

# **MARIO FRIGERIO S.P.A.**

## **ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL ITALIAN LEGISLATIVE DECREE 231/2001**

TEXT APPROVED BY THE BOARD OF DIRECTORS OF MARIO FRIGERIO S.P.A. IN THE  
MEETING HELD ON 25 NOVEMBER 2015

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## DEFINITIONS

In addition to the other definitions contained in this document, the following terms with Capital Letters have the following meanings:

- **Sensitive Activities:** corporate operations or activities where there is a risk of Crimes being committed;
- **Associate(s):** consultants, external collaborators, business and/or financial partners, agents, representatives and, generally, third parties operating on behalf of or in the interests of Mario Frigerio S.p.A.;
- **Board of Statutory Auditors:** the Board of Statutory Auditors of Mario Frigerio S.p.A.;
- **Board of Directors:** Board of Directors of Mario Frigerio S.p.A.;
- **Employee(s):** persons who have an employment relationship with the Company, including Senior Officers and Top-level Managers pursuant to Article 5(b) of the Decree;
- **Decree:** Italian Legislative Decree no. 231 of 8 June 2001, as amended;
- **Organisation(s):** the organisation(s) to which the Decree applies;
- **Mario Frigerio S.p.A., Mario Frigerio or Company:** Mario Frigerio S.p.A.;
- **Model or Compliance Model:** this organisational, management and control model, as laid down in Articles 6 and 7 of the Decree;
- **Supervisory Committee or SC:** the internal body of Mario Frigerio S.p.A. vested with powers to act on its own initiative and to monitor compliance, pursuant to the provisions of the Decree;
- **Public Administration or PA:** any Public Administration entity, including public officials and public servants;
- **Crimes:** the crimes to which the provisions of the Decree apply, also subsequent to any amendments;

- **Senior Officers and Top-level Managers:** persons who are representatives or hold senior executive positions in the Company, and persons who actually (*de facto*) manage and control the Company pursuant to Article 5(a) of the Decree.

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

**GENERAL SECTION**

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

### 1.1 Recipient organisations and their administrative liability

Italian Legislative Decree no. 231 of 8 June 2001 - "*Regulations governing the administrative liability of corporate organisations, companies and associations, both incorporated and unincorporated*" - entered into force on 4 July 2001 and introduced liability of Organisations for administrative offences relating to crimes committed in their interest or to their advantage.

In the private sector, the Decree applies to incorporated companies, associations and organisations, while in the public sector it only applies to public financial corporations (specifically excluding central government, local government bodies, public non-financial corporations and bodies which perform functions of constitutional importance).

The Decree is complex and innovative because, in addition to the criminal liability of the actual offenders, it introduces liability of the Organisation for crimes committed by the offender in its interest or to its advantage.

Under Article 5 of the Decree, the Organisation is liable any time relevant crimes (specified in the Decree) are committed "*in its interest or to its exclusive advantage*", by any of the following:

- a) persons who are representatives or hold senior executive positions in the Organisation or in any of its financially and operationally independent organisational units, as well as persons who actually (*de facto*) manage and control the Organisation (Senior Officers and Top-level Managers);
- b) persons under the management and supervision of one of the persons in letter a) above.

The Organisation's liability is defined by the legislator as administrative, even though it is prosecuted as a criminal procedure, and it is also completely separate from the liability of the actual offender. Indeed, under Article 8 of the Decree, the Organisation may be declared liable even if the actual offender cannot be prosecuted or has not been

identified, or if the crime is no longer punishable on grounds other than amnesty. On the basis of the same principle, the actual offender will still be prosecuted for the crime committed even if the Organisation is charged with liability for that crime.

## 1.2 Criminal offences

The Organisation is not liable for any and all crimes; its liability is limited to the relevant crimes listed in Articles 24, 24-bis, 24-ter, 25, 25-bis.1, 25-ter, 25-quater, 25-quater.1, 25-quinquies, 25-sexies, 25-septies, 25-octies, 25-novies, 25-decies, 25-undecies and 25-duodecies of the Decree (as amended from its entry into force until now) and, more specifically:

- (i) **crimes against the Public Administration** (Articles 24 and 25 of the Decree, as amended<sup>1</sup>);
- (ii) **crimes against the public faith** (Article 25-bis, introduced into the Decree by Italian Law no. 99 of 23 July 2009<sup>2</sup>);
- (iii) **crimes against industry and trade** (Article 25-bis.1, introduced into the Decree by Italian Law no. 99 of 23 July 2009<sup>3</sup>);

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<sup>1</sup> Refer to the relevant special section A of this Model for details.

<sup>2</sup> These crimes include: counterfeiting cash, government bonds and duty stamps (Article 453, Italian Criminal Code - ICC); forging cash (Article 454, ICC); spending and bringing counterfeit cash into the country, without conspiring to do so (Article 455, ICC); spending counterfeit cash received in good faith (Article 457, ICC); counterfeiting duty stamps, bringing counterfeit duty stamps into Italy, purchasing, possessing or circulating counterfeit duty stamps (Article 459, ICC); counterfeiting watermarked paper used to make government bonds or duty stamps (Article 460, ICC); manufacturing or possessing watermarks or tools intended for counterfeiting cash, duty stamps or watermarked paper (Article 461, ICC); using counterfeit duty stamps (Article 464, ICC); counterfeiting, forging or using distinctive marks or signs, namely patents, models and drawings (Article 473, ICC); bringing products with false trademarks into the country and selling them (Article 474, ICC).

<sup>3</sup> These crimes include: interfering with the freedom of industry or trade (Article 513, ICC); unfair competition entailing threats or violence (Article 513-bis, ICC); fraud against domestic industries (Article 514, ICC); fraudulent trading (Article 515, ICC); selling false foodstuffs as the genuine article (Article 516, ICC); selling industrial products with false marks (Article 517, ICC); manufacturing and selling goods through misappropriation of industrial property rights (Article 517-ter, ICC, new crime); counterfeiting geographical indications and designations of origin for agro-food products (Article 517-quater, ICC, new crime).

- (iv) **corporate crimes** (Article 25-ter, introduced into the Decree by Italian Legislative Decree no. 61 of 11 April 2002<sup>4</sup>);
- (v) **crimes committed for the purposes of terrorism or subverting the democratic order** (Article 25-quater, introduced into the Decree by Italian Law no. 7/2003<sup>5</sup>);
- (vi) **female genital mutilation** (Article 25-quater.1, introduced into the Decree by Italian Law no. 7 of 9 January 2006<sup>6</sup>);
- (vii) **crimes against the person** (Article 25-quinquies, introduced into the Decree by Italian Law no. 228 of 11 August 2003<sup>7</sup>);

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<sup>4</sup> Refer to the relevant special section B of this Model for details.

<sup>5</sup> These are “*crimes for the purpose of terrorism or subverting the democratic order laid down in the Italian Criminal Code and special laws*”, as well as other crimes “*that are in any case committed in breach of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism adopted in New York on 9 December 1999*”. Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully or wilfully, provides or collects funds (...) in the knowledge that they are to be used, in full or in part, in order to carry out: (i) any act intended to cause death or serious bodily injury to a civilian, (...) when the purpose of such act (...) is to intimidate a population, or to compel a government or an international organisation to do or to abstain from doing any act; (ii) acts constituting offences pursuant to conventions with regard to: Safety of Civil Aviation and Maritime Navigation, Physical Protection of Nuclear Material, Prevention and Punishment of Crimes against Diplomatic Agents, Suppression of Terrorist Bombings. The category of “crimes for the purpose of terrorism or subverting the democratic order laid down in the Italian Criminal Code and special laws” is mentioned generically by the Legislator, without indicating any specific regulations the breach of which would lead to the application of this Article.

In any case, the key predicate crimes can be determined as: association for the purpose of committing acts of terrorism, international or otherwise, and subverting the democratic order and assistance to members of terrorist groups (Article 270-bis, ICC).

<sup>6</sup> This refers to the practice of female genital mutilation as laid down in Article 583-bis, ICC.

<sup>7</sup> These crimes include: enslavement (Article 600, ICC); child prostitution (Article 600-bis, ICC); child pornography (Article 600-ter, ICC); possession of pornographic material (Article 600-quater, ICC); sex tourism involving child prostitution (Article 600-quinquies, ICC); human trafficking (Article 601, ICC); purchase and sale of slaves (Article 602, ICC) On 6 April 2014, Italian Legislative Decree no. 39/2014 came into force and, *inter alia* resulted in some significant changes to Italian Legislative Decree no. 231/2001 with regard to offences introduced to protect the healthy development and sexuality of children, which join other offences against the person in Article 25-quinquies of the same Italian Legislative Decree 231/2001. Specifically, the provisions of Section 3 of Italian Legislative Decree no. 39/2014 introduced to Italian Legislative Decree no. 231/2001 the crime of child grooming with a penalty of one to three years' imprisonment for grooming a child under 16 years of age for the purposes of committing one of the acts under the offences introduced to protect the healthy development and sexuality of children.

- (viii) **market abuse** (Article 25-sexies, introduced into Italian Legislative Decree no. 231/2001 by Italian Law no. 62 of 18 April 2005<sup>8</sup>);
- (ix) **crimes of manslaughter and serious or grievous bodily harm committed in breach of workplace health and safety regulations** (Article 25-septies, introduced into the Decree by Italian Law no. 123 of 3 August 2007);
- (x) **crimes of possession of stolen goods, money laundering, self-laundering and using illegally obtained money, goods or benefits** (Article 25-octies, introduced into the Decree by Article 63 of Italian Legislative Decree no. 231 of 21 November 2007<sup>9</sup>);
- (xi) **breach of copyright crimes** (Article 25-novies, introduced into the Decree by Italian Law no. 99 of 23 July 2009<sup>10</sup>);
- (xii) **cybercrime** (Article 24-bis, introduced into the Decree by Italian Law no. 48 of 18 March 2008<sup>11</sup>);

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<sup>8</sup> These crimes include: insider trading (Article 184 of the Consolidated Finance Law) and market manipulation (Article 185 of the Consolidated Finance Law) as laid down in the Consolidated Finance Law (TUF - Testo Unico della Finanza), Italian Legislative Decree no. 58 of 28 February 1998.

<sup>9</sup> These crimes include: possession of stolen goods (Article 648, ICC); money laundering (Article 648-bis, ICC); use of illegally obtained money, goods or benefits (Article 648-ter, ICC); self-laundering (Article 648-ter.1, ICC introduced by Italian Law 186/2014). In order to better assess the impact that the introduction of the latter offence (self-laundering) could have in the Company's operational context, the Company agreed to wait for doctrine and case law clarifications on this point, in order to fully understand the objective and subjective elements of the particular case. In any case, it believes that the monitoring measures the Company has already implemented are adequate and fit the purpose of mitigating the risk of also committing this offence.

<sup>10</sup> The foregoing Italian Law no. 99/2009 condemns: unauthorised sharing of protected intellectual work or parts thereof on a telematics system; unauthorised use of another individual's work that is not intended for publication; copying of computer programmes or distribution, sale etc. of programmes distributed on media not labelled by the Italian copyright protection organisation (SIAE - Società italiana degli autori ed editori); copying, screening etc. of intellectual property intended for television, cinema etc.; producers or importers of media without the "SIAE" label; the production, installation etc. of equipment designed to decipher audiovisual broadcasts with conditional access.

<sup>11</sup> These crimes include: unauthorised access to a computer or telematics system (Article 615-ter, ICC); unauthorised possession and dissemination of access codes to computer or telematics systems (Article 615-quater, ICC); distribution of computer equipment, devices or programmes intended to damage or disrupt a computer system (Article 615-quinquies, ICC); wire-tapping, hindrance or disruption of computer or telematics communications (Articles 617-quater and 617-quinquies, ICC); damage to computer systems (Article 635-bis, ICC); damage to computer information, data and programmes used by the central government or by other public organisations or in any case of public benefit (Article 635-ter, ICC); damage to computer information, data and programmes (Article

- (xiii) **organised crime** (Article 24-ter, introduced into the Decree by Italian Law no. 94 of 15 July 2009<sup>12</sup>);
- (xiv) **cross-border crimes** (Article 10 of Italian Law no. 146 of 16 March 2006 provides for the administrative liability of Organisations for crimes of a transnational nature laid down in that law<sup>13</sup>).
- (xv) **incitement to not testify or to bear false testimony before the courts** (Article 25-decies, introduced into the Decree by Italian Law no. 116 of 3 August 2009, as replaced by Article 2(1) of Italian Legislative Decree no. 121 of 7 July 2011).
- (xvi) **environmental crimes** (Article 25-undecies, introduced into the Decree by Article 4(2) of Italian Law no. 116 of 3 August 2009, as replaced by Article 2(1) of Italian Legislative Decree no. 121 of 7 July 2011, as amended<sup>14</sup>).
- (xvii) **the crime of employing foreign nationals without a valid residence permit** (Article 25-duodecies, introduced into the Decree by Italian Legislative Decree no. 109/2012);
- (xviii) **the crime of corruption in the private sector**, governed by the new Article 2635 of the Italian Civil Code, today known as “Corruption in the private sector” (Article 25-ter(1) (s-bis), introduced to the Decree by the so-called “Anti-Corruption Law” (Italian Law no. 190/2012);

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635-quater, ICC); damage to computer or telematics systems of public benefit (Article 635-quinquies, ICC); forgery of a computer document (Article 491-bis, ICC); computer fraud by the provider of electronic signature certification services (Article 640-quinquies, ICC).

<sup>12</sup> These crimes include: criminal association (Article 416-quinquies, ICC); national and international Mafia-type association (Article 416-bis, ICC); political-Mafia electoral collusion (Article 416-ter, ICC); kidnapping for ransom (Article 630, ICC); association for the purposes of drug trafficking (Article 74 of Decree no. 309 of the President of the Republic of 9 October 1990); maximum duration of preliminary investigations (Article 407(2)(a)(5), Italian Criminal Procedure Code).

<sup>13</sup> In this case, Italian Legislative Decree 231/2001 contains no further provisions. Organisations are liable for these crimes pursuant to a separate provision in the aforementioned Article 10 of Italian Law no. 146/2006, which sets out the specific administrative sanctions applicable to the crimes, drawing attention to the last paragraph whereby “*administrative offences laid down in this article are subject to the provisions of Italian Legislative Decree no. 231 of 8 June 2001*”.

<sup>14</sup> Refer to the relevant special section D of this Model for details.

Considering the business purpose of Mario Frigerio S.p.A. and the specific characteristics of the Organisation, for the purposes of drawing up this Model, it was deemed appropriate to address only those Crimes considered relevant, without analysing theoretically conceivable offences.

In particular, for the purposes of this Model the following were considered:

- Crimes committed against the Public Administration (Articles 24 and 25 of the Decree);
- Corporate crimes (Article 25-ter of the Decree), comprising corruption in the private sector;
- Workplace health and safety offences (Article 25-septies of the Decree);
- Environmental Crimes (Article 25-undecies of the Decree); and
- The crime of employing foreign nationals without a valid residence permit (art. 25-duodecies of the Decree).

The remaining crimes have been disregarded because they are only theoretically conceivable in the Company.

For a detailed examination of the Crimes analysed, please refer to the Special Section of the Model.

