



ORGANISATION AND MANAGEMENT
MODEL

Revision 00

D-KTC FLUID CONTROL S.r.l.

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Share Capital: 500,000 Euro
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ORGANISATION AND MANAGEMENT MODEL
ACCORDING TO LEGISLATIVE DECREE
231 of 8 June 2001

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SECTION 1

DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 The administrative liability of Entities

Legislative Decree 231 of 8 June 2001 containing the "Discipline of administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law 300 of 29 September 2000" (hereinafter, the "Decree"), introduced into the Italian legal system administrative liability (substantially referable to criminal liability) for entities (to be understood as companies, associations, consortia, etc., hereinafter referred to as "Entities") for some types of offences committed, in the interest or to the advantage of the same, by:

- natural persons who hold representative, administrative or management roles of the Bodies or of one of their organisational units with financial and functional autonomy;
- natural persons who exercise, even de facto, the management and control of the same bodies;
- natural persons subject to the management or supervision of one of the aforementioned subjects.

This liability is added to the criminal liability of the natural person who materially committed the crime.

With the adoption of the Decree, Italy has adapted the internal legislation on the liability of legal persons to the international conventions to which Italy adheres¹.

1.1.1 The sanctions

The sanctions provided for² as a result of the commission or attempted commission of the crimes mentioned above are:

- financial penalties (up to 1.5 million Euro);
- disqualification sanctions, such as disqualification from exercising the business, suspension or revocation of licenses or concessions, the ban on contracting with Public Authorities, the exclusion or revocation of loans and contributions, the ban on advertising goods and services;
- confiscation (and precautionary seizure) of the profit that the Entity has drawn from the crime, or equivalent;
- publication of the sentence (in case of application of a disqualification sanction³).

1.1.2 The offences mentioned in the decree

The types of offence relevant for the purposes of the Decree and subsequent additions can be included in the following categories:

- offences against Public Authorities⁴;
- IT crimes and unlawful processing of data⁵;
- organised crime offences⁶;
- crimes against public faith⁷ in the matter of counterfeiting of money, public credit cards, revenue stamps and identification instruments or signs;
- crimes against industry and trade⁸;
- Corporate crimes⁹;
- crimes with the purpose of terrorism and subversion of the democratic order¹⁰;
- female genital mutilation practices¹¹;
- crimes against the individual, such as the exploitation of child prostitution, child pornography including via the Internet, solicitation of minors, trafficking of people, and reducing individuals or maintaining individuals in slavery¹²;

¹ Such as: 1) the Brussels Convention of the European Community of 26 July 1995 on the protection of financial interests; 2) the Convention of 26 May 1997, also signed in Brussels, on the fight against corruption in which officials of the European Community or Member States are involved; and 3) the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in Business and International Transactions.

² Article 9 and following, Chapter I, Section II "General Sanctions" of the Decree.

³ Article 18, Section II mentioned.

⁴ Articles 24 and 25, Chapter I, Section III "Administrative liability for a crime" of the Decree.

⁵ Article 24-bis, Section III mentioned.

⁶ Article 24-ter, Section III mentioned.

⁷ Article 25-bis, Section III mentioned.

⁸ Article 25-bis1, Section III mentioned.

⁹ Article 25-ter, Section III mentioned.

¹⁰ Article 25-quarter, Section III mentioned.

¹¹ Article 25-quater1, Section III mentioned.

¹² Article 25-quinquies, Section III mentioned.

- Market abuse¹³;
- manslaughter and serious and very serious negligent injuries, committed in violation of accident prevention regulations and the protection of hygiene and health in the workplace¹⁴;
- misappropriation, laundering and use of money, goods or benefits of criminal origin; self-recycling¹⁵;
- crimes relating to violation of copyright¹⁶;
- crime of induction not to make statements or to make false statements to the judicial authorities¹⁷;
- environmental crimes¹⁸;
- crime of employment of citizens of third countries whose stay in Italy is irregular, if it constitutes a crime¹⁹;
- transnational crimes²⁰;
- offences of procured unlawful entry and aiding and abetting the clandestine stay²¹;
- racism and xenophobia²²;
- crimes of fraud in sports competitions and abusive exercise of gaming or betting activities²³.

1.1.3 Crimes committed abroad

The liability provided for by the aforementioned Decree also occurs in relation to crimes committed abroad in the cases provided for by Articles 7, 8, 9 and 10 of the Criminal Code and on condition that the State of the place where the crime was committed does not proceed with them.

1.2 The company's duty to adopt the "Organisation and Management Model" to prevent, as far as possible, the commission of the offences provided for by the Decree

Article 6 of the Decree introduces a particular form of exemption from liability in question if the Entity demonstrates that:

- a) it adopted and effectively implemented organisational and management models suitable for preventing crimes of the type that occurred through its management body, prior to the commission of the offence;
- b) it entrusted the task of supervising the functioning and observance of the model as well as its updating to an internal body, with autonomous powers of initiative and control;
- c) the people who committed the crime acted by fraudulently evading the organisation and management models mentioned above;
- d) there was no omission or insufficient supervision by the body referred to in letter b) above.

The Decree also provides that the models referred to in letter a) must meet the following requirements:

1. identify the areas at risk of committing the offences envisaged by the Decree;
2. prepare specific protocols in order to plan the training and implementation of the entity's decisions in relation to the crimes to be prevented;
3. provide for ways of identifying and managing the company's financial resources suitable for preventing the commission of such crimes;
4. prescribe information obligations towards the body appointed to supervise the functioning and compliance with the model;
5. set up an internal disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

The same Decree provides that the organisation and management models can be adopted, guaranteeing the above requirements, based on the guidelines drawn up by the representative trade associations and deemed suitable by the competent ministries.

¹³ Article 25-sexies, Section III mentioned.

¹⁴ Article 25-septies, Section III mentioned.

¹⁵ Article 25-octies, Section III mentioned.

¹⁶ Article 25-novies, Section III mentioned.

¹⁷ Article 25-decies, Section III mentioned.

¹⁸ Article 25-undecies, Section III mentioned.


¹⁹ Article 25-duodecies, Section III mentioned.

²⁰ Law 146 of 16 March 2006.

²¹ Article 25-duodecies, Section III mentioned.

²² Article 25-terdecies, Section III mentioned.

²³ Article 25-quaterdecies, Section III mentioned.

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1.3 The Guidelines drawn up by Confindustria

In 2002, Confindustria issued its "Guidelines for the creation of organisation, management and control models pursuant to Legislative Decree 231/01" ("Guidelines"), subsequently updated over the years, which can be summarised according to the following key points:

- identification of risk areas, aimed at verifying in which company area/sector it is possible to commit the offences envisaged by the Decree;
- preparation of a control system capable of preventing the risks of committing the aforementioned crimes through the adoption of specific protocols.

Therefore, the Guidelines constitute specific directives to be followed in the process of adopting and implementing the organisation, management and control model pursuant to Legislative Decree 231/01.



SECTION 2

DESCRIPTION OF THE COMPANY REALITY - ELEMENTS OF THE GOVERNANCE MODEL

2.1 The company's activities

D-KTC FLUID CONTROL S.r.l. (the "Company" or "D-KTC") is an Italian company with registered office in Milan, active in the production/marketing of industrial items such as valves, filters, accessories and components for general industries and for the production and transport of energy; in detail, the Company operates through its site in Carpaneto Piacentino (PC), where technical and accounting offices are located and industrial assembly and testing activities are carried out, while the commercial offices are located in Milan.

The company has approximately 10 employees.

2.2 Summary description of the corporate structure

2.2.1 Organisational structure

The Company's organisational structure is shown in the attached organisational chart (Annex 1). Below are the most important functions for the purpose of identifying the process owners.

Board of Directors

It is invested with all the powers for the administration of the Company.

Chairman

The Chairman is vested with the powers of legal representation, signature powers, banking powers, both for the purposes of ordinary and extraordinary administration, excluding those which by law and/or by-laws cannot be delegated as they are reserved to the exclusive competence of the Board of Directors and those relating to real estate, shareholdings, companies and branches of companies.

General Management

This function oversees the performance of company activities, coordinating the operational functions of the Company.

Administration

This function oversees the correct keeping of the obligatory accounting and corporate ledgers in compliance with national corporate and fiscal legislation and accounting principles. In particular, this function deals with the following activities:

- preparation of the annual financial statements;
- drafting of budgets;
- preparation of periodic economic and financial reports;
- preparation of periodic and annual tax returns;
- treasury management;
- payroll management.

Technical

The function oversees the technical management of orders, both in the acquisition and subsequent evolution phase, with support for the Sales function and the production process.

Purchasing/Production


The function is responsible for the procurement of raw materials, production, logistics, warehouse management.

Sales

The function is responsible for sales activities, customer relations and marketing. The function also manages IT issues.


Quality Assurance/Integrated Environmental and Safety System Manager

The function is responsible for the correct implementation of the quality management system, and consequently for the drafting, validation and verification of the related procedures, as well as for product quality control activities.

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HSE

The function oversees the development, coordination and control of the safety activities in the workplace and the environment through a specific management system.

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SECTION 3

THE ORGANISATIONAND MANAGEMENT AND CONTROL MODEL AND THE METHOD FOLLOWED FOR ITS PREPARATION

3.1 Method

The adoption of an Organisation, Management and Control model pursuant to the Decree (hereinafter also the "Model"), together with the simultaneous presence of the Code of Ethics (Annex 2, hereinafter also the "Code") in addition to representing a reason for exemption from the Company's liability with reference to the commission of certain types of offences, is an act of D-KTC's social responsibility, which gives rise to benefits for all stakeholders: shareholders, users, employees, creditors and all other subjects whose interests are linked to the Company's fate.

The introduction of an efficient and effective control system, together with the establishment and disclosure of ethical principles, on the one hand increases the trust and excellent reputation that D-KTC enjoys towards third parties (an increasingly valuable "asset" for the company) and, above all, it fulfils a regulatory function. In fact, these instruments contribute to regulating the conduct and decisions of those who, on a daily basis, are called to operate in the name or on behalf of the Company in compliance with the aforementioned ethical principles and *standards* of conduct.

Therefore, D-KTC intended to launch a series of activities aimed at making its organisational model compliant with the requirements of the Decree and consistent with the indications contained in the Guidelines. To this end, a process has been activated aimed at preparing the Model (hereinafter the "Project"), taking into account the corporate reality of D-KTC, the existing procedures, by virtue of the adoption of a Quality Management System and an Integrated Environment and Safety Management System, and the types of offences falling within the scope of application of the Decree.

The methodology chosen to carry out the Project, in terms of organisation, definition of operating methods, structuring in phases, assignment of responsibilities between the various company functions, was developed to ensure the quality and authoritativeness of the results. The Project was divided into the steps summarised below:

Steps	Activities
<i>Step 1</i>	<p><i>Launch of the Project and identification of the processes and activities within which the offences referred to in Legislative Decree 231/01 can be committed</i> Collection and analysis of documentation, and preliminary identification of the processes/activities within which the crimes referred to in the Decree may abstractly be committed (so-called "sensitive" processes/activities).</p>
<i>Step 2</i>	<p><i>Identification of the key officers</i> Identification of the key officers, or the people of the Company who, based on their functions and responsibilities, have thorough knowledge of the sensitive areas/activities, as well as of the control mechanisms currently in place, in order to determine the areas of intervention and a plan of detailed interviews.</p>
<i>Step 3</i>	<p><i>Analysis of sensitive activities and processes</i> Identification and analysis of sensitive processes and activities and control mechanisms in place, with particular attention to preventive controls and other compliance elements/activities.</p>
<i>Step 4</i>	<p><i>Identification of control protocols</i> Identification of the organisational requirements that characterise a suitable organisation, management and control model pursuant to the Decree and the control protocols with a penal-preventive function, taking into account the operating practices and procedures already implemented by D-KTC.</p>
<i>Step 5</i>	<p><i>Definition of the organisation, management and control model.</i> Definition of the organisation, management and control model pursuant to the Decree all its parts and operating rules.</p>

3.2 Purpose and structure of the Model: General Section and Special Sections according to the different offences

The Model pursues the objective of configuring a structured and organic system of protocols and control activities, aimed at preventing, as far as possible, the commission of conduct that could integrate the offences contemplated by the Decree. Through the identification of sensitive activities and their consequent formalisation in procedures, the company wants, on the one hand, to make everyone who works in the name and on behalf of D-KTC to be aware of the ability to incur an offence subject to sanction; on the other hand, thanks to constant monitoring of the activity, allowing D-KTC to intervene promptly to prevent or contrast the commission of the crimes.

The Model is divided into this "General Section", which contains a description of the activities carried out by the Company and the definition of the structure necessary for the implementation of the Model such as the functioning of the Supervisory Body and the penalty system, and into "Special Sections", the contents of which consists of identifying the activities that may be at risk for the commission of the offences envisaged by the Decree, with the provision of the related control protocols. In particular, the structure of the Model with the provision of "Special Sections" allows for timely updating, through any appropriate additions, where the Legislator intends to insert further relevant criminal offences.

The sensitive activities and control tools adopted for prevention are described in each of the macro areas considered. These tools are binding for the Model recipients, as defined below, and consist of obligations to do (compliance with protocols, reports to control bodies) and obligations not to do (compliance with prohibitions), of which also express knowledge is given. Compliance with these obligations has a precise legal value; in case of violation of these obligations, D-KTC will react by applying the disciplinary and penalty system referred to above.

The Special Sections must also be related to the conduct principles contained in the company procedures (adopted or to be adopted) and in the Code that guide the conduct of the recipients in the various operational areas, with the aim of preventing incorrect conduct or conduct not in line with the directives of D-KTC. The special parts are as follows:

- Special Section A - Offences in relations with Public Authorities;
- Special Section B - IT Crimes;
- Special Section C - Crimes of forgery of money, public credit cards, revenue stamps, Crimes against industry and trade, as well as in the field of counterfeiting and violation of copyright;
- Special Section D - Corporate crimes;
- Special Section E - Negligent offences in violation of the occupational health and safety rules;
- Special Section F - Money laundering, Misappropriation, and Self-laundering Crimes;
- Special Section G - Crimes related to immigration;
- Special Section H - Environmental crimes;
- Special Section I - Crime of induction not to make statements or to make false statements to the judicial authorities;
- Special Section J - Crimes against the individual;
- Special Section K - Organised crime offences;
- Special Section L - Instrumental Processes.

With reference to the other "predicate offences" of the administrative liability of entities pursuant to the Decree, crimes with the purpose of terrorism or subversion of the democratic order, transnational crimes, crimes of counterfeiting money, public credit cards, revenue stamps, association crimes, organized crime offences, market abuse crimes, racism and xenophobia crimes, crimes of fraud in sporting competitions and abusive exercise of gaming or betting activities, it is considered appropriate to specify that in relation to the same, although considered in the preliminary analysis phase, sensitive activities have not been identified (following subsequent analyses and considerations and interviews with the key officers), since it is considered that the risk of such is negligible and, therefore, no specific rules and/or dedicated procedures are envisaged, without prejudice, however, to the provision for referral to in compliance with the regulations regarding the principles contained in the Code.

If it becomes necessary to issue further Special Sections, relating to new types of offences relating to the Company's business area which in the future fall within the scope of application of the Decree, the Board of Directors of D-KTC has the power to integrate this Model by means of a specific resolution.

3.3 Model Recipients

The Model and the related General and Special Section are addressed to the directors, managers and employees (hereinafter referred to as "Company Representatives") of D-KTC in sensitive activities, as well as to external Collaborators and Partners (hereinafter all referred to as "Recipients").

In particular, the aim of the Special Sections is that all the Recipients as identified above adopt rules of conduct that comply with the provisions of each of them, in order to prevent the occurrence of the offences envisaged in the Decree.

SECTION 4

THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/01

4.1 Identification of the Supervisory Body

Based on the provisions of the Decree (Article 6, paragraph 1, letters a) and b)), the entity can be exempted from the liability resulting from the commission of crimes by qualified persons (pursuant to the Decree), if the management body has, among other things, entrusted the task of continuously supervising the functioning, observance and updating of the model to a body with autonomous powers of initiative and control, whose requirements (as also suggested by the Guidelines) are:

- **autonomy and independence:**
 - absence of conflicts of interest, even potential, with D-KTC;
 - possession of autonomous powers of initiative and control;
 - non-assignment of operational tasks within D-KTC;
 - placement in a position of direct reference to the BoD;
- **professionalism** understood as:
 - possession of adequate specialist skills;
 - provision of specialised tools and techniques to be able to carry out the activity, also with the assistance of external parties;
- **continuity of action** understood as:
 - duration of the mandate independent from that of the other corporate bodies;
 - frequency of checks.

