in Special Part A - Crimes against the Public Administration, we provide below further operational control measures aimed at preventing the commission of the offence of inducing individuals not to make statements or to make false statements to the judicial authorities in relation to the following sensitive process.

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

- **Relations and obligations with public bodies and independent administrative authorities**
  - it is forbidden to behave in a misleading manner or to behave in such a way as to influence the independence of judgement of the competent Judges, technical consultants and their assistants in charge of carrying out checks and inspections (e.g. in order to avoid penalties for the Company);
  - submitting untruthful and/or incomplete information to the Judges or evading legal/regulatory obligations is prohibited.

## **SPECIAL PART M**

### **ENVIRONMENTAL CRIMES (ARTICLE 25 UNDECIES)**

#### **TYPES OF CRIME**

This Special Part refers to environmental crimes, as referred to in Article 25 undecies of Legislative Decree 231/2001 and, in particular, lists the individual types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those in which it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and the operating controls for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **ENVIRONMENTAL POLLUTION (ART. 452-BIS C.P.)**  
Any person who illegally causes a significant and measurable impairment or deterioration shall be punished with imprisonment from two to six years and a fine ranging from €10,000.00 to €100,000.00:
  - 1) of water or air, or of large or significant portions of the soil or subsoil;
  - 2) of an ecosystem, biodiversity, including agricultural biodiversity, flora or fauna.When the pollution is produced in a protected natural area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or in damage to protected animal or plant species, the penalty shall be increased.
- **ENVIRONMENTAL DISASTER (ART. 452-QUATER C.P.)**  
This offence is committed in the event of abusive conduct resulting in an environmental disaster through the alteration of the balance of an ecosystem that is irreversible or whose elimination is particularly costly and achievable only by means of exceptional measures; or the offence of harming public safety by reason of the importance of the act or its harmful effects on the number of persons harmed or exposed to danger.  
An increase in the penalty is provided for if the disaster occurs in a protected natural area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or in damage to protected animal or plant species.
- **ENVIRONMENTAL POLLUTION AND ENVIRONMENTAL DISASTER COMMITTED WITH GROSS NEGLIGENCE (ART. 452-QUINQUIES C.P.)**  
If any of the acts referred to in Articles 452-bis and 452-quater is committed through negligence, the penalties provided for in those articles shall be reduced by between one third and two thirds.  
If the commission of the acts referred to in the preceding paragraph results in the danger of environmental pollution or environmental disaster, the penalties shall be further reduced by one third.

- **TRADE AND DERELICTION OF HIGH RADIOACTIVE MATERIAL (ART. 452-SEXIES C.P.)**

This offence punishes anyone who unlawfully sells, purchases, receives, transports, imports, exports, procures for others, holds, transfers, abandons or disposes of highly radioactive material. Unless the act constitutes a more serious offence, the punishment shall be imprisonment from two to six years and a fine ranging from €10,000.00 to €50,000.00.

The penalty shall be increased if the danger of impairment or deterioration arises from the act:

  - water or air, or of large or significant portions of the soil or subsoil;
  - of an ecosystem, biodiversity, including agricultural biodiversity, flora and fauna.

If the act results in danger to life or limb, the penalty shall be increased by up to half.
- **CRIMINAL ASSOCIATION RELATED TO ENVIRONMENTAL CRIMES (ARTICLE 452-OCTIES OF THE CRIMINAL CODE)**

When the association referred to in Article 416 is directed, exclusively or concurrently, towards committing one of the crimes referred to in Title VI of the Penal Code, the penalties provided for in Article 416 are increased.

When the association referred to in Article 416 bis is aimed at committing any of the crimes provided for in Title VI of the Criminal Code, or at acquiring the management or control of economic activities, concessions, authorisations, contracts or public services in the environmental field, the penalties provided for in Article 416 bis are increased.

The penalties set out shall be increased by between one third and one half if the association includes public officials or persons in charge of a public service who perform functions or provide services in the environmental field.
- **SEWAGE DUMPING AND VIOLATION OF THE RULES FOR THE MANAGEMENT OF DUMPING INDUSTRIAL SEWAGE (ART. 137 D.LGS. 152/2006)**

This offence could be committed by failing to properly comply with the prohibitions on discharges of rainwater and concealing their implementation and effects. By way of example, the offence could occur in the following cases:

  - Discharges of rainwater without authorisation, after the authorisation has expired, without complying with the requirements of the authorisation or exceeding the prescribed limits;
  - discharges into the soil or subsoil in cases provided for by law;
  - incorrect management of discharges;
  - in the event of an emergency for accidental spillage of oil/hydrocarbons that may flow into the stormwater drainage system;
  - opening of new drains without proper authorisation.
- **UNAUTHORISED WASTE MANAGEMENT ACTIVITIES (INCLUDING IN CONJUNCTION WITH THIRD-PARTY COMPANIES TO WHICH THE SERVICE IS ENTRUSTED) (ART. 256 PARAGRAPH 1 OF LEGISLATIVE DECREE 152/2006)**
  1. Whoever carries out an activity of collection, transport, recovery, disposal, trade and intermediation of waste without the prescribed authorisation, registration or communication as per articles 208, 209, 210, 211, 212, 214, 215 and 216 shall be punished:
    - a) with a penalty of imprisonment from three months to one year or a fine ranging from €2,600.00 to €26,000.00 in the case of non-hazardous waste;
    - b) with a term of imprisonment from six months to two years and a fine ranging from €2,600.00 to €26,000.00 in the case of hazardous waste.
  - 2) The sanctions referred to in paragraph 1 are applied to the owners of companies and managers of bodies that abandon or deposit waste in an uncontrolled