### 1.3 Sanctions

The Sanctions under Article 9 of the Decree applicable to the company as a consequence of an actual or attempted criminal act described above are as follows:

- fine of up to EUR 1,549,370.69 (and interim seizure);
- disqualification (also applicable as an interim measure) for no less than three months and no more than two years, which in turn may consist of:
  - a ban on carrying out business activities;
  - suspension or cancellation of authorisations, licences or permits instrumental to committing the offence;
  - a ban on obtaining government contracts;
  - exclusion from or termination of special terms, funding, contributions or other subsidies;
  - a ban on advertising goods and services;

- confiscation (and interim seizure);
- publication of ban on carrying out business activities.

#### 1.4 Exemption of organisations from administrative liability

Under Articles 6 and 7 of the Decree, the Organisation is not liable for Crimes committed by Top-level Managers and Employees if it can prove that it has adopted and effectively implemented adequate organisation, management and control models to prevent the occurrence of these criminal offences. In this regard, the system involves setting up an internal control body appointed to supervise the actual effectiveness of the Model.

According to these provisions, the Organisation cannot be held liable pursuant to the Decree if it can prove that:

- its management body has adopted and effectively implemented adequate organisation, management and control models to prevent the crime that was committed, prior to its commission;
- an internal body vested with the powers to act on its own initiative and to monitor compliance (the Supervisory Committee) has been set up to assure the functioning and observance of the models and to keep them updated;
- the offenders fraudulently circumvented the organisation and management models;
- the Supervisory Committee exercised adequate controls.

The Decree also specifies that the organisation and management models must comply with the following requirements (Article 6(2) of the Decree):

- identify the activities in relation to which the Crimes may be committed;
- envisage specific procedures to schedule training and implement the resolutions of the Organisation concerning Crimes to be prevented;
- determine appropriate methods for managing financial resources to prevent crimes from being committed;
- provide for the obligation of disclosure to the Supervisory Committee;

- introduce an appropriate disciplinary system to sanction non-compliance with the measures specified in the Model.

If the Organisation can prove to the Courts that it had adopted and effectively implemented an adequate system of organisation, management and control to prevent the commission of a crime prior to its commission by the actual offender, then it will not be held liable. So, the Model must be prepared and the Supervisory Committee's activities must be organised with the goal of providing that proof to the Courts. This means that Organisations must make sure their procedures fulfil the aforementioned requirements.

Therefore, *de facto*, the Organisation must adopt an adequate and complete Model if it wants to ensure exemption from administrative liability for crimes committed by Top-level Managers and by Employees.

## 2. FUNCTION OF THE MODEL

### 2.1 Structure and purposes of the Model

To assure legal, fair and transparent operating conditions, Mario Frigerio S.p.A. decided to adopt and implement this Model.

The Model was prepared considering: (i) the provisions of the Decree; (ii) the guidelines for formulating organisational, management and control models issued by the General Confederation of Italian Industry (Confindustria) on 7 July 2002 (amended on 28 June 2004 and 31 March 2008); and (iii) the new version of the same guidelines approved by the Ministry of Justice on 21 July 2014 (“**Confindustria Guidelines**”), which contain the methodological guidelines for determining the sensitive processes and the structure that should be adopted in implementing the Compliance Model.

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In light of the general principles set forth above and in consideration of the provisions of the Guidelines, this Model comprises a "General Section" and five separate "Special Sections", prepared according to the type of crimes covered in Italian Legislative Decree 231/2001, which are at a heightened risk of commission in the Company.

The goal of the General Section is to define the purposes of the Compliance Model and the general principles the Company uses as the benchmark for the management of its business. Each Special Section sets out to identify the rules of conduct to adopt and the preventive measures to take concerning potential offences.

The Special Section also defines the specific tasks of the Supervisory Committee in relation to each type of Sensitive Crime considered for the purposes of preparing the Compliance Model, pursuant to the Decree.

The goal of this Model, in relation to the Company's Sensitive Activities, is to create an integrated system organised into procedures/procedural principles and control activities that aim to prevent Crimes from being committed.

In particular, the Model has the purpose of:

- making persons involved in “risk activities” aware that they may be committing an offence if they breach the procedures laid down in the Model, and that as the offender they may be held criminally liable, while the Company may be held administratively liable;
- stressing that the Company strongly condemns conduct not in compliance with the law or with the Code of Ethics of Mario Frigerio S.p.A., here enclosed as Annex no. 1 (“**Code of Ethics**”);
- enabling the Company to monitor risk activities in order to facilitate crime prevention.

The fundamental principles of this Model are:

- dissemination of the rules of conduct and the procedural principles and/or procedures implemented by the Company, as well as a staff training plan covering all elements of the Model inside the Company and to all Associated Persons;

- a Code of Ethics that sets out the ethical principles and general guidelines for conduct that Senior Officers and Top-level Managers, Employees and Associated Persons are required to comply with in the execution of their respective activities;
- the identification of “sensitive processes” in the Company, meaning areas where there is a heightened risk of committing the crimes listed in the Decree;
- the existence of consolidated procedures and/or practices that provide both general and specific information with regard to the operating methods for work activities in the identified “sensitive processes”;
- a system of internal managerial proxies and powers of attorney to represent the Company externally which assures a clear allocation of duties, in keeping with the organisational structure and the management control system;
- a management and control system for the Company's financial resources enabling the timely identification of any critical situations that may arise;
- an appropriate disciplinary system to sanction any breaches of the Model and the Code of Ethics;
- the appointment of a body in the Company (the Supervisory Committee) tasked with monitoring compliance with the Model and keeping it updated.

## 2.2 Recipients of the Model

The rules laid down in this Model address:

- persons who are representatives or hold senior executive positions in Mario Frigerio S.p.A., as well as persons who are actual or *de facto* managers and supervisors of Mario Frigerio S.p.A. (Top-level Managers);
- employees of Mario Frigerio S.p.A. who are under the management and supervision of any person holding a senior position (Employees);
- consultants, external contractors, business and/or financial partners, agents, representatives and, generally, third parties operating on behalf of or in the interest of Mario Frigerio S.p.A.. (Associated Persons);

all jointly referred to as the “**Recipients**”.

The parties are notified of the Model and its contents using methods that make sure these are clearly understood, as laid down in Point 6 below; therefore, the Recipients of the Model are required to strictly comply with all provisions, also in fulfilment of all the duties of fairness and diligence generated by their legal relationship with the Company.

### 2.3 Adoption of the Model

The Company intends to ensure that its Employees, Top-level Managers and anyone acting on its behalf do not commit offences that may both damage the image of the Company and lead to the application of fines and/or disqualification under the provisions of the Decree for crimes that are to the advantage or in the interest of Mario Frigerio S.p.A.

For this purpose, the Company has decided to adopt this Model, intending to introduce a system of principles and rules of conduct that must form the basis for the conduct of all persons belonging to the Company in their relations with Italian or foreign stakeholders.

### 2.4 Amendments to the Model

The Company adopted the Model for the first time by resolution of the Board of Directors on 26 January 2012, then amended on 10 September 2013.

It was updated to its current format by resolution of the Company's Board of Directors on 25 November 2015.

The Board of Directors may amend this Model at the proposal of and/or in consultation with the Supervisory Committee.

### **3. THE ORGANISATIONAL STRUCTURE OF MARIO FRIGERIO**

#### **S.P.A.**

#### **3.1 Introduction**

In order to identify the Sensitive Activities laid down in the Decree, it is necessary to refer to the special features and actual operations of the Organisation that intends to adopt the Model.

Therefore, it is firstly appropriate to describe the organisational structure of Mario Frigerio S.p.A., specifically referring to its operational activities and to its management and control system.

#### **3.2 The internal organisation of Mario Frigerio S.p.A.**

##### **3.2.1 COMPANY PURPOSE**

The purpose of the Company is the manufacture, trade, import, export and representation of industrial machinery and mechanical plants and their accessories, as well as mechanical constructions in general.

The Company may also do anything else that the Board of Directors deems necessary for its operations and for the company purpose; it may also hold quotas and equity investments in other companies or enterprises that have the same or comparable company purpose or if their purpose is directly or indirectly related to the Company's purpose.

##### **3.2.2 CORPORATE GOVERNANCE**

The Company's governing bodies are:

- the General Meeting;
- the Board of Directors;
- the Chairman;
- the Board of Statutory Auditors.

### **3.2.2.1 GENERAL MEETING**

The General Meeting can be ordinary or extraordinary pursuant to the law.

The Ordinary Annual General Meeting must be convened at least once a year, within one hundred and twenty days from the closure of the financial year.

The Extraordinary General Meeting may be convened whenever deemed appropriate by the Board of Directors or under the circumstances required by law.

The Meeting quorum and resolutions passed are governed by Articles 2368 and 2369 of the Italian Civil Code.

### **3.2.2.2. BOARD OF DIRECTORS**

The Board of Directors is fully empowered for all ordinary and extraordinary governance, with no exceptions whatsoever, since it is mandated with all the powers that are not expressly reserved for the General Meeting by law or by the Articles of Association. The Board of Directors may delegate some or all of its powers to one or more directors and may appoint one or more directors as CEOs, establishing the limits of their powers and corresponding remuneration. The Board of Directors may appoint General Managers, and grant powers of attorney “*ad negotia*” for single acts or categories thereof, establishing their powers and recompense. The Company is represented, before third parties and the courts, by the Chairman of the Board of Directors, the Vice Chairmen, and the CEOs, where appointed, within the limits of the powers conferred upon them.

### **3.2.2.3 CHAIRMAN**

The Chairman of the Board of Directors is fully empowered for the Company's day-to-day management, exercised with free and several signature.

### **3.2.2.4 THE BOARD OF STATUTORY AUDITORS**

The Board of Statutory Auditors is composed of three statutory members and two deputy members, appointed pursuant to the law. The Auditors remain in office for three financial years and their office expires on the date of the Meeting convened to approve the financial statements relative to the last financial year of their office.

### 3.3 General principles of the organisation and control system

This Compliance Model constitutes an extension to the management and control system already in force in the Company and was adopted with the goal of providing reasonable assurance of achieving the corporate objectives of compliance with laws and regulations, of guaranteeing reliable financial information and of protecting the Company assets.

#### **3.3.1 ORGANISATIONAL SYSTEM AND SEPARATION OF ROLES**

The Company's organisational system must meet the following requirements:

- clarity, formalisation and communication, with special reference to attributing liability, to defining the hierarchy and to assigning operational activities;
- separation of roles, thereby clearly defining operational processes in order to avoid functional overlap and, more importantly, to avoid concentrating activities with a high degree of criticality or potentially heightened risk in a single person.

#### **3.3.2 POWERS**

Powers are delegated both for internal authority, which forms the basis of the Company's decision-making processes for activities to implement and for representation, namely to sign deeds or documents intended for third parties and that bind the Company to them, also in economic terms.

Powers must:

- be defined and formally delegated by the Board of Directors;
- be consistent with the responsibilities and tasks delegated and with the positions covered by the proxies within the organisational structure;
- include limits to exercising those powers consistent with the assigned roles, paying special attention to powers of expenditure and authority and/or signatory powers for transactions and deeds that are considered within the company to be "at risk";
- be updated in line with changes in the company organisation.

#### **3.3.3 OPERATIONAL PROCEDURES**

The Company's operational activities and processes, as described above, are supported by (formalised) general and specific principles of conduct and/or internal procedures also by means of the system of proxies, which reflect the following requirements:

- regulation of the methods used in carrying out activities;

- definition of responsibilities for activities, in compliance with the principle of keeping the roles of the person initiating the decision-making process separate from the person who actually puts it into practice, and from the person who controls it;
- traceability of deeds and operations in general through appropriate documentary records that certify the characteristics and justifications of the activities implemented and identify the various persons involved in the operation (authorisation, implementation, recording, checking);
- adoption of specific control mechanisms (also using external consultants) that guarantee the integrity and completeness of the data managed and the information exchanged in and outside the company structure.

#### **3.3.4 CONTROL AND MONITORING**

A number of persons and bodies are involved in control and monitoring, and they include: the Board of Directors, the Board of Statutory Auditors, external consultants and the Supervisory Committee and, more generally, the Company staff, and represent a fundamental element of the company's day-to-day activities.

The controls carried out by these persons are defined in consideration of the following activities:

- supervision of the correct administration of the Company, the organisation's adequacy and compliance with the law and with the Articles of Association;
- internal auditing, in order to detect inconsistencies and breaches of the proxy system and/or of the procedures;
- external auditing, in order to check the regularity of the company accounts and financial statements in compliance with the applicable accounting principles.

#### **3.3.5 TRACEABILITY**

Every operation and/or activity must be appropriately recorded. It must be possible to monitor *ex-post* the process of decision-making and/or authorisation and/or execution of activities, also through appropriate documentary records (hard copies and/or electronic) and, at any rate, which records may be deleted or destroyed and the methods used for this purpose must be accurately governed.

\*

The Company considers that the foregoing principles are consistent with the

instructions given in the Guidelines issued by Confindustria and are also reasonably suitable for preventing the crimes contemplated in the Decree.

In light of the above considerations, the Company deems it essential to guarantee the correct and effective application of the aforementioned control principles in all areas of company activity and/or processes determined as having the potential risk of offence, during the mapping process.

Lastly, the Company considers that the Supervisory Committee and the Company's representatives and their Associated Persons must be tasked with checking constant application, adequacy, consistency, and updating of the aforementioned principles.

#### **4. METHOD USED TO IDENTIFY SENSITIVE ACTIVITIES AND TO DRAFT THE MODEL**

##### **4.1 Introduction**

One of the requirements of the Model, pursuant to Article 6.2(a) of the Decree is to identify the so-called “sensitive processes” or “areas at risk”, namely those processes and areas of company activity that could expose the Company to the risk of commission of one of the crimes expressly referred to in the Decree.

So, we analysed the company operations in the company sectors in which it is possible to commit crimes, highlighting the most relevant moments and processes.

At the same time, we investigated the underlying elements of sensitive crimes within the Company activities, in order to identify the actual conduct which, in the company context, could constitute a case of crime.

The Model was prepared by Mario Frigerio S.p.A. considering both the provisions of the Decree and the guidelines issued by Confindustria on 31 July 2014, which *inter alia*, as already indicated, contain the methodological guidelines for determining the sensitive processes and the structure of the Model.

##### **4.2 Background preparation prior to formulating the Model**

Considering the provisions of the Decree, the Company rolled out a project to prepare this Model, specifically appointing external consultants with the necessary know-how

for this purpose.

The drafting of the Model was preceded by a series of preparatory activities, broken down into the following steps:

1) Preliminary analysis of the company context

The goal of this step was to examine the Company's organisation and activities, based on a documentary analysis, and to examine the company processes its activities are divided into - specifically through *ad hoc* interviews with some members of the Board of Directors and the managers of the company functions.

2) Identification of the Sensitive Activities and "As-is analysis"

This analysis process was used to identify a series of Sensitive Activities within the Company structure, in the execution of which crimes could hypothetically be committed. Following this investigation, the next step assessed the management methods applied to Sensitive Activities, the existing control system and the compliance of the system with commonly accepted principles governing internal control.

The analysis covered the Sensitive Activities concerning the commission of the Crimes laid down in Articles

- 24 and 25 of the Decree ("Crimes against the Public Administration" committed against the Central Government or other Public Body);
- 25-ter of the Decree ("Corporate Crimes");
- 25-septies of the Decree ("Workplace health and safety offences");
- 25-undecies of the Decree ("Environmental crimes"); and
- 25-duodecies of the Decree ("Crime of employing foreign nationals without a valid residence permit").