4.2 Establishment, appointment and replacement of the SB

D-KTC's Supervisory Body (referred as also as the "SB") is established by a resolution of the Board of Directors and remains in office for the period established at the time of appointment: it can be single-person or multi-subject. The SB expires on the date established in the appointment, while continuing to perform its functions *ad interim* until the new appointment. The BoD has the right to call the SB at any time.

The appointment as a member of the SB is conditioned by the presence of the subjective requisites of honour, integrity and respectability, as well as the absence of causes of incompatibility with the appointment, and potential conflicts of interest with the role and tasks that would be performed. As a result, at the time of the assignment, each person designated to hold the position of SB member must issue a statement certifying to the absence of reasons for incompatibility such as those listed in the previous paragraph. These rules also apply in the case of replacement of a SB member.

The revocation of powers and the attribution of the same to different subjects may take place, in addition to the natural expiry of the mandate, for just cause, also linked to the objective organisational restructuring of the Company, through a specific resolution of the Board of Directors. "Just cause" for the revocation of the powers associated with the position of Supervisory Body member includes but is not limited to:

- gross negligence in carrying out the tasks associated with the assignment such as: failure to draft the annual summary report on the activity carried out; failure to draft the supervisory program;
- "*omitted or insufficient supervision*" by the Supervisory Body - in accordance with the provisions of Article 6, paragraph 1, letter d), of the Decree - resulting from a conviction, even if not final, issued against D-KTC pursuant to the Decree or from a sentence applying the penalty upon request (the so-called plea bargain);
- in the case of an internal member, the assignment of operational functions and responsibilities within the company organisation that are incompatible with the requirements of "*autonomy and independence*" and "*continuity of action*" of the SB. In any case, any provision of an organisational nature applying to the same person (e.g. termination of the employment relationship, transfer to another position, dismissal, disciplinary measures, appointment of a new manager) must be brought to the attention of the Board of Directors;
- in the case of an external member, serious and ascertained reasons for incompatibility that undermine his or her independence and autonomy;
- lack of even one of the eligibility requirements.

Any decision concerning individual members or the entire SB relating to revocation or replacement are the exclusive competence of the BoD.

4.3 Economic resources assigned to the Supervisory Body

Each year the BoD assigns an expenditure budget for the Supervisory Body, taking into account the requests of the latter. The allocation of the budget allows the Supervisory Body to operate independently and with the appropriate tools for the effective performance of the task assigned to it by this Model, in accordance with the provisions of the Decree.


4.4 Functions and powers of the Supervisory Body

In carrying out the tasks entrusted to it, the SB may benefit, under its direct supervision and responsibility, from the collaboration of all the functions and structures of the Company, or of external consultants. This faculty allows the SB to ensure a high level of professionalism and the necessary continuity of action.

The SB has autonomous powers of initiative, intervention and control, which extend to all sectors and functions of D-KTC, and which must be exercised in order to effectively and promptly carry out the functions provided for in the Model and by the implementing rules of the same.

In particular, the SB is entrusted with the following tasks and powers for the performance and exercise of its functions:

- supervise the functioning of the Model both with respect to the prevention of the commission of the crimes referred to in the Decree and with reference to the ability to bring out the occurrence of any illegal conduct;
- carry out periodic inspection and control activities, of a continuous nature - with time frequency and methods predetermined by the supervisory activities program - and surprise checks, in consideration of the various sectors of intervention or types of activities and their critical points in order to verify the efficiency and effectiveness of the Model;
- freely access any D-KTC management and unit - without the need for any prior consent - to request and acquire information, documentation and data from all employees and managers deemed necessary for the performance of the tasks envisaged by the Decree. If a reasoned denial of access to the documents is opposed, and if the SB does not agree with the opposite reasoning, the latter will prepare a report to be sent to the BoD;
- request relevant information or the presentation of documents, including IT documents, relevant to risk activities, from Directors, supervisory bodies, collaborators, consultants and in general to all subjects required to comply with the Model;
- See to, develop and promote the constant updating of the Model, formulating, where necessary, the management body proposals for any updates and adjustments that may become necessary as a result of: i) significant violations of the provisions of the Model; ii) significant changes to the internal structure of D-KTC and/or the methods of conducting business activities; iii) regulatory changes;
- monitor compliance with the provisions of the Model, in relation to the different types of crimes contemplated by the Decree and subsequent laws that have extended its scope, verify compliance with the procedures provided for by the Model and detect any conduct deviations that may emerge from the 'analysis of information flows and reports received;
- ensure the periodic updating of the mapping and identification of sensitive areas;
- maintain a link with the supervisory bodies, as well as with the other consultants and collaborators involved in implementing the Model;
- managing relations and ensuring the relevant information flows to the BoD;
- promote communication and training interventions on the contents of the Decree and the Model, on the impacts of the legislation on the company's activities and on conduct rules, also establishing frequency of checks and possibly differentiated programs for those who work in the various sensitive activities;
- verify the preparation of an effective internal communication system to allow the transmission of relevant information for the purposes of the Decree, guaranteeing the protection and confidentiality of the whistleblower;
- provide clarifications regarding the meaning and application of the provisions contained in the Model;
- formulate and submit to the approval of the BoD the estimated expenditure necessary for the proper performance of the assigned tasks, with absolute independence. The SB can autonomously commit resources that exceed its spending powers, if the use of these resources is necessary to deal with exceptional and urgent situations. In these cases, the SB must inform the BoD in the immediately following meeting;
- promptly report to the management body any violations of the Model that may lead to the onset of liability for D-KTC so that appropriate measures can be taken;
- promote the activation of any disciplinary proceedings and propose any sanctions referred to in chapter 7 of this Model;
- verify and assess the suitability of the disciplinary system pursuant to and for the effects of the Decree.

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4.5 SB Functions: Reporting to corporate bodies


The SB reports on the implementation of the Model, the emergence of any critical aspects, the need for modifications and for this purpose prepares, inter alia:

- i) annually, a summary report of the activity carried out in the current year and a plan of activities planned for the following year, to be presented to the BoD;
- ii) immediately, a communication relating to the occurrence of extraordinary situations (for example: significant violations of the principles contained in the Model, legislative innovations regarding the administrative liability of entities, etc.) and in the case of urgent reports received to be submitted to the Chief Executive Officer and the Chairman of the BoD.

The meetings with the bodies of D-KTC must be documented by means of specific minutes.

4.6 Collection and storage of information

Any information, report, evidence prescribed for by the Model are stored by the SB in a specific archive (IT or paper) for at least 10 years.

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SECTION 5

INFORMATION FLOWS TO THE SB

5.1 Obligation to provide the Supervisory Body with information

The obligation to provide the Supervisory Body with information refers to:

- information, data, news, documents that allow the SB to carry out its control activity in an informed manner;
- reports on events that could give rise to the Company's liability pursuant to the Decree.

All the Recipients of the Model are subject to these obligations.

5.1.1 Information flows

Also by defining a procedure, the Supervisory Board can establish the type of information that subjects involved in the management of sensitive activities must transmit together with the frequency and methods with which such communications are forwarded to the Board.

The corporate functions that operate in the context of sensitive activities must transmit to the Supervisory Body information concerning:

- the periodic results of the control activities carried out by them in implementation of the Model, also upon request (summary reports of the activity carried out, etc.);
- any anomalies or inconsistencies found in the information available.

By way of example, the information may refer to:

- transactions that fall within sensitive activities (for example: periodic summaries of the licenses/authorisations issued by public entities, information relating to new staff hires or use of financial resources for the purchase of goods or services or other investment activities, etc.);
- measures and/or information from judicial police bodies, or from any other authority, from which it is clear that investigations are being carried out, including against unknown persons, for the crimes contemplated by Legislative Decree 231/2001 and which may involve D-KTC;
- requests for legal assistance submitted by employees in the event of judicial proceedings against them and in relation to the offences referred to in the Decree, unless expressly prohibited by the judicial authority;
- reports prepared by the managers of other company functions as part of their control activities and from which critical facts, acts, events or omissions concerning compliance with the rules and provisions of the Model could emerge;
- information relating to the disciplinary proceedings carried out and any sanctions imposed (including the measures taken against employees) or any dismissal of such proceedings with the relative reasons;
- any other information that, although not included in the list above, is relevant for the purposes of a correct and complete supervision and updating of the Model.

In any case, the SB defines and communicates a detailed diagram of Information Flows.

The information flows must be sent to the SB by sending the documentation to the dedicated e-mail box.

5.1.2 Whistleblowing

The obligation to provide information on any conduct contrary to the provisions contained in the Model falls within the broader duty of diligence and loyalty of the employee. With regard to consultants or external collaborators, etc., an obligation of immediate disclosure is contractually provided for if they should receive, directly or indirectly, a request for conduct that could lead to a violation of the Model from a D-KTC employee/representative.



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Therefore, all company personnel, both with reference to senior executives and subordinates, as well as the external recipients of this document, must communicate directly with the Supervisory Body to report cases of commission of crimes, circumstances of unlawful conduct relevant under the Decree and based on precise and consistent factual elements, any violations of the Model, as well as any episode of deviation from the principles of conduct provided for by the Model and the Code of Ethics, of which they have become aware due to the functions performed. This communication is to be made through multiple alternative communication channels suitable for guaranteeing, with IT methods, the confidentiality of the identity of the whistleblower as required by Article 6, paragraph 2 bis, letter b) of the Decree.

Content of reports

For the purposes mentioned above, the reporting person must provide all elements known to the same that are useful to ascertain, with due verifications, the reported facts. In particular, the report must contain the following essential elements:

Purpose: a clear description of the facts to be reported is required, with indication (if known) of the circumstances of time and place in which the facts were committed/omitted.

The reported person: the reporting person must indicate the general information or any other elements (such as the corporate function/role) that allow easy identification of the alleged perpetrator.

Moreover, the reporting person must indicate the following additional elements: (i) his personal details, if he does not intend to avail himself of the right to keep his identity confidential; (ii) an indication of any other subjects who may report on the facts narrated; (iii) the indication of any documents that can confirm the validity of such facts.

Reports, even when anonymous, must always have a relevant content pursuant to the Decree. Anonymity cannot in any way represent an instrument for disagreements or conflicts between employees. The following is forbidden:

- the use of abusive expressions;
- the forwarding of reports with purely defamatory or libellous purposes;
- the forwarding of reports that exclusively relate to aspects of private life, without any direct or indirect connection with the business. These reports will be considered even more serious when they refer to sexual, religious, political and philosophical habits and orientations.

In a nutshell, each report must have the sole purpose of protecting the integrity of the Company or the prevention and/or repression of illegal conduct as defined in the Model.

Communication channels

In compliance with the legislation on Whistleblowing, the channels of communication with the Supervisory Body below guarantee the confidentiality and protection of the whistleblower from any retaliation. Furthermore, the Company monitors that the career developments of any whistleblowers are not subjected to discrimination and sanctions at a disciplinary level based on the seriousness of the facts, and in any case in the light of the criteria set out in Chapter 7 of the Model, whistleblowers who with wilful misconduct or gross negligence report facts that later proved to be unfounded.

The following channels are provided:


Internal confidential mail: using the appropriate mailboxes. The envelope must clearly state the words "*Strictly confidential. Statement by employees*" in order to ensure maximum confidentiality.

E-mail box dedicated to the Supervisory Body.

Additional channels identified and activated in compliance with the provisions of Article 6, 2 bis letter D of the Decree.


Processing of reports

The Supervisory Body adopts suitable measures to ensure the confidentiality of the identity of those who send information to the Body. However, conduct aimed exclusively at slowing down the activity of the Supervisory Body must be appropriately sanctioned. The Company guarantees whistleblowers in good faith against any form of retaliation, discrimination or

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penalisation and, in any case, the confidentiality of the whistleblower's identity is ensured, without prejudice to legal obligations and the protection of the rights of the Company or of the people accused wrongly or in bad faith.

For the above purposes, the Supervisory Body collects and stores the reports received in a special archive (computer and/or paper) which is only allowed to be accessed by members of the Body. At its discretion and under its liability, the Supervisory Body assesses the reports received and the cases in which it is necessary to take action. The determinations regarding the outcome of the assessment must be motivated in writing.

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SECTION 6

TRAINING AND COMMUNICATION PLAN

6.1 Introduction

To effectively implement the Model, D-KTC intends to ensure correct disclosure of the contents and principles of the same inside and outside its organisation by communicating the contents and principles of the Model not only to its employees, but also to subjects who, while not holding the formal qualification of employee, operate - on an ongoing basis - to achieve the objectives of D-KTC.

In fact, D-KTC intends to:

- raise awareness in everyone who operates in its name and on its behalf of sensitive activities, the awareness of being able to incur, in the event of violation of the provisions contained therein, an offence subject to sanctions;
- inform all those who operate in any capacity in its name, on its behalf or in any case in its interest that the violation of the provisions contained in the Model will result in the application of appropriate sanctions or the termination of the contractual relationship since it involves a loss of the duties of loyalty, correctness and diligence resulting from the legal relationships established by D-KTC;
- reiterate that D-KTC does not tolerate illegal conduct, of any type and regardless of any purpose, as such conduct (even if D-KTC was apparently in a position to take advantage of it) are in any case contrary to the ethical principles to which D-KTC intends to comply.

The communication and training activity must be diversified according to the recipients to whom it is addressed and must, in any case, be based on principles of completeness, clarity, accessibility and continuity in order to allow the various recipients to be fully aware of corporate provisions that they are required to respect and the ethical rules that must inspire their conduct.

The communication and training activity is supervised by the SB, as part of its duties.

Training initiatives can also take place remotely through the use of computer systems (e.g.: video conference, e-learning).

6.2 Making the Model and Code available

In order to guarantee an effective and rational communication and training activity, D-KTC promotes knowledge of the contents and of the principles of the Model and of the implementation procedures, with a different degree of detail according to the position and role covered to all employees, i.e. both managerial/personnel with managerial and non-executive functions, and all external collaborators with stable relationships.

The Code is made available to employees (including new hires) and external collaborators on the Company's website, or through alternative means (for example, attaching to the pay slip or posting it on company notice boards).

A copy of the Model is made available to the members of the corporate bodies and to people with representative functions of D-KTC at the time of acceptance of the office. Suitable communication and training tools will be adopted to update them regarding: i) any changes to the Model; ii) significant procedural, regulatory or organisational changes.

Third parties external to D-KTC (for example, Consultants and Partners) are provided with a specific information letter on the successful adoption of the Model, the consequences of non-compliance with the Model, and how to request permission to view the copy available on the website.

Where possible, specific clauses aimed at regulating these consequences are included in the respective contracts.

SECTION 7

DISCIPLINARY SYSTEM

7.1 General Principles

Article 6, paragraph 2, letter e) and Article 7, paragraph 4, letter b) of the Decree indicate, as a condition for effective implementation of the organisation, management and control model, the introduction of a suitable system to sanction failure to comply with the measures indicated in the model. Therefore, the definition of an adequate disciplinary and sanctioning system is an essential prerequisite for the effectiveness of the organisation, management and control model pursuant to the Decree.

The envisaged sanctions will be applied to any violation of the provisions contained in the Model regardless of the conduct and outcome of any criminal proceedings initiated by the judicial authority, if the conduct to censor integrates the details of a relevant offence under the Decree.

The assessment and imposition of disciplinary sanctions takes place in compliance with the procedures provided for by Article 7 of Law 300 of 30/5/1970 ("Workers' Statute") and any applicable special regulations, and must take into account the principles of proportionality and adequacy with respect to the alleged violation. In this regard, the following circumstances are relevant:

- type of alleged offence;
- concrete circumstances in which the offence was committed;
- methods used to commit the conduct;
- seriousness of the violation, also taking into account the subjective attitude of the agent;
- possible commission of multiple violations as part of the same conduct;
- possible involvement of more than one person in the commission of the violation;
- possible recidivism of the infringer.

7.2 Subjects

All employees, directors, collaborators of D-KTC, as well as all those who have contractual relationships with the Company, within the framework of the relationships themselves, are subject to the sanctioning and disciplinary system referred to in this Model.

The procedure for the imposition of the sanctions referred to in this section takes into account the particularities arising from the legal status of the persons against whom the action is being taken.