- manner or release it into surface or underground water in violation of the prohibition referred to in article 192, paragraphs 1 and 2.
- 3) Whoever sets up or manages an unauthorised landfill is punished with the punishment of imprisonment from six months to two years and a fine ranging from €2,600.00 to €26,000.00. The punishment is imprisonment from one to three years and a fine ranging from €5,200.00 to €52,000.00 if the landfill is intended, even partially, for the disposal of hazardous waste. The sentence of conviction or the sentence issued pursuant to Article 444 of the Code of Criminal Procedure is followed by the confiscation of the area on which the unauthorised landfill was built, if owned by the perpetrator or by the participant in the crime, without prejudice to the obligations to reclaim or restore the state of the places.
  - 4) The penalties referred to in paragraphs 1, 2 and 3 shall be reduced by half in the event of non-compliance with the provisions contained or referred to in the authorisations, as well as in the event of failure to meet the requirements and conditions required for registrations or communications.
  - 5) Whoever, in violation of the ban referred to in article 187, carries out unauthorised waste mixing activities, is punished with the sanction referred to in paragraph 1, letter b).
  - 6) Whoever temporarily stores dangerous medical waste at the place of production, in violation of the provisions of article 227, paragraph 1, letter b), is punished with the imprisonment from three months to one year or a fine ranging from €2,600.00 to €26,000.00. The pecuniary administrative sanction from €2,600.00 to €15,500.00 is applied for quantities not exceeding two hundred litres or equivalent quantities.
  - 7) Whoever breaches the obligations set forth in articles 231, paragraphs 7, 8 and 9, 233, paragraphs 12 and 13, and 234, paragraph 14, shall be punished with a pecuniary administrative sanction varying from €260.00 to €1,550.00.
  - 8) Those persons referred to in articles 233, 234, 235 and 236 who do not comply with the participation obligations envisaged therein shall be punished with a pecuniary administrative sanction varying from €8,000.00 to €45,000.00, without prejudice to their obligation to pay past contributions. Until the adoption of the decree referred to in article 234, paragraph 2, the sanctions referred to in the present paragraph are not applicable to the subjects referred to in article 234.
  - 9) The sanctions referred to in paragraph 8 shall be reduced by half in the event of adherence by the sixtieth day after the expiry of the time limit for complying with the participation obligations provided for in articles 233, 234, 235 and 236.
- **BREACH OF THE DUTIES OF COMMUNICATION, KEEPING OF MANDATORY REGISTERS AND FORMS ON ENVIRONMENTAL MATTERS (ART. 258 LEGISLATIVE DECREE 152/2006)**
    1. The persons referred to in article 189 (3) who fail to make the notification prescribed therein or make it in an incomplete or inaccurate manner shall be punished with a pecuniary administrative sanction varying from €2,600.00 to €15,500.00; if the notification is made within the sixtieth day after the expiry of the deadline established in accordance with law n. 70 of 25 January 1994, a pecuniary administrative sanction varying from €26.00 to €160.00 shall apply.
    2. Whoever fails to keep, or keeps incomplete, the loading and unloading register referred to in article 190, paragraph 1, shall be punished with a pecuniary administrative sanction varying from €2,600.00 to €15,500.00. If the register relates to dangerous waste, the pecuniary administrative sanction from €15,500.00 to €93,000.00 is applied, as well as the accessory administrative sanction of suspension from one month to one year from the position held by the subject responsible for the infringement and from the position of director.

3. In the case of companies that employ a number of working units of less than 15 employees, the minimum and maximum amounts referred to in paragraph 2 are reduced respectively from €1,140 to €6,200 for non-hazardous waste and from €2,170 to €12,400 for hazardous waste. The number of working units is calculated with reference to the number of full-time employees employed on average during a year, while part-time and seasonal workers represent fractions of annual working units; for the above purposes, the year to be taken into consideration is that of the last approved accounting period preceding the time when the infringement is ascertained.
  4. Whoever transports waste without the form referred to in article 193 or indicates incomplete or inexact data on the form is liable to a monetary sanction ranging from €1,600.00 to €9,300.00. The penalty referred to in article 483 of the criminal code is applied in the case of the transportation of dangerous waste. The latter penalty is also applied to anyone who, in preparing a waste analysis certificate, provides false information on the nature, composition and chemical-physical characteristics of the waste and to anyone who uses a false certificate during transport.
  5. If the information referred to in paragraphs 1 and 2 is formally incomplete or inexact, but the data contained in the communication to the land register, in the loading and unloading registers, in the identification forms for transported waste and in the other accounting records required by law allow the information due to be reconstructed, the monetary sanction from €260.00 to €1,550.00 is applied. The same sanction applies if the indications referred to in paragraph 43 are formally incomplete or inexact but contain all the elements needed to reconstruct the information required by law, as well as in cases of failure to send the records referred to in article 190, paragraph 1, or the form referred to in article 193, to the competent authorities or to keep them.
- **ILLEGAL WASTE TRADING (ARTICLE 259 OF LEGISLATIVE DECREE 152/2006)**

Anyone who, in order to obtain an unjust profit, with several operations and through the preparation of means and continuous organised activities, sells, receives, transports, exports, imports, or otherwise illegally manages large quantities of waste shall be punished by imprisonment of from one to six years. In the case of highly radioactive waste, the punishment is imprisonment from three to eight years. The conviction is followed by the accessory penalties set forth in Articles 28, 30, 32-bis and 32-ter, with the limitation set forth in Article 33. The judge, with the sentence of conviction or with the sentence issued pursuant to Article 444 of the Code of Criminal Procedure, orders the restoration of the state of the environment and may subordinate the granting of the conditional suspension of the penalty to the elimination of the damage or danger to the environment. The confiscation of the things used to commit the offence or which constitute the product or the profit of the offence is always ordered, unless they belong to persons not involved in the offence. When this is not possible, the judge identifies assets of equivalent value that the convicted person has, even indirectly or through a third party, at his disposal and orders their confiscation.
  - **OFFENCES REGARDING AIR POLLUTION AND REDUCTION OF ATMOSPHERIC EMISSIONS (ARTICLE 279 OF LEGISLATIVE DECREE 152/2006) AND OFFENCES RELATING TO OZONE AND THE ATMOSPHERE (ARTICLE 3 OF LAW 549/1993)**

In principle, these offences can be committed through

    - the absence of authorisation for emission points requiring authorisation;
    - failure to carry out smoke analyses at emission points under authorisation.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of environmental offences, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the ways and purposes of carrying out the illegal conduct.

These activities are summarised below:

- Management of the activities of collection, transport, recovery, disposal and intermediation of waste (generated by all company sites), also by entrusting these activities to third party companies;
- Fulfilment of the obligations imposed by the Authority on the subject of emissions into the atmosphere - also with reference to the self-controls required by law in the presence of authorisations;
- Managing the disposal of industrial wastewater deriving from production and plant activities;
- Management of environmental aspects linked to production processes;
- Activities connected with the operation and maintenance of plants containing substances harmful to the stratospheric ozone layer (Activity included on a prudential basis);
- Activities connected with the operation and maintenance of equipment containing highly radioactive materials (*activity subject to prudential review*).

## **GENERAL PRINCIPLES OF CONDUCT**

The Company promotes the dissemination of a culture of safety and awareness of the risks associated with the work activities carried out at its premises, requiring, at every level of the company, responsible and respectful conduct in environmental matters, in order to operate in full compliance with the environment and the contractual conditions, regulations and laws in force.

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

In general, these subjects are required to:

- to comply with the regulations in order to protect the environment, exercising in particular all appropriate controls and activities to safeguard the environment itself;
- in accordance with their own training and experience, as well as with the instructions and means provided or arranged by the Company, to adopt prudent, correct, transparent and collaborative behaviours to safeguard the environment;
- correctly use machinery, equipment, means of transport and other work equipment in order to avoid problems in environmental matters

- encourage the continuous improvement of environmental protection performance, participating in monitoring, evaluation and review of the effectiveness and efficiency of the measures implemented;
- act promptly, when a danger is detected and only in cases of urgency, compatibly with one's skills and possibilities;
- contribute to the fulfilment of all obligations imposed by the competent authority or otherwise necessary to protect the environment at work;
- ascertain, prior to the establishment of the relationship, the respectability and reliability of suppliers of services related to waste management by acquiring and verifying the validity and correct relevance of the communications and authorisations, as well as any environmental certifications they hold
- include in the contracts stipulated with the suppliers of services connected to the management of waste specific clauses through which the Company may reserve the right to periodically check the communications, the certifications and the authorisations on environmental matters, taking into consideration the expiry and renewal terms of the same;
- periodically update the archive of authorisations, registrations and communications acquired from third-party suppliers and promptly report to the competent function any variation found.