After a careful preliminary assessment, supported both by the cycle of interviews and the documentary verification as stated above, the analysis excluded crimes not explicitly considered in the Special Sections of this Compliance Model, because although their potential commission cannot be fully excluded, their actual occurrence is only

theoretically conceivable, both due to the Company's operational reality and in consideration of the elements required to commit the crimes in question (with particular reference in some cases to the psychological element of the crime).

### 3) “Gap analysis”

Based on the existing controls and procedures in place for Sensitive Activities and the provisions and purposes of the Decree, actions to improve the current internal control system and the essential organisational requirements for the definition of this Model were identified.

The potential risks of crime were identified for the sensitive instrumental processes and areas of activity identified, along with the possible methods for committing such crimes and the persons (employees and others) normally involved.

The results of the sensitive process mapping, the currently implemented controls (“*As-is analysis*”) and the identification of the weaknesses and areas of improvement in the internal control system (“*Gap analysis*”) are described in the documentation contained in the Company records.

\*

The level of potential risk associated with each sensitive activity/process was then assessed on the basis of qualitative criteria that consider factors including:

- the frequency of occurrence and/or execution of the activity described, and other relevant economic-quantitative indicators (e.g. economic value of the operations or acts implemented, number and type of persons involved, etc.);
- the severity of the potential sanctions associated with the commission of one of the crimes laid down in the Decree in executing that activity;
- likelihood of the hypothetical crime occurring in the operational context;
- potential benefits to the Company if the hypothetical crime is committed and which could constitute a reason for company staff to commit the crime;
- any precedents concerning crimes committed in Mario Frigerio S.p.A.

### 4.3 Drafting the Model

After the foregoing activities, the Company defined the operating principles and the “protocols” of reference to draft the Model it intends to implement, considering the:

- provisions of the Decree;
- Code of Ethics;
- Confindustria Guidelines.

In any case, any decision not to adapt the Model to some of the recommendations in the aforesaid Confindustria Guidelines shall not affect the validity of the document. In fact, the Model adopted by the Organisation must necessarily be drafted with specific reference to the Organisation's reality, and therefore it may also deviate from the relative Confindustria Guidelines, which are general in nature.

Compliance with the Code of Ethics is an instrument that promotes the prevention of crimes within the Sensitive Activities as it represents the Company's formal commitment to act according to transparent standards of conduct and to comply with the specific applicable laws. The regulation of the Code of Ethics aims to guarantee compliance with the principles of competition, democratic principles, respect for fair competition, and protection of a positive image. The Code of Ethics also lays down the internal rules of conduct addressed to all associated persons who respond to the Company, on a professional and ethical level, concerning their conduct in implementing the core business activities that have been identified in the Model as particularly sensitive.

Finally, the Code of Ethics expresses the principles of conduct acknowledged by Mario Frigerio S.p.A. that each Director, Employee and Associated Person is bound to strictly comply with in the execution of their activities.

## 5. THE SUPERVISORY COMMITTEE OF MARIO FRIGERIO S.P.A.

### 5.1 Structure of the Supervisory Committee

Under Article 6(1)(b) of the Decree, a body (the “**Supervisory Committee**”) vested with the powers to act on its own initiative and to monitor compliance must be assigned to supervise the functioning and observance of the Compliance model and keep it updated.

The members of the Supervisory Committee must possess subjective requirements that assure the autonomy, independence and professionalism of the committee in the execution of its activities.

Because the Supervisory Committee is vested with powers to and act on its own initiative and to monitor compliance, it must:

- be independent of whoever it is supervising;
- not have operational duties;
- be financially independent.

In consideration of the above provisions, the Supervisory Committee cannot be the Board of Directors, which has managerial powers.

The Committee must be in a high hierarchical position within the company organisation structure. This position must also be accompanied by the non-assignment of operational duties which would require participation in decision-making and managerial activities, thereby "polluting" its objectivity when judging the conduct monitored, and the adequacy of the Compliance Model.

The Company has decided that a 3-member Supervisory Committee appointed by the Board of Directors is appropriate and consistent with the foregoing, and with the company operations.

The Board of Directors has therefore decided that the Supervisory Committee that best responds to the requirements laid down in the Decree shall be composed of three (3) persons identified as follows:

- one member from outside Mario Frigerio with a strong reputation of honour and professionalism, acting as Chairman of the Committee;
- two members, who may be either external, with the same characteristics as the Chairman and/or in-house and/or associated persons, preferably from the following company areas:

- Board of Statutory Auditors;
- Finance and auditing;
- Safety;
- Environment.

The professionalism of the Supervisory Committee is assured by:

- the specific professional competence of its members;
- its entitlement to its own separate financial resources so it can appoint external consultants and draw on the specific professional services of the managers of the various company functions and of associated persons.

The Supervisory Committee reports directly to the senior operational and control management of the Company, in order to assure its full autonomy and independence in the performance of its assigned duties.

In particular, the Supervisory Committee:

- reports the results of its supervision and monitoring activities to the Board of Directors;
- is independently empowered to take action in its fields of competence. For this purpose, and to guarantee the continuity of the activities to verify the adequacy and suitability of the Model, the Supervisory Committee uses internal staff and/or associated persons from outside the company;
- it has an annual budget for its exclusive use;
- it works as a team and has its own "operating regulations" drawn up and approved by the Committee itself.

The Supervisory Committee operates within the Company, which guarantees the continuity of its activities. Aspects concerning the continuity of the Supervisory Committee's actions, including the planning and implementation methods of its monitoring activities, keeping minutes of meetings, the methods and specific contents of information flow concerning crime-sensitive processes, as well as its specific internal operational and working methods are defined in a distinct work plan issued by the

Supervisory Committee.

## 5.2 Members of the Supervisory Committee and their term of office

The Board of Directors appoints the Supervisory Committee through a specific resolution, and establishes its remuneration, if applicable.

In order to guarantee the requirements of being independent and self-ruling, the following are considered to be incompatible with being appointed a member of the Supervisory Committee from the time of the appointment and for the whole term of office:

- being an executive and/or non-independent member of the Board of Directors of Mario Frigerio;
- being Auditor of Mario Frigerio;
- having close relations - as a spouse, immediate family or up to fourth removed kinship - with the aforementioned members of the Board of Directors;
- carrying out operational or business functions in the Company;
- maintaining significant business relations with Mario Frigerio, its subsidiaries or affiliates, or maintaining significant business relations with Company Directors who hold powers of attorney;
- in the three years prior to the appointment, employment by or work for organisations with which or towards whom the crimes laid down in the Decree may potentially be committed;
- having been found guilty of committing one of the Crimes (or other similar administrative offences).

If any conditions arise that may preclude their position, the individual members of the Supervisory Committee shall immediately notify the Board of Directors and the Supervisory Committee itself.

In order to assure the effective and constant implementation of the Model, and continuity of action, the term of office is established as 3 (three) years. This may be renewed by resolution of the Board of Directors, and without prejudice to the hypotheses of automatic disqualification (including for incompatibility as above), the Board of Directors can only remove members of the Committee from office for just

cause.

Members of the SC can resign from office at any time, by serving notice of at least 1 (one) month, without providing any justification.

If a member resigns from the Supervisory Committee or is automatically disqualified, the Committee shall promptly notify the Board of Directors, which shall take all decisions required in a timely manner.

The Supervisory Committee is considered expired if the majority of its members resign or are automatically disqualified. In this case, the Board of Directors shall appoint all members *ex-novo*.

### 5.3 Supervisory Committee meetings

The Supervisory Committee meets every quarter; these meetings are held in person, by videoconference or by teleconference (or a combination thereof), and in any case any time at least 1 (one) member so requires.

Directors, auditors, managers, function managers or external consultants may be asked to join the Supervisory Committee meetings if their presence is required.

The decisions of the Supervisory Committee are taken unanimously; if they are not unanimous, decisions may be taken by majority vote, and this is immediately reported to the Board of Directors.

The Supervisory Committee reports to the Board of Directors, and draws up an annual report describing all the activities undertaken during the year, the controls and audits carried out, and any update of the map of crime-sensitive processes and/or the Compliance Model.

The Supervisory Committee meetings are recorded in minutes and the Committee keeps copies of these.

In implementing its activities, the Supervisory Committee may use the services of internal or associated persons from outside the company, although they remain directly responsible for the precise fulfilment of the supervision and control obligations laid

down in the Decree. Associated persons are required to comply with the obligations of diligence and confidentiality laid down for the members of the Supervisory Committee.

#### 5.4 Functions and powers of the Supervisory Committee

The main functions of the Supervisory Committee are to:

- monitor the actual application of the Compliance Model, by preparing and implementing a supervision and control work plan/programme;
- monitor adequacy of the Compliance Model, i.e. its effectiveness in preventing the Relevant Crimes;
- monitor the long-term duration of the effectiveness requirements of the Compliance Model;
- promote the updating of the Compliance Model, where necessary.

In particular, the Supervisory Committee has the powers to:

- request information and documentation from the company management and divisions concerning the operations and acts carried out in the areas at risk of Crimes being committed;
- adopt and/or implement control procedures in order to verify compliance with this Compliance Model;
- make spot inspections of certain operations and/or specific acts carried out in the areas at risk of Crimes being committed;
- carry out investigations to identify and/or update the "sensitive processes" in which Crimes may be committed;
- promote and/or develop appropriate initiatives for the dissemination, awareness and understanding of this Compliance Model, together with the relative company functions;
- provide clarifications and instructions for compliance with this Compliance Model;
- consult other company functions and/or external consultants in order to guarantee the effectiveness of this Compliance Model;
- collect, process and store the information concerning this Compliance Model;
- periodically report the implementation and operational status of this Compliance

Model to the Board of Directors;

- assess amendments and/or updates to be made to this Compliance Model and propose them to the Board of Directors;
- use appropriate resources to develop, monitor and assess the effectiveness of this Compliance Model.

## 5.5 Obligation of disclosure to the Supervisory Committee

The Supervisory Committee must be promptly notified of:

- any reports and/or news concerning the breach of this Compliance Model;
- proceedings and/or sentences issued by criminal investigation departments or by any judicial authority concerning the actual or potential commission of any crime, in any case, the breach of this Compliance Model;
- company disciplinary proceedings and/or action initiated/adopted following the breach of this Compliance Model;
- any proposed amendment to this Compliance Model;
- any initiative concerning the prevention of Crimes or in any case the effective operation of this Compliance Model;
- the system of powers of attorney to directors and any amendment thereto;
- the system of company signatory powers and any amendment thereto;
- reports and/or news concerning Crimes involving the Company or one of its Employees or in any case Recipients.

In particular, the Recipients are obliged to report any suspected breach of the Model to the Supervisory Committee, preferably by sending an e-mail to [231-mariofrigerio@mflgroup.com](mailto:231-mariofrigerio@mflgroup.com) (although any other means of communication may also be used).

The Committee will act in such a way as to protect whistle-blowers who act in good faith from any retaliation, discrimination or penalisation. It shall also keep their identity confidential unless required to disclose it by law and to protect the rights of the Company or the persons involved, as well as the reputation of the whistle-blower(s).

The Supervisory Committee carefully and impartially assesses the reports received and may investigate and explore them further as it sees fit.

If the report potentially accuses (directly or indirectly) one of the members of the Supervisory Committee, or the function that member is in charge of, the Committee shall consult the accused person and then make the foregoing assessments without including that person in the assessment and decision-making process.

In addition to the reports described above, the Supervisory Committee must be immediately informed by anyone with information concerning:

- requests for legal advice sent by Employees in the case of criminal proceedings being initiated for Crimes;
- any measures and/or news from criminal investigation departments or any other judicial authorities that refer to investigations within the company, also against persons unknown, concerning the Crimes;
- the evidence of disciplinary proceedings held and any sanctions ordered with specific reference to the Crimes, or the dismissal of any cases and the relative justifications;
- any movement of money between Mario Frigerio and its subsidiaries or affiliates that is not justified by a specific arm's-length contract;
- any inconsistency or irregularity found when auditing invoices issued or received by the Company.

The members of the Supervisory Committee must carry out their duties with the diligence required by the nature of the appointment, the nature of the activities carried out and their specific competencies. They are also obliged to keep the strictest confidentiality and professional privilege concerning the information they are party to in the execution of their appointment, in order to avoid any leak of confidential information. This obligation is not binding towards the Board of Directors.

## **6. RECRUITMENT, TRAINING AND INFORMATION**

### **6.1 EMPLOYEES**

For the purposes of implementing this Model, Mario Frigerio S.p.A. aims to guarantee that both present and future staff (Employees, Associated Persons and proxies) are suitably aware of the rules of conduct laid down herein, at different levels of detail according to their level of involvement in the Sensitive Activities.

In this light, when recruiting candidates for positions at risk, background checks must be made on any criminal records, working relations with the public administration, blood and/or marriage ties to public administration employees.

If any of the aforementioned conditions exist, the candidate in question may only be employed if the administrative management (the function of reference, if applicable) makes the necessary assessments and authorises the post.

Disclosure of this Model may be made to staff through one of the following initiatives:

- hand delivery of a copy of this Compliance Model (including all annexes) with a request to sign a statement confirming receipt of the document;
- display of the Model and the disciplinary code on the notice boards around the company that are accessible to everyone;
- e-mail providing information, also for sending periodic updates of the Model.

The Company shall carry out all training activities for its Employees using appropriate computer tools (presentations, e-learning, etc.) that describe the contents of the Decree, its implications on company life, and an update of the main features of the adopted Model. To this end, e-mail updates are an integral part of staff training.

### **6.2 ASSOCIATED PERSONS**

When appointing associated persons from outside the company (such as agents, consultants, etc.), if the person must deal with the Public Administration, background checks must be made on any criminal records, working relations with the public administration, blood and/or marriage ties to public administration employees.

If the person is employed by the Public Administration, the CEO will decide whether or not to confer the appointment, after making all the necessary assessments.

Associated persons shall be informed of the contents of the Model and the Company requirement for their conduct to comply with the provisions of the Decree.

To this end, contracts with associated persons, consultants, partners, suppliers etc. operating with the Public Administration or involved in performing activities at risk must:

- be drawn up in writing, establishing all terms and conditions;
- contain standard clauses that ensure compliance with the Decree;
- contain a specific statement in which they confirm that they are aware of the regulations laid down in the Decree and undertake to act in compliance with such regulations;
- contain a specific clause governing the consequences of breaching the regulations laid down in the Decree (e.g. express termination clause, penalties).

## **7. REQUESTS FOR INFORMATION AND REPORTING BREACHES OF THE MODEL**

Anyone has the right to access formal communication links with the Supervisory Committee which operates independently and therefore cannot and must not be reached through the standard hierarchical channels.

It is necessary to distinguish information from reports.

Requests for "information" concern operational issues of understanding and use of the Model and may be sent by the applicants to the Supervisory Committee in a non-anonymous form, by e-mail.

These requests must be sent to:

- the Supervisory Committee at [231-mariofrigerio@mflgroup.com](mailto:231-mariofrigerio@mflgroup.com).

Alternatively, in the same manner, it is possible to request an appointment with the Supervisory Committee in order to be able to communicate directly.

On the other hand, "reports" refer to reports of actual or suspected Crimes or conduct that is not in line with the provisions of this Model, in other words, breaches or suspected breaches of its general principles.

In this case, it is possible to request a meeting in order to report to the Supervisory Committee, in a non-anonymous form, also by e-mail.

