



**CODE OF ETHICS**

**CHERO PIPING Group**

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## **1. INTRODUCTION**

To clearly and transparently define the set of values that inspire the group companies to achieve their objectives, the companies of the CHERO PIPING Group (hereinafter the "Group") have prepared this Code of ethics (hereinafter the "Code of Ethics"). Compliance with this Code of Ethics is essential for the correct functioning, reliability, reputation and image of the Group, which constitute the foundations for current and future success and development.

Therefore, the Group activities must comply with the principles expressed in the Code of Ethics.

The Group recognises the importance of ethical and social responsibility in conducting business and corporate activities. At the same time, it requires all employees and all those who cooperate in the operation of the Group companies to comply with the corporate rules and the principles established in this Code.

## **2. ETHICAL VISION AND MISSION**

The main objective recognised and pursued by the Group is the creation of value for its shareholders, to whom the strategies and operational management are oriented.

The Group intends to maintain and develop a relationship with its *stakeholders* based on trust, and pursue its objectives by seeking the best balance of the interests involved, in compliance with all legal provisions and the principles of honesty, impartiality, reliability, loyalty, correctness, transparency and good faith.

## **3. THE CODE OF ETHICS**

The Group considers it appropriate and necessary to adopt and issue a code of conduct to make clear the values with which all its directors, employees and contractors must comply. The preceding must also accept the responsibilities, structures, roles and rules. If these are violated, even if it does not imply any corporate liability to third parties, they assume liability externally and internally of the Group companies.

The knowledge and observance of the Code of conduct by all those who work in Group companies are, therefore, primary conditions for the transparency and reputation of the

Group. Furthermore, the Code is brought to the attention of all those with whom the Group has business relations.

Verification of the content and principles of the Code of Ethics and its application is the responsibility of the Supervisory Bodies of the Group companies, which, in coordination with each other, may also promote proposals for integration or modification of the contents.

#### **4. SCOPE OF THE CODE**

The principles and provisions of the Code of Ethics are binding for directors, employees and all those who work with the companies of the Group based on a contractual relationship, even temporary. All these people are hereinafter and collectively referred to as "Recipients".

#### **5. GENERAL PRINCIPLES**

##### **5.1 Compliance with the Law**

The Group recognises compliance with the laws and regulations in force in all the countries where it operates as an essential principle.

##### **5.2 Honesty and fairness**

The directors, employees and all those who work with Group companies based on a contractual relationship undertake to act loyally, honestly, and ethically and in compliance with the laws in force in all commercial relationships held in the name of the Group companies, including relationships with customers, suppliers and competitors.

None of the Recipients is authorised to take unfair advantage of another person - natural or legal - through the manipulation, concealment, illicit use of privileged or confidential information, the false representation of essential facts or any other unfair practice.

##### **5.3 Centrality of people**

The Group promotes respect for the physical and cultural integrity of the person.

It guarantees working conditions that respect individual dignity and safe working environments. It does not tolerate requests or threats aimed at inducing people to act against the law and the Code of Ethics or to adopt conduct that damages the moral and personal beliefs and preferences of each.

The Group supports and respects human rights under the UN Universal Declaration of Human Rights.

#### **5.4 Impartiality and equal opportunities**

The Group undertakes to avoid any discrimination based on age, sex, sexuality, state of health, race, nationality, political opinions, trade union membership and religious beliefs, in all decisions that have an effect on relations with its stakeholders.

#### **5.5 Transparency and completeness of information**

The Group undertakes to inform all stakeholders clearly and transparently of its situation and performance, without favouring any interest group or individual, through the functions specifically assigned.

#### **5.6 Trust and collaboration**

Relations with stakeholders, at all levels, must be based on criteria and conduct of loyalty, honesty, cooperation and mutual respect through constant and transparent dialogue. Only in this way is it possible to guarantee the continuity of relationships of trust and collaboration for the mutual benefit and sustainable growth of the value created.

In particular, the conviction of acting in some way to the advantage of the Group does not justify the adoption of conduct in contrast with the principles mentioned above. All those who work for the Group companies, without distinction and exception, are, therefore, committed to observing and enforcing these principles within the scope of their functions and responsibilities. This commitment is justified and requires that the subjects with whom the Group has relations for any reason whatsoever act with rules and methods inspired by the same values.

## **6. BUSINESS MANAGEMENT PRINCIPLES**

### **6.1 Confidentiality of information**

The Group ensures the confidentiality of the information in its possession and compliance with the legislation on personal data.

All information available to Group companies is treated in compliance with the confidentiality and privacy of the parties concerned.