With reference to the principles of conduct, in particular, it is expressly forbidden to:

- engage in conduct aimed at violating waste management requirements;
- falsifying or altering environmental communications with the Public Administration (e.g. ARPA, Provincial Administration, ASL, Municipality, judicial authorities, Municipal Police, etc.);
- abandoning or depositing waste in an uncontrolled manner and releasing it, in a solid or liquid state, into surface and underground waters;
- carrying out activities related to waste management in the absence of a specific authorisation for its disposal and recovery;
- mixing different categories of hazardous waste (or hazardous waste with non-hazardous waste);
- violating the obligations of communication, keeping of compulsory registers and forms for waste management;
- violate the obligation to provide, following the occurrence of an event potentially capable of contaminating the site, for the implementation of the necessary prevention and remediation measures, providing timely notice to the competent authorities;
- falsifying or altering the waste analysis certificate;
- forge or alter any document to be submitted to Public Administrations or Control Authorities, or fail to promptly communicate information or data on facts or circumstances that may compromise the protection of the environment or public health;
- prevent access to the Company's sites by persons in charge of control.

More specifically, the Company undertakes to

- defining resources, roles and responsibilities for the implementation of the legislative and regulatory provisions on environmental matters
- provide the Recipients with adequate information and training on environmental offences;
- monitor compliance by the Recipients with the operating procedures adopted in order to prevent the commission of environmental offences and update existing procedures following the detection of the need to implement the system and/or redefine tasks and responsibilities;
- provide adequate instruction and assistance to suppliers of services related to environmental management;
- communicate to the heads of the functions to which they belong any information relating to situations at risk of environmental impact or emergency situations that may lead to the commission of environmental offences, by persons inside or outside the organisation;
- notify the competent authorities of pollution events or of the danger of pollution by providing all information relating thereto;
- not make unauthorised discharges into the soil, sea, subsoil and surface and underground waters of industrial waste water, liquid waste, or dangerous substances used in processing or other polluting substances;
- report to the competent bodies any failure by the recipient of the waste to return a duly signed copy of the waste identification form.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent the commission of environmental offences are set out below, with particular reference to processes that are sensitive/instrumental to the commission of offences, such as:

- Management of environmental impacts generated by activities and processes.

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

- **Management of environmental impacts generated by activities and processes**
  - the characterisation and classification of waste must consist of identifying, analysing, classifying and registering waste and verifying, with respect to the data in the certificates provided by the waste analysis laboratory, the correct classification of the waste reported in the documentation provided for the handling of waste by current legislation;
  - the Company defines the competences and operational responsibilities of the various functions involved in the waste disposal process;
  - the Company identifies the personnel in charge of managing environmental impacts, indicating tasks, roles and responsibilities in accordance with the stratification of delegated powers;
  - the formalisation of ad hoc contracts for waste disposal by persons with appropriate powers is guaranteed;

- with reference to the use of specialised suppliers for carrying out waste disposal activities, it is ensured that such suppliers possess the necessary authorisations required by law;
- the correct filing of the waste register and the relevant forms is guaranteed;
- the roles and responsibilities of the employees involved in managing the forms are defined;
- the active atmospheric emission points are clearly identified, for the correct management of the emission authorisations as well as the monitoring of the emissions themselves;
- periodic checks are carried out on compliance with the parameters relating to discharges into the atmosphere;
- methods and criteria are provided for the census of assets containing ozone-depleting substances and the definition of the relative plan of maintenance controls and/or cessation of use and disposal of the asset, in accordance with the provisions of the regulations in force, and for periodic checks on compliance with the plan and activation of corrective actions in the event of non-compliance;
- adequate environmental emergency management plans and programmes are defined;
- waste handling must take place in conditions of maximum environmental prevention.
- scrupulously comply with environmental regulations by applying them to its own activity;
- periodically update the archive of authorisations, registrations and communications acquired from third-party suppliers and promptly report any changes to the appointed function;
- assess potential risks and develop appropriate prevention programmes to protect the environment from the impacts of production activities;
- carry out the fulfilments and prepare the relevant documentation in relation to the Public Administration Bodies in charge of controlling environmental regulations, in compliance with the regulations in force with the utmost diligence and professionalism so as to provide clear, accurate, complete, faithful and true information, avoiding and in any case reporting, in the appropriate form and manner, situations of conflict of interest;
- the temporary storage of waste is implemented by defining the criteria for the choice/realisation of the areas used for the temporary storage of waste, the identification of the types of waste allowed in the designated area.

## **SPECIAL PART N**

### **CRIMES OF EMPLOYMENT OF ILLEGALLY STAYING THIRD-COUNTRY NATIONALS (ARTICLE 25 DUODECIIES)**

#### **TYPES OF CRIME**

This Special Part refers to the crimes of employment of third country nationals whose stay is irregular, referred to in art. 25 duodecies of Legislative Decree 231/2001 and, in particular, it reports the individual crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those in which it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and the operating controls for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following offence was found to be potentially possible within the Taghleef business context:

- **HIRE OF EMPLOYEES WITH IRREGULAR RESIDENCY PERMIT (ART. 22 PARA. 12 BIS AND ART. 12 PARA. 3, 3 BIS, 3 TER AND 5 OF LEGISLATIVE DECREE 286/1998)**

This offence occurs when a person acting as an employer employs foreign workers who do not hold a residence permit, or whose permit has expired and whose renewal has not been requested, within the time limits laid down by law, or has been revoked or annulled, where the specific aggravating circumstances provided for in Article 22(12-bis) of Legislative Decree no. 286 of 25 July 1998 apply, such as:

- a) If more than three workers are employed;
- b) If the employed workers are minors of non-working age;
- c) If the employed workers are subjected to other particularly exploitative working conditions as referred to in the third paragraph of Article 603-bis of the Criminal Code.

In particular, the working conditions referred to in point c) above concern the exposure of workers to situations of serious danger with regard to the characteristics of the services to be performed and the working conditions.

#### **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of the offence of employment of third-country nationals whose stay is irregular, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the ways and purposes of carrying out the unlawful conduct.

The sensitive activity identified is set out below:

- Recruitment and subsequent management of the employment relationship with non-EU staff, with particular reference to the following activities:
  - Request for verification of residence permit;
  - Monitoring and renewal of residence permits;
  - Verification of age limits;
  - Verification of working conditions.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001, of the Code of Ethics adopted by the Company, in the performance of the above-mentioned sensitive activities, all the Recipients of the Model are required to observe the following principles of conduct and control.

As a general rule, it is expressly forbidden to employ non-EU employees who do not meet the legal requirements for staying and working in the national territory.

## **CONTROL PROCEDURES**

In addition, in addition to the general behavioural rules indicated above, further operational control measures to prevent the commission of the offence of employment of third-country nationals whose stay is irregular are set out below, with particular reference to the process instrumental to the commission of crimes such as selection, recruitment and management of personnel.

These principles are specifically implemented in the procedures adopted by the Company. In particular:

- **Personnel selection, recruitment and management**
  - the HR Department correctly and promptly manages all the fulfilments with the competent Public Bodies required by law for the recruitment of non-EU staff;
  - The HR Department verifies the status of the newly recruited person's regular residence permit and/or the renewal of the residence permit according to the expiry date indicated by law;
  - the HR Department verifies and monitors the residence permits of employees from non-EU countries, particularly as regards expiry dates and renewal deadlines.

