

BRANDART

Model of Organization, Management and Control

Italian Legislative Decree 8th June 2001 no. 231

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§§§§§§§§§§§§§§§§

1 The Italian Legislative Decree 8th June 2001, no. 231

The Italian Legislative Decree 8th June 2001, no. 231 has introduced in the Italian legal system the «*Administrative liability of legal persons, companies and associations, including those without legal personality*» after committing an offence.

The decree shall apply to the following crimes:

- art. 24: «improper receipt of funds, fraud against the State or other public bodies or to achieve public funds and computer fraud against the State or other public bodies» that connects the administrative liability of the company with the commission of crimes such as improper receipt of funds against the State (or other public bodies, or European Communities), fraud (against the State or other public bodies), computer fraud (if committed against the State or other public bodies);
- art. 24-bis: «*cybercrime and illicit data processing*», that connects the administrative liability of the company with the commission of crimes such as unauthorized access to online or computer systems, unauthorized possession and diffusion of access codes to information technology or data transmission systems, installing equipment, devices or software intended to damage or interrupt online or computer systems, unlawful interception, hindrance, or interruption of computer or online communications, computer forgery and damage of information, data and software, if used by the State or other public bodies or anyway in the public interest;
- art. 24-ter: «*organized criminality offences*» that connects liability with crimes facilitating Mafia activity, in particular;
- art. 25: «*bribery fraudulent inducement and corruption*», that connects the administrative liability of the company with the commission of crimes such as bribery, fraudulent inducement to give or promise advantages and corruption for an official function or action contrary to official duties;
- art. 25-bis: «*counterfeit money, legal tenders and revenue stamps and identification tools or marks*» that connects the administrative liability of the company with the commission of crimes of counterfeiting currency, use of counterfeit revenue stamps and use of trademarks and patents as well as introduction and sales of counterfeit products;
- art. 25-bis 1: «*crimes against industry and commerce*» that can be particularly attributed to offences committed in business fraud;
- art. 25-ter: «*corporate crimes*», that connects the administrative liability of the company with the commission of offences such as false corporate communications, false reports and communications of auditing companies, stock manipulation, illegal distribution of profits and reserves, illegal operations on shares or

treasury stock or shares held by subsidiaries, transactions to the detriment of creditors, unlawful influence on the meeting, failure to disclose a conflict of interest, obstructing the performance of the functions of supervisory authorities. Besides the aforementioned crimes, there is the corruption between private individuals;

- art. 25 quater: «*crimes with purposes of terrorism or subversion of the democratic order*», that connect the administrative liability of the company with the commission of crimes having purposes of terrorism or subversion of the democratic order envisaged by both Italian penal code and special laws;
- art. 25-quater-1: «*practices of female genital mutilation*»;
- art. 25 quinquies: «*crimes against the individual*», that connect the administrative liability of the company with the commission of crimes such as possession of pornographic material (produced through the sexual exploitation of minors) and trafficking for the sexual exploitation of children;
- art. 25 sexies: «*market abuse offences*», that connect the administrative liability of the company with the commission of crimes of abuse of privileged information and market manipulation;
- art. 25-septies: «*crimes of manslaughter and serious or very serious injury through negligence, committed in violation of safe working practice and the protection of hygiene and health in the workplace*»;
- art. 25-octies: «*handling stolen goods, money laundering, self-laundering and use of money, goods or advantages of illicit origin*», that connects the administrative liability of the company with operations of transfer, concealment or use of goods of illicit origin;
- art. 25-novies: «*copyright infringement*», namely aimed at the illicit use of copyrighted material;
- art. 25-decies: «*inducement to make no statements or make false statements to the judicial authority*»;
- art. 25-undecies: «*environmental crimes*», such as unlawful disposal of waste, pollution caused by ships, disposal of substances forbidden by the law such as the unlawful disposal of waste, destruction of flora and fauna;
- art. 25-duodecies: «*employment of citizens of third-party countries with invalid residence permits*», for the exploitation of manpower in illegal conditions;
- «*transnational offences*»: introduced by the Italian law of 16th March 2006, no. 146, they connect the administrative liability of the company with crimes such as international-scale money laundering and criminal association.

Pursuant to art. 5, Italian Legislative Decree no. 231/2001, in order to attribute administrative liability to the company, one of the aforementioned crimes shall be committed (or attempted), by a natural person working for said company «in its interest or for its benefit», since the organization is not held liable if its author has «acted in his/her own or third parties' exclusive interest».

Furthermore, in order that, alongside the administrative liability of the criminal offender (natural person), the administrative liability of the company can be profiled, it is necessary that the crime has been committed by top managers of the organization or by subordinates. More precisely, again pursuant to art. 5, «the organization is liable for crimes committed in its interest or for its benefit:

- a) by people having functions of representation, administration or management of the organization or one of its organizational unit having financial and functional autonomy as well as by people exercising, including de facto, management control over the organization (so-called *senior officers*);
- b) by people subject to the direction or supervision of one of the individuals referred to in letter a) (so-called *subordinates*).

In case of verified liability the Company would incur one of the following penalties: pecuniary penalties, interdictory sanctions, confiscation and publication of the sentence.

The interdictory sanctions are: disqualification from performing the activity; suspension or revocation of authorizations, licenses or permissions functional to the committing of the offence; the prohibition of contracting with the public administration, unless to obtain the services of public utilities; the exclusion of preferential treatments, funding, contributions or subsidies and possible revocation of those already granted; the prohibition to advertise goods or services.

But the Italian Legislative Decree no. 231/01 envisages the exclusion of the liability of the Company in case the latter has adopted and effectively implemented models of organization and management suitable to prevent crimes like the one that occurred, besides other conditions.

Indeed, art. 6 of the Decree envisages that where the crime has been committed by top managers, the legislative decree sets out that the organization is not held liable if it provides the evidence that:

- o the governing body has adopted and efficiently implemented, before the commission of the crime, models of organization and management suitable to prevent crimes like the one that occurred;
- o the task to supervise the functioning and compliance of the models as well as their update has been entrusted to a body of the entity having autonomous powers of initiative and control (Supervisory Body);
- o the people have committed the crime by fraudulently evading the models of organization and management;
- o there was no failed or insufficient supervision by the body referred to in letter b).

For administrative liability exemption purposes, the model of organization and management shall meet the following requirements:

- o the activities of the company where crimes can be committed shall be identified;
- o specific controls targeted to plan preparation and implementation of the decisions of the company, in relation to crimes to be prevented, shall be envisaged;

- o the management practices of financial resources suitable to prevent the commission of crimes shall be identified;
- o the obligation of information to the board that shall supervise the functioning and compliance of the models shall be envisaged;
- o a disciplinary system suitable to subject to sanction the failure to comply with the measures specified in the model shall be introduced;

5. Company's general Information

2.1 The Company BRANDART IMAGE PACKAGING SRL

BRANDART Image Packaging S.r.l. has its registered office in Milan (Italy), with three local units located in Milan and Busto Arsizio (Varese – Italy) and has the following business purpose, as per articles of association: *“Ideation, development and creation and marketing of packaging and protective cases for any product; ideation, development and marketing of products for digital communication and communication in general. It can carry out, as a minor activity, any trade, industrial, financial, investment and real estate transactions (excluding banking and insurance activity) that will be deemed necessary or useful by the administration to achieve the business purpose; to this end it can also acquire interests and holdings in other companies having an analogous, similar purpose or directly or indirectly connected to its business purpose”*:

The Company exercises the control pursuant to art. 2359 on foreign companies (with offices in China and USA); the relationships with these companies are regulated by formal “service agreements”.

The Company is subject to management and coordination activities, pursuant to art. 2497 bis Italian civil code, of the sole shareholder.

2.2. Corporate Governance

Corporate governance is defined as the system of tools, rules, relations and processes for a correct and efficient management of a company, that involves balancing the interests of a company's shareholders and directors. Therefore the structure of the corporate governance expresses rules and processes by which a company makes its decisions, the methods to decide the corporate objectives as well as the means to achieve and measure the results achieved. The management and control system of BRANDART I.P. is the traditional one, regulated by arts. 2380 Italian civil code et seq. with a Sole Director with administrative functions and a Board of Statutory Auditors, with control functions on the administration, both appointed by the sole shareholder, the audit, conversely, is not carried out by the Board of Statutory Auditors, but by an Auditing company.

The functions of the corporate bodies named above are described in short here below:

- Shareholders Meeting: in principle, from a regulatory perspective, this body usually resolves on matters within its area of responsibility; it expresses directions on each issue, topic, program, proposed by the administrative body. Nevertheless, since BRANDART is a limited liability company, some clarifications are necessary: the resolution of the meeting of the single-member company is not a collective act, but an individual act, where only one person expresses his/her will. The meeting comprises not only shareholders but also the director and statutory auditors, who along with the obligations to prepare the report, perform a function of guarantee for third parties and in particular creditors of the company.
- Sole Director: *“Has the power to appoint “ad negotia” attorneys and managers for specific acts or categories of acts within the powers conferred on him/her. The Sole Director has all the powers of*

ordinary and extraordinary administration and has the legal representation of the company before third parties and before the court, with power to bring an action against someone, judicial and administrative proceedings under any jurisdiction and also for revocation of sentence and court of cassation appeals, and appoint for such a purpose lawyers and attorneys vested with powers for legal proceedings”.

- Board of Statutory Auditors: comprises 3 regular auditors and 2 substitute auditors. All the members of the Board of Statutory Auditors stay in office for three fiscal years and can be re-elected. The Board of Statutory Auditors has the task of supervising:
 - compliance with the law and articles of association;
 - observance of the correct management principles;
 - fitness of the organizational structure of the Company, internal control system and administrative accounting system, also with reference to the reliability of the latter to correctly represent management-related issues.

The accounting audit of the Company is carried out by an auditing company, and consists of:

- inspection from time to time of the regular bookkeeping and correct accounting registration of management-related issues;
- financial statements audit and, in particular, its compliance with the legislation and accounting results;
- writing an opinion on the financial statements.

2.3. Financial resources management

Art. 6, let. c of the Decree explicitly sets out that the Model shall *“identify the way to manage appropriate financial resources to prevent the commission of crimes”*.

Financial resources management is defined based on principles shaped around a substantial segregation of functions, such as to guarantee that all the outlays are requested, carried out and controlled by independent functions or as far as possible different individuals, who have no other responsibilities that could cause possible conflicts of interest. Finally, the management of the current assets is based on assets conservation principles, with the connected prohibition to carry out risky financial operations, and possible joint signature for use of current assets for amounts exceeding specific thresholds.

In full compliance with the control standards issued by Confindustria [Italian association of industries], the financial resources management of BRANDART I.P. is rigorously regulated by several formal internal procedures, guaranteeing the traceability of each operation, their accuracy, as well as the segregation of the functions involved in the relevant processes.