## **8. DISCIPLINARY SANCTIONS**

### **8.1 GENERAL PRINCIPLES**

The preparation of an effective system of sanctions, pursuant to Article 6(2)(e) of the Decree is an essential requirement of the Model for the purposes of exempting the Company from liability.

The establishment of such a system of sanctions makes the action of the Supervisory Committee efficient and guarantees the effectiveness of the Model itself.

Therefore, Mario Frigerio S.p.A. has established an appropriate system of sanctions for breach of the Model in order to guarantee its compliance, in conformity with the Disciplinary Code laid down in the applicable Italian national labour agreement (CCNL) and in compliance with the procedures laid down therein.

This disciplinary system addresses employees, management, directors, associated persons, suppliers and partners.

The application of disciplinary sanctions is also independent of the outcome of any criminal and/or civil proceedings undertaken by the judicial authorities if the conduct in question also constitutes a crime pursuant to the Decree.

For the purposes of complying with the Decree, breaches of the Model include but are not limited to any action or conduct that does not comply with the provisions of the Model and/or the principles of the Code of Ethics. This also includes failure to act or react as required by the Model, in the execution of activities where there is a risk of committing the crimes listed in the Decree.

### **8.2 ACTION VIS-À-VIS MIDDLE-LEVEL MANAGEMENT AND OFFICE WORKERS**

If employees breach the provisions laid down in this Model, disciplinary sanctions

proportionate and appropriate to the position held and to the nature and severity of the breach will be applied, without prejudice to any personal civil or criminal liability.

The sanctions which may be applied as a result of a breach of this Model include those laid down in the applicable CCNL agreement and are applied in compliance with the procedures set forth in Article 7 of Italian Law no. 300 of 20 May 1970 (Workers' Statute) and by the actual CCNL agreement.

In particular, it is laid down that:

- a) workers who negligently commit a non-serious breach of the provisions of this Model shall receive a verbal or written warning;
- b) workers who negligently commit one or more breaches of this Model may be fined, or in more serious or repeated cases of breach, suspended from work in any case for no more than the maximum time laid down in the applicable CCNL, as established on a case-by-case basis.

The fines or suspension applied to employees include, but are not limited to the following cases:

- donations of a moderate amount made without the prior authorisations required, or in breach of the provisions, if any, of this Model;
- entering into consulting contracts that are not in written form and/or without the prior authorisations required;
- generally, in the execution of Sensitive Activities, conduct that does not comply with the provisions of the Model or actions that are against the interests of the Company and therefore damage the Company;
- c) workers shall be dismissed if they intentionally or through gross negligence act in serious breach of this Model, and if this conduct could conceivably constitute a Crime or in any case concretely increase the risk of committing a Crime.

Employees can be dismissed if, alone or with other persons inside or outside the Company, they are involved in actions that include, but are not limited to:

- making donations to persons of a more than a moderate amount, over and above any limits established in proxies granted to them and/or in company processes and/or not complying with the specifications in this Model or in the Code of Ethics;

- making payments in cash or in kind over and above any cases strictly established in proxies granted to them and/or in company processes and/or not complying with the specifications in this Model or in the Code of Ethics;
- forging documents and/or making false statements for the purpose of proving their compliance and/or that of other employees with the law and/or this Model.

### **8.3. ACTION VIS-À-VIS TOP-LEVEL MANAGEMENT**

If managers breach the provisions laid down in this Model, disciplinary sanctions proportionate and appropriate to the position they hold and to the nature and severity of the breach will be applied, in conformity with the National Collective Bargaining Agreement for Managers and the civil regulations in force.

### **8.4. ACTION VIS-À-VIS DIRECTORS**

If Company directors breach the laws in force or do not comply with the internal procedures laid down in the Model and/or the Code of Ethics, the Supervisory Committee shall notify the Board of Directors, which will take the necessary action laid down in the applicable laws.

### **8.5. ACTION VIS-À-VIS ASSOCIATED PERSONS OR BUSINESS PARTNERS**

If Associated Persons or Business Partners breach this Model, depending on the severity of the breach, the Supervisory Committee, together with the Board of Directors, shall decide whether or not to terminate the relationship and shall impose the applicable sanction laid down in any specific clauses of the contract. Such clauses can also entitle the Company to terminate the contract and/or demand payment of penalties.

## **9. PERIODIC AUDITS**

Supervisory activities are carried out continuously by the SC to:

- verify the effectiveness of the Model (in other words, the consistency

between the conduct of the recipients and the provisions of the Model itself);

- periodically assess the adequacy of the principles of conduct laid down in this Model and/or the procedures adopted and/or the system of proxies which govern the activities at risk with the requirement to prevent the crimes laid down in the Decree; and
- update the Model as required.

The control system aims to:

- ensure that the operational methods satisfy statutory requirements;
- identify any areas requiring corrective actions and/or improvements and verify the effectiveness of the corrective actions;
- prepare the company for any inspections by third party bodies.

To carry out the planned audit activities, the SC may work with staff who have specific skills and operate in other functions, not involved in the activities being audited, or it may outsource the activities to external consultants.

The company areas to be audited and the frequency of the controls both depend on a number of factors, which include:

- the risk pursuant to the Decree according to the mapping of the Sensitive Activities;
- assessment of the existing operational controls;
- results of previous audits.

Extraordinary controls may be planned in the event of substantial modifications to the organisation or to any process, or in the event of suspected or reported nonconformities or in any case anytime the SC decides to carry out random *ad hoc* audits.

The results of the controls are always recorded in minutes and disseminated according to the methods and frequency of reporting set down in Point 5.3.

Mario Frigerio S.p.A. considers the results of these audits to be fundamental for the improvement of its Compliance Model. Therefore, also in order to guarantee the actual implementation of the Model, the results of the audits concerning the adequacy and

actual implementation of the Model are discussed during the Supervisory Committee meetings and may lead to the implementation of the Disciplinary System described in Point 8 of this Model.

**SPECIAL SECTION A**  
**CRIMES COMMITTED IN RELATIONS**  
**WITH THE PUBLIC ADMINISTRATION**

## 1. CRIMES COMMITTED AGAINST THE PUBLIC

### ADMINISTRATION

#### 1.1 TYPES OF CRIMES<sup>15</sup>

Crimes against the Public Administration, which if committed may imply the administrative liability of the Company, include the following (cf. Articles 24 and 25 of the Decree):

- Article 317, ICC                      Extortion;
- Article 318, ICC                      Bribery to obtain an act from a public official<sup>16</sup>;
- Article 319, ICC                      Bribery to a public servant for improper performance of their duties (aggravated pursuant to Article 319 bis ICC);
- Article 319-ter (1), ICC              Judicial bribery;
- Article 319-quater, ICC              Unlawful inducement to give or promise benefits (so-called inducement);
- Article 320, ICC                      Bribery of a public servant;
- Article 321, ICC                      Penalties for the person offering the bribe;
- Article 322, ICC                      Incitement to bribe;
- Article 322-bis, ICC                  Embezzlement, extortion, corruption and incitement to bribe European Union Officials and Foreign Officials;
- Article 640 (2)(1), ICC              Fraud to the detriment of the Central Government or another public body or the European Union;
- Article 640-bis, ICC                  Aggravated fraud to obtain public funds;
- Article 640-bis, ICC                  Cybercrimes;
- Article 316-bis, ICC                  Embezzlement against the Italian State or other public body;

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<sup>15</sup> As amended by Italian Law no. 69/2015.

<sup>16</sup> The foregoing Italian Law no. 36/2015 extended this crime to all public servants.

- Article 316-ter, ICC                      Misappropriation of contributions, loans or other disbursement by the Italian State or other public body or by the European Union (Article 316-ter, Criminal Code)
- Article 377-bis, ICC                      Incitement to not testify or to bear false testimony before the courts.

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## 1.2      SENSITIVE PROCESSES

The areas of activity at risk which appear to be most critical for the crimes listed above, particularly with reference to the activities carried out by the Company are:

- management of institutional relations with persons from the Public Administration;
- management of relations with public officials for regulatory performance and for compliance inspections and audits (here the risk is related to administrative management, staff management, management of relations with public officials - including the public health authority, fire department, etc.);
- management of relations with public bodies/officials for the issue of administrative authorisations (here the risk is related to the submission of applications for building permits, municipal authorisations, waivers, approval of building designs, commencement notices);
- management of relations with the authorities;
- notification of company data and information;
- purchases from suppliers close to the Public Administration.

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## 1.3      PRINCIPLES OF CONDUCT IN THE SENSITIVE PROCESSES

Generally speaking, Recipients are forbidden from behaving or collaborating in or inciting conduct that, individually or collectively constitutes or potentially constitutes the crimes listed in Articles 24 and 25 of the Decree. It is also forbidden to act in any

way that could produce situations of conflict of interest with representatives of the Public Administration.

### **1.3.1 GENERAL PRINCIPLES OF CONDUCT**

In particular, in keeping with the ethical principles underlying the Company and in consideration of the relations the Company maintains with the Public Administration in carrying out its activities, it is strictly forbidden to:

- promise or pay money to representatives of the Public Administration for purposes that are not institutional or required by law;
- promise or grant favours of any kind (e.g. promise of employment) to representatives of the Italian or foreign Public Administration, in order to influence the independence of judgement or induce the assurance of any advantages whatsoever for the Company;
- provide services or payments to associated persons, suppliers, consultants, partners or other third parties working on behalf of the Company, which are not suitably justified in the context of the contractual relationship established with them, the type of appointment carried out and local practice;
- in the procurement processes, favour associated persons, suppliers, consultants or other third parties because they are indicated by representatives of the Public Administration as a condition for executing subsequent activities;
- distribute gifts beyond normal company practice (i.e. all forms of gifts that exceed standard business practices or courtesy, or that in any case are intended to gain favourable treatment in the implementation of any company activities). In particular, it is strictly forbidden to give any kind of gifts to public officials or their family members, which may influence their independence of judgement or induce the assurance of any advantage whatsoever for the Company. Permitted gifts must always be distinguished by their moderate value or must aim to promote charity or cultural initiatives, or the Company image. Any gifts - with the exception of those of a moderate value - must be appropriately documented to allow the necessary controls by the Supervisory Committee;

- provide or promise confidential information and/or documents;
- fraudulently act in a manner that may lead the Public Administration in error in their technical and economic assessment of the submitted documentation;
- submit documents and data that are false or have been tampered with;
- omit required information in order to turn decisions of the Public Administration in the favour of the Company;
- use contributions, funds, public financing for purposes other than those for which they were intended.

The Recipients of these ethical principles and those laid down in the Company's Code of Ethics are obliged to comply with the following provisions:

- in the event of attempted extortion by a public official, the person concerned must: (i) not comply with the request; (ii) promptly notify the Board of Directors and send formal notice to the Supervisory Committee.
- In the event of a potential or real conflict of interest arising as part of the relations maintained with the Public Administration, the person concerned must promptly notify the Board of Directors and send formal notice to the Supervisory Committee.
- In the event of doubts over the correct implementation of the ethical principles laid down in the Model and those expressed in the Company's Code of Ethics during the course of their operational activities, the persons concerned must promptly inform the Board of Directors and send formal notice to the Supervisory Committee.

Furthermore, contracts with third-party contractors (i.e. associated persons, consultants, partners, suppliers etc.) operating with the Public Administration on behalf of or in the interests of the Company must:

- be drawn up in writing, establishing all terms and conditions;

- contain standard clauses, also agreed by external legal consultants for compliance with the provisions of the Decree;
- contain a specific statement which the foregoing parties confirm that they are aware of the regulations laid down in the Decree and undertake to act in compliance with such regulations;
- contain a specific clause governing the consequences of breaching the regulations laid down in the Decree (e.g. express termination clause, penalties).

### **1.3.2 SPECIFIC PRINCIPLES OF CONDUCT**

The rules and prohibitions described in the previous paragraph actually translate into principles of conduct requiring compliance as part of the Company operations.

In managing their relations with the Public Administration, all Recipients of the Model are obliged to comply with the following procedures of conduct:

- relations with the Public Administration must be modelled on the utmost transparency, collaboration, accessibility and in full compliance with the corporate role and statutory requirements also referred to in the Company's Code of Ethics.
- Relations with the Public Administration must be managed exclusively by duly authorised parties on the basis of the system of proxies and/or powers.
- In the event of situations arising that cannot be resolved within the ordinary management of relations with the Public Administration, the Recipient must immediately report that situation to their direct superior (if they have one) or to the Board of Directors.
- The Recipient shall not act on any situation of potential conflict of interests or attempts of extortion or misconduct by a public official of the Public Administration; in this situation, the Recipient must immediately report that situation to their direct superior (if they have one) or to the Board of Directors.
- There must always be another person present when dealing with representatives of the Public Administration. If there is no other person present then the risk of the commission of bribery is increased.
- When public officials or public servants are carrying out audits, these must take place in the presence of at least two persons; after public officers have

completed their inspection, the persons who participated and/or attended must draft a document indicating (i) the names of the persons involved in the inspection, and (ii) the object of the inspection and any decisions made as a follow-up (the name of the person who made these decisions must also be included to make sure they were duly authorised for this by means of proxy or *ad hoc* appointment). To this end, the Company has adopted a procedure entitled "Procedure for managing relations with the public administration". Therefore, in addition to the provisions in this Model, Recipients are also obliged to scrupulously comply with the specifications set forth in that procedure.

- The information that comes to the attention of the Recipient when executing their activities, whatever position they hold, shall always be intended as "private and confidential". This information must therefore not be disclosed to third parties (including persons linked directly or indirectly to the Public Administration) for the purposes of obtaining any potential form of benefit.
- The employment of staff or associated persons must be based on the assessment of professional skills and their overall remuneration shall be in line with what is paid to others with the same function and responsibilities, without favouring anyone who, directly or indirectly, could carry out activities or hold roles linked to the Public Administration.
- In the processes to validate expenditure for the granting of contracts, the choice must be based on quotations received from several suppliers, comparable in terms of products/services offered, and on the evaluation of the best price-quality ratio. The rules for choosing suppliers must comply with the company procedures as well as the provisions of the Code of Ethics, in order to avoid the risk of selecting suppliers on the basis of conditioning or in the hope of obtaining advantages through the selection of suppliers who are "close" to persons connected to the Public Administration, with the risk of committing extortion or bribery offences.

- In order to avoid theoretical bribery in processes concerning negotiations to purchase real estate owned by the Public Administration, if there is any reason to doubt the fairness of the asking price for the real estate (e.g. a red flag could be raised about a sensitive crime being committed if the asking price is much lower than the real market value), we recommend first of all consulting a third-party expert to be fully informed of the transaction's legitimacy from this point of view.
- The decision to sign a contract with the Public Administration must be made by resolution of the Board of Directors of the Company and the relative contract must be signed by the Chairman of the Company or the duly authorised party. All relative documentation must then be kept in the Company records.
- As representatives of the Company, the Recipients must not attempt to influence the judgement of any Public Administration employees or representatives, or any person connected thereto, promising or bestowing money, gifts or loans, or by way of any other illegal incentives.

As stated above, the Company has adopted the procedure entitled “Procedure for managing relations with the public administration” for the conduct to put into practice during inspections and audits by the Public Administration, as well as when receiving documents and/or telephone calls from Public Authorities.

The Company has also implemented some *ad hoc* procedures (specifically, the procedures entitled “I15” and “I16”) for identifying and assessing which suppliers to select, and the Company considers these an integral part of the Compliance Model in terms of complying with the principles of conduct listed in this Special Section.