In this regard, each employee must:

- acquire and process only the data necessary and directly connected to its functions;
- keep said data in such a way as to prevent unrelated third parties from gaining knowledge of it;
- communicate and disclose the data within the established procedures or with the prior authorisation of the person delegated to do so;
- determine the confidential nature of the information under the provisions of the relevant policies;
- ensure that there are no confidentiality restrictions by virtue of relations of any nature with third parties.

### **6.2 Protection of business secrets and intellectual and industrial property**

Given that the Group intends to operate with the utmost transparency towards its stakeholders, any information, of a technical, economic, or any other nature, which is acquired by employees of Group companies in the performance of their duties or by other Code of Ethics Recipients in the execution of contractual relationships established with the Group, belongs to the individual company and constitutes an essential part of the assets of intangible assets indispensable for the creation of value.

As a fundamental part of the company assets and primary factor of value creation, the Group protects the confidential information in its possession and the industrial property rights on the ideas developed within the company organisation. It ensures the possibility of obtaining patents, trademarks, and other industrial and/or intellectual property rights on them and industrial inventions developed through the application of the same.

Employees and consultants must observe rules of special prudence in communicating such confidential information to other employees or consultants by telephone, fax, e-mail, and in general put in place all other precautions that are not expressly provided herein but are however appropriate to prevent unauthorised disclosure and the consequent fall into the public domain.

It is forbidden to disclose confidential information to third parties outside the corporate organisation of the Group companies, who have not signed a confidentiality commitment.

The Group also requires compliance with third-party intellectual property rights; for this reason, all Code of Ethics Recipients must ask for the collaboration of the responsible structure.

In case of doubts on the interpretation of the laws that protect these rights in the various states of the world or the extension of the titles (patents, trademarks, etc.), it is mandatory to ask the advice of the same structure before taking any action that could constitute a violation of these laws.

This article applies to any information that the Group companies have and is subject to a confidentiality regime, regardless of its nature (economic, commercial, legal, scientific and/or technical).

Examples of confidential information are marketing plans, economic data relating to customers and suppliers, sales data, prices, scientific and technical data relating to products marketed or in development and the technologies used.

### **6.3 Prevention of conflicts of interest**

Recipients must avoid situations and/or activities that could lead to conflicts of interest with those of the Group or that could interfere with the ability to make impartial decisions.

By way of example, but not limited to, there is a conflict of interest in the event of:



- the Recipient's co-interest (overt or hidden, direct or indirect) in the activities of suppliers, customers, competitors and, in any case, with external parties seeking to enter into business with the Group;
- using one's position to pursue interests in conflict with those of the Group;
- use of information acquired in carrying out work activities for one's benefit or that of third parties and in any case contrary to those of the Group;
- taking on corporate offices or carrying out work activities, of any kind and also indirectly, with customers, suppliers, competitors and third parties in general in conflict with the Group's interests;
- assumption of positions as a mediator, business finder or other intermediaries on behalf of third parties in transactions concerning the Group or its interests.

If the Recipient is faced with a situation of conflict, even potential, with the Group's interests, the Recipient must immediately notify his or her superior and, in cases of greater importance, the Supervisory Body, and refrain from any activity related to the situation that is the source of the conflict.

In relations between the Group and third parties, the Recipients must act following ethical and legal rules, with an explicit prohibition on resorting to illegitimate favouritism, collusive devices, corruption or solicitation of personal advantages for themselves or others.

It is compulsory to promptly report any information that may lead to the presumption or prediction of a situation of potential conflict of interest with the Group to a superior and, in cases of greater importance, to the Supervisory Body.

This is without prejudice to the rules on conflict of interest of members of corporate bodies according to the Law.

#### **6.4 Protection and proper use of company assets**

The staff of each Group company is required to protect corporate assets and ensure that they make efficient use. Theft, negligence and waste have a direct impact on the Group's result as well as on its image. Everything owned by the Group, such as office supplies, computers, space and material for office work must only be used for the legitimate purposes of each company. However, it may occasionally be used for private use.

## **6.5 Customers**

Conduct with customers is based on availability, respect and courtesy, with a view to a collaborative and highly professional relationship.

Consistent with the principles of impartiality and equal opportunity, the Group undertakes not to discriminate against its customers arbitrarily, to provide high-quality services that meet the reasonable expectations of the customer and protect their safety and security, to be truthful in advertising, commercial or any other kind of communications.

## **6.6 Suppliers**

The purchasing processes are based on the search for the maximum competitive advantage, on the granting of equal opportunities for each supplier, loyalty and impartiality.