6. The Model of Organization Control and Management

3.1 Objectives and purposes pursued by adopting the Model

BRANDART is sensitive about the requirement to assure conditions of equity and transparency in managing business and business activities to protect its position and image, expectations of its shareholders and work of their employees and is aware of the importance of having an internal control system suitable to prevent unlawful behaviors by its directors, employees, co-operators and business partners.

Furthermore, although there are no possible involvements of responsibility pursuant to the Italian Legislative decree no. 231/01, the Company deems it consistent with its business ethics to strive in order that all the companies cooperating with it, are as much as possible compliant with the laws enacted to protect the safety of workers. Therefore, besides having a certification and control system of the companies cooperating with it, the company has decided to implement the controls prescribed on prevention of offences pursuant to art. 25 septies of the Italian Legislative Decree no. 231/01 envisaging specific control rules.

Now, therefore, by adopting the Model, BRANDART aims to pursue the following main purposes:

- induce in everyone operating for and on behalf of the Company the awareness of the possibility to incur, in case of violation of the provisions therein indicated, in the commission of offences subject to criminal penalties against them and administrative penalties against the Company;
- restate that said forms of unlawful behavior are deeply disapproved by BRANDART, because they (even in the event that the Company could apparently get any benefit) are anyway contrary to the legal provisions as well as to the ethical principles of BRANDART;
- allow the Company to intervene promptly to prevent or obstruct the commission of crimes by monitoring the areas of at-risk activities.

Recipients of the Model and the principles therein contained are the Corporate bodies (or rather the Board of Directors, Board of Statutory Auditors and their members), employees, co-operators, consultants, suppliers, partners and more generally, everyone that, in any capacity, operates in the area of sensitive activities on behalf and in the interest of BRANDART (hereinafter “Stakeholders” or “Recipients”).

3.2. Composition of the Model

BRANDART’s model of organization and management (hereinafter also MOM) comprises the following documentation:

- Confindustria guidelines, updated in March 2014, document used as methodological guidelines, as well as reference for some specific aspects concerning operating elements related to the decree;
- risk analysis of June 2016, document that identifies the sensitive processes, describe the activities carried out during said processes, the level of exposure to the risk and controls suggested, beyond the existing one;
- Code of Conduct, document that explains the guide-values of the Company by recommending, promoting and forbidding specific behaviors, and where necessary prescribing specific prohibitions and provisions in relation to crimes considered;
- MOM general section, document that describes guiding principles, general principles of behavior, general aspects and some specific aspects concerning operating elements related to the decree;
- MOM special section, divided into chapters, where the significant sensitive processes 231 and control systems adopted are identified, such as prevention protocols;
- addendum to MOM where all the predicate offences referred to in the Italian Legislative decree no. 231/01 are indicated, described and analysed and some case studies are identified;
- the internal operating documentation, the procedures therein indicated, the operating directions, the Modules recalled as well as the Integrated Management System Manual;
- the penalty system, setting out principles and cases according to which the company regulates its measures arising from the failure to adhere particularly to its regulations and the model in general;
- training and information processes, that provide documentary evidence of the activity of sharing the corporate rules and the relevant provisions (penalty system);
- the information flows to the Supervisory Body, that indicate situations of potential anomaly or obvious violation of the corporate regulations.

3.3. Guiding principles of the Model

In the definition, preparation and application of the model, the following guiding principles have been observed:

- a clear and formalized attribution of powers and responsibilities, consistent with the tasks given;

- the separation of the functions (wherever possible), therefore the authorization to carry out an operation shall be under the responsibility of whom records, carries out or controls the operation (if the control is carried out by only one individual). Said principle shall anyway allow the efficient management of the business activity;
- the definition of behavioral rules suitable to guarantee the exercise of the business activities in compliance with laws, regulations and integrity of the corporate assets;
- the preparation of regulatory documentation for each business activity, articulated in powers of attorney, powers and authorizations, procedures;
- the traceability of operations (related to both operating and control activities) intended to guarantee that each operation, transaction and/or action is verifiable, documented, consistent and congruous.

Key points of the Model are, besides the principles indicated above:

- the activity of diffusion at any corporate level of the behavioral rules and procedures established;
- Mapping of the areas of the company at risk, namely the activities where the possibility that any crime being committed is deemed high;
- the attribution to the Supervisory Body of specific control tasks on the effective and correct functioning of the Model;
- the definition of a specific information flow from the corporate functions to the Supervisory Body;
- the specification of general principles of behavior that the recipients of the special sections recalled, shall abide by;
- the verification of corporate behaviors, through periodical audit targeted to verify the functioning of the Model with subsequent periodic updates (ex post control).

3.4. Methodology adopted for the implementation of the Model

In compliance with the provisions of the Italian Legislative Decree no. 231/01 (in particular art. 6) the organization system is built as a result of a series of complex actions, and this to allow that the adoption of the model can represent an effective and efficient prevention tool through the adoption of a general, complete and suitable internal control system.

The activities for its implementation are articulated in the following stages:

- Identification of processes and related interactions through the mapping of processes;
- Risk Assessment and Gap Analysis;

by interviewing various process managers about their operating management practice, the activities exposed to the risk of offence are highlighted. In addition, the areas concerning the organizational structure (e.g. powers of attorney and authorizations) are analysed. Based on the results obtained, a comparison is carried out between the existing procedures, the level of defined controls, the level of their knowledge and diffusion and the at-risk activities highlighted. At the end of the activity, the gap analysis of the Company, or rather the areas and/or activities not controlled enough in order to guarantee the effectiveness of the model of organization and management, is defined and formalized. The risk assessment report and the gap analysis are integral parts of this model and reference can be made to them for further details;

- Identification of control systems and definition of protocols;

6. Characteristics and structure of the internal control system (ICS)

4.1. ICS general principles

The internal control system is qualified as the ensemble of tools targeted to provide a reasonable guarantee about the achievement of the operating efficiency and effectiveness objectives, reliability of information, compliance with laws and regulations, as well as protection of assets including against possible frauds or offences.

The control system is extended with continuity to the various organizational levels, on every process, taking into account the following general principles:

- each protocol, formally adopted by the Company, binds all the individuals involved, on various grounds, in the management of the process regulated by the same protocol. They meet, among other things, the requirement to provide documentary evidence and make verifiable the various stages of the decision-making process, in order to allow its traceability;
- the separation of tasks through a correct distribution of responsibilities and prediction of appropriate authorization levels (as far as possible according to the organizational dimension of the Company) allows avoiding functional overlapping or operating allocations that focus the critical activities on one individual;
- the correct preparation of regulatory documentation for each business activity, articulated in powers of attorney, powers and authorizations, procedures. In particular the system of authorizations and powers of attorney envisages that:
 - the authorizations are consistent with the organizational position and updated in case of organizational variations;
 - each authorization shall specify the powers of the authorized person and the individual he/she shall report to;
 - the powers of attorney describe the powers conferred and, where necessary, there is a communication attached explaining their limits, without prejudice to the budget restrictions;

- wherever possible, the objectivity of decision-making processes is guaranteed (for instance with preparation of lists of approved suppliers, definition of objective criteria of selection and assessment of personnel);
- the formalization of business activities in order to:
 - define and prescribe methods and schedules to perform the same activities;
 - guarantee the traceability of acts, operations and transactions through appropriate paper-based supports certifying the characteristics and motivations of the operation and identify the individuals involved in various ways in the operation (authorization, performance, registration, inspection of the operation);
 - guarantee, where necessary, the "objectification" of decision-making processes and limit business decisions based on individual choices not connected to predefined objective criteria (e.g.: existence of lists of suppliers, existence of objective evaluation criteria).
- the documentation of control and supervision activity, carried out on business transactions;
- the prevision of contract clauses obliging independent contractors, consultants and business partners to be compliant with the principles contained in the Code of Conduct, as well as protocols specifically concerning the activity performed, under penalty, in their absence, of the possibility to terminate the agreement and, anyhow, to ask for the compensation for the possible damage suffered.

4.2. Structure of the control system

BRANDART's Internal Control System comprises all the rules, procedures, operating instructions and organizational structures intended to allow, through an appropriate process of identification, measurement, management and monitoring of the main business risks, a healthy and correct administration of the company consistent with the pre-set objectives.

It is based on those principles prescribing that the company's business satisfies the applicable internal and external rules, that it is traceable and provides documentary evidence, that the attribution and exercise of powers within a decision-making process shall be combined with the positions of responsibility and the prominence and/or criticality of the underlying economic operations, that there should not be subjective identity between people making and implementing decisions, people that shall provide accounting evidence of the operations decided and people that must control them as prescribed by the law and procedures envisaged by the internal control system, that the confidentiality and compliance with privacy law is guaranteed.

The individuals implementing the Internal Control System are:

- the Sole Director given the task to supervise the functionality of the Internal Control System;
- the Board of Statutory Auditors;
- Auditing Company;
- Supervisory Body pursuant to art. 6 Italian legislative Decree no. 231/01;

- The Representative for the direction of the IMS;
- Committee for health and safety comprising the following figures: DDSS, Health and safety officer, Occupational Doctor, Workers' health and safety representative.

The elements of the Internal Control System are:

- the Code of Conduct;
- the Authorizations and Powers System;
- the Organizational Structure;
- the Organizational documentation, or rather the ensemble of internal regulatory documentation defining roles and responsibilities in the organization, therein included the ascription of responsibilities with regard to management of business risks, such as, by way of an example, Organizational Charts, Organizational Provisions and Communications; the Model of Organization, Management and Control (pursuant to the Italian legislative Decree 231/01), the internal procedures, Manuals and Implementation Instructions.

The company has also established an Integrated Management System, intended as a system to guarantee and improve the quality of processes, in compliance with the requirements of the standards UNI EN ISO 9001, UNI EN ISO 14001, FSC STD-40004– Standard for Chain of Custody Certification, European Regulation no, 995/2010 (EUTimber) and standard SA8000. The Integrated Management System comprises the ensemble of responsibilities, procedures, activities, structures and resources in order to fulfil the Policy for Quality, Environment and Social responsibility as effectively as possible, obtaining at the same time a continuous improvement.

Therefore, the IMS Manual forms an integral part of this Model and its protocols.

Although well controlled, the Internal Control System was implemented with the Model pursuant to the Italian legislative Decree no. 231/01 which was elaborated, taking into account the following general principles:

- each protocol, formally adopted by the Company, binds all the individuals involved, on various grounds, in the management of the process regulated by the same protocol. They meet, among other things, the requirement to provide documentary evidence and make verifiable the various stages of the decision-making process, in order to allow its traceability;
- the separation of tasks through a correct distribution of responsibilities and prediction of appropriate authorization levels allows avoiding functional overlapping or operating allocations that focus the critical activities on one individual;
- the correct preparation of regulatory documentation for each business activity, articulated in powers of attorney, powers and authorizations, procedures. In particular the system of authorizations and powers of attorney envisages that:

- o the authorizations are consistent with the organizational position and updated in case of organizational variations and the powers of the authorized person and the individual he/she shall report to shall be specified;
- o the powers of attorney describe the powers conferred and, where necessary, there is a communication attached explaining their limits;
- o wherever possible, the objectivity of decision-making processes shall be guaranteed.
- the formalization of business activities in order to:
 - o define and prescribe methods and schedules to perform the same activities;
 - o guarantee the traceability of acts, operations and transactions through appropriate paper-based supports certifying the characteristics and motivations of the operation and identify the individuals on various grounds involved in the operation (authorization, performance, registration, inspection of the operation);
 - o guarantee, where necessary, the "objectification" of decision-making processes and limit business decisions based on individual choices not connected to predefined objective criteria.
- the documentation of control and supervision activity, carried out on business transactions;
- the prevision of contract clauses obliging independent contractors, consultants and business partners to be compliant with the Code of Conduct, as well as protocols specifically concerning the activity performed, under penalty, in their absence, of the possibility to terminate the agreement and, anyhow, to ask for the compensation for the possible damage suffered.