**SPECIAL PART O****TAX CRIMES (ARTICLE 25 QUINQUIESDECIES)****CRIMES**

This Special Part refers to tax crimes, referred to in art. 25 quinquiesdecies of Legislative Decree 231/2001 and, in particular, it reports the individual crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and the operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **FRAUDULENT TAX DECLARATION THROUGH THE USE OF INVOICES FOR FICTITIOUS OPERATIONS (RESULTING IN A FICTITIOUS LIABILITY OF €100,000 OR MORE) (ARTICLE 2(1) AND (2) BIS OF LEGISLATIVE DECREE 74/2000)**  
Any person who, in order to evade taxes on income or value added, by means of invoices or other documents for non-existent transactions, indicates fictitious passive elements in one of the declarations relating to such taxes shall be punished.  
The conduct of a person who, by availing himself of invoices or other documents for non-existent transactions, indicates, in one of the declarations relating to income tax or VAT, fictitious passive elements whose amount does not exceed a total of one hundred thousand euro, shall be punished. In such circumstances, the penalty is imprisonment from one year and six months to six years.
- **FRAUDULENT TAX DECLARATION BY OTHER MEANS (ARTICLE 3 OF LEGISLATIVE DECREE 74/2000)**  
Anyone who, in order to evade taxes on income or value added, by carrying out simulated transactions or by using false documents or other fraudulent means, indicates in one of the declarations relating to such taxes assets for an amount lower than the actual amount or fictitious liabilities and/or credits and/or withholdings, when the conditions provided for in Article 3(1) (a) and (b) are met, shall be punished. 3(1) (a) and (b) (i.e. the value of the tax evaded, the total amount of the assets removed from taxation or of the fictitious credits and withholdings reducing the tax).
- **UNFAITHFUL TAX DECLARATION (ARTICLE 4 OF LEGISLATIVE DECREE 74/2000)**  
Apart from the cases provided for in Articles 2 and 3, a sentence of imprisonment ranging from two years to four years and six months shall be imposed on any person who, in order to evade taxes on income or on value added, indicates in one of the annual declarations relating to such taxes assets of an amount lower than the actual amount or non-existent liabilities, when, in conjunction:
  - (a) the tax evaded exceeds, with reference to any one of the individual taxes, €100,000.00;
  - (b) the total amount of the assets removed from taxation, including through the indication of non-existent passive elements, is higher than ten per cent of the

total amount of the assets indicated in the declaration, or, in any case, is higher than €2,000,000.00.

For the purposes of applying paragraph 1, no account shall be taken of incorrect classification, of the valuation of objectively existing assets or liabilities in respect of which the criteria actually applied have in any event been disclosed in the financial statements or in other documentation relevant for tax purposes, of the violation of the criteria for determining the accounting period, of the non-inherence, of the non-deductibility of real passive elements.

Except for the cases referred to in paragraph 1-bis, assessments which, taken as a whole, differ by less than 10 per cent from the correct ones shall not give rise to punishable acts. The amounts included in such percentage shall not be taken into account when verifying the exceeding of the punishability thresholds provided for in paragraph 1, letters a) and b).

- **OMISSION OF TAX DECLARATION (ARTICLE 5 OF LEGISLATIVE DECREE 74/2000)**

The conduct of any person who, for the purpose of evading taxes on income or on value added, fails to submit, when obliged to do so, one of the declarations relating to such taxes shall be punished, when the tax evaded exceeds, with reference to any one of the individual taxes, €50,000.00.

The conduct of any person who, being obliged to do so, fails to submit the declaration of withholding tax is also punished, when the amount of withholding tax not paid exceeds €50,000.00.

A declaration submitted within 90 days of the expiry of the time limit or not signed or not made out on a form conforming to the prescribed model shall not be regarded as omitted.
- **ISSUANCE OF INVOICES OR OTHER DOCUMENTS FOR NON-EXISTENT TRANSACTIONS (FOR AMOUNTS EQUAL TO OR EXCEEDING EUR 100,000) (ARTICLE 8(1) AND (2) BIS OF LEGISLATIVE DECREE 74/2000)**

Anyone who issues invoices or other documents for non-existent transactions in order to allow third parties to evade income tax or value added tax shall be punished.

Article 39 of Law Decree no. 124/19 amended Article 8 of Legislative Decree 74/2000 by introducing paragraph 2-bis which punishes the conduct (provided for in paragraph 1 of Article 8) of anyone who, in order to allow third parties to evade income or value added taxes, issues invoices or other documents for non-existent transactions, where the untrue amount indicated in the invoices or documents, per tax period, is less than €100,000.00.
- **CONCEALMENT OR DESTRUCTION OF ACCOUNTING DOCUMENTS (ARTICLE 10 OF LEGISLATIVE DECREE 74/2000)**

Whoever, in order to evade taxes on income or value added, or to allow third parties to evade them, conceals or destroys all or part of the accounting records or documents whose retention is mandatory, so as not to allow the reconstruction of income or turnover, shall be punished.
- **UNDUE COMPENSATION (ARTICLE 10 QUATER OF LEGISLATIVE DECREE 74/2000)**

Anyone who fails to pay the sums due by using, pursuant to Article 17 of Legislative Decree no. 241/1997, undue and/or non-existent credits for an annual amount exceeding €50,000 shall be punished.

- **FRAUDULENT WITHHOLDING OF TAXES (ARTICLE 11 OF LEGISLATIVE DECREE 74/2000)**  
Any person who, in order to evade the payment of income or value added taxes or of interest or administrative penalties relating to the aforementioned taxes, whose total value exceeds €50,000, falsely alienates or carries out other fraudulent acts with regard to his own or other persons' property which render ineffective the compulsory collection procedure shall be punished.  
In addition, it shall be punished whoever indicates (in order to obtain for himself or for others a partial payment of taxes and related accessories) in the documentation submitted for the purposes of the tax settlement procedure assets for an amount lower than the actual amount or fictitious liabilities exceeding €50 000.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of tax crimes, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- General accounting management, with particular reference to the activities of:
  - Recognition, classification and control of all management events with administrative and economic consequences;
  - Proper maintenance of administrative relations with third parties (e.g. customers, suppliers) and related accounting management of debit/credit items;
  - Administrative and accounting management of assets;
  - Administrative and accounting management of the warehouse;
  - Establishment of all other administrative events during the year (e.g. personnel costs, contractual penalties, loans receivable and payable and related interest, etc.);
  - Verification of data from feeding systems.
- Selection, recruitment and management of staff (including management of expense accounts);
- Selection, management and monitoring of suppliers and purchase management of:
  - raw materials
  - semi-finished products and components
  - finished products
  - services (including consultancy)
- Management of intra-group financing and inter-company payment transactions;
- Sales management, including through agents, brokers and distributors;
- Management of investments in capital goods and of the fulfilments necessary to obtain tax credits and tax benefits (e.g. hyper depreciation, Patent Box);
- Management of taxation and tax declaration activities in general:
  - calculation of the tax;
  - verification of documentation;
  - filling in the declaration;
  - signing the declaration.