To that end, all Recipients are therefore obliged to comply with:

- the aforementioned principles of conduct;
- the procedures adopted by the Company; and
- the Code of Ethics.

Moreover, in the execution of their activities, all Recipients are also obliged to comply with the instructions given in the following Protocols.

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In addition to the above, all Recipients of this Model, and all other parties bound to comply with its (general and/or specific) principles laid down herein must comply with the following rules of conduct in their management and fulfilment of the requirements of the Public Administration:

- fulfilment of requirements laid down by the Public Administration and production of the relative documentation must be done in compliance with the statutory provisions and the standards of conduct laid down in the Code of Ethics and this Special Section.
- The requirements laid down by the Public Administration must be fulfilled with the utmost diligence and professionalism in order to provide clear, accurate, complete and truthful information, avoiding and in any case reporting situations of conflict of interest in the most suitable manner. Documents must be produced promptly, using clear, comprehensive language.
- All documentation must be checked and signed by the relevant person in charge, who is also directly responsible for filing and storing all documentation (in paper and/or electronic form) produced as part of their activities, including whatever is sent to the Public Administration electronically.

This documentation includes, but is not limited to:

- all documentation produced as part of processes to obtain co-funding and/or financing from central government and/or regional authorities;
- licences, permits and the like connected to the Company's business activity as well as the agreements with counterparties to contracts who are public officials and/or public servants;
- deeds, minutes, financial statements, forms, statements concerning the management of legal, tax and corporate affairs, or the management of administrative and social security matters concerning staff;
- reports concerning inspections, audits, etc.;
- deeds concerning civil, criminal, administrative, tax disputes, etc.
- Where requirements must be fulfilled using electronic/telematic systems run by the Public Administration, the Company forbids the alteration of such systems or the data contained therein in any manner whatsoever, causing damage to the Public Administration; whoever is required to carry out these activities is obliged

to write a report describing the data sent and the reason for sending it. The aforementioned report must then be filed as a hard copy and/or in electronic format to allow the control of the foregoing transmission of data transmission to the Public Administration.

Anyone connected with the Company (directors, employees, associated persons, etc.) who maintains relations with the Public Administration is obliged to comply with all the principles and regulations laid down in the Model and/or other official documents of the Company (including the Code of Ethics). They are also required to sign off on a description of sensitive activities performed if asked to do so by the Board of Directors of Mario Frigerio.

#### 1.4 Flow of information to the Supervisory Committee

In addition to the provisions of this Special Section, anyone who comes into contact with the Public Administration during inspections, audits or checks is obliged to promptly notify the SC of any inconsistencies or extraordinary matters arising in relations with the Public Administration governed by this Special Section.

**- PROTOCOL -**

## **GIFTS**

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### **1. SCOPE AND SPECIFIC PRINCIPLES OF CONDUCT**

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Recipients whose role, function or appointment mean they are involved in gifting must guarantee that:

- the value, nature and purpose of the gift is ethically fair, or does not compromise the Company's image;
- the value and nature of the gift is such that it cannot be interpreted as a means for obtaining favourable treatment for Mario Frigerio;
- they are duly authorised and adequately documented.

In any case, it is prohibited to:

- promise or give complimentary gifts for any reason other than corporate purposes and as a service;
- promise or give complimentary gifts, directly or indirectly, which are not inexpensive, namely they go beyond common courtesy gifts - and in any case, are intended to obtain unlawful favourable treatment in conducting any company activity;
- promise or give advantages of any kind to influence independent judgement and to obtain any advantage for the company.

### **2. FIELD OF APPLICATION**

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This Protocol addresses all Recipients who are involved in the disbursement of gifts as part of their job.

### **3. PROTOCOL OFFICER**

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The Protocol Officer for gifts as governed in this protocol is the CEO, unless they decide to confer this job on another function manager.

### **4. PRINCIPLES OF CONTROL**

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Recipients involved in bestowing gifts must guarantee the following controls, each in their area of competence:

- Together with the CEO, the “Finance & Control Department” Manager defines specific value thresholds for gifts intended for persons in the Public Administration;
- The “Finance & Control Department” Manager submits a formal request for prior approval to the Board of Directors or to the appropriately empowered persons under the system of proxies and powers of attorney in place.

In any case, it is forbidden to hand out gifts and perform acts of courtesy and hospitality to public officials and public servants unless they are of moderate value and such as not to compromise the impartiality of those persons, or such as to improperly obtain advantages for the Company.

**- PROTOCOL -**

**RELATIONS WITH THE PUBLIC ADMINISTRATION FOR  
COMPLIANCE, REQUESTS, DISCLOSURE OF INFORMATION AND  
COMPANY DATA**

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**1. SCOPE AND SPECIFIC PRINCIPLES OF CONDUCT**

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This protocol identifies and governs the methods the Company must use to manage relations with the Public Administration in the following cases:

- envisaged statutory compliance;
- requests for certifications/authorisations.

Recipients whose role, function or appointment means they are involved in preparing and sending the foregoing documentation above must comply with the provisions in the “General Principles” laid down above, and in particular:

- fully and immediately collaborate with the Authorities, promptly providing the comprehensive documentation and information requested;
- assure traceability and preparation of deeds and corresponding levels of authorisation, in order to guarantee transparency in the decisions made;
- prepare each document relative to requests and/or notifications accurately and in compliance with applicable laws.

**2. FIELD OF APPLICATION**

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This Protocol addresses all Recipients, as identified in point 2.2 of the General Section of this Model, who are involved in managing relations with the Public Administration.

### 3. PROTOCOL OFFICER

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The Protocol Officer for this Protocol is Riccardo Manzoni.

### 4. CONTROL SYSTEMS

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Recipients involved in managing relations with the Public Administration must guarantee the following controls, each in their area of competence:

- only persons with appropriate powers shall maintain relations with public officials or public servants;
- persons involved in preparing and transmitting the disclosures and documentation required must comply with the principles of timeliness, clarity and accuracy, in addition to notifying the Protocol Officer of the matter. Those same persons prepare and send all documentation in compliance with performance requirements and using established channels;
- persons involved in preparing and transmitting disclosures and documentation shall keep all the documentation produced as part of their activity, including anything sent electronically;
- once the required disclosure and/or documentation has been sent, the Protocol Officer is at the service of the Public Administration to provide any clarifications, explanations and additional back-up documents to support and/or complete the activity.

In any case, in order to maintain a correct information flow between the company and the Public Administration, each document representing a fact that occurred and/or an assessment made, i.e. every part of the document liable to separate consideration, must be signed by whoever prepared it.

Under exceptional circumstances, if a material error is found in drafting the document and requires correction, the Protocol Officer shall cancel the notification and record the change, date and author of the notification.

When information between the company and the Public Administration is sent electronically, Recipients shall guarantee that:

- access to the company's IT network intended for entering, modifying, communicating data, namely any operation on software intended to process data shall take place using a double asymmetric code, composed of a public part (user ID) and a private part (password), so the Recipient accessing the network is restricted to the part of the protocol under their responsibility;
- computer documents are sent to the e-mail address of the public recipient authorised to receive electronic mail.

**SPECIAL SECTION B**  
**CORPORATE CRIMES**

## 1. CORPORATE CRIMES

### 1.1 TYPES OF CRIMES<sup>17</sup>

The corporate crimes laid down by the Decree in Article 25-ter are as follows:

- Article 2621, ICC False corporate disclosures;
- Article 2621-bis, ICC Minor offences;
- Article 2622, ICC False corporate disclosures of listed companies;
- Article 2625, ICC Obstruction of monitoring activities<sup>18</sup>;
- Article 2626, ICC Unlawful restitution of capital contributions;
- Article 2627, ICC Illegal allocation of profits and reserves;
- Article 2628, ICC Unlawful transactions involving shares or quotas of the company or of the parent company;
- Article 2629, ICC Transactions to the detriment of creditors;
- Article 2629-bis, ICC Failure to disclose conflicts of interest;
- Article 2632, ICC Fictitious formation of capital;
- Article 2633, ICC Unlawful allocation of company assets by liquidators;
- Article 2635, ICC Bribery in the private sector;
- Article 2636, ICC Undue influence on the general meeting of shareholders;
- Article 2637, ICC Manipulation of stock market transactions;
- Article 2638, ICC Obstruction of the activities of public regulatory authorities.

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#### 1.1. bis – Bribery in the private sector

Without prejudice to the list given in the previous paragraph of corporate crimes identified in Article 25-ter of the Decree, the Company deems it appropriate to separately address - also in terms of principles of conduct - the crime of bribery in the private sector (and the crime of bribery in general). This crime was introduced into the category of predicate crimes pursuant to the Decree after the enactment of Law no. 190

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<sup>17</sup> As amended by Italian Law no. 69/2015.

<sup>18</sup> Article 37(35), of Italian Legislative Decree no. 39 of 27 January 2010 amended Article 2625(1) of the Italian Civil Code, excluding auditing from the category of activities for which the law sanctions obstruction by the directors.

of 6 November 2012. The object of this “Anti-Corruption Law” is “Provisions for the prevention and punishment of corruption and crime in the Public Administration” (published in the Italian Official Journal no. 265 on 13 November 2012).

The foregoing law, therefore, extended the area of application of the Decree also to that crime governed by Article 2635 of the Italian Civil Code (text follows below) and referenced in the Decree under Article 25-ter(1)(s-bis).

- ***Article 2635 of the Italian Civil Code - Bribery in the private sector***

*“Unless the conduct constitutes a more serious offence, the directors, managing directors and executives responsible for the preparation of company accounting documents, statutory auditors and liquidators who, as a consequence of the giving or the promise of money or other undue advantage, for their own benefit or the benefit of others, act or fail to act in breach of their official duties, or of the duty of loyalty, causing harm to the company, shall be punished by imprisonment for one to three years.*

*If the offence was committed by any person under the direction or supervision of any of the persons listed in the first paragraph, they can be imprisoned for up to eighteen months.*

*Anyone who gives or promises to give money or other undue advantage to any of the persons listed in the first and second paragraphs shall be punished as provided therein.*

*Doubled penalties shall apply if the company has securities listed in an Italian or other EU member state-regulated market, or that are widely distributed to the public, pursuant to Article 116 of the Financial Brokering Law as laid down in Italian Legislative Decree no. 58 of 24 February 1998, as amended.*

*Offenders are prosecuted if the aggrieved party files a complaint unless the conduct or failure to act produces a distortion of competition in the purchase of goods or services”.*

\*

With regard to the crime in question, the examination of the precautions taken by the Company has led to the qualification of the risk of committing this crime as “medium-low”.

Therefore, the Company decided to identify and list below the principles of conduct to prevent the crime in question, in relation to the other so-called “corporate crimes” listed above for which the provisions described in the following paragraphs 1.2 - 1.3 apply.

In this context, the Company recommends that the Recipients comply with the following rules:

- avoid any conduct that could be construed as the crime of bribery in the private sector;
- comply with the internal practices and procedures concerning negotiations with customers and/or suppliers (more specifically, comply with the provisions of the procedure entitled “P16”);
- comply with the provisions of contracts signed with customers and suppliers;
- in particular, as part of the sales of the products supplied by the Company, do not deviate from the Company list prices, or any discount rate applicable to customers on the basis of the guidelines issued by the Company;
- any exceptions to the above provisions must be justified in writing and formally authorised by the line manager. All documentation concerning such exceptions shall be kept.
- suppliers must be selected in compliance with the company procedures (“P15” and “P16”).

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## 1.2 SENSITIVE PROCESSES

The crimes listed in the previous paragraph protect, among others, (i) the truthfulness, transparency and fairness of company information; (ii) the effectiveness and integrity of the company capital and assets and (iii) the orderly and fair operation of the Company.

Therefore, the following are considered to be sensitive processes:

- the drafting of the financial statements and corporate disclosures;
- the drafting, completion and collection of documentation and data required for drafting the financial statements and corporate disclosures;
- the disclosure of company data;
- extraordinary capital operations (e.g. reduction of capital, mergers, etc.).

The persons at risk are the Directors and the Managers in charge of the various Company Divisions and Departments.

## 1.3. PRINCIPLES OF CONDUCT IN THE SENSITIVE PROCESSES

### 1.3.1 GENERAL PRINCIPLES OF CONDUCT

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Recipients whose role, function or appointment means they are involved in handling general accounts or drafting the financial statements must:

- comply with the rules and principles laid down in the following documents:
  - Code of Ethics;
  - any other documentation concerning the internal control system;
- in the execution of their activities for drafting the financial statements, interim accounts and other corporate disclosures, maintain a fair, transparent conduct in full compliance with statutory requirements, in order to provide the shareholders and the general public with truthful and complete information concerning the Company's economic, financial and assets position and the evolution of its activities;
- ensure that the Company and the company bodies operate smoothly, guaranteeing and facilitating all forms of internal control on the statutory company management and the free and fair will of the general meeting, and maintain the traceability of all required documentation delivered to the auditing bodies as well as documentation used as part of the company meetings;
- promptly, fairly and completely make all statutory disclosures to the Public Regulatory Authorities, without hindering their operations in any way;
- avoid compromising the integrity, reputation and image of Mario Frigerio in any way.

It is also explicitly forbidden to:

- produce or disclose false, incomplete data or that could be an incorrect description of the actual economic, financial and asset position of Mario Frigerio;

- act in a manner that materially prevents, or in any case hinders the execution of management control and auditing activities by the Board of Statutory Auditors, through the concealment of documents or the use of other fraudulent means;
- omit data and information required by law concerning the Company's economic, financial and asset position;
- adopt simulated or fraudulent actions at meetings with the purpose of altering the opinion-forming process of the meeting;
- return contributions to shareholders or waive their obligation to make contributions, beyond the cases of capital reduction permitted by law;
- divide profits or interim payments on profits that have not been effectively generated or that are intended by law to reserves, or distribute reserves that cannot be distributed;
- reduce the share capital, implement mergers or splits, in breach of the statutory provisions protecting creditors, causing damage to them;
- proceed with the fictitious formation or increase of share capital, allocating shares at a value lower than their face value when increasing the share capital;
- divert company assets, during the liquidation of the Company, from their intended destination to creditors, distributing them among the shareholders before paying creditors or setting aside the amounts needed to satisfy them;
- take any action that is not in line with or does not comply with the formal procedures and rules, thus causing a substantial deviation from the management and control provisions of the Compliance Model (formalised herein) and what is actually carried out in practice and in the operational activities;
- act in a manner that impedes inspections and controls by the Supervisory Committee.

### 1.3.2 SPECIFIC PRINCIPLES OF CONDUCT

Recipients involved in drafting company disclosures must guarantee the following controls, each in their area of competence:

- carry out interim checks of balances of general accounts to ensure that they balance with the respective ledgers and separate accounts;
- identify which resources are involved in providing the necessary data and information for the drafting of the financial statements, and the relative timeframe;
- check that the data and information provided by the aforementioned resources is complete and correct, and initial the analysed documentation;
- carry out and formalise the analysis of any differences compared to the data of the prior period, reporting any justifications underlying major differences.

The “Finance & Control Department” Manager checks and validates the draft annual financial statements and the interim reports and submits them to the CEO, who in turn presents them to the Chairman and to the Board of Directors for approval.