The general structure of the prevention and control measures envisaged by the model is depicted in the following table.

	BRANDART											
	Crimes against PA	Cybercrime Copyright infringement Forgery crimes	Organized Criminality Transnational crimes	Corporate crimes	Crimes against health and safety at work	Inducement to make false statements	Environmental crimes	Crimes of handling stolen goods, self-laundering	Employment of illegal workers	Crimes against industry and commerce	Crimes against individual freedom	
General structure of controls and prevention measures	Code of Conduct											
	Powers of attorney and authorizations											
	Flows to and from the Supervisory Body											
	Financial Resources Management Protocol											
	Human resources Protocol											
	Procurement of goods and services Protocols											
	Product Development Protocol											
	HSE Protocol											
	ICT Protocol											
	PA Relationships Protocol											
	Free gifts, sponsorships and donations Protocol											
	Subsidiaries/affiliates relationships Protocol											

BRANDART internal control system, that represents the control structure generated by this model, is synthetized by the following table of correlation between Areas, processes, sub-processes, protocols and internal procedures.

Areas	Processes	Sub-processes	Protocols	Internal procedures
Corporate Governance	Corporate Marketing	Management of free gifts, sponsorships and donations Management of relationships with subsidiaries	Free gifts, sponsorships and donations Subsidiaries/affiliates relationships	Entertainment expenses, free gifts and gratuities procedure Sponsorships and advertising procedure
Administration, Finance, Control	Tax & Finance Accounting Funds available General Services	Social security schemes management Management of contributions, subsidies, public funding Management of relationships with the Tax Authority Inspections management Management of requests for authorizations/grants/licenses Litigation management.	Financial resources management Relationships with PA	Financial Statements procedure General Accounting procedure Funds available procedure Liabilities procedure Assets procedure Bill of Costs procedure
Human Resources	Human Resources	Personnel selection and training management Agents management Protected groups hiring management Bonus system management	Human Resources	PRO 07 Human resources management PRO 14 Reporting management PRO 15 Minors management
Provision of service	Pre-sale and sale Product development		Product development	PRO 05 Sales and pre-sales management PRO 05A Client orders management PRO 06 Italy production PRO 06A Production abroad PRO 08 Product development Abroad PRO 08A Products Development Italy PRO 08B Product development Display PRO 09 Customer Care PRO 10 Logistic PRO 13 FSC Management PRO 19 Measurement tools management PRO 21 Social Footprint management PRO 22 GOTS identification and traceability
Purchases	Suppliers qualification and selection Procurement of goods and services		Procurement of goods and tangible services Procurement of goods and intangible services	PRO 04 Suppliers qualification and monitoring PRO 04A Procurement PRO 04D Procurement of intangible services PRO 04B Procurement of logistic services PRO 04C General services
Compliance	Voluntary compliance Safety compliance	Environmental risks management Integrated system management Management of relationships with public individuals concerning safety and health in the workplace	HSE	PRO 01 Audit management PRO 02 Documentation Management PRO 03 Non-Compliances Management PRO 11 Environmental aspects Management PRO 11A Environmental aspects Assessment PRO 11B Environmental management program PRO 12 Prescriptions Management PRO 13 FSC Management PRO 14 Reporting management PRO 15 Minors management PRO 16 Fire protection load inspection PRO 20 Risk identification and assessment
ICT	Corporate H.S. management and drawing Incident Management		ICT	PRO 18 Information System

3 Exposure to the risk

5.1. Methodological introduction

The processes defined by BRANDART for an effective and efficient provision of services can be exposed to the risk of committing crimes envisaged by the Italian legislative Decree no. 231/01 according to three different modalities:

- **direct exposure**, if the execution of the activities in the process are on their own exposed to the risk of committing crimes. For instance, the request for public funding entailing a direct contact with the Public Administration, directly exposes the appointed personnel to crimes such as fraud, corruption, or improper receipt of funds.
- **instrumental exposure**, if the process on its own is not exposed to the risk of offence, but represents the way to integrate one of the unlawful cases envisaged by the decree. For instance:
 - hiring of employees very close to figures of the Public Administration can represent the “dation” through which the crime of corruption is committed for an official duty or contrary to official duties;
 - the conclusion of consultancy contracts, if carried out without particular attention or caution, can constitute the means by which funds can be set up to be used for unlawful purposes;
 - conclude fictitious transactions/conciliations in an absolute or relative way, can represent a way to create secret liquid reserves (so-called slush funds);
 - fictitious sponsorships to justify an outgoing cash flow intended to create a secret liquid reserve.
- **no exposure**, if the activity or the process does not present a significant exposure to the risk of committing specific categories of crimes.

5.2. Sensitive processes and Predicate offences pursuant to the Italian Legislative Decree no. 231/01

In the light of the risk analysis performed, for the purpose of preparing this Model, the following crimes are deemed concretely significant for the Company, due to the objective possibility of commission in the reference processes.

Predicate Offences pursuant to the Italian Legislative Decree no. 231/2001	Areas	Sensitive processes	Sub-processes
Offences against the Public Administration (arts. 24 and 25)	<p>Corporate Governance</p> <p>AFC</p> <p>Human Resources</p> <p>Purchases</p> <p>Compliance</p>	<ul style="list-style-type: none"> • Corporate Marketing • Relationships with subsidiaries/affiliates • Tax & Finance • Accounting • Funds available • General Services • Selection, integration and administrative management of personnel; • Personnel training; • Bonus system • Suppliers qualification and selection management • Procurement of goods and services management • HSE compliance 	<p>Management of free gifts, sponsorships and donations</p> <p>Management of contributions, subsidies, public funding</p> <p>Social security schemes management</p> <p>Management of relationships with the Tax Authority</p> <p>Inspections management</p> <p>Management of requests for authorizations/grants/licenses</p> <p>Litigation management</p> <p>Agents management</p> <p>Protected groups hiring management</p> <p>Management of relationships with public individuals concerning safety and health in the workplace</p>
Cybercrime (art. 24-bis) Forgery crime (art. 25-bis) Copyright infringement crimes (art. 25-novies)	<p>ICT</p> <p>Provision of service</p>	<ul style="list-style-type: none"> • Corporate H.S. management and drawing • Incident Management • Products development management • Pre-sale and sale management 	
Crimes of organized criminality (art. 24-ter) Transnational crimes (Art. 3 – Italian Law 146/2006)	<p>Corporate Governance</p> <p>AFC</p> <p>Human Resources</p> <p>Purchases</p> <p>Compliance</p> <p>Provision of service</p>	<ul style="list-style-type: none"> • Relationships with subsidiaries/affiliates • Tax & Finance • Accounting • Funds available • Selection, integration and administrative management of personnel • Procurement of goods and services management • Voluntary compliance management • HSE compliance management • Pre-sale and sale management 	Integrated system management
Crimes against industry and commerce (art. 25-bis-1)	<p>Provision of service</p> <p>Compliance</p>	<ul style="list-style-type: none"> • Pre-sale and sale management • Products development management • Voluntary compliance management • HSE compliance management 	Integrated system management
Corporate crimes (art. 25-ter)	<p>Corporate Governance</p> <p>AFC</p>	<ul style="list-style-type: none"> • Corporate Marketing • Relationships with subsidiaries/affiliates • Tax & Finance • Accounting • Funds available • General Services 	<p>Management of free gifts, sponsorships and donations</p> <p>Management of communication to shareholders concerning the economic, financial standing of the company;</p> <p>Operations concerning the share capital</p> <p>Management and communication of news and data outwards concerning the Company</p>

Corporate crimes (art. 25-ter)	Human Resources	<ul style="list-style-type: none"> • Selection, integration and administrative management of personnel; • Personnel training; • Bonus system 	Agents management
	Compliance	<ul style="list-style-type: none"> • Voluntary compliance management • HSE compliance management 	
	Purchases	<ul style="list-style-type: none"> • Suppliers qualification and selection management • Procurement of goods and services management 	
	Provision of service	<ul style="list-style-type: none"> • Pre-sale and sale management 	
Crimes against health and safety at work (art. 25-septies)	Corporate Governance	<ul style="list-style-type: none"> • Relationships with subsidiaries/affiliates 	Integrated system management
	Compliance	<ul style="list-style-type: none"> • Voluntary compliance management • HSE compliance management 	
Crimes against the individual (art. 25-quinquies)	Corporate Governance	<ul style="list-style-type: none"> • Relationships with subsidiaries/affiliates 	Integrated system management
	Compliance	<ul style="list-style-type: none"> • Voluntary compliance management 	
Environmental crimes (art. 25-undecies)	Compliance	<ul style="list-style-type: none"> • Voluntary compliance management 	Environmental risks management Integrated system management
Crimes of handling stolen goods, money laundering, self-laundering and use of money, goods or benefits of unlawful origin (art. 25-octies)	AFC	<ul style="list-style-type: none"> • Tax & Finance • Funds available • Accounting 	Tax management
	Corporate Governance	<ul style="list-style-type: none"> • Corporate Marketing • Relationships with subsidiaries/affiliates 	Management of free gifts, sponsorships and donations
	Provision of service	<ul style="list-style-type: none"> • Pre-sale and sale management 	
	Purchases	<ul style="list-style-type: none"> • Procurement of goods and services 	
Employment of citizens of third-party countries with invalid residence permits (art. 25-duodecies. Italian Law 6 th November 2012, no. 190)	Corporate Governance	<ul style="list-style-type: none"> • Relationships with subsidiaries/affiliates 	Integrated system management
	Human Resources	<ul style="list-style-type: none"> • Selection, integration and administrative management of personnel 	
	Compliance	<ul style="list-style-type: none"> • Voluntary compliance management 	

The results of the mapping activity allowed one to:

- identify the organizational units of the Company that, in consideration of tasks and responsibilities attributed, could be possibly involved in activities at risk of crime;
- identify the main risks/crimes;
- outline possible modalities to realize the unlawful behaviors.

The predicate offences envisaged by the Italian Legislative Decree no. 231/01 that assumed direct prominence for BRANDART are listed here below; for their detailed indication, specification and analysis, reference is made to the table of contents attached that forms an integral part of the MOM.