- Collection, aggregation and evaluation of the accounting data necessary for the preparation of the Company's draft statutory and consolidated financial statements, as well as the reports attached to the financial statements to be submitted to the Board of Directors for approval;
- Keeping of accounting records and company books;
- Collaboration and support to the Administrative Body for the preparation of financial statements functional to the implementation of:
  - Extraordinary transactions;
  - Transactions to increase/reduce share capital;
  - Other transactions in shares or quotas of the company.
- Management and settlement of pre-litigation and litigation.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001 and the Code of Ethics adopted by the Company, in carrying out the above-mentioned sensitive activities, all the Recipients of the Model are required to comply with the following principles of conduct and control.

In general, Addressees are required to:

- comply with laws, regulations and, in general, all applicable tax provisions;
- draw up tax declarations for the purposes of tax assessment, taking care to include truthful accounting elements, assets and liabilities, representing transactions actually incurred, supported by documentary evidence;
- ensure that the tax burden is correctly determined and indicated in tax declarations in accordance with the rules in force and the instructions provided by the Administrative Directorate;
- carrying out checks on the correctness and veracity of tax data and documentation, as well as on the accuracy of the process for determining taxes and duties;
- verify the existence and identity of the counterparty to the transaction;
- carrying out checks on the data relating to the taxes to be paid, their due dates and for the preparation of documentation and determination of the amounts of taxes and duties;
- ensure regular updating/training of the people involved in the tax definition/control process;
- implement a segregation of duties between those involved in the process of formalising declarations and calculating taxes and those authorising payment;
- ensuring constant monitoring of the activities of external parties entrusted with the auditing of financial statements and tax compliance.
- keep tax documents, attached to income tax and value added tax declarations, in compliance with existing regulatory requirements;
- conduct relations with the companies of the Group in compliance with the general principles of fairness, transparency, diligence, honesty, loyalty and good faith;
- managing the company's assets in compliance with the principle of transparency of the operations carried out, in order to exclude the evasion of tax liabilities;

- develop and promote relations with the Administrative Management based on the principles of fairness, honesty and mutual transparency;
- adopt behaviour in accordance with the principle of utmost prudence. To this end, where the tax law applicable to the case is not clear or is subject to multiple interpretations, it will be necessary to rely on the support of external consultants with adequate professional expertise. Where deemed appropriate, recourse should be made to a further professional assessment (so-called second opinion) or to forms of prior dialogue with the tax authorities, in order to identify, by mutual agreement, the correct tax regime applicable;
- fulfilling obligations under tax legislation and submitting the relevant declarations in accordance with the law.
- ensuring the traceability of the decision-making process concerning relations with suppliers/customers and business partners (commercial and financial).

Furthermore, they are expressly prohibited from:

- issue invoices to counterparties without prior verification of an order confirmation or of the service actually rendered;
- issuing invoices or issuing documents for transactions or activities that have not been carried out or have been partially carried out, which are not adequately justified in the contractual relationship with the counterparty;
- make payments without prior verification of the presence of the service approval or the actual receipt of the goods/services;
- make payments to third parties that are not adequately justified in the contractual relationship with the counterparty;
- record in the accounts bank movements, whether receivable or payable, which do not have an actual correspondence in accounting documents proving the actual receipt or implementation of the service received or rendered;
- indicating, for the purpose of evading/avoiding taxes on income or value added, in declarations relating to such taxes, assets of an amount lower than the actual amount or fictitious or non-existent liabilities or fictitious credits and deductions;
- indicating fictitious taxable items by means of invoices or other documents of similar probative value to invoices for non-existent transactions;
- concealing or destroying accounting records or documents required to be kept in such a way as to make it impossible to reconstruct income, turnover or other economic or financial elements relevant to the assessment of taxes;
- omit, being obliged to do so, the submission of income, value added and withholding tax declarations;
- to resort to offsetting, pursuant to Article 17 of Legislative Decree No. 241/1997, using non-existent or not due tax credits vis-à-vis the tax authorities in order to avoid paying the taxes due.

## **CONTROL PROCEDURES**

In addition to the general rules of conduct set out above, further operational control measures to prevent the commission of tax crimes are set out below, with particular reference to processes that are sensitive/instrumental to the commission of crimes, such as:

- Procurement of goods and services
- Management of monetary and financial flows, budgeting and relations with control bodies
- Relations and obligations with public bodies and independent administrative authorities
- Personnel selection, recruitment and management
- Management of technological infrastructure
- Management of sponsorships, donations and gifts
- Sales management
- Taxation management

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

➤ **Purchases of goods, services and consultancy**

In addition to the principles of conduct and behaviour and control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25) and in Special Part E - "Corporate Crimes" (Article 25 ter):

- Invoices payable must be in the name of counterparties actually involved in the transactions, whose existence and identity have been verified in advance, and their subject matter must correspond to goods/services actually received;
- the correctness of the subject matter of the service, the identification of the counterparty, the truthfulness and consistency of the amounts contained in the invoices/documents attesting to the receipt of goods and/or services, with respect to the services rendered, must be guaranteed.

➤ **Management of monetary and financial flows, preparation of financial statements and relations with the Controlling Bodies**

With reference to this sensitive process, reference is also made to the principles of conduct and behaviour and the control mechanisms set out in Special Part A "Crimes against the Public Administration" (articles 24 and 25), in Special Part E "Corporate crimes (art. 25 ter) and in Special Part H "Receiving, laundering and using money, goods or benefits of unlawful origin as well as self-laundering (art. 25 octies).

➤ **Relations and obligations with public bodies and independent administrative authorities**

With reference to this sensitive process, reference is also made to the principles of conduct and behaviour and the control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25).

- **Personnel selection, recruitment and management**

In addition to the principles of conduct and behaviour and control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25):

  - the Company takes care of the calculation of withholding taxes on personnel and the preparation and submission of declarations to the withholding agents;
  
- **Management of technological infrastructure**

In particular, these principles are specifically implemented in the application procedures adopted by the Company, in addition to the control principles set out in Special Part B - Computer Crimes (art. 24 bis).
  
- **Management of sponsorships, donations and gifts**

In addition to the principles of conduct and behaviour and control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25):

  - Sponsorships, donations and gifts given and/or received are managed, for the purposes of calculating income and/or value added tax, in accordance with the provisions of the tax legislation in force;
  - sponsorships, donations and gifts given and/or received are accounted for in accordance with the principles of professional and accounting correctness and in order to ensure that the decision-making process is verifiable.
  
- **Taxation Management**
  - the roles and responsibilities of those involved in the tax compliance management process are defined and formalised;
  - the activities preparatory to the preparation of tax declarations are managed in compliance with the deadlines laid down by current legislation and monitored by the Administrative Department;
  - in the process of determining income tax and/or value added tax, there is a mutual exchange of information between the Administrative Department and the other Functions involved and external consultants in order to resolve, in advance, any doubts regarding the interpretation of the tax rules to be applied;
  - the segregation of roles between those involved in the process of preparing returns and calculating taxes and those authorising their payment is ensured;
  - the Administrative Management, also with the support of an external consultant, periodically checks the correctness of the processed data relating to the taxes to be paid and the documentation on tax matters, so as to ensure the accuracy of the process of determining taxes and duties;
  - the Company ensures the correct calculation of withholding taxes on employees;
  - the draft tax and/or value-added tax return is prepared by a properly contracted external consultant;
  - the Administrative Department also submits draft income tax and/or value added tax returns to the Statutory Auditor, in order to obtain a positive opinion, prior to the signing and transmission of the returns;
  - the income and/or value added tax return is signed in accordance with the Company's existing system of powers;
  - during the periodic VAT settlement, a check is made on the correctness of the VAT credit claimed by the Company;
  - the Company also verifies the presence and correctness of any tax credits;