When it is necessary or appropriate to use the services of external consultants or professionals who carry out activities involving the production of company disclosures on behalf of the Company, due to the specific professional know-how demanded by the nature of the activities or appointment, the Recipients are required to comply with the following provisions:

- “Finance & Control” identifies the external consultant or professional, according to their professional skills and competencies and, if required, requests a quotation for their services;
- “Finance & Control” drafts the contract, which includes specific information about the Compliance Model, as well as the consequences of conduct that is not compliant with the provisions laid down therein;
- The “Finance & Control” Manager presents the contract to the CEO, who

signs it in acceptance;

- “Finance & Control” checks the services delivered by the professional, authorises payment in line with the contractual agreements, takes all steps required in the event of problems during the contract, promptly notifying the CEO;
- “Finance & Control” keeps all the documentation produced in executing the contract.

#### **1.4 FLOW OF INFORMATION TO THE SUPERVISORY COMMITTEE**

The persons involved in the process are bound to promptly notify the Supervisory Committee of any exceptional conduct or unusual event, indicating the reasons for any deviations and acknowledging the authorisation procedure followed.

Moreover, at least every six months the persons involved for whatever reason must give the Supervisory Committee any other information that may be specifically requested, including:

- reports by the Board of Statutory Auditors following the audits carried out periodically;
- significant changes to the company structure and any cases of exclusion of the right to vote for certain categories of shareholders.

Recipients will guarantee the traceability of the process, filing all documentation in an orderly archive and making it available to the Supervisory Committee as necessary, each in their area of competence.

**- PROTOCOL -**

**MANAGING RELATIONS WITH THE BOARD OF STATUTORY AUDITORS AND/OR WITH THE INDEPENDENT AUDITOR**

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**1. PURPOSE**

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This protocol identifies and governs the methods the Company must use to manage relations with the Board of Statutory Auditors and/or with the Independent Auditor.

These operational methods must be implemented in compliance with the Principles of Conduct pursuant to this Special Section.

**2. FIELD OF APPLICATION**

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This Protocol addresses all Recipients who are involved in managing relations with the Board of Statutory Auditors and/or with the Independent Auditor.

**3. PROTOCOL OFFICER**

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The Finance & Control Manager is the officer responsible for managing relations with the corporate auditing bodies, governed by this Protocol.

**4. CONTROL SYSTEMS**

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Recipients involved in managing relations with the Board of Statutory Auditors and/or with the Independent Auditor must guarantee the following controls, each in their area of competence:

- cooperate as much possible with the Board of Statutory Auditors and/or with the Independent Auditor as they perform their audits and inspections;
- base relations with the Board of Statutory Auditors and the Independent Auditor on utmost cooperation and transparency, fully respecting their roles;
- follow up the formal requests made by Board of Statutory Auditors and/or the Independent Auditor and provide them with the information and any documentation requested;
- assure the traceability of delivery of the documentation requested (if it is sent by electronic mail, use "email sent" report and if it is hand delivered use the hard copy form). Collect and file documentary proof of delivery of the documentation signed by the persons in charge of those checks.

The Protocol Officer must promptly notify the CEO if there are any problems or extraordinary events in managing relations with the Board of Statutory Auditors and/or with the Independent Auditor.

**SPECIAL SECTION C**  
**WORKPLACE HEALTH AND SAFETY**  
**OFFENCES**

## 1. WORKPLACE HEALTH AND SAFETY OFFENCES

### 1.1. TYPES OF CRIMES

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This Special Section focuses on the principles of conduct and control concerning workplace health and safety offences, as identified in Article 25-septies of the Legislative Decree.

The following crimes are considered by the Legislative Decree:

- Manslaughter (Article 589, ICC);
- Serious or grievous bodily harm (Article 590(3), ICC).

Bodily harm is considered serious if the offence causes: a) illness that places the worker's life in danger, or illness or incapacity that makes it impossible for them to do routine jobs for more than 40 days; b) permanent damage to one of the senses or to an organ (Article 583 (1), ICC).

Bodily harm is considered grievous if the offence causes: a) definite or probable incurable illness; b) loss of any sense; c) loss of a limb, or mutilation that renders the limb unusable, or loss of the use of an organ or the ability to procreate, or permanent and grave speech impediments; 4) disfigurement, or permanent scarring of the face (Article 583 (2), ICC).

These are criminally liable offences only if they are committed as a breach of workplace health and safety regulations.

The sanction system applicable to the Company for workplace health and safety offences involve both fines and bans.

Please note that, in contrast to the general predicate crimes laid down in the Decree, which are of a malicious nature, the crimes considered in this Special Section are culpable (i.e. the consequence of negligence, imprudence or incompetence).

The goal of the provisions contained in this Special Section of the Compliance Model is to ensure that Recipients adopt conduct that complies with the procedures laid down in the prevention and protection system pursuant to Italian Legislative Decree 81/2008, as well as the requirements and supervisory obligations imposed by the Compliance Model. The problem of reconciling the fundamental criterion of attributing corporate liability as defined in Article 5 of the Decree (*“the organisation is liable for crimes committed in its interest or to its advantage”*) with the subjective element that distinguishes the offences listed above (where the event is usually unintentional, although it could have been foreseen).

An injurious event suffered by a worker can rarely be translated into an interest or advantage for the company unless the breach of safety regulations is interpreted in terms of the lower costs incurred through the breach.

The version of the Confindustria Guidelines issued on 31 March 2008 – deemed by the Ministry of Justice to be *“on the whole suitable and appropriate for achieving the objective set out in Article 6(3) of Italian Legislative Decree no. 231/2001”* – fully implements the system of measures imposed by the safety laws (Italian law no. 123/2007 and Italian Legislative Decree 81/2008).

The primary legislation (Italian law no. 123/2007 and Italian Legislative Decree 81/2008), the internal documentation drawn up by Mario Frigerio concerning the scheduled controls carried out, as well as the single procedures adopted to manage the identified sensitive processes constitute the natural underlying assumption for describing the “Principles of Conduct” that Recipients must comply with. They also form the basis for drafting the protocol entitled “Checking compliance with Workplace Health and Safety requirements”.

For the purposes of drafting this Special Section C, Mario Frigerio also considered the risk factors listed in the Risk Assessment Document, prepared pursuant to applicable health and safety legislation.

Before listing the principles of conduct concerning Workplace Health and Safety and the procedures underlying the protocol established for the prevention of the offences under this Special Section, it is appropriate to reference the main players referred to in the sector legislation (Italian Legislative Decree 81/2008, as amended).

## 1.2 Roles and Responsibilities

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With regard to the organisational structure for prevention purposes in the field of Workplace Health and Safety, the Risk Assessment Document pursuant to Articles 17 and 28 of Italian Legislative Decree 81/2008 adopted by the Company identifies the persons that current legislation indicate as recipients of specific responsibilities and competencies in the field of safety.

In particular, in Mario Frigerio, these are:

### 1.2.1. EMPLOYER

The Employer is at the top of the company organisation. Pursuant to Article 2 of Italian Legislative Decree 81/2008, the Employer is the main guarantor of safety inside the company; more specifically they are *“the person in charge of the employment relationship with the worker, or, in any case, since they hold decision-making and expenditure powers they are the person responsible for the company or for the production unit, depending on the type and organisation of the company”*.

The Employer has the following main obligations:

- *exclusively, inasmuch as the following obligations cannot be delegated:*

- name the Health and Safety Officer (RSPP) and the Company Medical Officer (Articles 17 and 18 (I)(a), Italian Legislative Decree 81/2008);
- produce and update the “Risk Assessment Document” with the Health and Safety Officer and in collaboration with the Company Medical Officer, and in consultation with the Workers' Safety Representation and determine the prevention and protection measures, pursuant to Articles 17, 28 and 29 of Italian Legislative Decree 81/2008;

- and, *also by delegating:*

- appoint the Company Medical Officer to monitor health, and name the First Aid Officers (APS) and Fire & Emergency Officers (API), making sure they correctly fulfil their obligations and duties;
- order whatever measures are required to guarantee strategic guidelines for unitary and coordinated health and safety management (Article 18 (I) and (II), Italian Legislative Decree 81/2008);
- consult the safety representative where required under Article 50 (I)(b)(c) and (d), Italian Legislative Decree 81/2008;
- comply with the obligations to inform, instruct and train pursuant to Articles 36 and 37 of Italian Legislative Decree 81/2008;

In particular, the Employer's responsibilities include:

- as part of their activities, guarantee compliance with applicable legislation covering work carried out in temporary or mobile worksites, as well as safety signage laws;
- consider the skills and conditions of Workers in relation to their health and safety when assigning duties to them;
- provide workers with appropriate personal protective equipment, after consulting with the Health and Safety Officer and the Medical Officer;
- take appropriate measures to ensure that only workers who have been adequately instructed and specifically trained enter zones that expose them to serious, specific risk;
- require compliance by individual workers with the standards and regulations in force, as well as with the company provisions for workplace health and safety, and the use of collective means of protection and personal protective equipment provided to them;
- promptly follow-up reports made by the Supervisors and by the Workers concerning any shortcomings in vehicles, work equipment and protective equipment, or any hazards in the workplace;
- adopt measures to control risk situations in an emergency and give instructions

to ensure that Workers leave their workplace or the hazardous area in the case of severe, imminent and unavoidable danger;

- promptly inform Workers exposed to the risk of a severe, immediate danger about the actual risk and the provisions made or to make with regard to protection;
- comply with the obligations to notify, involve, instruct and train pursuant to applicable legislation, also by implementing notification and information plans proposed by the Health & Safety Department (SPP - if it exists);
- without prejudice to duly substantiated situations driven by the need to protect health and safety, abstain from requesting Workers to return to work if there is ongoing serious and imminent danger;
- allow Workers to verify, through their Safety Representative (RLS), that appropriate measures to protect their health and safety have been implemented;
- if requested, provide the Workers' Safety Representative with a copy of the Risk Assessment Document, including the one concerning works under tender, labour or supply contracts;
- take appropriate steps to ensure that the technical measures adopted do not expose the population to health risks or damage to the external environment, periodically checking the ongoing absence of such risk;
- forward the names of the Workers' Safety Representative to the Italian institute for industrial accident insurance (INAIL) and, in relation to their respective competencies, also send: a) the data relative to personal accidents/injuries in the workplace requiring an absence from work of at least one day (excluding the day of the accident itself), for statistical and informative purposes; and b) all information relative to personal accidents/injuries in the workplace requiring an absence from work of more than three days, for insurance purposes. The same data must also be forwarded to the Supervisory Committee;
- consult the Workers' Safety Representative in all cases required by applicable legislation;
- take whatever measures are required to prevent fires and evacuate workers, as

well as for severe, immediate danger. These measures must comply with applicable legislation and be appropriate for the nature of the activity, the size of the company or production facility, and the number of people present;

- as part of any activities executed under contract, provide Workers with specific photo-ID badge, containing their personal details and the name of the Employer;
- call periodic meetings pursuant to Article 35 of Italian Legislative Decree 81/2008;
- update the prevention measures in line with organisational and production changes that affect workplace health and safety, or in line with the development stage of the prevention and protection procedure;
- monitor workers for whom health checks are obligatory to make sure they have not been declared fit for a specific job without the required fitness assessment.

The Employer also provides the Health & Safety Officer and the Company Medical Offices necessary information with regard to

- the nature of the risks;
- the organisation of work, and the planning and implementation of preventive and protective measures;
- the description of the plants and production processes;
- the provisions adopted by the Supervisory Committee.

### **1.2.2 PRINCIPAL - EMPLOYER FOR WORKS ASSIGNED BY WAY OF A TENDER CONTRACT, PURSUANT TO ARTICLE 26 OF ITALIAN LEGISLATIVE DECREE NO. 81/2008**

The Employer is the person defined above who outsources work to subcontractors or self-employed workers in their own company or in a single production unit of the company, or as part of the Company's whole production cycle.

This person has the following obligations under Article 26(VII) of Italian Legislative Decree no. 81/2008:

- generally speaking, assess the capacity, resources and compliance models that the subcontractors possess and provide;

- specifically: verify the technical and professional requisites of the subcontractor and/or of the self-employed worker;
- give them detailed information concerning the specific risks existing in the intended workplace and the prevention and emergency measures adopted for their activities;
- ensure cooperation between the employers, the subcontractors and the principal;
- ensure coordination of prevention and encourage cooperation;
- prepare single risk assessment document that lists the measures adopted to eliminate interference between activities conducted simultaneously in the workplace pursuant to Article 26(III), Italian Legislative Decree no. 81/2008. This document - called DUVRI - is annexed to the tender or labour contract.

### **1.2.3 TOP-LEVEL MANAGEMENT**

This term refers to the persons whose professional competencies or hierarchical and functional powers are adequate for implementing the Employer's instructions, and who therefore organise and supervise the work activity.

Under Article 18(1) of Italian Legislative Decree no. 81/2008, Top-level Managers have the following obligations:

- assign duties to workers, considering their ability and the conditions of their health and safety;
- supply workers with appropriate personal protective equipment, after consulting with the Health & Safety Officer and the Medical Officer, where present;
- take appropriate measures to ensure that only workers who have been adequately instructed and specifically trained enter zones that expose them to serious, specific risk;
- require compliance by individual workers with the standards and regulations in force, as well as with the company provisions for workplace health and safety, and the use of collective means of protection and personal protective equipment made available to them;

- adopt measures to control risk situations in an emergency and give instructions to ensure that Workers leave their workplace or the hazardous area in the case of severe, imminent and unavoidable danger;
- promptly inform Workers exposed to the risk of a severe, immediate danger about the actual risk and the provisions made or to make with regard to protection;
- comply with the obligations to inform, instruct and train pursuant to Articles 36 and 37 of Italian Legislative Decree 81/2008;
- without prejudice to duly substantiated situations driven by the need to protect health and safety, abstain from requesting Workers to return to work if there is ongoing serious and imminent danger;
- monitor Workers for whom health checks are obligatory to make sure they have not been declared fit for a specific job without the required fitness assessment.

#### **1.2.4 HEALTH AND SAFETY OFFICER (RSPP)**

This refers to the person appointed by the Employer after consulting the Safety Representative to implement the procedures laid down in Article 33 of Italian Legislative Decree no. 81/2008, who possesses at least the requirements laid down in Article 32 of Italian Legislative Decree 81/2008.

The Health and Safety Officer provide the Employer with “specialist” technical support in the following activities:

- verification of the conformity of machinery, plants and equipment used by workers with applicable workplace health and safety legislation;
- for their area of responsibility, prepare preventive and protective measures implemented and referenced in the Risk Assessment Document, and the systems to control those measures;
- inform, instruct and train workers, particularly with regard to the concepts of risk, damage, prevention, protection, organisation of company prevention, rights and duties of persons operating in the Company's organisational structure;
- inform and instruct workers on the correct use of Personal Protective

Equipment (PPE), Protective Equipment for Hearing (PPE-h) and third-category Personal Protective Equipment (life-saving PPE);

- correct and prompt application and assessment of the preventive effectiveness of all the prevention and protection measures implemented, in close collaboration with the relevant department heads;
- control and verification of the effectiveness of the preventive and protective measures under the Assessment of risks generated by interference between activities conducted simultaneously in the workplace prepared with the Principal - Employer for contract works;
- participate in workplace health and safety consultations and in periodic meetings pursuant to Article 35 of Italian Legislative Decree 81/2008.

#### **1.2.5 COMPANY MEDICAL OFFICER**

This refers to the doctor appointed by the Employer who is specialised in occupational health or preventive medicine and possesses the authorisation referred to in Article 55 of Italian Legislative Decree no. 277 of 15 August 1991.