5.2.1. Offences against the Public Administration pursuant to arts. 24 and 25 Italian legislative Decree no. 231/2001.

Exposure to the risk

The results of the risk analysis allowed a conclusion of reduced exposure of the company to the risk of committing crimes envisaged by art. 24 Italian Legislative Decree no. 231/01 to be reached; and this because BRANDART, indeed, does not access public funding, does not contract with the Public Administration and does not take part in any type of tender/public procurement, both in Italy and abroad.

The crimes envisaged by art. 25 Italian legislative Decree no. 231/01 that could concern BRANDART, conversely, can draw criminogenic inspiration from the occasional relationships with the Public Administration, for instance in relation to the management of authorization/granting regulations, on the occasion of inspections, or rather in relationships with the Tax Authority.

Nevertheless, some of the sensitive processes have instrumental rather than direct prominence because they represent the way through which the entity could misappropriate financial resources to be used for the offences under examination.

Sensitive processes:

The results of the risk analysis lead one to identify, within business processes, the following activities as those where BRANDART proves to be most exposed (both directly and indirectly) to the risk of committing the aforementioned crimes:

- **Corporate Marketing**
 - Management of free gifts, sponsorships and donations
 - Subsidiaries/affiliates relationships management
- **Tax & Finance**
 - Management of contributions, subsidies, public funding
 - Social security schemes management
 - Management of relationships with the Tax Authority
- **Accounting**
- **Funds available**
- **General Services**
 - Inspections management
 - Management of requests for authorizations/grants/licenses
 - Litigation management.
- **Selection, integration and administrative management of personnel**
 - Agents management
 - Protected groups hiring management

- **Personnel training**
- **Bonus system**
- **Suppliers qualification and selection management**
- **Procurement of goods and services management**
- **HSE compliance management**

Management of relationships with public individuals concerning safety and health in the workplace

Measures for prevention

As regards activities and controls implemented in order to prevent crimes against the Public Administration, the Company has adopted the following prevention and control measures:

- Code of Conduct
- System of powers of attorney and authorizations attributing in a consistent way authorization and control powers.
- Flows to and from the Supervisory Body
- Financial Resources Management Protocol
- PA Relationships Protocol
- Human resources Protocol
- Procurement of goods and services Protocols
- Product Development Protocol
- HSE Protocol
- ICT protocol
- Free gifts, sponsorships and donations Protocol
- Relationships with subsidiaries/affiliates Protocol
- Reference internal procedures that regulate the activities to integrate the provisions of the "Protocols 231".

General principles of behavior

It is envisaged the express prohibition, for the Recipients of this Model, to carry out behaviors:

- such as to integrate the criminal offences referred to in this paragraph;
- not in line or non-compliant with principles and prescriptions contained in this Model, Code of Conduct or business procedures;
- such as to foster any situation of conflict of interests with the Public Administration in relation to the provisions of the aforementioned criminal offences.

For such a purpose, it is forbidden in particular to:

- a) act or behave in a way that can be interpreted as a practice of corruption, unlawful favors, collusive behaviors, solicitations, direct or through third parties, privileges for oneself or others significant for the purposes of committing crimes referred to in the Decree;
- b) distribute free gifts and presents to Public officials or operators of public services;
- c) exercise improper pressures or solicitations on public agents with a view to commit activities relevant to their office;
- d) submit untrue declarations to national public authorities, or authorities abroad in order to achieve authorizations, licenses and administrative measures of any type;
- f) submit untrue declarations to national public authorities, or authorities abroad in order to achieve funding, contributions or funds of any kind;
- g) allocate amounts received by national or community public authorities as funds, contributions or financing for purposes other than those for which they had to be used;
- h) carry out or promise, in of clients, services that cannot be justified by the contract relationship established with them;

Recognize, in favor of Suppliers, Contractors, Agents, external Consultants and/or Co-operators, payments that cannot be justified by the type of task to be performed;
- l) conclude consultancy agreements with individuals of the Public Administration that could undermine the impartiality and good trend of the Public Administration itself.

For the purpose of implementing said prohibitions, the following rules shall be adhered to:

- the management of Sensitive Processes shall be carried out only by the competent corporate functions, the relationships with officers of the Public Administration shall be managed only by people properly identified and, whether necessary, having suitable powers and authorizations;
- anyone maintaining concrete relationships with the Public Administration on behalf of the company shall have an authorization to do so by the Company itself;
- any employee of BRANDART shall abide scrupulously by, and adhere to, possible limits envisaged in the organizational authorizations or powers of attorney conferred by the Company;

- the relationships with the Public Administration shall occur in full compliance with applicable laws and legislations, principles of loyalty and correctness, as well as principles contained in the Model and Code of Conduct, in any stage of the management of the relationship;
- the assignments conferred on Co-operators, external Consultants, Suppliers shall be drafted in writing, with indication of the agreed remuneration, details about the service and execution time;
- the declarations made to national or abroad public authorities for issuance/renew of authorizations/licenses of any kind, or rather achievement of funding, contributions and/or funds of any kind shall contain absolutely truthful elements and shall be authorized by individuals with appropriate powers; furthermore, in case of delivery/attainment, an appropriate account report about the use of funding/contribution shall be kept;
- no type of payment not properly documented and authorized can be carried out;
- any BRANDART employee and Co-operators must abide by business procedures, directives and policies applicable to the activities performed particularly within Sensitive Processes;
- the choice of Suppliers, Contractors, Agents, external Consultants and/or Co-operators shall occur based on criteria of reliability and expertise of the professional/co-operator and the attribution of assignments shall occur based on a decision-making process guaranteeing the segregation of tasks and responsibilities;
- the Suppliers, Contractors, Agents, external Consultants and/or Co-operators shall examine the Model and Code of conduct and commit to adhere to the provisions, as set out by specific clauses contained/added to the agreement entered into by them and the Company, that envisage, in case of violation of said provisions, the termination of said agreement;
- agreements with Suppliers and Contractors, as well as assignments with Agents, Consultants and/or Co-operators shall be defined in writing, by highlighting its interlinked conditions (with particular reference to the agreed economic conditions), as well as declarations of commitment to adhere to the Model and Code of Conduct and consequences in case of violation;
- agreements with Suppliers and Contractors, as well as assignments with Agents, Consultants and/or Co-operators shall be proposed, verified by the Administrative Management and approved by the individuals of the Company with the appropriate powers to sign.

7.2.2. Cybercrime, brand, patent and trademark infringement, copyright infringement pursuant art. 24 bis, 25 bis and 25 novies Italian Legislative Decree no. 231/2001.

Exposure to the risk

For the type of activity performed and the organizational structure of the company, BRANDART's IT area turns out to be the one exposed to the class of cybercrime: indeed, their direct commission can occur by the personnel of any area of the company, even though it is the IT function that, by defining the security characteristics of the whole physical and logical structure of the Company, can create the conditions of vulnerability that could cause the threat of offence.

The circumstances above along with the nature of the activity performed by the Company lead to the presumption of the crimes of: unlawful interception, hindrance, or interruption of computer or online communications (art. 617 quarter, Italian penal code) Damage of information, data and software, even though used by the State or other public bodies or anyway in the public interest (arts. 635 bis and 635 ter, Italian penal code) as well as damage of computer or online systems and damage of computer or online systems in the public interest (arts. 635 quarter and 635 quinquies) computer fraud of the individual providing services of digital signature certification (art.640 quinquies) and misrepresentation or falsification of documents before a digital signature certification authority (art.495 bis) and computer forgery (art. 491 bis).

BRANDART, besides meeting the requests of customers about drawings and models proposed by the latter, performing activities for new product development, based on original models and drawings, is exposed to the risk-offence referred to in art. 517 Italian penal code because both models and drawings can be subject to exclusive rights and risk-offence referred to in art. 171 a-bis) 22/04/1941 no. 633 which sanctions the full-time availability for the public of a protected original work, or its part, if released "in an online network system" such as a website.

Also the crimes referred to in the heading are included, or rather forgery crimes envisaged by art. 25 bis, let. f bis of the Italian Legislative Decree no. 231/01 because control systems for their prevention are created, that are also necessary and useful to prevent offences committed in breach of the copyright law.

Sensitive processes

The results of the risk analysis lead to one identify, within business processes, the following activities as those where BRANDART results mostly exposed (both directly and indirectly) to the risk of committing the aforementioned crimes:

- Corporate H.S. management and drawing
- Incident Management
- Products development management

- Pre-sale and sale management.

Measures for prevention

- The Code of Conduct explains the guide-values of the Company by recommending, promoting and forbidding specific behaviors on the use of computing tools.
- System of powers of attorney and authorizations attributing in a consistent way authorization and control powers.
- ICT protocol;
- Product Development Protocol;
- System of flows to the Supervisory Body.

General principles of behavior

In order to prevent and impede the occurrence of crimes referred to in the heading, the Recipients involved in the performance of Sensitive Activities in the identified Offence Risk Areas, must adhere to the following general principles of behavior, without prejudice to the indications of the Code of Conduct and specific corporate Procedures:

- a) refrain from behaving in a manner that could integrate the criminal offences envisaged by cybercrime, or rather behaving in a manner that, although does not represent in itself a criminal offence, falling within those considered above, could possibly become a crime;
- b) adhere to the general rules of conduct, control principles and specific provisions indicated in this Model;
- c) adhere to rules, policy and corporate procedures regulating access and use of computer systems and applications of the Company;
- d) promote the compliance with the aforementioned standards, rules and principles;
- e) behave in a correct, transparent and helpful manner in compliance with legal rules and internal procedures, in any activity for the management of relationships with suppliers/customers;
- f) do not maintain business relations with (natural or legal) persons who are known or suspected for the performance of unlawful activities with reference to the criminal offences referred to in art. 25 bis on brands, patents and trademarks;
- g) abide by possible policies adopted by the Company containing principles to be abided by in order to respect industrial property rights of third parties and of the Company;
- h) verify with legal opinions or with other professionals the possibility that a conduct of the company can amount to one of the trademark and patent infringements;

- i) adopt a clearance process intended to research previous filing of third parties' trademarks, drawings, models and patents, or assess the existence of the authorization in writing to use the brands by the client and/or their owner;
- j) envisage the systematic integration of a "clause 231" in any agreement with Consultants, Suppliers and other third parties based on which the third party declares to have examined the contents of the Model, Code of Conduct and commit to adhere to the provisions therein defined, under penalty of termination of the agreement.

The recipients are forbidden to:

- use mass storage devices (CD, rewritable DVD, USB devices) if not expressly authorized;
- use software other than those installed on the PC included in the equipment, or rather, install autonomously software coming from the outside;
- browse the Internet on websites other than those for the performance of tasks assigned;
- carry out any type of financial transaction therein included operations of remote banking, online purchases and similar;
- download free software and shareware from Internet websites;
- store offensive and/or discriminating electronic documents in relation to sex, language, religion, race, ethnic origin, health conditions, opinion, trade union and/or political belonging, or rather child pornography materials;
- use and browse X-rated websites (sites for adults), online casinos, webchats, social networks;
- download/exchange copyrighted material;
- use the corporate email address for reasons other than the performance of the tasks assigned;
- use the service for illegal purposes, to send and receive pornographic, obscene, vulgar, defamatory, offensive, discriminating, unauthorized, dangerous materials;
- open ambiguous email attachments or of uncertain origin.