In any case, the SB must be informed of the procedure for imposing disciplinary sanctions. The Chairman is responsible for the concrete application of disciplinary measures, who will impose the sanctions on any report by the Supervisory Body, having also heard the non-binding opinion of the hierarchical superior of the perpetrator of the conduct. However, the SB has the task of assessing the adequacy of the disciplinary system to the requirements established by the Decree.

Together with the Chairman, the SB ensures that specific procedures are adopted to inform all the above-mentioned subjects, from the beginning of their relationship with the company, about the existence and content of this sanctioning system.

7.3 Sanctions against blue-collar workers, clerks and executives

The National Collective Labour Agreement applied to the Industry-Metalworking sector ("CCNL Metalmeccanico") applies to the employees of the Company classified as blue-collar workers, clerks and executives.

Conduct by non-managerial personnel in violation of the individual conduct rules set out in this Model will constitute disciplinary offences, also in compliance with and in application of the provisions of the Metalworking National Collective Labour Agreement in compliance with the procedures provided for by the Workers' Statute and any applicable special regulations.

The penalties provided for therein are: verbal warning, written warning, fine not exceeding the amount corresponding to three hours of pay, suspension from work and pay for a period not exceeding three days, termination of the employment relationship with or without notice.

The type and extent of each of the aforementioned sanctions will be determined in relation to:

- the intentionality of the conduct or the degree of negligence, imprudence or inexperience, also with regard to the predictability of the event;

- the overall conduct of the worker with particular regard to the existence or otherwise of disciplinary precedents of the same, within the limits permitted by law;
- the worker's duties;
- the functional position of the people involved;
- other particular circumstances accompanying the disciplinary violation.

In detail, the disciplinary sanctions are applied as follows:

1) the verbal warning applicable if the worker violates one of the internal protocols provided for by the Model (for example, non-compliance with the prescribed protocols, failure to notify the Supervisory Body of the required information, failure to carry out checks, etc.) or adopts conduct in carrying out activities in sensitive areas that does not comply with the provisions of the Model;

2) the written warning, applicable if the worker is recidivist in violating the protocols provided for by the Model or in adopting, in carrying out activities in sensitive areas, conduct that does not comply with the requirements of the Model;

3) a fine of up to 3 hours of pay and the suspension from service and from pay (not exceeding 3 days) applicable, if the worker, in violating one of the internal rules provided for by the Model, or adopting, in carrying out activities in sensitive areas, conduct that does not comply with the provisions of the Model, causes damage or creates a situation of potential danger to the Company, or if the worker has repeatedly committed the deficiencies referred to in point 2);

4) the termination of the employment relationship with notice, applicable if the worker adopts, in carrying out activities in sensitive areas, conduct that does not comply with the provisions of the Model and constitutes a significant breach of it, directed unequivocally to the commission of a crime sanctioned by Legislative Decree 231/01 or which leads to the Company's application of the measures provided for by Legislative Decree 231/01;

5) the termination of the employment relationship without notice, applicable if the worker adopts, in carrying out activities in sensitive areas, conduct that does not comply with the provisions of the Model and constitutes a significant breach of it, directed unequivocally to the commission of a crime sanctioned by Legislative Decree 231/01 or which leads to the Company's application of the measures provided for by Legislative Decree 231/01, as well as the worker who has repeatedly committed the deficiencies referred to in point 3).

This is without prejudice to the Company's prerogative to seek compensation for damages deriving from the violation of the Model by an employee.

7.4 Measures against managers/personnel with managerial functions (where present)

The National Collective Labour Agreement for Executives of Companies producing goods and services is applied to personnel classified as Executives.


In carrying out their professional activities, D-KTC executives have the obligation to comply with and have their collaborators comply with the provisions contained in the Model. In the event of violation of the internal rules provided for in this Model or of the adoption, in carrying out activities in the areas at risk of crime, of conduct that does not comply with the provisions of the Model, the most suitable measures will be applied to the managers in compliance with the provisions of the law and the applicable industry-wide agreement.

Finally, it is emphasized that the adherence of executives to the principles and rules contained in the Model will constitute an element of professional assessments that may have repercussions in the career path.

By way of example and without limitation, the unlawful conduct of the executive is punishable if the latter:

- fails to supervise the personnel hierarchically dependent on the same to ensure compliance with the Model in carrying out activities in areas at risk of crime and for activities instrumental to operational processes at risk of crime;
- fails to report non-compliance and/or anomalies inherent to the fulfilment of the obligations under the Model, if he or she becomes aware of these, such as to render the Model ineffective with consequent potential danger for D-KTC to the imposition of sanctions pursuant to the Decree;
- fails to report critical issues to the Supervisory Body regarding the performance of activities in the areas at risk of crime, detecting during monitoring by the authorities in charge;
- the executive incurs one or more violations of the provisions of the Model, such as to involve the commission of the offences contemplated in the Model, thus exposing D-KTC to the application of sanctions according to the Decree.

In the event of a violation of the provisions and rules of conduct contained in the Model by an executive, the Company adopts the measure deemed most appropriate in accordance with the provisions of the law and the applicable national

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collective bargaining agreement. In general, particular attention will be paid to any damage to the particular relationship of trust between the Company and the executive arising from violation of the Model.

7.5 Measures against Directors and Auditors (if nominated according to the law)

If one or more directors and/or statutory auditors violate the Model, the SB will inform the board of statutory auditors and the Chairman of the BoD, who, on the basis of their respective competences and in accordance with the powers provided by law and/or by the Articles of Association, will take the appropriate measures including, if necessary, the convocation of the shareholders' meeting to adopt the most suitable measures.

7.6 Measures against consultants and external collaborators

The adoption by consultants or external collaborators (both in the case of stable and occasional collaborative relationships), however named, or other subjects having contractual relationships with D-KTC of conduct in contrast with the precepts contained in the Decree or with the Code will be sanctioned in accordance with the specific contractual clauses that will be included in the related contracts.

With these clauses, the third party undertakes to adopt and effectively implement company procedures and/or to behave in a manner suitable for preventing the commission, even attempted, of the crimes in relation to which the sanctions provided for in the Decree are applied. The non-fulfilment, even partial, of this obligation, is sanctioned with D-KTC's right to suspend the execution of the contract and/or to unilaterally withdraw from it, even in the course of execution, possibly providing for penalties, or to terminate the same contract, without prejudice in any case to D-KTC's right to compensation for any damage suffered. These sanctions must be communicated to the SB.

7.7 Measures in application of the Whistleblowing discipline

In accordance with the provisions of Article 2-bis, paragraph 1, letter d) of the Decree, the sanctions referred to in the preceding paragraphs, in compliance with the principles and criteria set out therein, are applied to those who violate the whistleblower's protection measures, as well as those who make unfounded reports with wilful misconduct or gross negligence.

In detail, the performance of retaliatory acts against the whistleblower in good faith constitutes a serious disciplinary violation that will be sanctioned according to the procedures provided for in the previous paragraphs. The adoption of discriminatory measures against the whistleblowers can be reported to the National Labour Inspectorate, for the measures within its competence by the whistleblower and the trade union organisation indicated by the same. Retaliatory or discriminatory dismissal of the whistleblower is void. The change of duties pursuant to Article 2103 of the Italian Civil Code, and any other retaliatory or discriminatory measure adopted against the whistleblower are also void.

In the event of disputes related to the imposition of disciplinary sanctions, or to demotion, dismissal, transfer, or subjecting the whistleblower to other organisational measures with direct or indirect negative effects on working conditions, subsequent to the submission of the report, the employer must demonstrate that these measures are based on reasons unrelated to the report.

Any abusive use of the reporting channels is also prohibited. The protection of the identity of the whistleblower ceases if the reports are manifestly unfounded and deliberately preordained with the aim of damaging the reported person or the company. Also in this case, such conduct constitutes a serious disciplinary violation and is sanctioned according to the above procedures.



SECTION 8

ADOPTION OF THE MODEL - CRITERIA FOR UPDATING AND ADAPTING THE MODEL

8.1 Verifications and checks on the Model

The SB must draw up a supervisory program on an annual basis through which it plans, in principle, its activities by providing: a calendar of activities to be carried out during the year, the determination of the timing of the checks, the identification analysis criteria and procedures, the possibility of carrying out unscheduled checks and controls.

In carrying out its activities, the SB may avail itself of the support of internal D-KTC functions and structures with specific skills in the company sectors subject to control from time to time as well as external consultants for the execution of the technical operations necessary for the of the control function. In this case, the consultants must always report the results of their work to the SB.

During the audits and inspections, the SB is granted the widest powers in order to effectively carry out the tasks entrusted to it.

8.2 Updating and adaptation

The BoD decides on the updating of the Model and its adaptation in relation to changes and/or additions that may become necessary as a result of:


- i) significant violations of the Model provisions;
- ii) changes to D-KTC's internal structure and/or the methods of conducting business activities;
- iii) regulatory changes;
- iv) results of the checks;
- v) ascertainment of serious criminal offences committed even prior to the approval of the model.

The BoD has exclusive competence in this area.

Once approved, the changes and instructions for their immediate application are communicated to the Supervisory Body, which, in turn, will, without delay, make the changes operational and ensure the correct communication of the contents internally and externally to D-KTC.


Also, through a specific report, the SB will inform the BoD of the results of the activities conducted. In any case, the SB has specific duties and powers regarding the care, development and promotion of the constant updating of the Model. For this purpose, it formulates observations and proposals on the organisation and control system to the corporate structures responsible for this or, in particularly important cases, to the BoD. In particular, to ensure that the changes are made to the Model with the necessary timeliness and effectiveness, without at the same time incurring any lack of coordination between the operational processes, the provisions contained in the Model and the dissemination of the same, the BoD member delegated for this purposes has the task of making changes to the Model on a periodic basis that pertain to aspects of a descriptive nature, promptly informing the Board and the SB. The Board will have to ratify the changes at the first useful meeting. It should be noted that the expression "descriptive aspects" refers to elements and information that do not affect the substantial contents of the Special Parts of the Model and/or that derive from acts approved by the D-KTC Boards (such as for example, the Board of Statutory Auditors, etc.) or by corporate functions with specific delegation (such as the redefinition of the organisation chart, etc.).

In any case, the Model will be subjected to periodic revision at least every three years.


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Annex 1 - Organisational Chart

The current version of the organisational cart is attached.

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Annex 2 - Code of Ethics

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THE SPECIAL SECTIONS OF THE MODEL

1 SENSITIVE ACTIVITIES AND THE CONTROL SYSTEM

Article 6, paragraph 2, letter a) of the Decree indicates, as one of the essential elements of the organisation and management models provided for by the decree, the identification of the so-called "sensitive" or "at risk" activities, or rather, those company activities where there is risk of commission of one of the offences expressly referred to in the Decree (hereinafter "**Sensitive Activities**").

Consequently, for each special part dedicated to the macro-categories of crime potentially at risk, the Sensitive Activities, the related *process owners*, the crimes that can be committed and the penal-preventive controls to be applied are identified.

In this regard, the control system, perfected by D-KTC based on the indications provided by the main trade associations, such as the Confindustria Guidelines, provides for the adoption of:

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

The control protocols are based on the following general rules, valid for each special part, which must be complied with in each of the sensitive activities identified:

- **Segregation of duties:** preventive and balanced distribution of responsibilities and provision of adequate levels of authorisation, suitable for avoiding the mixing of potentially incompatible roles or excessive concentrations of responsibilities and powers in the hands of individual subjects. In particular, the separation of activities and responsibilities between those who authorise, who execute, and who control a specific operation in sensitive activities must be guaranteed.
- **Standards:** existence of corporate provisions and/or formalised procedures suitable for providing principles of conduct, operating methods for carrying out sensitive activities as well as methods for filing relevant documentation. Any operating instruction, procedure adopted or to be adopted by the Company is an integral part of the Model.
- **Authorisation and signature powers:** authorisation and signature powers must be: i) consistent with the organisational and managerial responsibilities assigned, providing, where required, an indication of the approval thresholds for expenses; ii) clearly defined and known within the D-KTC.
- **Traceability:**
 - any operation relating to sensitive activity must be, where possible, properly recorded;
 - the decision, authorisation and performance of the sensitive activity must be verifiable *ex post*, also through appropriate documentary supports;
 - in any case, the possibility of cancelling or destroying the registrations made must be regulated in detail.

Consistently with the above, the related specific control protocols are identified for each Sensitive Activity and the general principles of conduct are listed in the individual Special Parts that follow.

**SPECIAL SECTION "A"
OFFENSES AGAINST PUBLIC AUTHORITIES**

1 OFFENCES AGAINST PUBLIC AUTHORITIES

Articles 24 and 25 of the Decree exhaustively list the crimes against Public Authorities that involve liability for the Entities. They are:

- **embezzlement to the detriment of the State, other public or EU body²⁴**: failure to allocate contributions, grants or similar for the purposes for which they were intended;
- **undue receipt of contributions, loans or other disbursements** from the State or other public or EU body²⁵ through the use of false documents or the release of statements certifying things that are not true, or through the omission of due information;
- **aggravated fraud for obtaining public funds²⁶**: receipt of contributions, loans or other disbursements by the state, other public body or by a community body by means of artifices or deceptions other than the use of false documents, false statements or omission of due information;
- **aggravated fraud to the detriment of the State or other public body²⁷**: the use of tricks and deceptions to obtain an unfair profit to the detriment of the state or other public body;
- **computer fraud to the detriment of the State or other public body²⁸**: the alteration of the functioning of a computer or telematic system, or the intervention without rights on data, information or programs contained in a computer system, to obtain an unfair profit to the detriment of the State or other public body;
- **extortion²⁹**, or rather, the case where the public official or the person in charge of a public service abuses his or her position and forces someone to give or unduly promise money or other benefits to him or her or a third party;
- **corruption for the exercise of a function³⁰**, or rather, the case in which the public official or the person in charge of a public service, for the exercise of his functions or powers, unduly receives, for himself or for a third party, money or other benefits or accepts promises;
- **corruption for an act contrary to official duties³¹**, or rather, the case in which the public official or the person in charge of a public service, to omit or delay or for having omitted or delayed an act of his office, or to perform or for having performed an act contrary to the duties of the office, receives, for him or herself or for a third party, money or other benefits, or accepts promises;
- **corruption in legal proceedings³²**: in both cases of corruption defined above, the case of who receives (or accepts to receive) for him or herself or for others money or other benefits in order to favour or damage a part of a civil, administrative or criminal trial;
- **undue inducement to give or promise benefits³³**: or rather, the case in which the public official or the person in charge of a public service, abusing his or her office or powers, induces someone to give or unduly promise, to him or herself or to a third party, money or other benefits; criminal liability also extends to anyone who gives or promises money or other benefits;
- **incitement to bribery³⁴**: in both cases of corruption defined above, the case where the public official or the person in charge of a public service does not accept to receive or the private person refuses to give money or other benefits;
- **embezzlement, extortion, undue inducement, give or promise benefits, bribery and incitement to bribery of members of the International Criminal Court or of European Community bodies and of officials of the**

²⁴ Article 316-bis of the Italian Criminal Code.

²⁵ Article 316-ter of the Italian Criminal Code.

²⁶ Article 640-bis of the Italian Criminal Code.

²⁷ Article 640, paragraph 2, No. 1 of the Italian Criminal Code.

²⁸ Article 640-ter of the Italian Criminal Code.

²⁹ Article 317 of the Italian Criminal Code.

³⁰ Article 318 of the Italian Criminal Code.

³¹ Article 319 of the Italian Criminal Code.

³² Article 319-ter of the Italian Criminal Code.

³³ Article 319-quater of the Italian Criminal Code.

³⁴ Article 322 of the Italian Criminal Code.

European Community and of foreign states³⁵: the cases envisaged by the legislator are those of the crimes included in the category of crimes committed against foreign officials;

- **Unlawful influence peddling**³⁶: or rather, the case of those who, apart from cases of participation in the crimes referred to in articles 318, 319, 319-ter and in the corruption crimes referred to in article 322-bis, exploiting or boasting existing or alleged relationships with a public official or a person in charge of a public service or one of the other subjects referred to in article 322-bis, improperly has money or other benefits given or promised, to himself or to others, as the price of his illicit mediation to a public official or a person in charge of a public service or one of the other subjects referred to in article 322-bis, or to remunerate the same in relation to the exercise of its functions or powers.