- the Company sends electronically, through an approved external consultant, the income and/or value added tax return within the terms and in the manner prescribed by the relevant legislation;
- the Company sends electronically F24 forms for the payment of taxes, contributions and in the terms and manner prescribed by the relevant legislation;
- decisions with respect to the disposal/sale of corporate assets are submitted to the Company's Board of Directors for approval after due diligence (including tax issues);
- the Company, prior to the start of operations of disposition of corporate assets (immovable property, movable property of any kind, including intangible property pertaining to the corporate assets or available to the Company), shall verify the existence of compulsory collection procedures by the Financial Administration and/or the presence of tax settlement procedures for the payment of income or value added taxes or of interest or penalties deriving from the payment of the aforementioned taxes;
- if any investigation by the Tax Authorities reveals a potential financial penalty for the Company, the Directors shall take steps to set aside the amount contested in the minutes of the contestation by the Authority in order to avoid any possible misappropriation;
- with the support of an external consultant, the Administrative Department is responsible for internal updating on the basis of new legislation, case law and best practices relevant to tax matters;
- the archiving of documentation, the preservation of which is required by law, must be guaranteed;
- the Company defines the operating procedures for managing and conducting the tax compliance process;
- the Company also defines the operating procedures for the archiving and maintenance of the documents whose storage is mandatory by law.

Finally, with reference to the processes of "Procurement of goods and services", "Management of monetary and financial flows, preparation of the financial statements and relations with the Control Bodies", "Relations and fulfilments with Public Bodies and Independent Administrative Authorities", "Management of the technological infrastructure", as well as "Sales Management", reference is made not only to the indicated Special Parts, but also to the principles present in the application procedures adopted by the Company.

## **SPECIAL PART P**

### **SMUGGLING CRIMES (ART. 25 SEXIESDECIES)**

#### **TYPES OF CRIME**

This Special Part refers to crimes related to smuggling, referred to in Article 25 sexiesdecies of Legislative Decree 231/2001 and, in particular, it reports the individual types of crimes considered relevant for the administrative liability of Taghleef Industries S.p.A. (hereinafter also "the Company" or "Taghleef"). It also identifies the so-called "sensitive" activities (those where it is theoretically possible that an offence may be committed and which have been identified in the *risk assessment* activity), specifying the behavioural principles and the operational control measures for the organisation, performance and management of the operations carried out within the above-mentioned "sensitive" activities.

In view of the risk analysis carried out, the following crimes were found to be potentially feasible within the Taghleef business context:

- **SMUGGLING IN THE MOVEMENT OF GOODS ACROSS LAND BORDERS AND CUSTOMS AREAS (ARTICLE 282 PRESIDENTIAL DECREE 43/1973)**  
A fine of not less than two and not more than ten times the border duty due shall be imposed on any person:
  - a) introduces foreign goods across the land border in violation of the requirements, prohibitions and restrictions established pursuant to Article 16;
  - b) unloads or stores foreign goods in the intermediate space between the border and the nearest customs post;
  - c) is caught with foreign goods concealed on his person or in his luggage or in packages or among other goods or in any means of transport in order to evade customs inspection;
  - d) removes goods from the customs areas without having paid the duties due or without having guaranteed payment thereof, except as provided in Article 90;
  - e) brings out of the customs territory, under the conditions laid down in the preceding subparagraphs, national or nationalised goods subject to border duties;
  - f) holds foreign goods, when the circumstances provided for in the second paragraph of Article 25 for the offence of smuggling apply.
  
- **SMUGGLING FOR UNDUE USE OF GOODS IMPORTED WITH CUSTOMS FACILITIES (ARTICLE 287 OF PRESIDENTIAL DECREE 43/1973)**  
This offence punishes any person who gives foreign goods imported duty free and reduced duty, in whole or in part, a destination or use other than that for which the duty free or reduced duty was granted. The penalty is a fine of not less than two and not more than ten times the border duty due.
  
- **SMUGGLING IN CUSTOMS WAREHOUSES (ARTICLE 288 PRESIDENTIAL DECREE 43/1973)**  
This offence punishes the concessionaire of a privately owned bonded warehouse who holds in it foreign goods for which the prescribed declaration of introduction has not been made or which are not entered in the warehouse registers. The penalty is a fine of not less than two and not more than ten times the border duty due.

- **OTHER CASES OF SMUGGLING (ARTICLE 292 PRESIDENTIAL DECREE 43/1973)**  
Whoever, other than in the cases provided for in the preceding Articles, withholds goods from payment of the border duties due shall be punished by a fine of not less than two and not more than ten times such duties.
  
- **PENALTY FOR SMUGGLING IN THE EVENT OF FAILURE TO DETECT OR INCOMPLETE DETECTION OF THE OBJECT OF THE OFFENCE (ARTICLE 294 PRESIDENTIAL DECREE 43/1973)**  
In cases of smuggling, if the quality, quantity and value of the goods could not be ascertained in whole or in part due to the fault of the guilty party, a fine of up to five hundred thousand lire shall be applied instead of the proportional penalty. In any case, the penalty cannot be less than double the amount of the duty due on the quantity of goods that it has been possible to ascertain.
  
- **AGGRAVATING CIRCUMSTANCES OF SMUGGLING (ARTICLE 295 PRESIDENTIAL DECREE 43/1973)**  
With reference to the offence considered above, for the crimes provided for in the preceding articles, any person who, in order to commit the smuggling, uses means of transport belonging to a person who is not a party to the offence, shall be punished with a fine of not less than five and not more than ten times the border duty due.  
For the same crimes, a fine shall be added to a term of imprisonment of between one and five years:
  - (a) when in the course of committing the offence, or immediately thereafter in the surveillance zone, the offender is caught armed;
  - (b) when, in the course of committing the offence, or immediately thereafter in the surveillance zone, three or more persons guilty of smuggling are caught together and in such a state as to obstruct the police;
  - (c) when the act is committed with another offence against public faith or against the public administration;
  - (d) when the offender is an associate for the commission of smuggling crimes and the offence committed is one of those for which the association was formed;
  - (d-bis) when the amount of border duties due exceeds one hundred thousand euros.For the same crimes, a fine shall be added to the imprisonment of up to three years when the amount of the border duties due is greater than fifty thousand euros and not more than one hundred thousand euros.
  
- **DIFFERENCES BETWEEN THE LOAD AND THE MANIFEST (ART. 302 PRESIDENTIAL DECREE 43/1973)**  
With reference to the above mentioned offence, if the number of packages differs from the number indicated in the cargo manifest and the manifest of departure, the ship's captain or the captain of the aircraft shall be punished, for each package not entered, with a fine of not less than the amount of the duties and not more than four times the amount of the duties.  
If the surplus packages have the same marks and numbers as the other packages on the manifest, those subject to higher charges shall be deemed not to have been annotated.  
For each package in the manifest that is not found, and for goods in bulk, when excesses of more than ten per cent or shortages of more than five per cent are found compared with the manifest, the penalty shall be a fine of between two hundred thousand and one million lire.