7.2.3. Crimes of organized criminality (pursuant to art. 24-ter Italian Legislative Decree no. 231/01 - Transnational offences Art. 3 Italian Law 146/2006

The extension of the administrative liability also to offences depending on organized criminality offences committed in the territory of the State aims to contrast the commission of any type of crime, as long as crimes of association, or rather with the stable, ongoing and organized participation of at least three individuals; in this way it is ensured that also offences formally not included among the categories of predicate offences of the Italian legislative Decree no. 231/2001, such as tax crimes, can cause the administrative liability of BRANDART, in case of crimes of association.

Terrorism-related crimes concern several offences such as: Associations with purposes of terrorism, even international, or subversion of the democratic order (art. 270-bis Italian penal code); Assistance to members (art. 270-ter Italian penal code); Recruiting with purposes of terrorism, even international (art. 270-quater Italian penal code); training for activities with purposes of terrorism, even international (art. 270-quinquies Italian penal code). The latter have been excluded from those that could be committed in BRANDART.

The activities where the criminal offences indicated in article 25-quater of the Italian Legislative Decree no. 231/2001 could be abstractly realized, are essentially connected to the management of relationships with natural or legal persons having seat or operating in Countries considered at risk, management of financial operations or transactions to countries considered at risk. Furthermore, the failure to envisage the inspection and control of the possible presence of the name in international black lists can foster the risk to hire individuals belonging to criminal or terrorist associations.

Exposure to the risk

For the activity performed by the Company it is possible to configure as at risk the financial flows, administrative-accounting management processes and in general the procurement of goods and services as activities that could lead to committing the crimes in question intended to create, for instance, a reserve to be used for unlawful purposes.

The company, for both its role of corporate control, and production and research of customers, has continuous contacts and commercial transactions with individuals operating abroad. This last circumstance makes the existence of so-called transnational crimes sensitive.

Sensitive processes

- Relationships with subsidiaries/affiliates
- Tax & Finance
- Accounting
- Funds available
- Selection, integration and administrative management of personnel
- Procurement of goods and services management
- Voluntary compliance management
- HSE compliance management
- Pre-sale and sale management

Measures for prevention

As regards activities and controls implemented for the purpose of preventing organized criminality and terrorist financing offences, the Company has adopted the following prevention and control measures:

- Code of Conduct expressly forbidding any form of preferential treatment, cooperation or support of terrorist or criminal organizations.
- System of powers of attorney and authorizations assigning in a consistent way authorization and control powers.
- Financial Resources Management Protocol
- Procurement of goods and services Protocols
- Human resources Protocol

- Free gifts, sponsorships and donations Protocol
- Relationships with subsidiaries/affiliates Protocol
- System of flows to the Supervisory Body.
- Reference procedures that regulate the activities to integrate the provisions of the “Protocols 231”.

General principles of behavior

In the performance of their functions, besides the rules referred to in this Model, the Recipients shall, in general, know and adhere to the rules concerning the prevention of organized criminality offences and so-called transnational crimes.

In particular, the Recipients are expressly forbidden to:

- implement, cooperate or cause the realization of behaviors, considered individually or collectively, such as to integrate, directly or indirectly, the criminal offences envisaged by article 24-ter of the Italian Legislative Decree no. 231/01 and art. 10, Italian law no. 146/2006;
- use, even occasionally, BRANDART or one of its Corporate Functions for the purpose of allowing or facilitating the committing of one or more of the Crimes referred to in this paragraph;
- provide, directly or indirectly, funds in favor of individuals pursuing, directly or as frontmen, purposes of transnational organized crime, helping them to pursue their criminal objectives by making available financial resources or anyway increasing their financial means.
- establish contract relations (related to the provision of professional services or purchase of goods and services etc.) or rather, carry out any financial and/or trade transaction, both directly and through a third party, with entities - natural or legal persons – whose names are contained in Lists, available at the Bank of Italy, or by individuals controlled by the latter, when said control relation is known. In this respect, it is necessary to perform all the activities for the identification of customers and inspection of absence of conflicts of interest, as well as of terrorist-related suspects.
- implement, cooperate or cause the realization of behaviors that, even if they do not represent on their own a crime, can possibly become a crime;
- provide third parties with services that are not reasonably justified by the context of the contract relationship with them;

- recognize payments in favor of third parties that are not reasonably justified by the type of assignment to be performed and procedures in force at local level;
- receive payments for non-existent supplies or services that fall outside ordinary business activity;
- make donations in favor of authorities and individuals included in international black lists;
- hire personnel resulting from international black lists.

In the light of the above, in order to prevent the commission of crimes envisaged by art. 24-ter of the Italian Legislative Decree no. 231/01 and article 10 of the Italian Law no. 146/06 and deemed significant for the company, the latter adopts behavior rules and standards shaped around:

- 1) verifying that any financial transaction assumes the prior knowledge of the beneficiary, at least the direct beneficiary, of the cash amount;
- 2) verify that the significant assignments are concluded with natural and legal persons for whom appropriate inspections, controls and assessments have been carried out in advance (just by way of an example: consultation of Lists, control of their possible presence in said lists, etc.);
- 3) verify the commercial and professional reliability of suppliers and commercial/financial partners and agents;
- 4) verify that data collected in relation to relationships with third parties are complete and updated either for the correct and prompt identification of them, or for a valid evaluation of their profile;
- 5) verify the regularity of payments, with reference to the whole coincidence between recipients and principals of payments and counterparties actually involved in the transactions;
- 6) execute formal and substantial controls of corporate financial flows, with reference to payments to third parties. Said controls shall take into account the registered office of the counterparty company, credit institutions used and possible corporate veils and trust structures for extraordinary operations or transactions;
- 7) carry out the appropriate inspections on funds available;
- 8) define the minimum requirements of the offerors and establish the evaluation criteria of offers;
- 9) adopt appropriate training programs for personnel.

7.2.4. Corporate crimes pursuant to art. 25 ter Italian Legislative Decree no. 231/01.

The type of crimes in question is particularly important for both the frequency of activities exposing the Company to risk and the array of interests to be protected: protection of the integrity of the company assets, protection of shareholders and creditors, loyal competition, financial markets transparency, protection of non-institutional investors and of the whole market, etc.

The case of corruption between private individuals is different, crime that is committed when *“directors, general managers, officers appointed to prepare the corporate accounting documents, statutory auditors and liquidators, after the dation of promise of money or other benefits, for oneself or others, carry out or do not carry out actions, in breach of their obligations due to their office or loyalty obligations, causing detriment to the company”*.

Exposure to the risk

The Risk Assessment shows the exposure of the Company to the following crimes (provided that they are fulfilled in the interest of the corporation): false corporate communications, false corporate communications that harm shareholders or creditors, offence of impeding control, impediment to the exercise of functions of supervisory public authorities, unlawful influence on the meeting, fictitiously paid-up capital stock, transactions to the detriment of creditors, corruption between private individuals, omitted communication about a conflict of interests. It shall be considered that, this last crime can be committed only by someone covering particular roles in the company and, in particular, by a director or a member of the Board of Directors. The crime is actualized with the violation of the obligations envisaged by art. 2391 Italian civil code, according to which the director of a Company who, in a specific operation, has for him/herself or on behalf of third parties a conflict of interests with the Company, shall inform the board of statutory auditors and board of directors and shall refrain from taking part in the resolutions concerning said operation.

Considering the above it is perceivable that a large part of the activity to prevent said crime shall be based on the ability of the organization to train and select its directors also in consideration of requirements concerning ethics, honorability and loyalty.

With reference to corruption between private individuals, the crime is committed when: directors, general managers, officers appointed to prepare the corporate accounting documents, statutory auditors and liquidators, after the dation of promise of money or other benefits, for oneself or others, carry out or do not carry out actions, in breach of their obligations due to their office or loyalty obligations, causing detriment to the company.

The Strasbourg Convention imposed on the contracting States the punishment for the crime of active and passive corruption in the private sector, meant as behaviours of promise, offer or dation, request and reception of an undue advantage, for oneself or third parties, against people managing or working in a private organization, in order that they carry out or refrain from carrying out an action in breach of their duties. The Italian lawmaker in the Law 190/2012 has conversely envisaged that the crime is committed only when the individual carries out or does not carry out actions in breach of his/her obligations and this causes a detriment to the company. Hence, this is not corruption between private individuals, but a “corporate crime”, since this is just a breach of the relationships between individual and organization which he/she operates for. While the Strasbourg Convention wants to punish the behavior of whom gives or promises the undue advantage and whom receives the dation or promise of said advantage for the purpose of carrying out an action contrary to his/her duties, today in art. 2635 Italian c.c., as amended, there is crime only if the person who receives the undue advantage ceases to fulfil his/her obligations towards the company and if it causes a detriment to said company, otherwise the corruption cannot be prosecuted.

With specific reference to the corruption between private individuals, it shall be highlighted how it can have both an “exogenous” and “endogenous” nature. In the first case, it is observed how the company for which someone has paid/promised money/benefits to one of the qualified entities described above, as well as the representative of the company that corrupts its representative in order to guarantee to the organization an interest or an advantage can be sanctioned. With reference to the second case, an example could be the case of the director that corrupts a member of the board of statutory auditors in order that said member does not detect anomalies that would affect the operability and management of the company for which they are both executing their office.

Sensitive processes

- Corporate Marketing
- Relationships with subsidiaries/affiliates
- Tax & Finance
- Accounting
- Funds available
- General Services
 - Management of communication to shareholders concerning the economic, financial standing of the company;
 - Operations concerning the share capital
 - Management and communication of news and data on the outside concerning the Company
- Selection, integration and administrative management of personnel
 - Agents management
- Personnel training;
- Bonus system
- Voluntary compliance management
- HSE compliance management
- Suppliers qualification and selection management
- Procurement of goods and services management
- Pre-sale and sale management

Measures for prevention

BRANDART adopts an internal control system acting on both its activities and interrelationships between the corporate and control bodies envisaged by the applicable legislation and, more generally, by the corporate documentation:

- Code of Conduct that explains the guide-values of the Company by recommending truthfulness, completeness, correctness and accuracy of accounting data and information.

- Periodical meetings, individual or collective, between the Supervisory Body, administrative body, auditing company and Board of Statutory Auditors and obligation to send with adequate notice to the Supervisory Body and the Board of Statutory Auditors the documentation concerning agenda topics of the meeting or, anyway, to be subject to them.
- System of powers of attorney and authorizations attributing in a consistent way authorization and control powers.
- Financial Resources Management Protocol;
- Procurement of goods and services Protocols;
- Free gifts, sponsorships and donations Protocol;
- System of flows to the Supervisory Body;
- Reference procedures that regulate the activities to integrate the provisions of the “Protocols 231”.