The Medical Officer is assigned the following duties:

- work with the Employer and with the Health & Safety Officer, on the basis of the specific knowledge of the company's organisation and of the risk situations, to prepare and implement measures to protect the mental and physical health of workers;
- carry out medical examinations pursuant to Article 41 of Italian Legislative Decree 81/2008;
- work with the Employer to prepare the first aid service pursuant to Article 25 (I)(a), Italian Legislative Decree 81/2008;
- collaborate in providing information and instructions to workers;
- hand over all their health records to the Employer at the end of their appointment, in compliance with the provisions pursuant to Italian Legislative Decree 196/2003 protecting professional secrets;
- inform every Worker concerned of the results of their health monitoring and, on

their request, give them a copy of their health records;

- during the periodic meetings pursuant to Article 35 of Italian Legislative Decree 81/2008, give a written report of the anonymous collective results of the health monitoring activities to the Employer, to the Health & Safety Officer and to the Workers' Safety Representatives, and provide explanations of those results for the purposes of implementing measures to protect the mental and physical health of the Workers;
- visit the workplaces at least once a year, or at any other intervals established on the basis of the risk assessment, notifying the Employer of this for the purposes of registration in the Risk Assessment Document;
- send an affidavit to the Ministry of Health certifying their possession of the titles and requisites required by applicable legislation.

#### **1.2.6 WORKERS' SAFETY REPRESENTATIVE (RLS)**

This refers to the person elected or appointed to represent the workers for issues concerning Workplace Health and Safety.

According to the provisions of Section 50 of Italian Legislative Decree no. 81/2008, the Workers' safety representative:

- has access to workplaces;
- is consulted in advance and promptly with regard to risk assessment and to identifying, planning and checking risk prevention measures in the company;
- is consulted on the appointment of the health & safety officer, fire & emergency officer, first aid officer, evacuation of the workplace officer and the company medical officer;
- is consulted with regard to organising the training for workers, supervisors and officers in the health & safety and fire-fighting areas;
- receives information and company documentation regarding risk assessment and prevention measures relative and inherent to hazardous substances and compounds, equipment, plant, organisation and work environments, accidents/injury and occupational diseases;

- receives information from the supervisory services;
- receives adequate training;
- promotes the development, identification and implementation of appropriate prevention measures for protecting the physical health of workers;
- makes observations during inspections and audits carried out by the competent authorities, which normally interview them;
- attends the periodic meetings;
- makes proposals with regard to prevention activities;
- alerts the management as to the risks identified during the course of their activities;
- may make recourse to the competent authorities if they consider that the preventive and protective measures adopted by the Employer are not suitable for guaranteeing health and safety during work.

The Workers Safety Representatives must have enough time to perform their duties without loss of wages, as well as the equipment and spaces needed to exercise their functions and powers.

The Workers Safety Representatives shall not suffer any prejudice caused by performing their duties and they are given the same protection under the law as the trade union representatives.

On request, the Workers Safety Representatives shall be given a copy of the risk assessment document to carry out their functions.

The workers' safety representatives of the Principal-Employer and the subcontractors respectively, at their request and to allow them to exercise their functions, receive a copy of the Assessment of risks generated by interference between activities conducted simultaneously in the workplace.

It is not possible to be the Workers' Safety Representative and be appointed the Health & Safety Officer.

### 1.2.7 SUPERVISOR

This term refers to the person whose professional competency and powers conferred give them the right to implement the Employer's instructions, organising and supervising the work activity.

Within their organisational functions, the Supervisor is responsible for giving employees appropriate safety instructions and information and ensuring their compliance with safety regulations.

The Supervisor is in particular responsible for the following tasks pursuant to Article 19, Italian Legislative Decree 81/2008:

- supervising and monitoring compliance by all workers with their legal obligations, and with the company workplace health and safety provisions and the use of collective and personal protective equipment provided to them, and, in the event of repeated non-compliance, informing their direct superiors;
- making sure that only workers who have been adequately instructed enter zones that expose them to a serious, specific risk;
- requiring compliance with the measures to control risk situations in an emergency and giving instructions to ensure that workers leave their workplace or the hazardous area in the event of serious, imminent and unavoidable danger;
- promptly informing Workers exposed to serious, imminent danger of a risk and the relevant protective measures taken or to be taken;
- without prejudice to duly substantiated situations, abstaining from requesting workers to return to work if there is ongoing serious and imminent danger;
- promptly reporting to the Employer or to the Manager any shortfall in work materials, work equipment and personal protective equipment as well as any other hazardous condition that may occur during work, which they are aware of on the basis of their training;
- attending specific training courses, according to the provisions of Article 37 (7), Italian Legislative Decree 81/2008.

### **1.2.8 FIRST AID OFFICER (APS)**

This refers to the person in charge of first aid and emergency medical care.

In the Company, the Employer has appointed a number of First Aid Officers adequate for the company structure and the activities carried out.

First Aid Officers are in particular responsible for the following tasks:

- correctly fulfilling their first aid duties;
- guaranteeing, within their area of activity, compliance with the first aid procedures.

### **1.2.9 FIRE AND EMERGENCY OFFICER**

This refers to the person in charge of fire prevention and emergency management tasks.

In the Company, the Employer has appointed a number of Fire and Emergency Officers adequate for the company structure and the activities carried out.

Fire and Emergency Officers are in particular responsible for the following tasks:

- correctly fulfilling their fire prevention duties;
- guaranteeing, within their area of activity, compliance with the workplace fire fighting and evacuation procedures.

### **1.2.10 WORKERS**

This refers to anyone, whatever their type of contract, who works as part of the Company organisation, with or without remuneration, even only for the purposes of learning a trade, a craft or a profession, excluding those working in home and family services.

In particular, Workers must:

- comply with the orders and instructions issued by the Employer, Managers and Supervisors for the purposes of collective and personal protection;
- correctly use machinery, equipment, tools, hazardous substances and compounds, transport vehicles and other work equipment, as well as safety devices;
- appropriately use the protective equipment made available to them, in order to

establish, for each type of activity, the PPE to be used in each Company department;

- immediately report to the Employer, Manager or Supervisor any shortcomings with regard to the protective equipment described in the previous points, as well as any other hazardous conditions they may become aware of, taking direct action to eliminate or reduce such shortcomings or hazards in the event of an emergency, in their area of competence and to the extent of their possibilities, accordingly informing the Workers' Safety Representative. If the Employer, Manager or Supervisor take no action to effectively remedy the shortcomings or hazards they are informed of within an acceptable time, Workers shall report the matter to the Supervisory Committee;
- not remove or modify safety, signalling or control devices without authorisation;
- take care of the personal protective equipment made available to them, without modifying anything at their own initiative;
- not carry out any operations or manoeuvres at their own initiative that are not in their area of competence or which may compromise their own safety and that of other workers;
- participate in the training programmes organised by the Employer;
- undergo the medical check-ups required in order to define and implement workers' healthcare in all Company departments.

Workers from companies working as subcontractors for the Company must always display their identification badges.

#### **1.2.11 THIRD-PARTY RECIPIENTS**

In addition to the aforementioned persons, in the field of Workplace Health and Safety importance is also given to those persons who, though external to the organisational structure of Mario Frigerio, carry out activities that potentially affect the health and safety of the workers.

For this purpose, "Third Party Recipients" refer to:

- persons who are working on the basis of tender, labour or supply contracts;

- manufacturers and suppliers;
- designers of workplaces, workstations, and systems;
- installers and assemblers of systems, work equipment and other technical equipment.

Reference is made to the above-defined functions in both the Principles of Conduct and the Protocol laid down in this Special Section.

### 1.3 Sensitive processes

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Although any activity carried out in the Company can abstractly be considered sensitive for the purposes of the occurrence of events which may lead to the committing of some Workplace Health and Safety offences referred to in this Special Section C, please note that the highest risks for the workers relate to the execution of activities on the Company site, where it manufactures machinery to be sold.

Equally at risk - although indirectly - are the activities linked to the execution of contracted works on the Company premises.

## 1.4 Principles of conduct

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For the purposes of application of this Special Section, the Recipients must:

- be careful of their own safety and health and that of others in the workplace they are responsible for, in compliance with their assigned roles and the equipment made available by the Employer;
- comply with and respect company orders and regulations concerning safety issued by the Employer for collective and individual protection;
- comply with the instructions for use of machinery and equipment in the workplace, as well as the transport vehicles and safety and protective devices;
- promptly notify the Employer of any shortcoming or hazardous situation concerning the aforementioned instruments;
- contribute, in their area of competence, to the regular maintenance of environments, equipment, machinery and systems, with particular attention to safety devices in compliance with the manufacturers' instructions;
- take direct action, in the event of an obvious emergency, to eliminate or reduce dangerous situations, within the limits of their possibilities and competencies;
- comply with ergonomic principles in the design of workstations, choice of equipment and definition of work and production methods;
- undergo health monitoring, according to the deadlines envisaged and position held;
- together with the employer, work to comply with industry regulations in order to protect and ensure the workplace safety and health of workers;
- take part in corporate initiatives concerning training and instruction on the use of machinery and the risk of accidents, according to the set schedule.

Recipients also have the right to:

- be informed, trained, consulted and participate in issues concerning Workplace

Health and Safety;

- receive appropriate instructions, also through specific training programmes, on the issues of Workplace Health and Safety in general, the implementation of internal company provisions and the use of individual machines;
- undergo planned medical check-ups in line with the health plan drawn up.

### 1.5 flow of information to the Supervisory Committee

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The parties responsible for determining, implementing and controlling workplace safety, hygiene and health measures are obliged to provide information to the Supervisory Committee.

In particular, the Employer – assisted by the Health & Safety Officer - at defined intervals:

- informs the SC of the outcome of audits on the correct implementation of the current regulations and keeps it constantly updated on the status of any suggestions made during the audits;
- presents statistics concerning the incidents occurring in the workplace, specifying their cause, the recognition of injuries and relative severity;
- informs the SC of all variations that require or have required the updating of the risk assessment;
- provides a list of investments required for accident prevention and health, safety and hygiene requirements, including a list of relevant emergency and off-budget purchases made in the period considered;
- in the event of serious or repeated breaches of the provisions, or in the event of the need for prompt action, the Supervisory Committee must be notified immediately;
- promptly informs the SC of any action and/or intervention of the Judicial Authorities or criminal investigation departments (including the Local Health Authority in its judicial function), in the event of inspections to monitor

compliance with workplace health and safety laws.

In the area of its competence, the Supervisory Committee may confer mandates to qualified external consultants selected using specific procedures, to carry out inspections in order to obtain formal assessments of the following aspects:

- the correct method for identifying, assessing, measuring and controlling health and safety risks concerning workers as well as the mechanisms used to update such methods;
- compliance of the risk prevention measures adopted pursuant to the previous point with the laws in force and with this Compliance Model;
- compliance of the risk prevention measures adopted pursuant to the previous point with the best practices in use in the Company's sector of operations.

The results of the assessment carried out by external consultants are disclosed in a special report to the Supervisory Committee.

In light of the results of the foregoing report, although it has no operational role, the Supervisory Committee carries out the following tasks:

- examines the reports made concerning any breaches of the Compliance Model, including the lack of prompt action taken by the competent persons as a follow-up to reports made to them of any unsuitability or shortcomings of the workplaces and work equipment or the protective equipment made available by the Company, or concerning a hazardous situation connected to Workplace Health and Safety;
- monitors the functioning of the general prevention system adopted by Mario Frigerio, being the most appropriate organisation to ensure the objectiveness, impartiality and independence of the company area being audited;
- proposes to the Board of Directors any updates to the Compliance Model or the procedures for its implementation, which may be necessary or appropriate considering any shortcomings reported or following significant breaches or changes in the Company's organisational structure as a result of scientific and

technological progress.

The Supervisory Committee, which must be sent a copy of the periodic reports on workplace health and safety, and specifically the minutes of the periodic meetings pursuant to Article 35 of Italian Legislative Decree 81/2008, and all data concerning any injuries that occur at work in the Company, must notify the Board of Directors and the Board of Statutory Auditors of the results of its own supervisory and control activities, in the terms and methods laid down in the Compliance Model.

Recipients will guarantee the traceability of the process, filing all documentation in an orderly archive and making it available to the Supervisory Committee as necessary, each in their area of competence.

# **- PROTOCOL -**

## **CHECKING COMPLIANCE CONCERNING WORKPLACE HEALTH AND SAFETY**

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### **1. SCOPE AND SPECIFIC PRINCIPLES OF CONDUCT**

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This Protocol identifies and governs the methods that Mario Frigerio must comply with for the prevention of accidents at work and, generally, of the risks to the health and safety of workers.

In keeping with this, the Company has applied the prevention and control provisions laid down by law, as identified in Italian Legislative Decree 81/2008 and by special legislation, where applicable to its particular business activities, by adopting the Risk Assessment Document, pursuant to Articles 17 and 28 of Italian Legislative Decree 81/2008.

The policy for Workplace Health and Safety adopted by the Company constitutes a fundamental reference for all Recipients and for anyone outside Mario Frigerio who enjoys relations with the Company.

Therefore, Mario Frigerio must carry out its activities in compliance with the following principles:

- accountability of the whole company organisation, from the Employer to each worker, in managing the Workplace Health and Safety system, each in their own area of responsibility and competence, in order to prevent the prevention activity from being considered the exclusive competence of only a few persons with the consequent lack of active participation by some Recipients;
- commitment to consider the health and safety system as an integral part of company governance, the recognition of which must be guaranteed for all Recipients;
- commitment to continuous improvement and prevention;
- commitment to providing the human and instrumental resources required,

assessing the opportunities for investment in new systems, and in these assessments considering not only the economic and financial aspects but also those concerning workers' health and safety;

- commitment to promoting collaboration with the Competent Authorities (e.g. INAIL, Local Health Authority, etc.) in order to establish effective communication channels for the continuous improvement of performance in the field of workers' health and safety;
- commitment to constantly monitor the situation concerning injuries in the company in order to guarantee control, identify critical points and the relevant corrective actions/training needs;
- commitment to a periodic review of the health and safety policy adopted and the relative management system implemented to guarantee their constant adequacy for the organisational structure of Mario Frigerio.

Moreover, the Company has provided appropriate training to all workers in the issues of safety at work, the contents of which, in line with the provisions of the Consolidated Law on Safety, are easily understandable and assure the acquisition of the necessary knowledge and skills.

In this regard, please note that:

- The Health & Safety Officer and the Medical Officer must participate in drafting the training plan;
- training must be appropriate to the risks inherent in the jobs that each worker is required to do;
- every worker must be given statutory training as well as training in any other area which, on a case-by-case basis, is considered necessary in order to achieve the company's safety targets;
- workers who change jobs or are transferred must receive specific additional and/or preventive training, where required for their new duties;
- persons appointed to specific emergency tasks (e.g. fire prevention, evacuation

and first aid officers) must receive specific training;

- emergency drills shall be carried out periodically, and proof of these must be given (for example by means of a report on the drill describing the methods of execution and the results);
- new employees – with no previous professional experience or appropriate qualifications – must not be allowed to work on their own in activities that are considered to be most at risk of injury until they have acquired a level of professional skills deemed suitable for the execution of the tasks, through a period of training of no less than three months from the time of employment, or longer in the case of the acquisition of more specific skills.

All the training activities described above must be recorded in documents, also in the form of reports, and where foreseen must be repeated periodically.