The selection of suppliers and the determination of purchase conditions are based on an objective assessment of quality, price and the ability to provide and guarantee services of an adequate level. In detail, the employee cannot:

- receive any form of payment from anyone for the execution of an act of their office or contrary to official duties;
- be subjected to any form of influence by unrelated third parties for the making of decisions and/or the execution of acts relating to one's work.

## **6.7 Gifts, free items and other advantages**

Offers or concessions, either direct or indirect, even based on incitement, of money, gifts or benefits of any kind in a personal capacity tending to obtain undue advantages - real or apparent - of any kind (e.g. gifts, promises of economic benefits, favours, recommendations, promises of job offers) or in any case aimed at acquiring or reserving preferential treatment in the conduct of any activity connected to the Group are not allowed in relations with Customers, Suppliers and third parties in general, including Public Officials.

In any case, gifts and gratuities are allowed, provided they do not exceed the standard courtesy practices, and in any case, such as not to compromise the integrity and

reputation and not to affect the beneficiary's independence of judgement.

The Recipient who receives gifts, beyond the limits of normal courtesy relations, must refuse them and immediately inform a superior and/or the Supervisory Body.

### **6.8 Fair competition**

The Group recognises the value of competition when inspired by the principles of fairness, fair competition and transparency towards the operators present on the market.

The Group also undertakes not to damage the image of *competitors* and their products unduly.

### **6.9 Anti-money laundering**

The Group must not in any way and under any circumstances, be involved in events relating to money laundering or the receipt of goods deriving from illegal or criminal activities.

The Group undertakes to comply with all national and international laws and regulations on the subject of money laundering.

## **7. STAFF MANAGEMENT**

### **7.1 Human Resources**

Human resources are an indispensable element for the existence of the Group and a critical factor for successfully competing on the market.

Honesty, loyalty, ability, professionalism, seriousness, technical preparation and dedication of personnel are, therefore, among the decisive conditions for achieving the Group's objectives and represent the characteristics that the individual Group companies require from their directors, employees and collaborators in various capacities.

Therefore, the management of employment and collaboration relationships is inspired by respect for workers' rights and the full enhancement of their contribution to promoting their development and professional growth.

All employees and collaborators of the Group companies are required to undertake to act loyally to comply with the obligations assumed with the employment contract and the provisions of this Code of Ethics, ensuring the performance due and compliance with the commitments undertaken towards their companies.

To contribute to the development of the corporate objectives, and ensure that all pursue these objectives in compliance with the ethical principles and values which the Group is inspired by, the company policy is aimed at selecting each employee, consultant, collaborator in various capacities according to the values and characteristics set out above. As part of the selection - conducted in compliance with equal opportunities and without any discrimination on the private sphere and opinions of candidates - the Group works to ensure that the resources acquired correspond to the profiles necessary for business needs, avoiding favouritism and concessions of any kind.

## **7.2 Protection of occupational health and safety**

The Group pursues the goal of ensuring occupational health and safety with the utmost commitment.

In this regard, each of the Group's companies adopts the most appropriate measures to avoid, contrast and manage the risks associated with carrying out its business activities.

As part of their business, the companies undertake to adapt the work to the individual, especially as regards the design of workplaces, the choice of work equipment and the choice of working and production methods, with a view, in particular, to mitigate monotonous and repetitive work, as well as to reduce the effects of such work on health.

The Group also undertakes to operate:

- a) taking into account the degree of technical progress;
- b) replacing what is dangerous with what is not hazardous or less dangerous;
- c) adequately planning prevention and aiming for a coherent complex that takes into account and integrates the technique, work organisation, working conditions, social relations and the influence of factors in the working environment;

- d) giving priority to collective protection measures over individual protective measures;
- e) giving adequate instructions to staff;
- f) selecting suppliers who pay significant attention to safety and health in the workplace.

The Group uses these principles for identifying and adopting the measures needed to protect the safety and health of workers, including the prevention of occupational risks, information and training activities, and the preparation of an organisation and the necessary means.

Recipients must abide by these principles, in particular, when decisions or choices must be made and, subsequently, when they must be implemented.

### **7.3 Sexual harassment**

The Group does not tolerate sexual harassment, meaning as such: the subordination of salary or career prospects to the acceptance of sexual favours; proposals for private interpersonal relationships, conducted despite an expressed or reasonably evident dislike, which have the ability, concerning the specificity of the situation, to disturb the Recipient's serenity.

### **7.4 Misuse of drugs and alcohol**

The Group requires each employee to personally contribute to maintaining a work environment that respects the sensitivity of others. Therefore, the following will be considered illegal conduct: working under the effects of alcoholic substance abuse, narcotic substances or substances having a similar impact; consuming or selling drugs for any reason during work.