General principles of behavior

In order to prevent and impede the occurrence of crimes referred to in the heading, the Recipients involved in the performance of identified Sensitive Activities, bound to the following general principles of behavior, without prejudice to the indications of the Code of Conduct and specific corporate Procedures, shall be compliant with the following obligations:

- the Recipients shall have a behavior shaped around principles of integrity, correctness and transparency in the preparation of the financial statements, reports and other corporate communications envisaged by law, in order to provide the shareholders and the public with truthful and correct information about the economic and financial standing of BRANDART in compliance with all the legal, prescribed rules and application accounting standards. Therefore, it is forbidden to indicate or send for the preparation or integration in said communications, false, artificial, incomplete data or misrepresentations in any way, about the economic or financial standing of the Company. In addition, it is forbidden to implement activities and/or operations intended to create non-accounting funds (for instance by resorting to invoices for non-existent operations or over-invoicing), or rather intended to create “slush funds” or “parallel accounting”. Particular attention shall be paid to the estimate of the accounting items: the individuals intervening in the estimation procedure shall abide by the principle of reasonableness and represent clearly the evaluations parameters followed, providing any complementary information that is necessary to guarantee the truthfulness of the document. The financial statements shall also be complete as regards the corporate information and shall contain all the elements requested by law and Supervisory Regulations. The same correctness is requested to the director, statutory auditors, general manager, in the preparation of all the other communications imposed or anyway envisaged by law and addressed to the shareholders or the public, in order that they contain clear, accurate, truthful and complete information;

The Recipients shall observe a conduct aimed at ensuring the regular functioning of BRANDART, and the correct interaction between its corporate bodies, by ensuring and easing any form of control on the business management, as envisaged by the law, as well as the free and regular formation of will. In said perspective, it is forbidden to:

a) prevent or impede in any way, also by concealing documents or using other suitable artifices, the performance of the institutional activities of control and auditing, to be performed by the Board of Statutory Auditors and/or auditing company;

b) cause or affect unlawfully the adoption of meeting resolutions, implementing to this end fictitious or fraudulent actions that propose to alter artificially the normal and correct process of formation of the will of the meeting;

• the Recipients shall guarantee the prompt compliance with any legal rule protecting the integrity and effectiveness of the share capital, in order to not cause detriment to the guarantees of creditors and, more generally, to third parties. In said perspective, it is forbidden to:

a) return, even fictitiously, contributions to shareholders or relieve them from the obligation to carry out said contributions, of course without prejudice to the cases of legitimate share capital reduction;

b) distribute profits or interim profits not actually achieved, or to be allocated under law to reserve, or rather divide reserves, even not constituted with profits, that under law cannot be distributed;

c) purchase or subscribe shares of the company or of the holding company outside the permitted cases of the law, causing in this way a damage to the integrity of the share capital or reserves that cannot be distributed under law;

d) carry out share capital reductions or mergers with other companies or demergers in breach of the legal rules, causing in this way a damage to creditors;

e) form or increase fictitiously the share capital through attribution of shares for an amount lower than their nominal value, mutual subscription of shares or stocks, significant overestimation of contributions of goods in kind and loans, or rather of the company's assets in case of transformation.

It is expressly forbidden – for the Recipients of this Model

- to implement behaviours such as to integrate the criminal offences considered above;

- which, although, are such as not to constitute in themselves criminal offences falling within those considered above, can possibly become a crime;

- not in line or non-compliant with principles and prescriptions contained in this Model and in the Code of Conduct or anyway with business procedures.

For such a purpose, the Recipients are forbidden to behave as follows/carry out the following operations:

- The Recipients are forbidden to:
 - a) prevent or impede in any way, also by concealing documents or using other suitable artifices, the performance of the institutional activities of control and auditing, to be performed by the Board of Statutory Auditors and/or auditing company;
 - b) cause or affect unlawfully the adoption of meeting resolutions, implementing to this end fictitious or fraudulent actions that propose to alter artificially the normal and correct process of formation of the will of the meeting.
- The director is forbidden to return, even fictitiously, contributions to shareholders or relieve them from the obligation to carry out said contributions, of course without prejudice to the cases of legitimate share capital reduction;
- The director is forbidden to distribute profits or interim profits not actually achieved, or to be allocated under law to reserve, or rather divide reserves, even not constituted with profits, that under law cannot be distributed;
- The director is forbidden to purchase or subscribe shares of the company or of the holding company where it is not allowed by the law, causing in this way a damage to the integrity of the share capital or reserves that cannot be distributed under law;
- The director is forbidden to carry out share capital reductions or mergers with other companies or demergers in breach of the legal rules, causing in this way a damage to creditors;
- The director is forbidden to form or increase fictitiously the share capital through attribution of shares for an amount lower than their nominal value, mutual subscription of shares or stocks, significant overestimation of contributions of goods in kind and loans, or rather of the company's assets in case of transformation;
- The Recipients are forbidden to act or behave towards representatives of companies (be they customers, suppliers, consultants, etc.) in a way that can be interpreted as a practice of corruption, unlawful favors, collusive behaviors, solicitations, direct or through third parties, privileges for oneself or others significant for the purposes of committing crimes of corruption between private individuals;
- The Recipients are forbidden to distribute or receive free gifts, presents or other benefits (including meals, travel and entertainment activities) that can represent breach of laws or regulation or are in conflict with the

Code of Conduct. In particular, it is forbidden to offer money or benefits of any kind (promises hiring, etc.) or carry out acts of business courtesy, unless it is a small benefit and provided that they cannot be interpreted in any way as a method to influence them in the fulfilment of their duties or to induce them to infringe upon their official or loyal duties to receive unlawful favors and/or to get undue advantages. The presents offered – unless of small value – shall be properly documented to allow the prescribed inspections;

- the Recipients are forbidden to recognize, in favor of Suppliers, consultants, and/or external co-operators, business partners Agents, Contractors payments that cannot be justified by the type of task to be performed and the procedure in force in the activity sector concerned.

7.2.5. Crimes of manslaughter and serious or very serious injury through negligence, committed with violation of the safe working practice and protection of hygiene and health in the workplace pursuant to art. 25 septies Italian Legislative Decree no. 231/01

On 1st April 2008, the implementing Decree of the Italian Law 123 of 3rd August 2007 concerning safety in the workplace was approved by the Council of Ministers, said Decree mentions in Article 30 the Models of Organization and Management by affirming that:

- The model of organization and management, in order to relieve from their administrative liability legal persons, companies and associations even without legal personality referred to in the Italian legislative decree 8th June 2001, no. 231, shall be adopted and effectively implemented, by ensuring a corporate system for the fulfilment of all the relevant legal obligations:
 - compliance with technical and structural legal standards concerning equipment, systems, workplaces, chemical, physical and biological agents;
 - activities of risk assessment and preparation of subsequent prevention and protection measures;
 - organizational activities, such as emergency, first aid, procurements management, periodical security meetings, consultations of workers' health and safety representatives;
 - health surveillance activities;
 - workers' information and training activities;
 - supervision activities with reference to the compliance with safety procedures and instructions by the workers;
 - acquisition of compulsory legal certifications and documentations;
 - periodical inspections for the application and effectiveness of the procedures adopted.
- The organizational and management model referred to in the first point shall envisage suitable registration systems of the performance of the activities indicated above.

- The organizational model shall anyhow envisage, as required by the nature and dimensions of the organization and the type of activity performed, an articulation of functions ensuring the necessary technical expertise and powers for the inspection, assessment, management and control of risks, as well as a suitable disciplinary system that sanctions the failure to comply with the measures indicated in the model.
- The organizational model shall also envisage a suitable control system on the implementation of said model and the maintenance over the time of the conditions of suitability of the measures adopted. The re-examination and possible change of the organizational model shall be adopted, when significant violations of the regulations governing injury prevention and hygiene in the workplace are discovered, or rather on the occasion of changes in the organization and in activity in relation to the scientific and technological progress.
- At the time of the first application, the models of business organization defined in compliance with the UNI-INAIL Guidelines for a health management and safety at work system (SGSL) of 28th September 2001 or British Standard OHSAS 18001:2007 are presumed compliant with the requirements referred to in the paragraphs above for the corresponding sections. For the same purposes further models of business organization and management can be indicated by the Committee referred to in article 6.

Exposure to the risk

This model does not want to replace the legal prerogatives and responsibilities of the individuals identified by the Italian Legislative Decree no. 81/08. Conversely, it represents a further control and inspection system for the existence, effectiveness and fitness of the structure of the management system for the protection of health and safety at work.

The definition of the sensitive activities pursuant to the Decree was carried out by considering the activities where the injuries can be verified and those where the crime of involuntary breach of the legislation and prevention measures can be committed, by the Company. In consideration of said dichotomy it can be recognized:

- professional diseases and injury-risk activities highlighted in the Risk Assessment Document and meant as the activities where damaging events can possibly occur:
- the crime risk activities, meant as the activities that could possibly cause the crimes indicated in art. 25-septies of the Decree, because their omission or ineffective implementation could integrate the responsibility of the Company within the Management Responsibility.

With particular reference to the latter, although it cannot be considered in any way that the omissions on health and safety at work by external individuals cooperating with the company, can be ascribed to BRANDART

I.P. SRL, the principle of social welfare expressed by art. 2 of the Constitutional Charter, the principle considered a legal base and promoted by the European Community, of continuous and maximum protection of workers and injury/accident/disease prevention in the workplace, ethically impose on the entity to verify (and wherever possible to impose) that all the individuals cooperating on any ground with the company (suppliers, consultants, contractors, *et similia*) adopt or have formally and substantially adopted systems to manage the risk and prevention of injury and disease in the workplace.

Sensitive processes

- Relationships with subsidiaries/affiliates
- Voluntary compliance management
 - . Integrated system management
- HSE compliance management

Measures for prevention

- The Code of Conduct defines principles and behaviors that shall be observed by the workers of the Company, as well as by any external individual that is legitimately at the premises of the Company;
- System of powers of attorney and authorizations assigning in a consistent way authorization and control powers.
- HSE Protocol;
- Management of Relationships with affiliates/subsidiaries Protocol;
- System of flows to the Supervisory Body;
- Reference procedures that regulate the activities to integrate the provisions of the “Protocols 231”.

General principles of behavior

Every employee and Co-operator of the Company, in their areas and according to their expertise – must:

- adhere to rules, obligations and principles set out by the applicable legislation and rules/guidelines on health and safety;
- adhere to general principles of conduct and behavior, control principles and specific principles indicated in this Model;
- promote the compliance with said standards, rules and principles and ensure the fulfilments on health and safety at work;

- adopt a conduct of maximum cooperation and transparency in the relationships with public authorities competent in the matter health and safety at work, both during the preparation and communication of possible declarations, and on the occasion of assessments/inspections;
- promote the internal information and training on specific risks related to the performance of one's tasks and activities, corporate structure and regulations on health and safety, prevention and protection measures and procedures and/or acknowledge the information provided and/or take active part in training courses;
- correctly use machineries, equipment, tools, materials, means of transport and other work equipment, as well as protective equipment;
- report to Supervisors or authorized persons for the health and safety management and/or to the Supervisory Body violations of defined rules and any possible or real hazardous situation.