- **DIFFERENCES FROM THE DECLARATION FOR EXPORT OF GOODS WITH REFUND OF DUTIES (ARTICLE 304 PRESIDENTIAL DECREE 43/1973)**

With reference to the above-mentioned offence, if there is a difference in quality and quantity between the goods intended for export and the declaration submitted in order to obtain the refund of the duties, the declarant shall be punished with a fine of not less than the amount that would have been unduly refunded and not more than ten times that amount, provided that the act does not constitute a smuggling offence.

If the inaccuracy of the declaration is due to calculation or transcription errors committed in good faith, the administrative penalty of not less than one tenth and not more than the full amount of the aforementioned sum shall apply instead of the fine.

These provisions shall not apply where the difference between the entitlements claimed in the declaration and those actually to be refunded according to the assessment does not exceed five per cent.
- **FAILURE TO DISCHARGE THE DEPOSIT SLIP. DIFFERENCES IN QUANTITIES (ARTICLE 305 PRESIDENTIAL DECREE 43/1973)**

With regard to the above offence, if goods shipped from one customs office to another with a bond note are not presented to the customs office of destination, the consignor is liable to a fine of between one tenth and the full amount of the border duty.

If, on arrival of the goods at the customs office of destination, a quantity is found which is greater or less than that indicated in the security note, the consignor shall be liable to a fine of not less than one-tenth and not more than the full difference in the border duties.
- **QUALITY DIFFERENCES WITH RESPECT TO THE SECURITY BILL (ART. 306 D.P.R. 43/1973)**

With reference to the offence considered above, if at the customs of destination there is a difference in quality between the goods arrived and those indicated in the security note, the consignor is liable to a fine ranging from a minimum of one to a maximum of three times the amount of the border duties due on the goods indicated in the note itself and not corresponding to the quality ascertained by the customs of departure.

In the case of goods intended for transit, and where goods subject to export duty are found at the customs office of exit instead of those described in the bill of lading, in addition to the penalty provided for in the preceding paragraph, a fine not less than the amount of export duty payable on the goods found and not more than three times that amount shall be imposed.
- **DIFFERENCES IN GOODS STORED IN PRIVATE CUSTOMS WAREHOUSES (ART. 308 PRESIDENTIAL DECREE 43/1973)**

With reference to the above-mentioned offence, if in the verification of goods placed in privately owned customs warehouses a difference in quality is found, or there is a quantity surplus exceeding two per cent, the warehouse keeper shall be punished with a fine of not less than half and not more than three times the border duty due on the goods of different quality or on the surplus found.

If there is a shortage of more than two per cent in excess of the recognised shortage, the penalty of the fine laid down in the preceding paragraph shall be applied, calculated on the entire difference without taking account of that shortage.

Irrespective of the application of penal sanctions, if the difference in quantity exceeds twenty per cent, the licensee is obliged to clear immediately all the goods registered in his name. If any other difference in quantity in excess of twenty per cent, even in respect of goods of a different quality, has already been ascertained against him in a warehouse managed by him, he shall be deprived of the warehouse licence for a period of one year.

If packages entered in the registers are found to be missing, the penalty is a fine of not less than two and not more than ten times the border duty due on the missing packages. If the weight of the missing packages is not known, it will be calculated on the basis of the average weight of the packages of the same species constituting the party in order to supplement the principle that it is forbidden to associate in any form for purposes not permitted by law.

If the acts provided for in the preceding provisions constitute a smuggling offence, the penalties laid down for that offence shall apply.

- **DIFFERENCES WITH RESPECT TO DECLARATION OF GOODS FOR TEMPORARY IMPORTATION OR EXPORTATION (ARTICLE 310 PRESIDENTIAL DECREE 43/1973)**

With reference to the offence considered above, if differences in quality or quantity are found between the declaration and the goods intended for temporary importation, a fine of not less than the full amount of the border duty due for the goods found to be of a different quality from the declared and for the exceeding or missing quantities, and not more than ten times that amount, shall be applied. If deficiencies are found in goods to be re-exported in products subject to exit duty, this duty shall also be included in the calculation of the fine, proportionate to the products corresponding to the quantities missing from the declaration. For differences in quality or quantity between the declaration and the goods to be temporarily exported, the fine shall be not less than the full difference between the entry duties which would be payable on the reimportation of the goods according to the declaration and those which would be payable according to the assessment if the goods to be reimported were foreign goods, and not more than ten times such difference. If a difference is established in respect of goods subject to exit duty, this duty shall also be included in the calculation of the fine, proportionate to the differences established in respect of the declaration. The fine shall not apply where the difference in quantity does not exceed five per cent.

- **QUALITY DIFFERENCES IN RE-EXPORT AT TEMPORARY IMPORTATION DISCHARGE (ARTICLE 311 PRESIDENTIAL DECREE 43/1973)**

With respect to the above offence, if the goods presented for re-export are found to be wholly or partly different from those which should have been re-exported, a fine of not less than double and not more than ten times the amount of the duties due on the temporarily imported goods in lieu of which other goods are presented shall be imposed. Where goods presented for re-export in place of those temporarily imported are subject to exit fees, a fine of not less than double and not more than ten times the amount of the fees due for the exportation of such goods shall also be imposed.

- **QUALITY DIFFERENCES IN REIMPORTATION AT TEMPORARY EXPORT DISCHARGE (ARTICLE 312 PRESIDENTIAL DECREE 43/1973)**

With reference to the aforesaid offence, if the goods presented for re-importation are found to be wholly or partly different from those which should have been re-imported, a fine of not less than double, nor more than ten times the amount of the duties due on the goods found to be of different quality shall be imposed. If goods temporarily exported in place of those presented for re-importation were subject to exit fees, a fine of not less than double and not more than ten times the amount of the fees due for the exportation of such goods shall be imposed.

- **QUANTITY DIFFERENCES WITH RESPECT TO RE-EXPORT AND RE-IMPORT DECLARATION (ARTICLE 313 PRESIDENTIAL DECREE 43/1973)**  
With reference to the above-mentioned offence, if in comparison with the re-export declaration there is a difference in quantity exceeding five per cent, a fine of not less than the full amount and not more than ten times the amount of the entry duties due on the missing goods or the exit duties due on the surplus goods shall be imposed. Where differences in quantities exceeding five per cent are found in comparison with the declaration for reimportation, a fine of not less than the full amount and not more than ten times the amount of the entry duties due on the surplus goods or the exit duties due on the missing goods shall be imposed.
  
- **OMISSION OR DELAY IN LODGING THE CUSTOMS DECLARATION (ARTICLE 318 OF PRESIDENTIAL DECREE 43/1973)**  
Whoever fails to make the declaration prescribed by Article 56 within the term established, or extended pursuant to Article 95, shall be punished with a fine ranging from eight hundred to one thousand two hundred lire.
  
- **FAILURE TO COMPLY WITH CUSTOMS FORMALITIES (ARTICLE 319 PRESIDENTIAL DECREE 43/1973)**  
A fine ranging from eight hundred to five thousand lire shall be imposed on any person:
  - a) importing or exporting by unauthorised routes or at unauthorised times goods exempt from border duties;
  - b) is not in possession of the laissez-passer or the bill of lading by which national or nationalised goods must be accompanied when moving by land, in accordance with Article 227.  
A fine ranging from eight hundred to two thousand lire shall be imposed on any person:
  - a) present to the customs of destination foreign goods, dispatched by another customs under cover of a security note, after the time limit specified in the note, if the delay is not justified;
  - b) in the cases referred to in the preceding subparagraph, presents to the customs office of destination packages which are outwardly altered, but without any difference in weight. The fine shall apply for each item of luggage that has been altered.