### **7.5 Respecting differences**

In conducting business, the employees of each Group company must respect the dignity and rights of individuals without any distinction. It is the Group's policy and value not to exercise any discrimination against employees and to observe the principle of equal employment opportunities without distinction of age, sex, race, religion, colour, physical handicap, citizenship, marital status or sexual orientation. No form of mobbing will be tolerated.

## **7.6 Employment of foreign workers and child labour**

In the Group, staff are hired with a regular employment contract, and no form of irregular work is tolerated. It is expressly forbidden to employ foreign workers without a residence permit and/or enter into agreements with them that have a term that goes beyond the duration of the residence permit.

The Company does not employ any form of forced, compulsory or child labour, or does not employ people under the age established for starting work by the regulations of the place where the work is performed.

The Group also undertakes not to establish or maintain business relationships with suppliers who use child labour.

## **8. EXTERNAL RELATIONS**

### **8.1 Relations with Public Authorities**

Relations with Public Authorities will be held only by the corporate functions delegated to do so.

In relations with employees and representatives of public bodies, the members of the corporate organisation must behave following the principles of transparency, honesty and fairness.

Employees will immediately notify the chairman of the board of directors and/or chief executive officer of any attempted extortion made against them by public officials or persons in charge of public services.

If a Group company gives a mandate of representation to a third party to represent it in relations with Public Authorities, the third party is subject to the application of the Code of Ethics, with particular reference to the rules dictated in terms of conflict of interests, as well as the directives imparted with the assignment.

## **8.2 Media**

Relations between the Group and the media are the responsibility of the designated company function. They must be carried out following the communication policy defined by the Group and following the procedures provided for this purpose. The Recipients cannot, therefore, provide information to representatives of the *mass media* without the authorisation of the competent functions.

## **8.3 Relations with Parties, Trade Unions and Associations**

Relations with political parties, trade unions and other interest-bearing associations are held by the corporate functions authorised to do so or by the persons delegated by them, in compliance with the rules of this Code of Ethics, as well as the by-laws and special laws, regarding the principles of impartiality and independence.

The Group does not make direct or indirect contributions to political parties, or their representatives or candidates. It refrains from any direct or indirect pressure on political exponents (for example, through acceptance of recommendations for hiring, consulting contracts, etc.).

Each employee must acknowledge that any form of involvement in political activities occurs on a personal basis, in their own free time, at their own expense and in compliance with applicable laws.

Furthermore, the Group does not make contributions to organisations with which a conflict of interest may arise (such as trade unions, consumer protection associations or environmentalists). Strictly institutional forms of cooperation are possible when: the purpose is attributable to the Group's mission or refers to projects of public interest; the allocation of resources is transparent and documentable; there is an express authorisation from the relevant corporate functions.

## **8.4 Protection of personal data**

In carrying out its business and to ensure the protection of personal data, the Group undertakes to process the same in compliance with the reference regulations and in particular in compliance with the following criteria: transparency towards the subjects to whom the data refer, lawfulness and correctness of the processing, relevance of the processing to the declared and pursued purposes, guarantee of security of the data

processed.

## 9. ACCOUNTING MANAGEMENT AND CORPORATE GOVERNANCE

### 9.1 Accounting records

Accuracy and integrity in the keeping of accounting books and records are of primary importance for the success of the Group. Personnel in charge are required to comply with the following indications concerning the Group companies' financial documents.

- **Accounting principles:** Staff is required to conform to generally accepted accounting principles where applicable and all regulatory requirements related to them. The staff is required to perform all transactions under the policies and procedures of each Group company.
- **Registered funds:** All transactions and agreements, assets, liabilities, income and expenses must be recorded and described in the companies' accounting ledgers and documents.
- **False records:** Personnel is not authorised to intentionally and for any reason make false or misleading records in company ledgers or documents, nor contribute to or facilitate such conduct.
- **Recognition of income and expenses:** Entries must be recognised in the period in which they occur, and costs must be recognised in the period in which they are made. In no case are fast-track (before the attributable period), postponed (after the attribution period) or manipulated recognition processes that involve a change in the correct application of recognised accounting principles allowed.
- **Authorisations:** To have access to bank current account funds or for the execution of bank transfers, personnel must be authorised according to the Group companies' cash management policies. Personnel may use funds or other property owned by the companies only with due authorisation and exclusively for legitimate business purposes.
- **Payments:** Personnel cannot make any payment in the name of the Company without adequate supporting documentation, or for any purpose other than that described in said supporting documentation.