In order to better understand the terminology used in this paragraph, it is clarified that:

- all those subjects, public or private, who perform a *public function* or a *public service* are considered "Public Authorities" (P.A.);
- by "public function" we mean the activities governed by public law rules that pertain to the legislative (State, Regions, Provinces with special statute, etc.), administrative (members of state and territorial administrations, law enforcement agencies, members of supranational administrations, members of the Authorities, Chambers of Commerce, etc.), judicial (judges, judicial officers, auxiliary bodies of the Administration of Justice such as bankruptcy receivers or liquidators, etc.) functions. The **public function** is characterised by the exercise of:
 - *authoritative power*, or rather, the power that allows the P.A. to achieve its purposes through commands, with respect to which the private individual is in a position of subjection. This is the activity in which the so-called power of authority, which includes both the power of coercion (arrest, search, etc.) and of contesting violations of the law (ascertaining fines, etc.), and the powers of hierarchical supremacy within public offices is expressed;
 - *certification power* is that which gives the certifier the power to certify a fact with evidential effectiveness;
- by "public service" we mean activities:
 - *governed by public law rules*;
 - *characterised by the lack of authoritative or certification powers typical of the public function*;
 - *with the exclusion of the performance of simple tasks and the provision of merely material work*.
- "public official" is someone who "exercises a legislative, juridical, or administrative public function".

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur and the processes that could be considered "instrumental" to the commission of the so-called "predicate" offences.

The **Instrumental processes** relating to the commission of the offence referred to in this section, are as follows:

- Granting of donations and donations of goods;
- Purchasing of goods or services;
- Management of monetary and financial flows;
- Reimbursement of expenses, use of credit cards, company assets;
- Gifts, entertainment expenses;
- Staff selection and hiring;
- Management of bonuses and benefits;
- Selection and management of agents.

For the identification of the control protocols to be adopted, please refer to Special Section K.

³⁵ Article 322-bis of the Italian Criminal Code.

³⁶ Article 346-bis of the Italian Criminal Code.



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

Management and acquisition of public funding/grants: these are the activities of preparing the documentation necessary for obtaining contributions, managing them and reporting the related expenses, tax credits recognised by the Revenue Agency, contributions for staff training.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration

➤ **Possible offences:**

- Undue receipt of funds to the detriment of the State (Article 316-ter of the Italian Criminal Code)
- Fraud to the detriment of the State or other public body (Article 640, paragraph 2, of the Italian Criminal Code)
- Embezzlement to the detriment of the State (Article 316 bis of the Italian Criminal Code)
- Aggravated fraud for obtaining public funds (Article 640 bis of the Italian Criminal Code)
- Trafficking in illicit influences (Article 346-bis of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- identify the roles and responsibilities of the subjects authorised to maintain relations with the competent public bodies, whether they are of national or EU importance;
- provide for a clear segregation of roles between those who prepare requests for financing/reporting of expenses and those who verify their content by sending them to the Disbursing/Processing Body;
- ensure that the person who signs the declarations/communications for obtaining loans/contributions/tax credits has a special power of attorney;
- ensure that the information or documents provided are verified, where possible, by the persons responsible for the subject of the loan/contribution/tax credit or, in their absence, by the direct subordinates previously identified and, where possible, signed upon delivery;
- provide that the person designated to manage relations with national or EU public bodies documents the activity carried out, keeping track of the information or documents provided also to the other functions involved in the procedure for obtaining the loan / contribution / tax credit and indicating the subjects who have possibly had relations with the public body involved, so as to always be able to reconstruct ex post the characteristics and reasons for the operations, with the possibility of always identifying the subjects involved ("traceability");
- provide that the exchange of information, preliminary or relating to obtaining the loan/contribution/tax credit, always takes place in writing and, as for D-KTC, through the person or function expressly authorised to do this;
- ensure that all reporting to the national and/or EU body related to the destination of the funding/contributions contain absolutely truthful elements and are consistent with the purpose for which they were requested. For this purpose, all reporting activities produced by D-KTC must be archived in a special file with the signature of the head of the Function/Organisational Unit involved;
- ensure that the financial resources obtained as contributions are exclusively used to achieve the purposes for which they were requested and obtained;
- ensure that the outsourcers, consultants, partners and collaborators who participate in the process in question are chosen with transparent methods and meet the requirements of professionalism and competence; the related relationships must be formalised by means of a contract that specifies the third party's commitment to comply with Legislative Decree 231/2001 and the Code of Ethics.

Management of the process of assigning the customs code: this is the process of assigning the customs tariff to raw materials, semi-finished and finished products both in the import and export phase, for the purpose of paying customs duties, in relations with the Customs Agency.

➤ **Main Subjects, Functions and Organisational Units involved:**

CEO, Finance and Administration, Operation Director

➤ **Possible offences:**

- Corruption for the exercise of the function (Article 318 of the Italian Criminal Code)
- Corruption for an act contrary to official duties (Article 319 of the Italian Criminal Code)
- Undue inducement to give or promise benefits (Article 319-quater of the Italian Criminal Code)
- Incitement to corruption (Article 322 of the Italian Criminal Code)
- Fraud to the detriment of the State or other public body (Article 640, paragraph 2, of the Italian Criminal Code)
- Embezzlement to the detriment of the State (Article 316 bis of the Italian Criminal Code)
- Trafficking in illicit influences (Article 346-bis of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- provide for a clear segregation of roles between those who prepare the documentation and select the customs code and those who verify its correctness, authorising it to be sent to the Customs Agency;
- avoid resorting to non-formalised requests to the Customs Agency in case of uncertainty;
- only persons with a special power of attorney are authorised to sign the supporting documentation;
- proceed with the traceability and ex post verifiability of the process of assigning the customs code;
- ensure that the documentation to be sent to the Customs Agency is prepared by people competent in the matter;
- the outsourcers, consultants, partners and collaborators, who may be employed by the Company to ensure the latter during the process in question are chosen with transparent methods and meet the requirements of professionalism and competence; the related relationships must be formalised by means of a contract that specifies the third party's commitment to comply with Legislative Decree 231/2001 and the Code of Ethics;
- comply with the "Process for assigning the customs code to raw materials, semi-finished and/or finished products in the import and export phase".

Management of audits and inspections by the Public Authorities: these are activities related to the management of inspections and/or investigations by public entities and/or persons in charge of public service (e.g. INAIL, INPS, Customs Agency, Revenue Agency, Finance Police, ATS, etc.).

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration, HSE, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- Corruption for the exercise of the function (Article 318 of the Italian Criminal Code)
- Incitement to corruption (Article 322 of the Italian Criminal Code)
- Undue inducement to give or promise benefits (Article 319-quater of the Italian Criminal Code)
- Trafficking in illicit influences (Article 346-bis of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- provide for a clear segregation of roles between those who manage relations with Public Authorities during the inspection phases and whoever has the task of supervising their performance (e.g. verbal inspection verification);
- guarantee that only persons with a special power of attorney are authorised to sign the minutes, the required documentation, during the performance of the verification and control activities;
- verify that, during any judicial, tax and administrative inspections, the subjects expressly delegated to do so (at least two) participate. The appropriate reports must be kept for the entire inspection procedure. If the final

report highlights critical issues, the SB must be informed with a written note from the manager of the Function/Organisational Unit involved;

- ensure full collaboration with Public Officials during any inspections;
- verify the existence of any conflicts of interest with reference to personal, property, legal or other relationships existing with the physical/legal entities of the Public Authorities with which D-KTC staff should entertain relations with reference to the sensitive activity in question;
- proceed with the traceability and ex post verifiability of the transactions made with the P.A. through adequate documentary/information supports;
- choose the outsourcers, consultants, partners and collaborators who are possibly involved in the verification/inspection process with transparent methods and in compliance with the requirements of competence and professionalism; the related relationships must be formalised through a contract that specifies the third party's commitment to comply with Legislative Decree 231/2001 and the Code of Ethics;
- periodically send the SB a list of the checks/inspections carried out.

Management of judicial disputes: this is the activity relating to the management of judicial disputes involving D-KTC.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration, Purchasing/Production, Technical, Sales, HSE, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- Corruption in judicial acts (Article 319-ter of the Italian Criminal Code)
- Corruption for the exercise of the function (Article 318 of the Italian Criminal Code)
- Incitement to corruption (Article 322, paragraph 1-4 of the Italian Criminal Code)
- Undue inducement to give or promise benefits (Article 319 quater of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- clearly define the roles and tasks of the Functions/Organisational Units responsible for managing active and passive legal disputes;
- verify the existence of any conflicts of interest;
- proceed with the traceability and ex post verifiability of the various phases of the disputes. In particular, always ask the attorneys in charge for periodic reports concerning the status of the dispute, the activities carried out in the reference period, as well as an estimate of the probability of success and potential liability
- ensure that all documentation and documents produced in the context of the management of disputes and relations with the judicial authorities are signed by persons with appropriate powers;
- ensure that the documentation concerning each individual activity is archived in order to guarantee the complete traceability of the information and decisions taken, to allow the reconstruction of responsibilities, the reasons for the choices made and the information sources used;
- choose legal consultants with transparent methods and in compliance with the requirements of competence and professionalism;
- ensure that relations with legal consultants are defined in the context of formalised contracts/letters of appointment bearing clauses that specify the consultant's commitment to comply with the principles set out in Legislative Decree 231/2001 and the Code of Ethics adopted by the Company;
- examine any discrepancies between the amounts estimated by the lawyers and the final amounts;
- periodically send the SB a list of active and passive disputes with indication of the related subject.

3 General principles of conduct prescribed in sensitive activities

This Special Section provides for the express obligation for the Recipients to:

1. strictly comply with all laws and regulations governing the business, with particular reference to activities that involve contacts and relationships with the Public Authorities and activities related to the performance of a public function or a public service;
2. establish and maintain a relationship with the P.A. based on maximum correctness and transparency;
3. establish and maintain any relationship with third parties in all activities relating to the performance of a public function or public service based on correctness and transparency that guarantee the good performance of the function or service and the impartiality in carrying out the same;
4. not to engage in, collaborate with or cause the carrying out of conduct such that, taken individually or collectively, directly or indirectly integrate the types of offences included among those considered above (Articles 24 and 25 of the Decree);
5. not to violate the principles and protocols provided in this section.

As part of the aforementioned conduct, **it is particularly forbidden to:**

- make donations in cash or equivalent/similar securities to Italian or foreign public officials;
- distribute gifts and presents outside of the provisions of company practice (or rather, any form of gift exceeding normal commercial or courtesy practices or in any case aimed at acquiring preferential treatment in the conduct of any company activity). In particular, any form of gift is prohibited to Italian and foreign public officials, (even in those countries where the giving of gifts is a widespread practice), or to their family members, which could influence their discretion or independence of judgement or induce any advantage for the company; the provisions of the Code apply in any case;
- grant other advantages of any kind (such as, by way of example, promises of direct hiring or close relatives) in favour of representatives of the Public Authority, which may determine the same consequences as provided for in the previous point;
- recognise remuneration or perform services in favour of consultants, suppliers, which are not adequately justified in the context of the contractual relationship established with them and current practices;
- submit untruthful declarations to national or EU public bodies in order to obtain public funds, contributions or subsidised loans;
- behave in any way intended to improperly influence the decisions of officials who deal with or make decisions on behalf of Public Authorities;
- yield to recommendations or pressure from public officials or public service officers.

3.1 The System of Delegations

For this particular area, the delegation system adopted by the company is of fundamental importance, which corresponds to the following fundamental requirements:

- The Head of the Function/Organisational Unit has the responsibility of ensuring that all collaborators, who represent the Company even occasionally towards the Public Authorities, have a written proxy;
- the proxy must contain:
 - the delegating party (subject to whom the delegate reports hierarchically);
 - name and duties of the delegate, consistent with the position held by the same;
 - scope of application of the delegation (e.g. project, duration, product, etc.);
 - issuing date.

With the support of the other competent functions, the Supervisory Body may periodically check the system of proxies and powers of attorney in force and their consistency with the entire system of organisational communications (such as internal corporate documents used to grant proxies) recommending any changes if the management power and/or the qualification does not correspond to the powers of representation conferred on the attorney or if there are other anomalies.

**SPECIAL SECTION "B"
IT CRIMES**

1 IT crimes and unlawful processing of data

Legislative Decree 48 of 4 April 2008, ratifying and executing the Budapest Convention of the Council of Europe on cybercrime, introduced the following types of offence in Article 24-bis of the Decree:

- falsification of electronic documents (Article 491 bis of the Italian Criminal Code);
- unauthorised access to an IT or telematic system (Article 615 ter of the Italian Criminal Code);
- illegal possession and dissemination of access codes to IT or telematic systems (Article 615 quater of the Italian Criminal Code);
- dissemination of equipment, devices or computer programs aimed at damaging or interrupting an IT or telematic system (Article 615 quinquies of the Italian Criminal Code);
- unlawful interception, impediment or interruption of computer or telematic communications (Article 617 quater of the Italian Criminal Code);
- installation of equipment designed to intercept, prevent or interrupt computer or telematic communications (Article 617 quinquies of the Italian Criminal Code);
- damage to information, data and computer programs (Article 635 bis of the Italian Criminal Code);
- damage to information, data and computer programs used by the State or by another public body or in any case of public utility (Article 635 ter of the Italian Criminal Code);
- damage to IT or telematic systems (Article 635 quater of the Italian Criminal Code);
- damage to IT or telematic systems (Article 635 quinquies of the Italian Criminal Code);
- computer fraud by the person providing electronic signature certification services (Article 640 quinquies of the Italian Criminal Code).

Legal Decree 93 of 14 August 2013 containing: "Urgent provisions on security and the fight against violence in general, as well as on civil protection and the provincial commissioner", introduced the crime of computer fraud within the scope of application of the Decree (Article 24), committed with replacement of the digital identity to the detriment of one or more subjects (Article 640-ter, third paragraph of the Italian Criminal Code).

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur.

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

Management of IT systems: or the management of IT systems, databases and IT networks with particular reference to:

- compliance with the security measures required to comply with the provisions of EU Regulation 2016/679;
- verifying the presence of access codes to software protected by ingenuity and programs likely to cause damage (*malicious software*, data flow capture systems);
- the protection of data from the risk of intrusion or use by third parties and management of the *mailing list*.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration, Sales

➤ **Possible offences:**

- unauthorised access to an IT or telematic system (Article 615-ter of the Italian Criminal Code);
- Illegal possession and dissemination of access codes to IT or telematic systems (Article 615 quater of the Italian Criminal Code).

➤ **Protocols**



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The Company must implement the following obligations:

- provide Recipients with adequate information/training regarding:
 - the correct use of the company's IT resources;
 - the risk of the commission of computer crimes;
 - the importance of keeping access codes (username and password) confidential, and the prohibition of disclosing them to third parties;
 - need not to leave computer systems unattended and the convenience of blocking them, should they leave the workstation;
- enforce the internal regulations on the use of computer devices, internet and e-mail;
- limit as far as possible Recipients from using and accessing the IT systems (also from and to the outside through an internet connection) exclusively for the purposes related to the uses made by the latter;
- in compliance with the privacy legislation, the existing trade union agreements and the Workers' Statute, carry out checks on the company's IT network in the presence of anomalies;
- prepare and maintain adequate physical defences to protect the servers and all other corporate IT systems;
- set up the IT systems in such a way that, if they are not used for a certain period of time, they are automatically blocked;
- protect, as far as possible, all of the Company's computer systems to prevent the unlawful installation of hardware devices capable of intercepting communications relating to a computer or telematic system, or between multiple systems, or capable of preventing or interrupting them (key logger, back door, malicious software, etc.);
- provide each computer system with adequate firewall and anti-virus software and ensure that, where possible, these cannot be deactivated;
- prevent the installation and use of software not approved by the Company or not related to the professional activity carried out for the same;
- limit access to particularly sensitive areas and websites as a vehicle for the distribution and dissemination of infected programs (so-called "viruses") capable of damaging or destroying computer systems or data contained in these contents (for example, e-mail websites or websites that disseminate information and files);
- if wireless connections are used to connect to the Internet network (i.e. wireless, through routers equipped with a Wi-Fi antenna), protect them by setting an access key, in order to prevent third parties from illegally connecting to the network through routers and performing offences attributable to employees of the Company;
- ensure that access to information systems is nominative, limited and protected by authentication tools;
- define the criteria and methods for creating passwords for access to the network, applications, corporate information assets and critical or sensitive systems (e.g. minimum password length, complexity rules, expiration);
- ensure a periodic password update process;
- carefully guard their credentials for access to the Company's IT systems, preventing third parties from becoming aware of them;
- ensure that the director profiles are managed exclusively by individuals with specific powers;
- where third parties are used for the management of IT security, ensure that the relationships are formalised through written contracts containing clauses specifying the third party's commitment to compliance with the principles set out in Legislative Decree 231/2001 and the Company's Code of Ethics.