## **IDENTIFICATION OF ACTIVITIES AT RISK OF OFFENCE**

The activities that the Company has identified as sensitive, within the scope of crimes relating to smuggling, are indicated in detail in the Matrix of Offence Risk Activities kept by the Company, together with potential examples of the methods and purposes of carrying out the unlawful conduct.

These activities are summarised below:

- Management of relations with Public Authorities officials in the verification phase of customs requirements in the context of import/export activities of raw materials, semi-finished and finished products, such as, for example:
  - Transport declaration (for calculation of customs duties).

- Declaration of origin (extra EU, EU Preferential).
- Other declarations relating to customs traffic.
- Within the framework of the fulfilments foreseen for the management of import activities, management of relations with the competent Public Officials (e.g. Customs Authorities, Guardia di Finanza etc.) in the event of audits and inspections.
- Managing activities relating to customs declarations in general:
  - processing of data and information relevant to the calculation of border duties due;
  - verification of documentation;
  - signing the customs declaration.

## **GENERAL PRINCIPLES OF CONDUCT**

Consistent with the corporate ethical principles set out in the General Part of the Organisational Model pursuant to Legislative Decree 231/2001 and the Code of Ethics adopted by the Company, in carrying out the above-mentioned sensitive activities, all the Recipients of the Model are required to comply with the following principles of conduct and control.

In particular, the Addressees are required to:

- comply with all the rules laid down by law and, in general, all the provisions applicable to customs matters and submit the relevant declarations in accordance with the legal deadlines;
- behave in a correct, transparent and collaborative manner, in compliance with the law and internal company procedures, in relations with the Tax and Customs Authorities and, in general, in relations with public officials and/or persons in charge of a public service and, in any case, interface with them only if authorised to do so, within the limits of the powers granted by the powers of attorney and delegations in force;
- identify the roles and persons involved in the management of the requirements of the relevant customs legislation;
- provide all goods being exported and/or re-exported, even temporarily, with all the documentation required by the relevant customs regulations (e.g. Certificates of Origin, Certificates of Circulation, documentation for products subject to special regimes, etc.);
- transmit to the Customs Authority all the documentation required by the relevant legislation (e.g. Certificates of Origin, Certificates of Movement, documentation for products subject to special regimes, etc.);
- request the intervention of a specialised advisor in case of doubts and/or criticalities concerning the fulfilments prescribed by the relevant customs legislation;
- liaising with forwarding agents, ensuring the correct receipt and signing of the documentation required for customs purposes.

Furthermore, they are expressly prohibited from:

- altering or falsifying not only computer documents but also documents of any other nature relevant for customs purposes;
- to produce false or altered documents to the Public Administration, with particular reference to the Customs Authorities, or to withhold or omit the production, if due, of

documents, information or data of any kind, or to behave in such a way as to mislead the Public Administration;

- making untrue statements about the quantity and quality of the goods shipped;
- import and/or export goods and/or goods in general in breach of the relevant customs legislation, including international legislation;
- conceal goods during inspections carried out by the Customs Authority;
- make statements that do not certify the truthfulness of the quantity and quality of the goods shipped.

With reference to smuggling crimes, reference is also made to the general principles of conduct contained in Special Part C - "Organised crime crimes".

## **CONTROL PROCEDURES**

In addition to the general rules of conduct indicated above, further operational control measures to prevent the commission of crimes relating to smuggling are set out below, with particular reference to processes that are sensitive/instrumental to the commission of crimes, such as:

- Procurement of goods, services and consultancy;
- Relations and compliance with public bodies and independent administrative authorities;
- Sales management;
- Taxation management:

These principles are specifically implemented in the procedures adopted by the Company.

In particular:

### ➤ **Procurement of goods, services and consultancy:**

With reference to this sensitive process, reference is also made to the principles of conduct and behaviour and the control mechanisms set out in Special Part A "Crimes against the Public Administration" (articles 24 and 25), in Special Part C - "Organised crime crimes" (article 24-ter), in Special Part H "Crimes of receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering" and in Special Part O "Tax crimes".

In addition to the principles of conduct and behaviour and control measures set out in the Special Parts referred to above:

- the Company employs a suitably qualified freight forwarder in possession of all the authorisations and certifications required by the relevant legislation;
- The contract with the freight forwarder clearly defines the services/performance related to customs compliance;
- Contracts concluded with customers clearly define the obligations of the parties with regard to customs compliance;

### ➤ **Relations and obligations with public bodies and independent administrative authorities:**

In addition to the principles of conduct and behaviour and control measures set out in Special Part A "Crimes against the Public Administration" (Articles 24 and 25)":

- the Company ensures the correct performance of activities related to relations with customs as well as with the representatives of the Public Administration in charge of controlling import and export activities and the correct payment of customs duties due *by law*;
  - the Company verifies the correct preparation of the documentation required by Law 185/1990;
  - the Company, also with the help of appropriately contracted consultants, verifies the correctness as well as the congruity of the documentation to be submitted to the Customs Authority on the basis of the relevant legislation in force;
  - the documentation necessary for the customs formalities required by law is signed and submitted in accordance with the power and delegation system adopted by the Company;
  - the Company ensures the identification, within the existing system of proxies, of the persons in charge of maintaining relations with Public Officials, also in the event of inspection visits, and the issuance of appropriate proxies in case of delegation of the activity to a third party;
  - the prior approval by the persons in charge of relations with the Public Administration of the documentation to be transmitted, together with the reports issued in the event of inspections or checks, is ensured;
  - the definition of the criteria for supporting Public Administration officials in carrying out checks and inspections is ensured, providing for two employees belonging to different functions to work side by side, or the formalisation of the reasons why this was not possible;
  - the Company has identified roles, responsibilities and operating methods in the management of import/export activities;
  - in case of doubts or need for interpretation of the sectoral regulations, the Company requests an opinion from a consultant specialised in customs matters;
  - the Company guarantees the correct performance of customs operations, in compliance with the provisions of the reference legislation, by the Administrative Department;
  - the correctness of the documentation attached to the goods transported and/or to be submitted to the Customs Authority is verified by the Warehouse function in agreement with the Freight Forwarder. This documentation is signed in accordance with the system of powers in place at the Company;
  - the Company defines, tracks and records all import, export, re-import and re-export operations, including temporary ones;
  - the Company ensures the verification and recording of incoming and outgoing goods by the Supply Chain (Warehouse) function;
  - the presence of the '231/ethics clause' is guaranteed in the contracts concluded with carriers who deal with Customs on behalf of the Company;
  - the Company ensures that the approval of payments of customs duties is verified according to the system of powers of attorney adopted by the Company.
- **Sales management:**  
With reference to this sensitive process, reference is made to the control principles set out in Special Part E - "Corporate crimes" (art. 25 ter).
- **Taxation management**  
With reference to this sensitive process, reference is made to the control principles set out in Special Part O - "Tax crimes" (art. 25 quinquiesdecies).