The Protocol described in this Special Section, therefore, sets out to establish a control of the effectiveness and appropriateness of the workplace accident prevention system, through the formal coding of an information and inspection system that places the Supervisory Committee in a position to possess and be familiar with the company documentation drawn up concerning the prevention programme adopted to assure Workplace Health and Safety.

Specifically, this Special Section aims to:

- detail the procedures the Company Recipients are required to comply with for the purposes of the correct application of the Model;
- provide the SC, and the managers of other company functions which cooperate with the SC, with the executive tools required to assure the envisaged control, monitoring and inspection activities.

## **2. FIELD OF APPLICATION**

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This Protocol addresses all Recipients working in the Company, each in the field of their own responsibilities and competencies.

It also addresses anyone from outside the Company who enjoys contractual relations with Mario Frigerio as a result of work or supply contracts (Article 26, Italian Legislative Decree 81/2008).

### **3. PROTOCOL OFFICER**

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With regard to Workplace Health and Safety, the Company has an organisational structure that complies with the laws in force, with a view to eliminating, and where this is not possible, reducing, and therefore managing, risks to workers.

The paragraph “Roles and Responsibilities” describes the main players referred to in the legislation, also encompassed in the rest of this Special Section as “Recipients”; their corresponding functions in the Company are as follows:

- Employer: Mario Frigerio, appointed by the Board of Directors;
- Top-level Management: all the managers identified as such in the safety organisation structure;
- Supervisor: all the persons identified as such in the safety organisation structure;
- Worker: any person who has an employment relationship with the Company, or is a self-employed contractor or works on the Company premises;
- Health and Safety Officer: as appointed, Mr. Vittorio Corti;
- First Aid Officers: all the persons identified as such in the Emergency Plan;
- Fire and Emergency Officers: all the persons identified as such in the Emergency Plan;
- Medical Officer: Ms. Antonella D’Intino;
- Workers’ Safety Representative: Mr. Luigi Spreafico/Mr. Davide Radaelli.

### **4. RISK ASSESSMENT DOCUMENT**

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The risk assessment document (DVR) adopted by the Company represents the documentary evidence of a permanent process to prevent health and safety risks for workers.

The risk assessment document is drawn up by the Employer, in collaboration with the Health and Safety Officer and the Medical Officer in the cases involving compulsory health monitoring, after consultation with the Workers' Safety Representative, and contains:

- a. a report on the assessment of workplace health and safety risks, which specifies the criteria adopted for the assessment that is carried out in relation to the nature of the company activities;
- b. identification of the prevention and protection measures and personal protective equipment resulting from the assessment pursuant to letter a), in order to establish, for each type of activity, the PPE to be used in each Company department;
- c. the programme of measures to be implemented in order ensure the long-term improvement of safety levels.

The document is filed at Mario Frigerio.

See the observations and comments made therein for the identification of the risk factors and/or critical areas, and more generally the contents.

The Company has also prepared its Assessment of risks generated by interference between activities conducted simultaneously in the workplace (DUVRI-Documento Unico di Valutazione Rischi da Interferenza) pursuant to Article 26(3) of Italian Legislative Decree 81/2008, in order to promote cooperation and coordination among subcontractors working in the Company, providing the information required to eliminate risks generated by interference between the activities of the various companies.

In the case of works contracted (or subcontracted) to external companies or self-employed workers, the Principal - Employer draws up the "Interference Risk Assessment Document", which indicates the measures adopted to eliminate risks generated by interference between the activities of the various companies involved and to promote cooperation and coordination among them. This document must be annexed to the tender or labour contract.

The document in question only concerns the risks of interference between the activities of the principal and the activities of the (sub-)contractor(s) or self-employed workers

and does not cover the specific risks inherent to the activities of the contractors or self-employed workers.

See the observations and comments made therein for the identification of the critical areas.

**SPECIAL SECTION D**  
**ENVIRONMENTAL CRIMES**

## 1. ENVIRONMENTAL CRIMES

### 1.1 Types of Crimes<sup>19</sup>

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This Special Section focuses on the principles of conduct and control concerning environmental crimes, as identified in Article 25-undecies of the Decree and relevant references to Italian Legislative Decree no. 152 of 3 April 2006, listed as “Environmental Protection Code” (the “**Environmental Decree**”).

In this Special Section, we have not included all the crimes listed in Article 25-undecies of the Decree (and thus of the Environmental Decree), most of which are not currently of relevance to the Company. We have only taken into consideration the following:

- wastewater discharge (Article 137 of the Environmental Decree, concerning the discharge of industrial waste water);
- atmospheric emissions of plants and activities (Article 279 of the Environmental Decree, concerning the operation of a plant or activity in breach of the emission limits or requirements laid down in the permit obtained);
- waste management and reclamation of polluted sites (Articles 255 et seq. of the Environmental Decree, concerning for example littering, unauthorised waste management and the breach of requirements relating to waste management disclosure, record keeping and forms);
- combustion of materials or substances other than waste (Article 296 of the Environmental Decree concerning the combustion of waste in breach of

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<sup>19</sup> Law no. 68/2015 introduced in the category of predicate crimes referred to in Italian Legislative Decree 231/2001 *inter alia*, the offence of environmental pollution (Article 452-bis, ICC), the offence of environmental disaster (Article 452-quater, ICC), the offence of trafficking in and abandoning highly radioactive material (Article 452-sexies, ICC), with an increased sentence if these crimes are integrated together as an aggravated association, and a reduced sentence if the crime is committed by being found guilty of the crimes pursuant to Articles 452-bis, ICC and 452-quater, ICC.

environmental regulations);

- environmental pollution (Article 452-bis, ICC, referenced by Article 25-undecies of the Decree as the consequences of any activity that compromises or causes significant and measurable damage to water, air, soil and subsoil).

## 1.2 Sensitive processes

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Referring to the types of crimes identified in the previous paragraph and in consideration of the Company's activities, the following sensitive processes have been identified:

- waste management and disposal; and
- atmospheric emissions.

The Company produces no wastewater so that activity was not considered as being sensitive to the commission of a crime.

## 1.3 Roles and Responsibilities

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The “production department” function coordinates the functions and staff involved in the activities connected to environmental aspects, defines the internal supporting documentation, the methods of execution and manages the relevant technical documentation.

## 1.4 Principles of Conduct

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For the purposes of application of this Special Section, the Recipients must:

- comply with the provisions of the company procedures connected to environmental aspects;
- promptly report to the compliance officer any shortcomings in the system adopted by the Company;
- promptly report to the compliance officer any shortcomings in the organisational system of the waste disposal operator and in general any operator carrying out

activities connected to environmental aspects on behalf of the Company.

Moreover, Recipients are strictly forbidden from:

- carrying out activities that cause atmospheric emissions, without the required authorisation;
- carrying out activities that cause atmospheric emissions exceeding the emission limits and which are beyond the provisions established by the competent authorities;
- carrying out waste disposal activities that do not comply with the principles of conduct laid down herein or with the company procedures;
- forwarding untrue disclosures of those values to the competent authorities.

In its waste management activities, the Company undertakes to guarantee that:

- the production, storage, classification and disposal of hazardous and non-hazardous waste are carried out in full compliance with the applicable environmental laws, in both its regulated and non-regulated activities, and in order to be able to certify implementation of the necessary requirements to public control bodies;
- the company procedures with direct or indirect relevance (e.g. qualification of enterprises and qualified sectors) in the area of waste disposal are subject to constant monitoring by the competent company functions (e.g. the production department) in order to periodically assess whether or not to update the system according to any inconsistencies detected in the corresponding activities, and according to information received from the Recipients;
- suppliers are selected in full compliance with the company procedures, in order to be able to constantly assess their possession of technical and legal requirements for exercising the activities they have been selected for, and also to ensure that the selection is based exclusively on economic criteria (to avoid the use of "unqualified" enterprises that work at below cost because they use illegal methods);

- activities are carried out to raise awareness with Recipients on the level of risk of such activity in terms of the potential infiltration of criminal organisations (so-called "eco-mafia") using, in this regard, any reports that are drawn up by parliamentary commissions, environmental organisations, etc. (e.g. the eco-mafia report drawn up annually by the Italian environmentalist association, Legambiente).

In the management of waste, the “production department” function is in particular appointed the task of:

- checking the authorisations of suppliers appointed for transport operations (as contractors or subcontractors) and the places of destination, both for disposal and recycling operations;
- correctly and truthfully completing the waste loading and unloading register and the identification form for the transportation of waste, abstaining from committing any crimes of conceptual or material falsity (for example concerning information on the qualitative or quantitative characteristics of the waste);
- checking that a signed and dated copy of the identification form has been returned, and reporting any inconsistencies detected in the document to the CEO;
- carefully completing the Environmental Declaration Form;
- constantly supervising the correct management of waste, reporting any irregularities to the CEO (for example tampering with classification documents, suspected abandonment of waste by the carrier in illegal disposal sites, etc.), to allow the Company to take the required administrative or contractual action, as well as any legal action before the competent authorities;
- carefully storing the loading and unloading register and relative forms in a special archive;
- ensuring the annual control of the level of emissions by an external specialised company, in order to guarantee compliance with the legal thresholds.

Without prejudice to the foregoing, Recipients are required to comply in full with the Companies Code of Ethics and with the provisions of the procedures implemented by the Company with reference to environmental aspects.

On this point, in addition to everything detailed above, the Company did not deem it necessary, at the current state, to have to formulate *ad hoc* Protocols with reference to conduct in relation to activities connected to environmental crimes. To this end, it refers and fully references the procedure it has implemented, entitled “I18”.

### 1.5 Flow of information to the Supervisory Committee

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The persons involved in the process are bound to promptly notify the Supervisory Committee of any exceptional conduct or unusual event, indicating the reasons for any deviations and acknowledging the authorisation procedure followed.

**SPECIAL SECTION E**  
**CRIMES CONCERNING RESIDENCE**  
**PERMITS**

## **1. CRIME OF EMPLOYING FOREIGN NATIONALS WITHOUT A**

### **VALID RESIDENCE PERMIT**

#### **1.1 TYPES OF CRIMES**

Crimes concerning residence permits, which if committed may imply the administrative liability of the Company, include the following (cf. Article 25-duodecies of the Decree):

- Article 22(12-bis) (Italian Legislative Decree 286 of 1998): Employment of foreign nationals without a valid residence permit

Italian Legislative Decree no. 109 of 16 July 2012 enacted European Directive 2009/52/EC aiming to strengthen cooperation between the Member States in the fight against illegal immigration.

This decree also extended the list of predicate crimes which, if committed, can generate administrative liability of the Organisation, pursuant to the Decree.

It introduced Article 25-duodecies - "Employment of foreign nationals without a valid residence permit" - to the Decree.

Below is the text of Article 25-duodecies of the Decree:

"With regard to the commission of the crime laid down in Article 22(12-bis) of Italian Legislative Decree 286 of 25 July 1998, a fine of between 100 and 200 quotas shall be applied to the body, with a ceiling of EUR 150,000".

Article 22(12-bis) of Italian Legislative Decree 286/1998 states that:

"The penalties for the crime laid down in paragraph 12 are increased by between one third and one half if: a) more than three "illegal" workers are employed; b) the workers employed are minors below the legal working age; c) the workers employed are exploited as laid down in the third paragraph of Article 603-bis of the Italian Criminal Code".

The exploitation stated in the third paragraph of Article 603-bis of the Italian Criminal Code consists of "committing the crime of exposing the workers to situations of serious danger with regard to the nature of the work to be performed and to their working conditions."

The referenced Article 22(12-bis) of Italian Legislative Decree 286 of 1998 establishes that:

"Any employer who employs non-EU workers with no residence permit as laid down in this Article, or whose permit has expired and for which no renewal has been requested,

within the legally established terms, or which has been revoked or cancelled, shall be punished by imprisonment of between six months and three years, and a fine of EUR 5,000 for each worker employed”.

Therefore, by way of the regulatory references contained in Article 25-duodecies of the Decree, any Organisation that employs non-EU workers without a valid residence permit, or whose permit has expired (and no renewal has been requested, within the legally established terms), has been revoked or cancelled, shall be fined between 100 and 200 quotas, up to a maximum of EUR 150,000. However, this provision generates administrative liability for the Organisation pursuant to the Decree in the limits laid down in Article 22(12-bis) of Italian Legislative Decree 286/1998, if:

- more than three workers are employed;
- they are minors below the legal working age;
- they are exposed to situations of serious danger with regard to the nature of the work to be performed and to their working conditions.

## **1.2 SENSITIVE PROCESSES**

As of today, the Company has only eight foreign nationals in its employment (in the terms understood for the purposes of the crime in question) out of a total of about 160 employees; from a prudential viewpoint, the Company itself considers it appropriate to identify here below the sensitive areas that present or could present more critical areas in relation to the crime in question:

- staff recruitment; and
- staff management.

## **1.3. PRINCIPLES OF CONDUCT IN THE SENSITIVE AREAS**

### **1.3.1 GENERAL PRINCIPLES OF CONDUCT**

In keeping with the Company's underlying principles of conduct, the Recipients are forbidden from:

- any form of conduct which could constitute the crime described above;
- any form of conduct which, although it does not constitute any of the crimes indicated above in itself, could potentially become one.

### **1.3.2 SPECIFIC PRINCIPLES OF CONDUCT**

The rules described in the previous paragraph actually translate into principles of conduct requiring compliance as part of the Mario Frigerio operations.

All Recipients of the Model are bound to comply with the following procedures of conduct:

- the roles and competencies of the functions and/or departments responsible for staff recruitment shall be clearly defined in order to guarantee - in the case of foreign workers - the continuous control of the existence, at the time of employment and for the whole period of employment, of the residence permit and all other requirements that allow the employment relationship to continue;
- they shall not employ, promise to employ, or continue in employment relationships with any workers who do not hold a valid residence permit because they have no permit, the permit has been revoked or expired, or they have not applied to renew the permit;
- they shall avoid the use of intermediaries for staff recruitment, with the exception of employment agencies authorised by the Ministry of Labour pursuant to Italian Legislative Decree no. 276 of 2003. In these cases, the agency must be asked to provide a declaration of validity concerning the worker;
- they shall assume correct, transparent and collaborative conduct in compliance with the all laws and company procedures and shall ensure the utmost diligence and rigour in the application of all legal provisions against illegal immigration;
- they shall report any anomalies to the Supervisory Committee.

Any person in the Company who works in the field of staff recruitment or who may be part of the recruitment process for new staff shall ensure that the employment contracts and the contracts signed with the temporary employment agencies contain clauses which govern the consequences of breach by such parties of the principles laid down in this Model concerning, in particular, the lack of residence permit of all employed staff, or its non-renewal, revocation or cancellation.

#### **1.4 TASKS OF THE SUPERVISORY COMMITTEE**

The tasks of the Supervisory Committee concerning the assessment of the effectiveness of the procedures and compliance with the requirements of the Model regarding the use of foreign nationals without regular residence permits are to:

- monitor the effectiveness of and compliance with the internal procedures established to prevent the described crime;
- perform periodical inspections on compliance with the internal procedures concerning the employment of foreign nationals;
- examine any specific reports received from managers and/or employees and perform any checks deemed necessary or appropriate concerning the reports received.

If during the performance of the above tasks, the Supervisory Committee finds a breach of the rules and principles contained in this Special Section of the Model by managers and/or employees, it shall immediately give notice of this. If the breaches are attributable to the directors or the Chairman of the Company, the Supervisory Committee shall notify the entire Board of Directors.