Management of physical access to websites containing IT platforms for transmitting and sharing data: these are accesses to INPS, INAIL, the Revenue Agency, Customs Agency, Chamber of Commerce's digital platforms and private customer portals.

- **Main Subjects, Functions and Organisational Units involved:**
Chairman, General Management, Administration, Technical, Sales

➤ **Possible offences:**

- unauthorised access to an IT or telematic system (Article 615-ter of the Italian Criminal Code)
- Illegal possession and dissemination of access codes to IT or telematic systems (Article 615 quater of the Italian Criminal Code)

➤ **Protocols**

The Company must implement the following obligations:

- provide for a clear segregation of the roles and duties of the Functions responsible for managing the various phases of the sensitive process and, in particular, for managing the D-KTC access methods to the IT and telematic systems of third parties, with which D-KTC maintains relationships as part of their business;
- provide for controls to prevent unauthorised access, damage and interference at D-KTC and third parties, with whom D-KTC has relations in the context of its business;
- clearly identify the subjects of the Company authorised to access the IT and telematic systems of third parties, providing them with access keys and passwords, with relative accreditation on the platforms;
- provide clear and precise rules in order to prevent the possession and/or abusive use of codes, keywords or other means suitable for accessing a computer or telematic system of third parties, with which D-KTC maintains business relationships;
- monitor access to information, information systems, the network, operating systems, applications from third parties, with which D-KTC maintains relationships within the scope of its business;
- define adequate procedures for dealing with incidents and problems relating to IT security.

Management of digital documents: this is the management of the transmission of documents to the Public Authorities through digital signature.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration

➤ **Possible offences:**

- False statements in a public computer document that can be used as evidence (Article 491-bis of the Italian Criminal Code.).

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- define criteria and methods for the generation, distribution (providing that they are shared by at least two people), revocation and storage of keys (smart cards);
- formally regulate any management of smart cards by third parties;
- define the controls for the protection of the keys from possible modifications, destruction and unauthorised use;
- ensure traceability and adequate archiving of supporting documentation for the activities carried out with the use of smart cards.

3 General principles of conduct

The Recipients of the Model must comply with the rules of conduct contained in this Special Section which provides for the express prohibition of engaging in conduct such as to integrate the types of offences considered above (pursuant to Article 24-bis of the Decree) or conduct which, although do not constitute offences, can potentially integrate one of the offences under consideration.

In particular, **it is absolutely forbidden to:**

- introduce computers, peripherals, other equipment or software into the company without the prior authorisation from Sales and, in any case, to modify the configuration issued by the provider of fixed or mobile workstations;
- acquire, possess or use software and/or hardware tools that could be used to assess or compromise the security of IT or telematic systems (such as systems for identifying passwords, identifying vulnerabilities, decrypting

- encrypted files, intercepting traffic in transit, etc.);
- obtain access credentials to third-party corporate IT or telematic systems with methods or procedures different from those authorised for this purpose by the Company;
 - disclose, transfer or share with personnel internal or external to the Company their access credentials to the systems and to the corporate network of third parties - each account holder is responsible for the actions carried out through his account on the systems and on the corporate network;
 - distort, obscure, replace your identity, and send anonymous e-mails or e-mails bearing false identity;
 - carry out tests or attempt to compromise the security controls of company IT systems, unless explicitly provided for in their work duties;
 - exploit any vulnerabilities or inadequacies in the security measures of corporate IT or telematic systems of customers or third parties to obtain access to resources or information other than those to which one is authorised to access, even if such intrusion does not cause damage to data, programs or systems;
 - communicate to unauthorised persons, internal or external to the company, the controls implemented on the IT systems and the ways in which they are used;
 - alter electronic public or private documents that can be used as evidence;
 - access, without authorisation, an IT or telematic system or withhold against the express or tacit will of those who have the right to exclude it (the prohibition includes both access to internal information systems and access to the IT systems of competing public or private entities to obtain information on commercial or industrial developments);
 - obtain, produce, reproduce, import, disseminate, communicate, deliver or, in any case, make available to others equipment, devices or computer programs for the purpose of illegally damaging a computer or telematic system, the information, data or programs contained therein or pertinent to it, or to favour the total or partial interruption of its operation (the prohibition includes the transmission of viruses with the aim of damaging the information systems of competing entities);
 - destroy, deteriorate, delete, alter or suppress information, data and computer programs (the prohibition includes unauthorised intrusion into the IT system of a competing company, with the aim of altering the latter's information and data);
 - destroy, deteriorate, cancel, alter or suppress information, data and computer programs used by the State or other public body or pertinent to them or in any case of public utility;
 - destroy, damage, render totally or partially unserviceable computer or telematic systems of others or seriously hinder their functioning;
 - destroy, damage, render totally or partially unserviceable public utility computer or telematic systems or seriously hinder their functioning.

Furthermore, **the following obligations must be respected:**

- comply with the procedures adopted for the implementation of the GDPR Regulation;
- use the company e-mail service in compliance with the Code of Ethics, using only one's own account;
- each account holder must take care of making daily/weekly/biweekly backup copies of the databases processed (depending on the type of database to be copied, for example accounting and management, mail, staff personal folders), in collaboration with the operator or operators in charge of the management and maintenance of electronic instruments, in order to guarantee the integrity of the data against the risk of destruction or loss;
- non-public data and information relating to customers and third parties (commercial, organisational, technical) including the methods of remote connection must be managed as confidential data;
- in transmissions, pay the utmost attention both in the editing phase and in the saving/storage phase so that the information is accessible only to those who are authorised to know it and that there is no risk of alteration.

**SPECIAL SECTION "C"
OFFENSES AGAINST INDUSTRY AND TRADE, AS WELL AS IN THE FIELD OF COUNTERFEITING AND
VIOLATION OF COPYRIGHT**

1 Crimes against industry and trade, as well as in the field of counterfeiting; Crimes relating to copyright infringement

Law 99 of 23 July 2009 "Provisions for the development and internationalisation of companies, as well as in the field of energy", which entered into force on 15 August 2009, introduced the following types of offences to

- Article 25-bis of the Decree:
 - counterfeiting, alteration or use of trademarks or distinctive signs, or of patents, models and designs (Article 473 of the Italian Criminal Code);
 - introduction into the State and trade of products with false signs (Article 474 of the Italian Criminal Code);
- and the following types of offences to Article 25-*bis*1 of the Decree:
 - disruption of the freedom of trade (Article 513 of the Italian Criminal Code);
 - unlawful competition with threats or violence (Article 513-bis of the Italian Criminal Code);
 - fraud against national industries (Article 514 of the Italian Criminal Code);
 - fraud in the exercise of commerce (Article 515 of the Italian Criminal Code);
 - sale of non-genuine food substances as genuine (Article 516 of the Italian Criminal Code);
 - sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code);
 - manufacture and trade of goods made by usurping industrial property rights (Article 517-ter of the Italian Criminal Code);
 - counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-quater of the Italian Criminal Code);
- and the following types of offences to Article 25-*novies* of the Decree:
 - crimes relating to violation of copyright (Articles 171, first paragraph, letter a-bis, and third paragraph, 171-bis, 171-ter, 171-septies and 171-octies of Law 633 of 22 April 1941).

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur.

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

Production of goods: these are activities related to the design, testing and quality control.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Purchasing/Production, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- Fraud in the exercise of commerce (Article 515 of the Italian Criminal Code);
- Sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code);
- manufacture and trade of goods made by usurping industrial property rights (Article 517-ter of the Italian Criminal Code);

➤ **Protocols**

The following safeguards must be adopted:

- The Company adopts a certified quality management system, whose internal operating procedures must be respected by all Recipients;
- as part of the choice and purchase of raw materials and any other material used in the production process, the Company verifies compliance with the technical specifications required by international and national sector regulations; for this purpose, it asks each supplier for certificate of conformity of the goods;
- the Company inserts specific contractual clauses with suppliers, on the entire production chain, which provide for the guarantee on the part of the same and their possible sub-suppliers, not to harm third-party rights in carrying out their activities;
- the Company constantly checks the quality, provenance and origin of raw materials/semi-finished products and products subject to subsequent marketing, also through technical-inspection visits to suppliers.

Management of licenses and computer software: this is the activity relating to the control of the conditions for access, use and protection of IT resources used within D-KTC.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Technical, Quality Assurance/Manager Integrated Environmental and Safety System Manager, Purchasing/Production

➤ **Possible offences:**

- Duplication, transformation, distribution, illegal dissemination of programs protected by copyright (Article 171, Law 633/1941).

➤ **Protocols**

It is necessary to:

- provide for the obligation to comply with the provisions of the law to protect the authorship of computer programs and databases protected by copyright (the "Works"), as well as the limitations provided for the right of duplication of computer programs and reproduction, transfer, distribution and/or dissemination of database contents;
- provide for authorisation mechanisms for the use, reproduction, processing, duplication and distribution of Works or parts thereof;
- provide for the adoption of protection tools (e.g. access rights) relating to the conservation and archiving of Works, ensuring their inventory;
- provide for the formalised verification - when receiving supports containing computer programs, databases, phonograms or videograms of musical, cinematographic or audio-visual works and/or sequences of moving images - of the presence on them of the mark by the authorities in charge the supervision of copyright, or the exemption of the media in question from this obligation;
- provide for systems that prevent the download of unlicensed software programs.

3 General principles of conduct

This Special Section provides for the express prohibition of engaging in conduct such as to integrate the types of offences considered above (pursuant to Article 25-bis, 25-bis 1 and 25-novies of the Decree) or conduct which, although do not constitute offences, can potentially integrate one of the offences under consideration.

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

- carry out control activities on the supply of finished products both in the preventive phase and in the phase of placing on the market;
- comply with the technical specifications required by national and international legislation;
- for any distinctive sign or intellectual work used by the Company, of which it is not the owner, obtain a regular licence agreement;

- purchase, create, put online only content (photographs, video sequences, poems, comments, reviews, articles and other written content, files containing music in any format) with a license for use or in any case in compliance with the copyright laws and other rights related to their use;
- verify (through one or more managers expressly delegated to do so) in advance, where possible, or through specific control activities, including periodic ones, with the utmost rigour and timeliness, that the contents on the network comply with the regulations in force on the subject of copyright and rights related to the use of protected intellectual property;
- verify that for all the above contents that are placed on the network by third parties or purchased by the Company and placed on the network, there is an express assumption of liability by the third parties in order to comply with copyright rules and other rights related to the use of intellectual property;
- use only software with a license for use and within the limits and conditions provided for by current legislation and by the license, with the exception of those computer programs available for download and free use, always under the conditions and within the limits established by law or by the copyright holder and other rights related to its use;
- use only databases with a license for use and within the limits and conditions provided for by current legislation and by the license itself, with the exception of those freely available, always under the conditions and within the limits established by law or by the copyright holder and holder of other rights connected to its use, also with regard to research, extraction, processing, re-processing and publication of the data contained therein.

Furthermore, **it is forbidden to:**

- reproduce, promote or sell product models, such as to cause confusion as to the identification or origin of the product, as well as to use evocative names or distinctive signs of third party products in the absence of a valid license or outside the limits defined by the relative contracts;
- carry out any form of intimidation or harassment against other competitors operating in the same sector (for example, through boycott, employee transfer, refusal to contract, etc.);
- sign commercial collaboration agreements of any kind with the aim of disrupting competition or which concretely entail such effect;
- duplicate, illegally and for profit, computer programs or, for the same purposes, import, distribute, sell, hold for commercial or business purposes or lease programs contained in media not marked by the Italian Society of Authors and Publishers (SIAE);

reproduce, in order to make a profit, on media not marked SIAE, or transfer to another medium, distribute, disseminate, present or demonstrate in public the contents of a database in violation of the provisions of articles 64-quinquies and 64-sexies of law 633/1941, or perform the extraction or re-use of the database in violation of the provisions of articles 102-bis and 102-ter of the same law, or distribute, sell or rent a database.

SPECIAL SECTION "D"
CORPORATE CRIMES**1 Corporate Crimes**

As part of the corporate law reform, Legislative Decree 61 of 11 April 2002, in force since 16 April 2002, introduced Article 25-ter of the Decree, which extends the administrative liability of Entities to the so-called "Corporate crimes". The types of corporate crimes considered are:

- **false corporate communications and minor facts (articles 2621 and 2621-bis of the Italian Civil Code):** knowingly expose material facts that are not true or omit material facts relevant to the communication of which is imposed by law on the economic, patrimonial or financial situation of the company or group to which it belongs, in a concretely suitable way to mislead others in financial statements, reports or other corporate communications addressed to shareholders or the public, as required by law, in order to obtain an unfair profit for oneself or for others. In this regard, it should be noted that Law 69 of 27 May 2015, published in the Official Gazette 124 of 30 May 2015, introduced significant changes to the criminal provisions on false corporate communications, contained in the Civil Code; in detail, the main changes concerned (i) the official prosecution of the crime, (ii) the psychological element, represented by the specific intent, aimed at "achieving an unfair profit for oneself or for others", but it is more characterised by any element of deceptive intentionality, (iii) the partial revision of the typical conduct, (iv) the elimination of the quantitative thresholds of criminal relevance of the conduct;
- **undue return of contributions (Article 2626 of the Italian Civil Code):** return the contributions to shareholders or release them from the obligation to make them;
- **illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code):** distributing profits or reserves that cannot be distributed by law;
- **illegal operations on the shares or quotas of the company or of the parent company (Article 2628 of the Italian Civil Code):** purchase or subscribe shares also of the parent company, damaging the share capital;
- **operations to the detriment of creditors (Article 2629 of the Italian Civil Code):** reduce share capital, carry out mergers or demergers that cause damage to creditors;
- **failure to communicate a conflict of interest (Article 2629 bis of the Italian Civil Code):** the violation of the obligations imposed to communicate a situation of conflict of interest with prejudice to the company or to third parties;
- **fictitious capital formation (Article 2632 of the Italian Civil Code):** fictitiously increasing the capital, mutually subscribing shares and overestimating contributions or assets in the event of transformation;
- **undue distribution of corporate assets by liquidators (Article 2633 of the Italian Civil Code):** allocating corporate assets before payment of creditors or before setting aside the sums necessary to satisfy them;
- **prevented control (Article 2625, paragraph 2, of the Italian Civil Code):** concealing documents suitable to prevent the carrying out of the control of the shareholders and other corporate bodies;
- **corruption between private individuals (Article 2635, paragraph 3 of the Italian Civil Code) and incitement to corruption between individuals (Article 2635 bis of the Italian Civil Code):** offer, even following solicitation, or promise undue money or other benefits (as briber) in favour of directors, general managers, executives responsible for preparing corporate accounting documents, auditors and liquidators, as well as in favour of those who exercise managerial functions other than the previous ones, to perform or omit an act, in violation of the obligations inherent in their office or the obligations of loyalty (in the quality of corrupt subjects); liability pursuant to Legislative Decree 231/2001 concerns the corrupter and also applies if the offer or promise of money or other undue benefits is not accepted;
- **unlawful influence on the assembly (Article 2636 of the Italian Civil Code):** performing simulated or fraudulent acts aimed at determining unlawful majorities in the assembly;
- **stock manipulation (Article 2637 of the Italian Civil Code):** disseminating false information or putting in place simulated operations capable of causing an alteration in the price of unlisted financial instruments;
- **obstacle to the exercise of the functions of public supervisory authorities (Article 2638, paragraphs 1 and 2 of the Italian Civil Code):** in order to hinder the exercise of supervisory functions, expose material facts

that do not correspond to the truth, even if subject to assessments, on the economic, equity or financial situation of the supervised persons or, for the same purpose, conceal by other fraudulent means facts that must be the subject of communication.

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur and the processes that could be considered "instrumental" to the commission of the so-called "predicate" offences.

The **Instrumental processes** relating to the commission of the offence referred to in this section, are as follows:

- Granting of donations and donations of goods;
- Purchasing of goods or services;
- Management of monetary and financial flows;
- Reimbursement of expenses, use of credit cards, company assets;
- Gifts, entertainment expenses;
- Staff selection and hiring;
- Management of bonuses and benefits;
- Selection and management of agents.

For the identification of the control protocols to be adopted, please refer to Special Section K.

Listed below are: i) Sensitive Activities; ii) the functions/organisational units involved; iii) potentially committable offences; iv) the specific protocols to be adopted, distinguishing between Sensitive activities relating to corporate crimes in general and Sensitive activities relating to corruption between private individuals.