7.2.6. Crimes of handling stolen goods, money laundering, self-laundering and use of goods of illicit origin pursuant to art. 25 octies Italian Legislative Decree no. 231/01.

Exposure to the risk

The administrative liability of the Company pursuant to the Italian Legislative Decree no. 231/01 can arise not only for activities arising from financial money laundering, self-laundering, but also in case the Company procure goods or services of illicit origin. Therefore, this type of offence leads one to examine carefully the area of customer-supplier relationships maintained by BRANDART.

Furthermore, with reference to the new criminal offence of self-laundering referred to in art. 648-ter.1 Italian penal code, included in art. 25 octies of the Italian Legislative Decree 231/2001 by the Italian Law no. 186/2014, in force as of 1st January 2015, the Company, without specific and univocal legal, jurisprudential and best practice indications, has anyway privileged a prudential approach, intended to extend the mapping of Sensitive Processes also with reference to predicate offences of self-laundering, or rather those voluntary crimes generating money, profits or other benefits later "self-laundered" by the same perpetrator.

Within the risk assessment activities, the Company has decided to consider, as predicate offences of self-laundering, tax crimes referred to in the Italian Legislative Decree no. 74/2000 ("New regulation of crimes on income taxes and added value, pursuant to article 9 of the Italian law 25th June 1999, no. 205").

Conversely, with reference to those voluntary criminal offences included in the catalogue of predicate offences of the Italian Legislative Decree no. 231/2001 and that could possibly represent "predicate offences"¹ of the crime of self-laundering (because they could generate money, profits or other benefits), some of them are already

¹ See Circular no. 1867 of 12.05.2015 of Confindustria, according to which the controls adopted for the prevention of crimes of money laundering "should represent a good base also to limit the risk of realization of self-laundering".

taken into consideration in the “risk assessments” carried out, even in the past, by the Company, on crimes against the Public Administration, corporate crimes, organized criminality offences, trademark and patent infringements and crimes against industry and commerce, crimes on health and safety at work, copyright infringement, environmental crimes, employment of citizens of third-party countries with invalid residence permits, which reference is made to.

Sensitive processes

The processes exposed to the risk-offences in question are the management of procurements of goods and services and management of financial flows.

With specific reference to the crimes of handling stolen goods, money laundering and use of money, goods or benefits of illicit origin, as well as self-laundering, the Sensitive Processes are the following:

- Tax & Finance
 - . Tax management
- Funds available
- Accounting
- Corporate Marketing
 - . Management of free gifts, sponsorships and donations
- Relationships with subsidiaries/affiliates
- Pre-sale and sale management
- Procurement of goods and services

Measures for prevention

- The Code of Conduct explains the guide-values of the Company by recommending, promoting and forbidding specific behaviors with reference to the crimes in question.
- System of powers of attorney and authorizations assigning in a consistent way authorization and control powers.
- Subsidiaries/affiliates relationships Protocol
- Financial Resources Management Protocol
- Procurement of goods and services Protocols
- Product Development Protocol
- System of flows to the Supervisory Body
- Reference procedures that regulate the activities to integrate the provisions of the “Protocols 231”.

General principles of behavior

In order to prevent and impede the occurrence of crimes referred to in the heading, the Recipients involved in the performance of Sensitive Activities, without prejudice to the indications of the Code of Conduct and specific corporate Procedures, are expressly forbidden to implement behaviors:

- Such as to integrate the criminal offences considered above;
- that, although, are such as not to constitute in themselves criminal offences falling within those considered above, can possibly become a crime;
- not in line or non-compliant with principles and prescriptions contained in this Model and in the Code of Conduct or anyway with business procedures.

In particular, the Recipients shall:

- be guided by criteria of transparency in the performance of the business activity and in the choice of the financial and/or commercial partner, paying the maximum attention to the news concerning third parties with whom BRANDART has financial or business relationships, that can also just generate the suspect of one of the crimes referred to in this special section;
- have a correct, transparent and cooperative behavior, in compliance with the legal rules and internal corporate procedures, with particular reference to the activities aimed at managing general information about Suppliers/customers/Consultants/Agents, including those overseas;
- do not maintain in particular business relations with entities (natural persons or legal persons) whose belonging to criminal organizations is known or suspected or is anyway operating in an unlawful way, such as, by way of an example, individuals connected or anyway close to organized crime, money laundering, drug trafficking, usury;
- ensure the traceability of the stages of the decision-making process concerning financial and business relationships with third parties;
- keep the support documentation, by adopting all the physical and logical safety measures, established by BRANDART;
- have a cooperative behavior with the Financial Services and/or Legal Authority;
- report to the Departmental managers and/or Supervisory Body possible violations of rules and possible unusual operations that could be an indication of phenomena of handling stolen goods, money laundering and use of money, goods and benefits of illicit origin, as well as self-laundering;
- abide by business procedures, directives and policies applicable to the activities performed in particular within Sensitive Processes.

7.2.7. Environmental crimes pursuant to art. 25-undecies Italian Legislative Decree no. 231/01.

Exposure to the risk

The activities exposed to the risk of committing environmental crimes are essentially connected to the management of hazardous and non-hazardous waste produced by the offices and laboratories of the head office. Furthermore, similar to the indications about prevention of offences concerning safety at work, BRANDART has an interest that the third party companies with which it cooperates to achieve its business purposes, guarantee to be compliant with environmental rules.

Sensitive processes

With specific reference to the environmental analyses and assessments carried out, particular attention was paid to the so-called system of *“environmental aspects management”*. Said choice is confirmed by the consideration that it is possible and effective, for the purposes of this document, to define sensitive areas/processes, according to the meaning referred to in this Model, where the environmental crimes in question could occur, areas/processes falling within the perimeter of the aforementioned system of *“environmental risks management”*.

- Voluntary compliance management
 - Environmental risks management
 - Integrated system management

Measures for prevention

- The Code of Conduct
- HSE Protocol
- Reference procedures that regulate the activities to integrate the provisions of *“Protocols 231”*.

General principles of behavior

In order to prevent and impede the occurrence of crimes referred to in the heading, the Recipients involved in the performance of Sensitive Activities in the identified Offence Risk Areas, bound by the following general principles of behavior, without prejudice to the indications of the Code of Conduct and specific corporate Procedures, must:

- Adhere to rules, obligations and principles set out by the applicable legislation and internal procedure of environmental aspects management;
- Adhere to general principles of conduct and behavior and specific principles indicated in this Model;

- Promote the compliance with said standards, rules and principles in order to ensure the fulfilments on environmental protection;
- Adopt a conduct of maximum cooperation and transparency and adhere to the rules of conduct specified in the relationships with public authorities competent in the environmental matter, both during the preparation and communication of possible declarations, and on the occasion of request and attainment of authorization, and on the occasion of assessments and inspections;
- Refrain from unlawfully abandoning or depositing waste on the soil and in the soil;
- Refrain from unlawfully inserting waste of any kind, solid or liquid, in surface or underground waters;
- Refrain from emitting noxious emissions in the air.

7.2.8. Employment of citizens of third-party countries with invalid residence permits (pursuant to art. 25-duodecies.

The issuance of the residence permit represents a real element for the legal capacity of a foreigner to work, indeed before said time it is not possible to enter into legal contracts (under penalty of committing the crime in question). Hence, the legal interest protected by the rule is identified in the prompt verification of the regularity of the stay.

The individual committing the crime is the employer. Nevertheless, the legal practice includes in the concept of employer any individual that “hires as his/her employee, temporarily or permanently, against the payment of a remuneration, one or many people, having the task to perform a subordinate working activity of any type”.

Condition of the crime is the employment of a foreign citizen.

Exposure to the risk

The activities where the criminal offence indicated in article 25-duodecies Italian Legislative Decree could be abstractly realized, is represented by the management of the process of hiring and administrative management of non-European employees and co-operators.

Sensitive processes

- Relationships with subsidiaries/affiliates
- Selection, integration and administrative management of personnel
- Voluntary compliance management
- . Integrated system management

Measures for prevention

- The Code of Conduct explains the guide-values of the Company by recommending, promoting and forbidding specific behaviors with reference to the crimes in question.
- Human resources Protocol
- HSE Protocol
- System of flows to the Supervisory Body
- Reference procedures that regulate the activities to integrate the provisions of “Protocols 231”

General principles of conduct

In order to prevent and impede the occurrence of crimes referred to in the heading, the Recipients involved in the performance of Sensitive Activities in the identified Offence Risk Areas, must adhere to the following general principles of conduct, without prejudice to the indications of the Code of Conduct and specific corporate Procedures

- implement conducts that, although, are such as not to constitute in themselves criminal offences falling within those referred to in this paragraph, can possibly become a crime;
- implement conducts not in line or non-compliant with principles and prescriptions contained in this Model, Code of Conduct.

7.2.9. Crimes against industry and commerce pursuant to art. 25 bis-1 Italian Legislative Decree no. 231/01

Exposure to the risk.

Among the crimes against industry and commerce envisaged by the Decree, those that can be in the abstract included in the activities performed by BRANDART, are only those referred to in art. 515 (Fraud in the exercise of trade) and 517 Ter Italian penal code (Manufacturing and trade of goods made by encroaching upon industrial property rights). At the time of the analysis the risk-offence was highlighted as the latter , as BRANDART, besides meeting the requests of customers about drawings and models proposed by the latter, performing activity of new product development, based on original models and drawings, is exposed to the risk-offence referred to in art. 517 ter Italian penal code because both models and drawings can be subject to exclusive rights.

Sensitive processes

- Pre-sale and sale management
- Products development management
- Voluntary compliance management
- Security Compliance Management

. Integrated system management

Measures for prevention

- The Code of Conduct explains the guide-values of the Company by recommending, promoting and forbidding specific behaviors with reference to the crimes in question.
- System of powers of attorney and authorizations assigning in a consistent way authorization and control powers.
- Procurement of goods and tangible services Protocols
- Product Development Protocol
- System of flows to the Supervisory Body
- Reference procedures that regulate the activities to integrate the provisions of "Protocols 231".