## 9.2 Corporate Governance

The Group creates the conditions so that the participation of shareholders in decisions within their competence is widespread and aware, promotes equality and completeness of the information and protects their interests.

The Corporate Governance system adopted by the Group complies with the provisions of the Law and is mainly aimed at:

- ensuring the regularity of management operations;
- controlling risks;
- achieving maximum transparency towards the company's stakeholders;
- responding to shareholders' legitimate expectations;
- avoiding any operation to the detriment of creditors and other *stakeholders*;
- complying with labour law and safety in the workplace rules while enhancing the work of human resources.

## 10. WHISTLEBLOWING

Recipients of the Code of Ethics report at any time any fact deemed illegal or irregular concerning the principles and rules that govern the activities of the Group companies.

Reports can be made in writing through the following confidential information channels in the following ways:

- Internal confidential mail: using the appropriate mailboxes. The envelope must clearly state the words "Strictly confidential. Statement by employees";
- Dedicated e-mail box of the Supervisory Body of each Group company.

The Supervisory Body will promptly assess the report, also by consulting where possible the whistleblower and any other parties potentially involved.

Those who have forwarded the reports are protected from any retaliation or act that could constitute a form of discrimination or penalisation except in cases of unfounded statements made with wilful misconduct or gross negligence.

In compliance with the provisions of the Code of Ethics and the laws in force, the Supervisory Body guarantees the confidentiality of persons who have reported violations in good faith.

## **11. PROVISIONS GOVERNING PENALTIES**

Compliance with the rules of the Code of Ethics must be considered an essential part of the contractual obligations of employees according to and by effect of Article 2104 of the Italian Civil Code. Violation of the provisions contained in this document may lead to the application of disciplinary sanctions which - depending on the extent of the infringement - may range from a simple reprimand (in less severe cases) to dismissal (even without notice) in the most severe cases, together with a report made to the judicial authorities (where circumstances justify it).

All employees are obliged to comply with the provisions of the Code of Ethics, which must be considered additional to the disciplinary rules already in force within each Group company. In light of the provisions of Article 7 of Law 300/70, in case of violation of the conditions of this document, disciplinary measures will be applied to the defaulting employee in line with legal provisions and the applicable National Collective Labour Agreement for employees (hereinafter the "CCNL").

The employee concerned will be required to provide compensation for damages deriving from the violation of the Code of Ethics according to the procedures provided for by the applicable legislation and/or by the CCNL.

Compliance with the Code of Ethics must also be considered an essential part of the contractual obligations assumed by non-subordinate collaborators and/or subjects that have business relations with the Group. The violation of the rules of the Code of Ethics may constitute non-fulfilment of contractual obligations, with all legal consequences, also concerning the termination of the contract and/or the assignment and may result in compensation for damages deriving from the same.

Likewise, the directors and statutory auditors (where appointed under the Law) are required to comply with the provisions of the Code of Ethics, the violation of which involves the application of sanctions commensurate with the severity of the breach. The director and statutory auditor concerned must provide compensation for damages resulting from the violation of the Code of Ethics.

## **12. CIRCULATION AND TRAINING ON THE CODE OF ETHICS**

The Group undertakes to disseminate the provisions of the Code of Ethics as widely as possible, so that all Recipients are aware of the prohibited, recommended and prescribed conduct.

As provided for by Article 7, paragraph 1 of Law 300 of 20 May 1970 and the applicable special laws, the Code of Ethics will be displayed in paper format by posting it in a place accessible to all employees.

The Code of Ethics will be published in electronic format, on the Company's website, so that it is available for third parties and any other interlocutor.

The Code of Ethics is also distributed to all members of the corporate bodies and all staff.

In order also to ensure the correct understanding of the Code of Ethics, periodic communication plans are prepared and implemented aimed at promoting knowledge of the principles and ethical standards contained in the Code of Ethics, taking into account the need to differentiate activities based on role and responsibility of the resources concerned, or through the provision of a more intense training characterised by a higher degree of in-depth analysis for subjects qualifying as "top managers" under Legislative Decree 231/2001, as well as for those operating in areas qualifying as "at-risk" according to the Organizational Model, adopted by each Group company.

Contracts with third parties will also include the introduction of clauses and/or the signing of statements aimed at formalising the commitment to comply with the Organizational Model and the Code of Ethics, and at regulating contractual sanctions in case of violation of this commitment.

### **13. FINAL PROVISIONS**

This Code of Ethics, which recognises company practices, is approved by the board of directors of the individual Group companies. Any changes and/or additions to the same will be approved by the Board of Directors and promptly disclosed to the Recipients.