Sensitive Activities - corporate crimes

Preparation of the financial statements, the management report and other corporate communications: concerns the operations relating to the recognition, registration and representation of the business activity in the accounting records, in the financial statements, in the reports and in any other prospectus relating to the economic, patrimonial and financial situation of D-KTC required by legal provisions and obligations related to the keeping of accounting records and company ledgers; this process includes the relationship with the auditing company in charge of certifying the consolidated financial statements for IFRS purposes.

- **Main Subjects, Functions and Organisational Units involved:**
Chairman, General Management, Administration
- **Possible offences:**
 - False corporate communications (Article 2621-2621-bis of the Italian Civil Code)
 - Prevented control (Article 2625, paragraph 1, of the Civil Code)
 - Unlawful influence on the assembly (Article 2636 of the Italian Civil Code)
 - Stock manipulation (Article 2637 of the Italian Civil Code)
 - Hindering the exercise of the functions of public supervisory authorities (Article 2638 of the Italian Civil Code).
- **Protocols**
With reference to this sensitive area it is necessary to follow these protocols:
 - observe the rules of clear, correct and complete registration in the accounting of facts relating to the management of the Company;
 - promptly record any accounting entry that reflects a corporate transaction, keeping adequate supporting documentation that allows identifying the reason for the transaction that generated the entry and the related authorisation;
 - proceed with the assessment and recording of economic and financial elements in compliance with the

criteria of reasonableness and prudence, clearly illustrating, in the relative documentation, the criteria that guided the determination of the value of the asset;

- ensure compliance with the rules for the segregation of duties between the person who carried out the transaction, who carries out the registration in the accounts and who carries out the relative control;
- manage documents, reports and other annotations in a correct and sufficiently detailed manner, maintaining documentation of activities and guaranteeing their storage through archiving;
- provide adequate training courses for the correct use of the accounting management system used by the Company;
- make changes to accounting data only with the authorisation of the Organisational Function/Unit that generated them;
- provide for periodic meetings and/or exchanges of information with any accounting, tax, etc. outsourcers to verify regular and constant professionalism in the management of the service and in the preparation of accounting documents;
- if the documentation is produced - in whole or in part - with the support of third parties (professional firms, consultants, professionals, etc.), ensure that relations with the same are formalised through written contracts bearing clauses specifying the commitment of the third party to respect the principles of Legislative Decree 231/2001 and the Code of Ethics;
- establish relations with the independent auditors, in charge of certifying the consolidated financial statements for IFRS purposes, with maximum transparency, collaboration, availability and in full compliance with the general principles and rules of conduct referred to in the Code of Ethics;
- promptly provide the auditing firm's requests for verification, with the utmost diligence and professionalism, in order to provide clear, accurate, complete, faithful and truthful information to avoid situations of conflict of interest and in any case to promptly inform the methods deemed most suitable.

Corporate operations management: these are operations of an extraordinary nature, such as distribution of reserves, reductions in share capital, mergers, demergers, contributions, which can lead to changes in share capital.

➤ **Main Subjects, Functions and Organisational Units involved:**

BoD, Chairman, General Management, Administration

➤ **Possible offences:**

- Prevented control (Article 2625, paragraph 1, of the Italian Civil Code)
- Undue return of contributions (Article 2626 of the Italian Civil Code)
- Illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code)
- Unlawful operations on shares or quotas of the company or of the parent company (Article 2628 of the Italian Civil Code)
- Transactions to the detriment of creditors (Article 2629 of the Italian Civil Code)
- Failure to communicate conflict of interest (Article 2629-bis of the Italian Civil Code)
- Fictitious capital formation (Article 2632 of the Italian Civil Code)
- Unlawful influence on the assembly (Article 2636 of the Italian Civil Code)
- Stock manipulation (Article 2637 of the Italian Civil Code)
- Hindering the exercise of the functions of public supervisory authorities (Article 2638 of the Italian Civil Code).

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- clearly define the roles and tasks of the Organisational Functions/Units responsible for the management of corporate transactions, providing for checks on the completeness and truthfulness of the information needed to make decisions and execute corporate transactions;



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- identify the function and the person in charge of managing extraordinary corporate transactions on behalf of D-KTC, to whom a specific proxy and written power of attorney should be conferred;
 - prepare suitable documentation to assess the feasibility and strategic and economic convenience of the transaction, including, where applicable:
 - ✓ qualitative and quantitative description of the target (feasibility study, financial analysis, studies and statistics on the reference market, comparisons between different alternatives for carrying out the operation);
 - ✓ characteristics and subjects involved in the operation;
 - ✓ technical structure, main guarantees and collateral agreements and financial coverage of the transaction;
 - ✓ method for determining the economic conditions of the transaction and indication of any external consultants/intermediaries/advisors involved;
 - ✓ impact on the prospective economic, financial and equity situation;
 - ✓ assessments on the appropriateness and compliance with the Company's interest in the transaction to be resolved.
 - put on record, store and hold (either hard copy or electronic format) the relevant documentation (agenda, notices of meetings, resolutions, minutes);
 - record the meetings of the Board of Directors and the Assembly in the Company's Ledgers;
 - access everyone appointed to check the Company Ledgers according to the provisions of the relevant legislation.
- powers regarding the verification of signatures of documents relating to corporate transactions also need to be monitored.

Sensitive activities - Bribery among private individuals

Sale of goods: the marketing of products to customers, also through participation in tenders.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Sales

➤ **Possible offences:**

- Corruption between individuals (Article 2635, paragraph 3, of the Italian Civil Code)
- Incitement to corruption between private individuals (Article 2635-bis of the Italian Civil Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- clearly define the roles and tasks of the Organisational Functions/Units responsible for managing the various stages of the sensitive process (identification of the counterpart, management of the relationship, contract proposal, signing of the agreement);
- deal with customers, who meet the moral and professional requirements established by the Company, also taking into account creditworthiness;
- operate in full compliance with laws, regulations in force, standards of conduct and principles of loyalty, correctness, clarity and transparency;
- ensure that customer relations are managed exclusively by appropriately delegated subjects;
- maintain high standards of integrity in all interactions with customers, adopting transparent and responsible conduct;
- ensure the traceability of all stages of the sales process, including the definition of prices and terms and conditions;
- ensure that the offer is defined in agreement between the General Management and Commercial functions, and for amounts exceeding € 100,000.00, subject to the approval of the Chairman;
- guarantee the completeness, clarity, truthfulness and correctness of the documentation to be sent to



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customers;

- if the sales activities are carried out - in whole or in part - with the support of third parties (agents), ensure that they are always selected in compliance with the provisions of Special Section K - Instrumental Processes, "Selection and management of agents";
- ensure that relations with counterparties are formalised through specific contracts/orders signed by subjects with suitable powers/proxies;
- promptly communicate to the hierarchical manager or to the management of the Company and, at the same time, to the Supervisory Body any conduct put in place by those who work for the counterpart, aimed at obtaining favours, illicit donations of money or other benefits, as well as any criticality or conflict of interest arising in the context of the relationship;
- carry out anti-bribery and conflict of interest training activities.

3 General principles of conduct prescribed

Corporate crimes

Prohibitions

This Special section provides for specific contractual clauses that express prohibition - borne by Company Representatives, directly, and by external Collaborators and Partners - to:

- engage in, collaborate with or cause the implementation of conduct such as to integrate the types of offences considered above (Article 25-ter of the Decree);
- engage in, collaborate with or cause the implementation of conduct that, although do not constitute offences falling within those considered above, could potentially become so.

As part of the aforementioned conduct, it is particularly forbidden to:

- represent or transmit for the processing and representation in financial statements, budgets, reports or other corporate communications, false, incomplete or, in any case, data that does not correspond to reality, on the Company's economic, equity and financial situation;
- omit the communication of data and information imposed by the law on the Company's economic, equity and financial situation;
- return contributions to shareholders or release them from the obligation to carry them out, except in cases of legitimate reduction of share capital, in any form not specifically included among those described below;
- distribute profits or advances on profits not actually achieved or destined by law to reserves;
- carry out reductions in share capital, mergers or demergers, in violation of legal provisions to protect creditors;
- proceed with the formation or fictitious increases of the share capital, assigning shares for a value lower than their nominal value when setting up a company or increasing the share capital;
- divert company assets, at the time of liquidation of the company, from their allocation to creditors, distributing them among shareholders before the payment of creditors or before the creation of provisions containing the amounts necessary to settle debts with creditors;
- engage in actions that, by hiding documents or using other fraudulent means, physically impede or otherwise hinder the implementation of control or auditing activities by the Independent Auditors in charge of reviewing the consolidated financial statements for IFRS purposes;
- establish or influence the resolutions adopted during shareholder's meetings, by engaging in simulated or fraudulent activities with the intent of artificially altering the normal and correct procedure for the formation of the shareholder's meeting decision.

Obligations

This section provides for the express obligation of the aforementioned subjects to:

- behave correctly, transparently and collaboratively, in compliance with the law, in all activities aimed at the accounting, drafting and preparation of the D-KTC financial statements;
- strictly observe all the rules set by law to protect the integrity and effectiveness of the Company's share capital;



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- refrain from carrying out simulated or otherwise fraudulent transactions, capable of causing a significant distortion of the economic/equity and financial results achieved by the Company;
- manage documents, reports and other annotations in a correct and sufficiently detailed manner, maintaining documentation of activities and guaranteeing their storage through archiving;
- promptly and correctly make the communications required by law in force at the time in a true and complete manner;
- report to their hierarchical manager or company management and, together with the Supervisory Body, both the existence of errors or omissions in the accounting process of management facts and conduct not in line with the provisions of this Special Section;
- carry out training activities on accounting rules and accounting principles for Administration personnel.

Corruption between individuals

Prohibitions

This Special section provides for specific contractual clauses that express prohibition - borne by Company Representatives, directly, and by external Collaborators and Partners - to:

- give or promise money or other benefits in favour of directors, general managers, managers in charge of preparing corporate accounting documents, statutory auditors and liquidators, as well as in favour of those who exercise managerial functions other than the previous ones, of client or potential client companies, or partners in general, belonging to the private sector;
- engage in conduct that, although they are such as not to constitute a crime pursuant to Articles 2635 and 2635-bis of the Italian Civil Code, can potentially become one;
- find themselves in or cause any situation of conflict of interest towards their partners, customers or potential customers in relation to the provisions of the aforementioned crime;
- submit offers not subject to the approval process required by company practice;
- enter into contracts with conditions established according to non-objective parameters and/or in violation of the provisions of company practice;
- produce untrue documentation and data to obtain acceptance of an offer from a private counterparty.

Obligations

To implement the conduct mentioned above:

- the Company Representatives must not accept or solicit gifts, acts of courtesy, such as gifts or forms of hospitality, or other benefits exceeding the normal courtesy practices and such as to be considered usual in relation to the recurrence and not be interpreted by an impartial observer as aimed at acquiring advantages in an improper way. It is not allowed to offer, promise, give gifts, acts of courtesy, such as gifts or forms of hospitality, or other benefits, exceeding normal courtesy practices. In any case, these expenses must always be authorised, documented and in compliance with the budget limits;
- the following actions must not be taken directly or indirectly during a business negotiation, request or sales relationship with a private subject:
 - examine or propose employment and/or commercial opportunities that may benefit employees of private individuals;
 - solicit or obtain confidential information that may compromise the integrity or reputation of both parties.

SPECIAL SECTION "E"
NEGLIGENT OFFENCES IN VIOLATION OF THE OCCUPATIONAL HEALTH AND SAFETY RULES

1 Crimes of manslaughter and serious and very serious negligent injuries committed in violation of accident prevention regulations and the protection of occupational health and safety.

Law 123 of 3 August 2007 introduced Article 25 septies to the Decree, subsequently amended by Legislative Decree 81/2008 (Consolidated Occupational Health and Safety Law), under which the company is also responsible for:

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

committed in violation of accident prevention and occupational health and safety regulations.

The reference regulations are contained in the Consolidated Safety Law.

Moreover, it should be specified that any violation of the employer's obligation to guarantee occupational safety (Article 2087 of the Italian Civil Code) - resulting in a less severe injury - entails the official opening of a proceeding against the company. In fact, case law has established that any violation of the occupational safety rules increase the risk of committing a crime of manslaughter and serious and very serious negligent injury and, therefore, make Article 25-septies of the Decree applicable.

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

- an illness that endangers the life of the injured person, or an illness or an inability to attend to ordinary occupations for more than forty days;
- the permanent weakening of a sense or organ; a disease that is certainly or probably incurable; the loss of a sense; the loss of a limb, or a mutilation that renders the limb unusable, or the loss of the use of an organ or the ability to procreate, or a permanent and serious difficulty speaking; deformation, or permanent scarring of the face.

In this regard, it should be emphasised that, in these cases, the offence is punished by way of mere negligence that, unlike the other predicate offences, require awareness and voluntary action.

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur.

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

System of attribution of liability and the organisation of safety. these are activities aimed at correctly identifying roles and liability regarding occupational safety, with the consequent identification of the various figures: Employer ("DL"), Employer's Delegate ("DDL"), Prevention and Protection Service Manager ("RSPP"), Workers' Safety Representative ("RLS"), Company Doctor, supervisor.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, HSE, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- Manslaughter (Article 589 of the Italian Criminal Code)
- Negligent personal injury (Article 590 of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- The DL (natural person to whom, define by the DL (natural person who, as detected from official corporate documentation, is responsible for the company organisation as well as occupational health and safety

regulations in force from time to time) defines the organisational structure responsible for monitoring occupational safety and any subsequent modifications and communicates them to the BoD and SB;

- the organisational structure must ensure a clear identification of the DL and a formalised system of delegation of functions in the field of health and safety prepared according to the following case law principles: (i) effectiveness - existence and coexistence of decision-making and financial autonomy of the delegate; (ii) technical and professional suitability of the delegate; (iii) supervision of the delegate's activity, non-compliance, non-interference; (iv) certainty, specificity and awareness;
- the DL confers the delegation or functions according to the requirements prescribed by Article 16 of Legislative Decree 81/2008. The system of proxies must be documented and traceable;
- assign the tasks of RSP, Company Doctor, the election or appointment of the Workers' Safety Representative, the identification of the functions of supervisor; these roles must be carried out in compliance with the legislation in force from time to time and in a manner that ensures compliance with the principles of correctness, transparency, traceability; in detail, it is necessary to: (i) verify the existence of specific requirements in accordance with the applicable legal provisions; (ii) ensure the traceability of the checks carried out in relation to the possession of the specific requirements envisaged by the relevant legislation; (iii) carry out staff assessments to understand their skills and temporal availability in order to fill these specific roles; (iv) provide for a formal appointment and assignment of offices; (v) ensure the traceability of the formal acceptance of the assignments;
- if the Prevention and Protection Service is outsourced, ensure that the relationship between the Service and the company is contractually formalised and the inclusion of specific clauses that require the outsourcer to comply with the principles contained in Legislative Decree 231/2001 and in this Special Section and regulate the consequences deriving from the violation of the provisions contained therein.

Identification and assessment of risks: these are activities aimed at assessing business risks in accordance with the provisions contained in Legislative Decree 81/2008.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, HSE, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- Manslaughter (Article 589 of the Italian Criminal Code)
- Negligent personal injury (Article 590 of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- clearly define roles and tasks in order to identify: (i) responsibilities for verifying, approving and updating the contents of the Risk Assessment Document (DVR); (ii) the methods and criteria for reviewing the hazard identification and risk assessment processes; (iii) the traceability of the involvement of the Company Doctor in the process of identifying hazards and risk assessment;
- identify workers' duties;
- provide for the explicit definition of the assessment criteria adopted for the various risk categories in compliance with the legislation and requirements in force;
- draw up the DVR in accordance with the legal provisions and taking into account the specific risks of the site; in particular, the DVR must contain at least: (i) the assessment procedure, with the specification of the criteria adopted and the names of the subjects who participated in the assessment; (ii) the identification of prevention and protection measures and personal protective equipment, the procedures for implementing the measures resulting from the assessment; (iii) the program of measures deemed appropriate to ensure

- the improvement of safety levels over time; (iv) the identification of tasks that expose workers to specific risks that require recognised professional skills and specific experience, education and training;
- promptly update the DVR in the event of a change in company risks or new regulatory provisions or accidents or significant events that suggest a change;
- make the DVR available to the SB and inform the same of any updates.