General principles of conduct

In order to prevent and impede the occurrence of crimes referred to in the heading, the Recipients involved in the performance of Sensitive Activities in the identified Offence Risk Areas, must adhere to the following general principles of conduct, without prejudice to the indications of the Code of Conduct and specific corporate Procedures:

- a) behave in a correct, transparent and helpful manner in compliance with legal rules and internal procedures, in any activity for the management of relationships with Suppliers/customers/partners, including those overseas;
- b) do not maintain business relations with (natural or legal) persons who are known or suspected of the performance of unlawful activities with reference to criminal offences against industry and commerce;
- c) adhere to possible policies adopted by the Company containing the principles to be respected in order not to infringe upon the industrial property rights of third parties, protect those of the Company, even in case of cooperation with external entities;
- d) do not interfere, by impeding or disturbing, in the exercise of third parties' industry and commerce;
- e) be operative in case of negative perception and/or reporting about the honorability of individuals whom you interact with or rather about the ownership by them of industrial property rights;
- f) verify the reliability of letters of formal notice received by individuals that report a presumed conduct, by the Company, prejudicial to the rights protected by the laws on crimes against industry and commerce;
- g) verify, with legal opinions or with other professionals, the possibility that a conduct of the company can amount to one of the crimes against industry and commerce, or one of the trademark and patent infringements;
- h) at the time that the Company comes in contact with third parties, all the appropriate actions shall be undertaken to avoid:

- that someone commits acts that, becoming violent and/or a threat, can produce a damage of third parties' rights to exercise freely industry or commerce, and of free competition;
 - that goods non-compliant with the characteristics indicated or agreed, counterfeited, marked by mendacious signs and/or prejudicial to third parties' exclusive rights.
- i) abide by possible policies adopted by the Company containing principles to be abided by in order to respect industrial property rights of third parties and of the Company;
- l) adopt a clearance process intended to research previous filing of third parties' trademarks, drawings, models and patents;
- m) envisage the systematic integration of a "clause 231" in any agreement with Consultants, Suppliers and other third parties based on which the third party declares to have examined the contents of the Model, Code of Conduct and commit to adhere to the provisions therein defined, under penalty of termination of the agreement.

5.2.10 Crimes against the individual (Art. 25-quinquies Italian Legislative Decree 231/2001)

The possibility of direct involvement of seniors and employees of BRANDART in offences referred to in art. 25 quinquies Italian Legislative Decree no. 231/01 able to give rise to administrative liability against the company, shall be considered so remote as to be assessed as impossible. Nevertheless, even on the basis of a principle of social welfare constitutionally guaranteed that leads to extending the control and supervisory positions, it is not ruled out that the company can be involved in some of the criminal offences referred to in art. 25 quinquies (those on enslavement or holding in slavery), occurred in the companies that BRANDART employs for product processing. Similar to the observations made on safety of workers and offences envisaged by the Italian Legislative Decree no. 231/01, the research of the correct dividing line between the area of what can and must be subject to control and supervision of BRANDART and what shall not be taken into consideration by the latter is complex; nevertheless the internal procedures of the company already brushes this concept of extension of supervisory obligations to such an extent that, even to fulfil the obligations imposed by the voluntary compliance, further audits are performed on the suppliers.

Sensitive processes

- Voluntary compliance management
 - Integrated system management
- Relationships with the other companies

Measures for prevention

- The Code of Conduct explains the guide-values of the Company by recommending, promoting and forbidding specific behaviors with reference to the crimes in question.
- System of powers of attorney and authorizations assigning in a consistent way authorization and control powers.
- HSE Protocol
- Subsidiaries/affiliates relationships Protocol
- System of flows to the Supervisory Body
- Reference procedures that regulate the activities to integrate the provisions of “Protocols 231”.

General principles of conduct

In order to prevent and impede the occurrence of crimes referred to in the heading, the recipients involved in the performance of Sensitive Activities in the identified Offence Risk Areas, must adhere to the following general principles of behavior, without prejudice to the indications of the Code of Conduct and specific corporate Procedures:

- a) adhere to the applicable Italian legislation (provisions of the civil code, penal code, special laws and regulations on this matter, etc.);
- b) refrain from implementing or taking part in the realization of conducts that, considered individually or collectively, can integrate the criminal offences referred to in the paragraph above;
- c) refrain from implementing and adopting behaviors that, although do not integrate, in themselves, any of the criminal offences indicated in paragraph 1 above, may possibly become suitable to realize said crimes;

In this regard, just by way of an example, it is particularly forbidden to:

- 1) manage human resources in breach of the provisions on labor law (with particular attention to the plumbing and drainage conditions, safety, trade union, association and representation rights, rights of minors and women);
- 2) establish contract relationships (related to the undertaking of assignments or purchase of goods or services, etc.) with individuals that are not compliant with the applicable legislation on law, with particular attention to child labor and the provisions on health and safety (in particular, that find workforce through the smuggling of migrants and slave trade);

- 3) use corporate computing tools in order to obtain and hold child pornography material;
- 4) provide third parties with services that are not reasonably justified by the context of the contract relationship with them;
- 5) recognize payments in favor of third parties that are not reasonably justified by the type of assignment to be performed.

5.2.11 Other crimes

It is specified that a preliminary examination and assessment of the ensemble of corporate activities led to the reasonable exclusion of the possibility of committing some predicate offences, both because of the characteristics of the company (e.g. False corporate communications of publicly listed companies pursuant to art. 2622 Italian c.c.), and because of the circumstance that some of them cannot be committed in the interest/favor of BRANDART (e.g. possession of pornographic material) and because the possibility of their being committed is highly improbable and merely pedantic.

The crimes excluded are: crimes of counterfeiting currency, crimes against the individual on pornography and child prostitution, transnational offences, female genital mutilation, offences with purposes of terrorism or subversion of the democratic order, so-called market abuse (abuse of privileged information and market manipulation), crimes of electoral political - mafia exchange and false imprisonment for the purpose of robbery or extortion; crimes of association for traffic of narcotic or psychotropic substances; offence of illegal manufacturing, introduction into the State, putting on sale, transfer, possession and carrying weapons of war or similar or parts of them, explosives, clandestine weapons, as well as more common firearms in public places or open to the public (art. 407, first paragraph, letter a) no. 5 Italian code of criminal procedure). In relation to said criminal offences, anyway, as far as possible, the provisions of the Code of Conduct shall apply.

Similarly, for the purposes of preventing the crime of inducement to make no statements or rather make false statements to the Judicial Authority, the principles and control systems contained in the Code of Conduct shall apply.

8. The Control and Supervisory Body

8.1. General Information

As stated, the Italian legislative decree envisages, in art. 6, paragraph 1, let. b) that the Entity is not held liable for possible crimes committed inside it if the task of supervising the functioning and compliance of the prepared model of organization and management, as well as supervising its update, has been assigned to a Body (Supervisory Body) of the Entity with autonomous enforcement powers.

In compliance with said prescription, the Company has a collective Supervisory Body directly appointed by the administrative body.

The execution of its tasks by the Supervisory Body represents an essential element for the exemption envisaged by the Decree.

8.2. Appointment and composition

The Supervisory Body is a collective body comprising three regular members, one of whom is the President.

The members of the Supervisory Body are chosen among qualified individuals, with marked professionalism and meeting the requirements of honorability to be intended as indicated in art. 4, Italian Decree 30th December 1998, no. 516.

The criteria inspiring the Company to form the Supervisory Body are:

- Multiple-person composition,
- Internal and external professional resources,
- Absence of a potential conflict of interest,
- Skills of each member.

The members of the Supervisory Body are appointed by the administrative body with resolution indicating tasks and powers of the Supervisory Body, duration in office and remuneration payable to each member, as well as the budget attributed to the Body appointed.

The appointment resolution is promptly communicated through appropriate means of communication.

8.3. Duration in office, replacement and removal of the members of the SB

The members of the SB remain in office for the time indicated in their mandate, possibly renewed for the same period. Anyhow, each member remains in office until the appointment of his/her successor.

In case one of the members of the SB incur one of the causes of incompatibility referred to in paragraphs below, the administrative body after collecting the elements proving the fact and having heard the person concerned, sets out a

Term, no shorter than 30 days within which the situation of incompatibility shall be terminated. After said period, if the incompatibility has not been terminated, the administrative body shall remove the member.

The member will also be removed where:

- there exist such circumstances that the requirements of autonomy and independency requested by the law cease to apply;
- one of the members is subject to a sentence of conviction, even though not final, for one of the crimes envisaged by the Decree, namely causing the disqualification, even if temporarily, from holding public office or incapacity to act as an executive;
- the requirements of honorability referred to in paragraphs below cease to apply.

The members of the SB can waive at any time their office. In this case, they shall inform the administrative body in writing by justifying the reasons causing the waiver.

In case of waiver by all the members of the SB, it will not be effective until the appointment of the new members by the administrative body. In the other cases, the waiver shall be immediately effective.

In order to protect the SB against the risk of an unjustified removal of a member by the administrative body, it is set out that the latter can resolve the removal only for justifiable reason.

In this regard, justifiable reason of removal shall be considered:

- disqualification or incapacity, or rather, a serious infirmity making one of the members of the SB unsuitable to perform his/her supervisory functions, or an infirmity that, anyway, entails the impossibility to perform his/her job for a period longer than six months;
- a serious non-fulfilment of his/her duties as defined by this model;
- a serious negligence in the performance of his/her tasks related to the assignment;
- a sentence of conviction of the Company pursuant to the Decree becoming final, or rather criminal proceedings concluded through the so-called "plea bargain", where it appears from the records "the omitted or insufficient supervision by the SB", according to the provisions of art. 6, paragraph 1, let. D) of the Decree;
- a sentence of conviction, even though not final, for one of the crimes envisaged by the Decree, namely causing the disqualification, even if temporarily, from holding public office or incapacity to act as an executive.

In the cases described above the administrative body shall appoint a new member of the SB to replace the one removed. Where, conversely, the removal is exercised always for justifiable reason, in the terms described above, against all the members of the SB, the body shall promptly appoint a new SB.

8.4. *Requirements of the Control and Supervisory Body*

Autonomy and independence

BRANDART is committed to guarantee to the SB full autonomy of initiative and protect it against any form of interference or influence. For this purpose, it is envisaged that:

- its members have no operating tasks and have not the possibility of interference in the operability of the Company;
- the Body, while performing its function, is not subject to hierarchical and disciplinary power of any corporate body or function;
- it reports directly to the administrative body;
- the adoption of its decisions as well as the determination of its activity are unquestionable.

Competence

In order to ensure the correct performance of its tasks, it is essential that the Body guarantees an appropriate competence. In this respect the following is important:

- a knowledge of judicial matters (in particular of the structure and methods of the committing of predicate offences, as well as of the Decree as a whole);
- knowledge of the organizational structure of the Company;
- an appropriate expertise on auditing and control.

Honorability and absence of conflict of interests

Said requirement shall be intended in the following terms:

- the members of the Supervisory Body are chosen among qualified individuals and with marked professionalism and meeting the requirements of honorability to be intended as indicated in art. 4, Italian Decree 30th December 1998, no. 516.
- the members of the SB shall not have family relationships within the corporate top management, they shall also be free from any situation that can specifically generate conflict of interests.

Continuity of action

The continuity of action of the SB is guaranteed through the term longer than one year of its office, without prejudice to the possibility of subsequent renewal, and the possibility of removal only for justifiable reason in the terms described above.

8.5. *The resources of the Supervisory Body*

The administrative body gives to the SB the human and financial resources deemed appropriate for the purpose of the fulfilment of the assignment, according to the dimensions of the Company and the tasks of the SB depending on the level of exposure to the risk.

As regards the financial resources, the Body shall have available a budget set out every year also upon proposal of the Body itself.