Process of defining and managing protection and prevention procedures: these are the activities of identification, preparation, application and dissemination of procedures aimed at preventing accidents at work both in ordinary and emergency conditions.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, HSE, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- Manslaughter (Article 589 of the Italian Criminal Code)
- Negligent personal injury (Article 590 of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- define methods of acquisition, assessment and management of the company's provisions to comply with the applicable technical-structural standards including modifications to machines, systems and work environments;
- define plans and periodically carry out training and information sessions aimed at making known and disseminating safety procedures both of a managerial and operational nature;
- proceed with a review of any security procedures that may have been violated in the event of accidents or near-misses or emergency situations, and analyse the incident if necessary;
- keep under control all machines, plants, work environments (including the sales points) ensuring the functionality of all safety and alarm devices through preventive and scheduled maintenance;
- organise the procedures for managing emergencies and evacuations, also carrying out the appropriate simulations (including points of sale);
- Involve each of the figures involved in the organisational structure overseeing occupational safety (DL, Prevention and Protection Service Manager, Workers' Safety Representative, Company Doctor, Supervisor), each respecting their role and skills in the definition, implementation, dissemination and monitoring of the prevention and protection procedures.

In particular, for the correct implementation of the above:

- according to Articles 17 and 29 of Legislative Decree 81/2008, the DL defines and maintains the criteria and methods for identifying company and specific risks;
- the Prevention and Protection Service Manager: (i) reports to the DL at least every six months on the state of effectiveness and efficiency of the D-KTC system for protecting the health and safety of workers in the workplace. This report highlights any critical issues also connected to significant changes in the organisation of work or regarding the degree of evolution of the technique, prevention and protection or following significant accidents and referring to the strategies of contrast and mitigation already planned and/or adopted (solution/manager) and situations not yet taken care of; (ii) verifies the adequacy of company rules on occupational safety; (iii) supervises the Protection and Prevention Service activities; (iv) convenes the annual meeting with the stakeholders;
- the Company Doctor reports at least annually to the DL about the activity carried out and the critical issues encountered. If the Company Doctor verifies the non-compliance by the DL with the judgements of

temporary or permanent unfitness relating to a specific task of one or more workers, this will be promptly reported to the SB;

- the RLS collaborates with the DL, reporting any irregularities found and proposing appropriate solutions. The RLS, in compliance with the law, has the right to access the workplace, even during inspections, as well as the company documentation concerning the assessment of risks and the related prevention measures;
- The RSPP meets at least annually with the RLS, the company doctor and the DL or his or her representative pursuant to Article 35 Consolidated Safety Act. The DL forwards a copy of this report to the SB;
- at the end of the activity, a specific report is drawn up containing the results related to the assessment made. Based on the findings that emerged during the activity and the results noted, the actions to be implemented in order to remove the non-conformities found are defined.

Management of work contracts: these are machinery maintenance and packaging activities.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, HSE, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- Manslaughter (Article 589 of the Italian Criminal Code)
- Negligent personal injury (Article 590 of the Italian Criminal Code)

➤ **Protocols**

In selecting and contracting works contracts, the Company:

- verifies the technical - professional requirements of the contractual counterparties (pursuant to Article 26, paragraph a) of Legislative Decree 81/2008);
- Verifies the regularity of contributions of the contractual counterparties (pursuant to Article 26, paragraph 4 of Legislative Decree 81/2008), in this case by requesting for the presentation of the single insurance contribution payment certificate (DURC);
- regulates the relationship with the contractor through a specific contract, in which the counterpart declares to comply with occupational health and safety legislation, to have employees in good standing, to undertake to comply with Legislative Decree 231/2001 and the D-KTC Code of Ethics; in case of breach of these obligations, D-KTC must have the right to withdraw from the contract;
- attaches the Single Interference Risk Assessment Document (DUVRI) where applicable;
- provides for archiving documents relating to tenders so that they are always accessible for the control carried out by the Supervisory Body.

3 General principles of conduct

In compliance with the provisions of Article 30 of Legislative Decree 81/2008, this Special Section requires:

- compliance with the legal technical-structural standards relating to equipment, plants, workplaces, chemical, physical and biological agents;
- carrying out risk assessment activities and preparing the consequent prevention and protection measures;
- the performance of organisational activities, such as emergencies, first aid, management of contracts, periodic safety meetings, consultations with workers' safety representatives;
- carrying out health surveillance activities;
- carrying out information and training activities for workers;
- the performance of supervisory activities with reference to compliance with the procedures and safety instructions for workers;
- the acquisition of mandatory legal documentation and certifications;



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- periodic checks on the application and effectiveness of the procedures adopted.

In accordance with the legal requirements, in order to pursue the above, D-KTC has implemented a process to adopt and implement an Occupational Safety Management System (SGSL) compliant with ISO 45001 standards (which replaces BS OHSAS 18001), in compliance with the provisions of Article 30, paragraph 5 of Legislative Decree 81/2008.

Prohibitions

Consequently, this Special Section provides for the express prohibition for the Recipients to:

- implement conduct such as to expose D-KTC to one of the offences provided for by Article 25-septies of the Decree;
- implement conduct that favours the occurrence of offences provided for by Article 25-septies of the Decree;
- omit the updating of prevention measures, in relation to organisational changes that have relevance for occupational health and safety;
- omit the adoption of fire prevention measures and prompt evacuation in case of serious and immediate danger.

Obligations

This Special Section provides for the express obligation of the aforementioned subjects to:

- correctly use equipment, vehicles and other work equipment, as well as safety devices;
- appropriately use the protection devices made available to employees;
- immediately report to the Prevention and Protection Service Manager the deficiencies of the devices referred to in the preceding points, as well as any other dangerous conditions of which they become aware, acting directly in case of urgency;
- not to remove or modify signalling or control devices without authorisation or in any case without compromising safety;
- not perform operations or manoeuvres on his/her own initiative that are not within his/her competence or that may compromise his/her safety or that of other workers;
- comply with the prescriptions given by the safety signs as well as the contents of the safety procedures transmitted by the RSPP also through classroom training.

SPECIAL SECTION "F" - MONEY LAUNDERING, MISAPPROPRIATION AND SELF-LAUNDERING CRIMES**1 Misappropriation, Laundering and use of money, goods or benefits of criminal origin**

Legislative Decree 16 November 2007³⁷ introduced in the application of Article 25-octies of the Decree the cases provided for by Articles 648 (misappropriation), 648 bis (money laundering) and ter (use of money, goods or benefits of criminal origin).

Once a crime has occurred (so-called crime or predicate offence), the Legislator tries to prevent people other than those who committed it ("Aside from the cases of accomplices...") are interested in the things that come from the crime. The core of the three elements of an offence, therefore, is found in follow-up activities to the commission of a crime such as activities that involve the aggression of the legal heritage (as regulations aimed at preventing any economic growth achieved by the criminally acquired assets) and legal property, the administration of justice (as, in any case, the assets of illicit origin, through such criminal conduct, are likely to disperse, creating obstacles for the authorities in the investigation and prosecution of offences).

The differences between articles 648, 648 bis and 648 ter of the Criminal Code, however, essentially reside in the conduct (material element) and in the subjective element (generic or specific fraud).

As for the material element:

- Misappropriation: it is punishable to purchase, receive, conceal or interfere to purchase, receive or conceal money or things deriving from crime.
- Money laundering: it is punishable to replace, transfer, perform other operations in order to hinder the identification of the criminal origin of money, goods or other benefits deriving from a crime.
- Use of money, goods or benefits of criminal origin: it is punishable to use money, goods or benefits of criminal origin in economic or financial activities.

As for the subjective element:

- Misappropriation: conduct is punished for the purpose of obtaining a profit for oneself or for others (specific fraud).
- Money laundering: the type of crime is generic wilful misconduct.
- Use of money, goods or benefits of criminal origin: the type of crime is generic wilful misconduct.

Among these three criminal cases, in the context of corporate criminal law, money laundering is certainly the most relevant case and, therefore, the most important risk to consider (in US legislation this is called "money laundering")

This constantly evolving legislation provides for limitations on the use and transfer of cash, customer identification obligations, registration obligations for financial intermediaries and reporting of suspicious transactions, as well as operational rules for the prevention of criminal activities (know your customer rule and quantitative analysis of transactions) able to guide the contents of the compliance model.

It should be noted that in 2013 the crime of improper use or alteration of credit or payment cards, or any other similar document enabling the withdrawal of cash or the purchase of goods or the provision of services was introduced to the application of the Decree.

Self-laundering crime

Article 3 of Law 186 of 15 December 2014 "Provisions on the emergence and return of capital held abroad as well as reinforcing the fight against tax evasion. Self-laundering Provisions", introduced, inter alia, within the Italian legal system (and within the scope of application of the Decree) the crime of self-laundering, which punishes "anyone who committed or was involved in committing a non-culpable crime and uses, replaces, transfers money, assets, or other benefits deriving from the commission of such crime into economic, financial, entrepreneurial or speculative activities, in order to concretely hinder the identification of their illicit origin".

The crime of self-laundering is a multi-offensive case, capable of consolidating the damage to the assets of the victim of the predicate crime and also harming the administration of justice and the public economy as a whole.

³⁷ In implementation of EC Directive 2005/60 of 26 October 2005 and EC Directive 2006/70 of 1 August 2006.

Those who self-recycle with investments and purchases of various kinds prevent or make repairing the victim's damages more difficult, pollute credit and price trends and, ultimately, the entire system of economic relations.

Self-laundering is an offence specific to certain classes of offender since the perpetrator must necessarily be the one who participated in the commission of the non-culpable crime, from which the income subject to reinvestment derived.

With regards to the material element, the typical conduct of the crime follows three different factual models: replacement, transfer and use in economic or financial activities of money, goods or other utilities, deriving from the commission of the non-culpable crime.

The determination of the punishable conduct is limited to that conduct that, although not necessarily artificial (integrating, that is, the artifices and deceptions, typical of the scam), make it objectively difficult to identify the criminal origin of the asset.

In particular, the concept of substitution of money, goods or other benefits of criminal origin includes all activities aimed at the so-called "laundering" of the criminal product, separating it from any possible connection with the crime (replacement, therefore, can be carried out in the most varied ways, for example by exchanging cash for other banknotes, depositing in the bank and subsequent withdrawal).

The transfer, on the other hand, represents a specification of the replacement and concerns all the conducts that involve a shift of the values of criminal origin from one subject to another or from one place to another, so as to lose traces of ownership, origin and the actual destination. The transfer or replacement of illicit proceeds must relate to financial, economic or speculative business activities, as required by paragraph 4 of Article 648 ter.1 of the Italian Criminal Code. In any case, the crime is not punishable if there is the intended use or personal enjoyment of the money, goods or other items of illegal origin.

The objective element of the offence will not, therefore, be complemented, where there is the intended use or the personal enjoyment of the money, goods or other illegal origin.

With regards to the subjective element, the crime is punishable by way of general intent, which consists of conscience and voluntary will to replace or transfer or other transactions involving money, goods or other benefits, together with the awareness of the suitability of the conduct to create an obstacle to the identification of this origin.

The main categories of predicate offences of the self-laundering crime can be:

- Tax offences;
- Crimes against property (for example usury, extortion, theft, embezzlement, robbery);
- Offences against Public Authorities;
- Crimes against the administration of justice;
- Organised crime offences.

Therefore, due to the offence in question, a predicate offence can also be a crime not included in the scope of application of Legislative Decree 231/2001, such as in the case of tax offences.

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur and the processes that could be considered "instrumental" to the commission of the so-called "predicate" offences.

The **Instrumental processes** relating to the commission of the offence referred to in this section, are as follows:

- Purchasing of goods and services;
- Management of monetary and financial flows.

For the identification of the control protocols to be adopted, please refer to Special Section K.



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

Management of investments: these are activities relating to the management of the investments made by the Company.

➤ **Main Subjects, Functions and Organisational Units involved:**

BoD

➤ **Possible offences:**

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

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- clearly define the roles and tasks of the Organisational Functions/Units responsible for managing the various stages of the sensitive process;
- ensure the traceability of the decision-making process, by preparing and archiving the related supporting documentation;
- ensure that each investment is supported by (i) a clear economic cost-benefit assessment, (ii) clear identification of the counterparty, (iii) final approval by the members of the board of directors;
- promptly notify the SB of any transaction that presents any anomaly such as:
 - ✓ absence of plausible justifications for carrying out operations that are clearly not usual, not justified or not proportionate to the normal exercise of the business;
 - ✓ execution of operations that use funds that appear excessive with respect to the Company's economic and equity profile;
 - ✓ execution of transactions that do not appear to have economic and financial justifications;
 - ✓ acquisitions for various reasons of availability of goods, including luxury goods, of high value, not justified by the company's turnover;
 - ✓ conclusion of contracts in favour of third parties, contracts per person to be appointed or under fiduciary names concerning rights on real estate without any plausible reason.

Supplier and customer database management: this is the process of acquiring information on suppliers and customers (sole proprietorships or legal entities), in order to assess their merit, reliability and credibility.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration, Purchasing/Production, Technical, Sales

➤ **Possible offences:**

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

➤ **Protocols**



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With reference to this sensitive area it is necessary to follow these protocols:

- acquire information (at the time of signing the relationship and subsequently annually) on the reputation of customers (sole proprietorships, legal entities) and on the level of economic and financial merit, including through self-declarations;
- acquire (at the time of signing the relationship and subsequently annually) the certificate issued by the Chamber of Commerce, the latest available financial statements, certificate of the criminal record and pending charges, information on good repute, also by searching on the internet, for suppliers of raw materials, semi-finished products, subcontractors for annual amounts exceeding € 25,000.00; for all other categories of suppliers, the aforementioned documentation is acquired for annual amounts exceeding € 50,000.00; the information can also be acquired through presenting statements;
- the functions involved in the following cases must promptly report to the SB:
 - ✓ the supplier refuses or is unjustifiably reluctant to provide the information necessary to declare the activity carried out, present accounting or other documentation, provide any other information that, under normal circumstances, is acquired in the performance of normal business activities;
 - ✓ the supplier refuses or raises objections to provide the account number to which the payment has been or will be credited;
 - ✓ the supplier provides information that is clearly inaccurate or incomplete, such as to manifest the intent to conceal essential information;
 - ✓ the supplier uses identification documents that appear to be forged;
 - ✓ the supplier uses the services of a missing trader without plausible justifications.

Management of corporate operations: these are activities aimed at carrying out extraordinary transactions.

➤ **Main Subjects, Functions and Organisational Units involved:**

BoD, Chairman, General Management, Administration

➤ **Possible offences:**

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

➤ **Protocols**

With reference to this sensitive area it is necessary to comply with the following protocols:

- provide for the transmission of data and information, including extraordinary corporate transactions (acquisition, mergers, demergers, etc.) to the responsible function and the SB, through a system (including IT) that allows the tracking of individual steps also with reference to the handling cash inflows and outflows in order to verify, for example, the existence of some anomaly indicators, such as, by way of example but not limited to,;
 - ✓ carrying out transactions financed with international payments, or involving counterparties, established in foreign countries known as off-shore centres or characterized by privileged regimes from a fiscal point of view or banking secrecy or indicated by the International Financial Action Group (FATF) as non-



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- cooperative, and that are not justified by the economic activity carried out by the Company and/or by the counterparty;
- ✓ transactions characterized by an unjustified use of payment techniques by offsetting or elements such as the agent's domicile with third parties, the presence of post office boxes or postal addresses other than tax or professional domicile;
 - ✓ settlement of payments, by cheques with progressive serial numbers or by multiple cheques of the same amount with the same date or by cheques without indicating the beneficiary;
 - ✓ carrying out transactions with counterparties in locations unusual for the Company;
 - ✓ Transactions that involve counterparties established in foreign countries known as off-shore centres or characterized by privileged regimes from a fiscal point of view or banking secrecy or indicated by the International Financial Action Group (FATF) as non-cooperative, and that are not justified by the economic activity carried out by the customer or other circumstances;
 - ✓ search for financing on the basis of guarantees, also represented by securities or certificates, certifying the existence of large deposits with foreign banks.

Fiscal and tax management and related obligations: these are activities aimed at preparing tax documents, paying taxes, etc.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration

➤ **Possible offences:**

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

➤ **Protocols**

The management of the sensitive area identified must include:

- traceability of the decision-making process through documentation and archiving (electronic and/or paper) of each activity of the process by the function involved;
- regulation and monitoring of access to the IT system;
- accounting by the office in charge of only active/passive invoices that have received approval for registration and their payment/collection only after receiving the approval of the department manager;
- detection of all corporate administrative events that have an economic and equity impact;
- regular keeping and conservation of mandatory accounting records for the purposes of income tax and value added tax;
- correct tax treatment of the income components and deductions in accordance with the tax legislation;
- compliance with the obligations required by the legislation on direct and indirect taxes;
- dissemination of the main tax regulations to the personnel involved in tax management;
- calculation and determination of taxes due with the assistance of a third party consultant, with whom to sign a specific written contract in which to insert standard clauses on the unconditional acceptance by the consultant of the principles referred to in Legislative Decree 231/2001 and the Code of Ethics;
- periodic training meetings on tax issues and related obligations by a third party consultant;
- periodic review of the correct execution of tax obligations;
- verification with a third party consultant of any tax implications deriving from the execution of an ordinary or extraordinary transaction.



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3 General principles of conduct

Prohibitions

Consequently, this Special Section provides for **the express prohibition for the Recipients** to:

- engage in, collaborate with or cause the implementation of conduct such as to integrate the types of offences considered above (Article 25-*octies* of the Decree);
- engage in, collaborate with or cause the implementation of conduct that, although do not constitute offences falling within those considered above, could potentially become so.

Obligations

This section provides for the express **obligation** of the aforementioned subjects to:

- know and comply with all the measures aimed at guaranteeing the correct management of liquidity, and, therefore, of collections and payments;
- verify the regularity of payments, with reference to the full correspondence between payment recipients/originators and counterparties actually involved in sales transactions;
- carry out formal and substantial checks on corporate cash flows, with reference to collections from third parties, payments to third parties and intra-group transactions. These controls must take into account, among other things, the registered office of the counterparty company (e.g. tax havens, countries at risk of terrorism, etc.), the credit institutions used (registered office of the banks involved in the operations and institutions that do not have physical settlements in any country).



SPECIAL SECTION "G"
CRIMES RELATED TO IMMIGRATION

1 The offences provided for by Article 25-duodecies of the Decree

Employment of citizens of third countries whose stay in Italy is irregular

Legislative Decree 109/2012, laying down: "Implementation of EC Directive 2009/52, which introduces minimum standards relating to sanctions and provisions against employers who employ citizens of third countries whose stay is irregular" added to Article 25-duodecies of the Decree the crime referred to in Article 22 paragraph 12 bis of Legislative Decree 286/1998 (employment of citizens of third countries whose stay in Italy is irregular).

Offences of procured unlawful entry and aiding and abetting the clandestine stay

Article 30, paragraph 4 of Law 161 of 17 October 2017 laying down "Amendments to the code of anti-mafia laws and preventive measures, as per Legislative Decree 159 of 6 September 2011 to the Criminal Code and the implementation, coordination and transitional rules of the Criminal Procedure Code and other provisions. Delegation to the Government for the protection of labour in seized and confiscated companies" has included among the predicate offences in Article 25-duodecies of the Decree the offences of procured illegal entry, referred to in Article 12, paragraphs 3, 3-bis, 3-ter of Legislative Decree 286 of 25 July 1998, and aiding and abetting the illegal stay pursuant to Article 12, paragraph 5 of Legislative Decree 286 of 25 July 1998 in the matter of illegal immigration.

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur. Listed below are: i) Sensitive Activities; ii) the functions/organisational units involved; iii) potentially committable offences; iv) the specific protocols to be adopted.

Assignment of work and services: is the activity related to managing the selection and entrusting of tasks relating to a work or service to self-employed workers/individual firms/companies that they undertake to render "independently" and "without subordination", therefore, without an employment relationship. This is the provision of packaging and machinery maintenance services.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Purchasing/Production

➤ **Possible offences:**

- Employment of third-party citizens whose stay is irregular (Article 22, paragraph 12-bis, of Legislative Decree 286 of 25 July 1998).

➤ **Protocols**

With reference to this sensitive area, the protocols envisaged by Special Part K - Instrumental Processes, "Purchase of goods or services" apply.

Furthermore, the Company obtains a statement from the counterparty certifying (i) compliance with the law; (ii) the use of regularly contracted staff for the provision of the service to the Company.

Hiring of staff: is the activity relating to the methods of selecting people to be hired with an employment contract.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration



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➤ **Possible offences:**

- Employment of third-party citizens whose stay is irregular (Article 22, paragraph 12-bis, of Legislative Decree 286 of 25 July 1998);
- crime of procured unlawful entry (Article 12, paragraphs 3, 3-bis, 3-ter of Legislative Decree 286 of 25 July 1998);
- crime of aiding and abetting illegal stay, (Article 12, paragraph 5 of Legislative Decree 286 of 25 July 1998).

➤ **Protocols**

Compliance with the provisions of Special Section K - Instrumental Processes, "Personnel selection and hiring" is recalled.

Furthermore, the following protocols must be respected:

- carry out preventive checks with prior information also to the competent authorities regarding the validity of residence permits and the possession of the requirements in general for the job by non-EU candidates vying for employment;
- carry out subsequent periodic checks on the continuing validity requirements of the residence permits of non-EU foreigners hired and employed by the Company.

3 General principles of conduct

This Special Section provides for the ***prohibition*** to:

- engage in conduct such as to integrate the types of offences considered above (pursuant to Article 25-*duodecies* of the Decree) or conduct which, although do not constitute offences, can potentially integrate one of the offences under consideration;
- violate the principles and practices existing in the company and relating to the hiring of foreign workers and/or provided for in this Special Section.

Consequently, this Special Section provides for the express ***obligation*** for company representatives to:

- behave in a correct, transparent and collaborative manner, in compliance with the laws relating to the employment of third country nationals;
- carry out all the communications required by law and regulations to the supervisory authorities promptly, fairly and in good faith, without hindering the exercise of the supervisory functions they may exercise;
- carry out the necessary training and information courses.

SPECIAL SECTION "H" ENVIRONMENTAL CRIMES

1 Environmental crimes

The following crimes were introduced in Article 25-undecies of the Decree. These include:

- killing, destruction, capture, collection and detention of specimens of protected wild animal or plant species (Article 727-bis of the Italian Criminal Code);
- destruction or deterioration of habitats within a protected site (Article 733-bis of the Italian Criminal Code);
- trade in specimens of species listed in Annex A, Appendix I, and Annex C, Part 1 of Regulation (EC) 338/97 (Article 1 Law 150 of 7 February 1992);
- trade in specimens of species listed in Annex A, Appendix I and III, and Annex C, Part 2 of Regulation (EC) 338/97 (Article 2 Law 150 of 7 February 1992);
- prohibition of the possession of specimens constituting a danger to public health and safety (Article 6 of Law 150 of 7 February 1992);
- waste water discharges (Article 137, paragraph 2, 3, 5, 11, 13 of Legislative Decree 152 of 3 April 2006);
- discharges on soil (Article 103 of Legislative Decree 152 of 3 April 2006);
- discharges into the subsoil and groundwater (Article 104 of Legislative Decree 152 of 3 April 2006);
- discharges into sewage networks (Article 107 of Legislative Decree 152 of 3 April 2006);
- discharges of dangerous substances (Article 108 of Legislative Decree 152 of 3 April 2006);
- unauthorised waste management activities (Article 256 paragraph 1, 3, 5, 6, and Articles 208, 209, 210, 211, 212, 214, 215, 216 Legislative Decree 152 of 3 April 2006);
- ban on abandoning waste (Article 192 of Legislative Decree 152 of 3 April 2006);
- prohibition of mixing hazardous waste (Article 187 of Legislative Decree 152 of 3 April 2006);
- electrical and electronic waste, medical waste, end-of-life vehicles and products containing asbestos (Article 227 of Legislative Decree 152 of 3 April 2006);
- site remediation (Article 257 paragraphs 1 and 2, Legislative Decree 152 of 3 April 2006);
- violation of the obligations of communication, keeping of mandatory registers and forms (Article 258, paragraph 4, II sentence of Legislative Decree 152 of 3 April 2006);
- ideological falsehood committed by a private individual in a public act (Article 483 of the Italian Criminal Code);
- Unlawful waste trafficking (Article 259 paragraph 1 of Legislative Decree 152 of 3 April 2006);
- activities organised for the unlawful trafficking of waste (Article 452-quaterdecies of the Italian Criminal Code);
- violation of the emission limit values (Article 279, paragraph 5, Legislative Decree 152/06);
- material forgery committed by the public official in certificates or administrative authorizations (Article 477 of the Italian Criminal Code);
- material falsehood committed by the private individual (Article 482 of the Italian Criminal Code);
- stop and reduction of the use of ozone-depleting substances (Article 3 of Law 549 of 28 December 1993);
- malicious pollution caused by ships (Article 8 of Legislative Decree 202 of 6 November 2007);
- culpable pollution caused by ships (Article 9 of Legislative Decree 202 of 6 November 2007);
- environmental pollution (Article 452-bis of the Italian Criminal Code);
- environmental disaster (Article 452-quater of the Italian Criminal Code);
- culpable crimes against the environment (Article 452-quinquies of the Italian Criminal Code);
- aggravated associative crimes (Article 452-octies of the Italian Criminal Code);
- trafficking and abandonment of highly radioactive material (Article 452-sexies of the Italian Criminal Code).

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur.



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

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

- the waste management process (collection, transport, recovery, disposal) and related legislative and authorisation requirements;
- the selection, assessment and management of relations with the waste disposal company;
- the process of preparing the waste characterisation and analysis certificate (where applicable);
- the waste traceability process.

➤ **Main Subjects, Functions and Organisational Units involved:**

General Management, HSE, Purchasing/Production

➤ **Possible offences:**

- Unauthorised waste management activities (Article 256 paragraph 1, 3, 5, 6, and Articles 208, 209, 210, 211, 212, 214, 215, 216 Legislative Decree 152 of 3 April 2006);
- Violation of the obligations of communication, keeping of mandatory registers and forms (Article 258 of Legislative Decree 152 of 3 April 2006);
- Illegal waste trafficking (Article 259 of Legislative Decree 152 of 3 April 2006);
- Activities organised for the unlawful trafficking of waste (Article 452-quaterdecies of the Italian Criminal Code).

➤ **Protocols**

With reference to this sensitive area it is necessary to comply with the following protocols:

- be constantly updated on the regulations in force and to respect them;
- identify the nature and characteristics of the waste and assign the correct classification in order to define the correct disposal methods, according to legal provisions;
- define the administrative procedures for the delivery of waste to the collection, storage and disposal companies, including the criteria for prior verification and during the execution of the contract, and the presence of the necessary authorisations;
- provide for the compilation of mandatory documents (registers/forms);
- check the quantities by type of waste delivered to transporters or disposers;
- promptly update the specific registers required by law, where applicable;
- periodically verify compliance with the administrative requirements provided for by the relevant environmental legislation;
- use the collection points for the temporary storage of waste present at each establishment;
- select waste disposal and collection suppliers who have the relevant authorisations;
- regulate the relationship with suppliers of disposal, waste collection by means of a written contract specifying the third party's commitment to comply with Legislative Decree 231/2001 and the Code of Ethics.

The Company has an ISO 14001 certified environmental management system. Therefore, Company Representatives must comply with the relevant procedures.

Management of prevention and containment systems: concerning the management of the prevention and containment systems, implemented in the plant.

➤ **Main Subjects, Functions and Organisational Units involved:**

General Management, HSE, Purchasing/Production

➤ **Possible offences:**

- Environmental pollution (Article 452-bis of the Italian Criminal Code);
- Environmental disaster (Article 452-quater of the Italian Criminal Code);
- Culpable crimes against the environment (Article 452-quinquies of the Italian Criminal Code).

➤ **Protocols**

With reference to this sensitive area it is necessary to follow these protocols:

- define adequate planning policies for the adoption, improvement, intervention on the systems for the prevention and containment of any liquid or gaseous flows, which can be spilled or emitted into the atmosphere, should accidents occur;
- carry out periodic audits on the quality, reliability of prevention and containment systems by subjects specialised in environmental matters;
- carry out a periodic check of the containment systems and equipment (containment tanks, fire extinguishing systems, etc.), also by means of tests that simulate the occurrence of accidents;
- set up a register in which to track plant maintenance;
- plan and carry out maintenance activities of the plants and equipment used to contain liquid spills or gaseous emissions following accidents;
- perform in-depth analyses on the action and reaction mechanisms of the prevention and containment systems in the presence of near-misses, in order to detect any weaknesses, deficiencies, with the consequent definition of a development and improvement plan.

3 General principles of conduct prescribed

In carrying out their respective activities/functions, the Recipients must comply with the rules of conduct contained in this Model. In particular, the Company has an Environmental Management System, ISO 14001 certified, the procedures of which must be strictly observed by the Recipients.

This Special Section provides for the express prohibition of engaging in conduct such as to integrate the types of offences considered above (pursuant to Article 25-undecies of the Decree) or conduct which, although do not constitute offences, can potentially integrate one of the offences under consideration. In particular, the following **prohibitions** are applicable:

- deliver waste to unauthorised landfills or landfills that do not have the appropriate authorisations based on the type of waste;
- use suppliers responsible for the collection, transport and disposal of waste who do not have the appropriate authorisations;
- deposit or abandon waste;
- make cash donations or grant advantages of any kind (for example the promise of employment) to public officials also in charge of controls in the field of environmental regulations;
- engage in any conduct that hinders the exercise of supervisory functions, including during environmental inspections by public authorities (Italian Finance Police, The Regional Environmental Protection Agency, the Fire Brigade, etc.) such as: express opposition, spurious refusals, or also obstructive or non-cooperation conduct such as delays in communications in making documents available, delays in meetings organised on time.

Consequently, this Special Section provides for the express **obligation** for the Recipients to:

- behave correctly, promptly, transparently and collaboratively, in compliance with the law, in all activities aimed at protecting the environment;
- strictly observe all the rules set by law to protect environmental matters and always act in compliance with the internal company procedures that are based on these rules;
- manage relations with Public Authorities in a unitary and collaborative manner with reference to the Authorities responsible for supervising environmental regulations.

**SPECIAL SECTION "I"
CRIME OF INDUCEMENT NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE
JUDICIAL AUTHORITIES**

1 Crime of inducement not to make statements or to make false statements to the judicial authorities

Law 116 of 3 August 2009 "Ratification and execution of the United Nations Organisation Convention against Corruption, adopted by the UN General Assembly on 31 October 2003 with resolution 58/4, signed by the Italian State on 9 December 2003, as well as internal adaptation rules and amendments to the Criminal Code and the Criminal Procedure Code", introduced in the category of crimes included in Article 25-decies of the Decree the crime of inducing not to make statements or to make false statements to the judicial authority (Article 377-bis of the Italian Criminal Code).

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur.

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

Management of judicial disputes and related problems: the sensitive activity refers to the ways in which D-KTC manages judicial disputes and relationships with people called upon to make statements before the judicial authorities that can be used during proceedings.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration, Purchasing/Production, Technical, Sales, HSE, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

Inducement not to make statements or to make false statements to the judicial authority (Article 377 bis of the Italian Criminal Code).

➤ **Protocols**

With reference to this sensitive area, reference is made to the protocols provided for in Special Part A - Crimes in relations with Public Authorities, with reference to the sensitive "Management of judicial disputes" area.

3 General principles of conduct


Prohibitions

This Special Section provides for the express prohibition of Recipients to:

- engage in, collaborate with or cause the implementation of conduct such as to integrate the types of offences considered above (Article 25-decies of the Decree);
- engage in, collaborate with or cause the implementation of conduct that, although do not constitute offences falling within those considered above, could potentially become so;
- give or promise money or other benefits in favour of persons involved in lawsuits or disputes in order to influence the statements they should make to the judicial authority;
- resorting to physical force, threats or intimidation;
- promise, offer or grant an undue benefit to induce the person who can avail himself of the right not to respond in criminal proceedings, not to make statements or to make false statements to the judicial authority, with the aim of obtaining a favourable ruling for D- KTC or determine the achievement of another kind of advantage.

Obligations

This section provides for the express obligation of the aforementioned subjects to:

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- deal promptly, fairly and in good faith with all requests from the judicial police and the investigating and judicial authorities, providing all useful information and data;
- maintain an available and cooperative behaviour towards the judicial police and judicial authorities in any situation.

It is also imperative to ensure full compliance with the law.

**SPECIAL SECTION "J"
CRIMES AGAINST THE INDIVIDUAL**

1 Crimes against the individual

Article 25-quinquies of the Decree lists the following crimes involving liability on the part of Companies:

- reduction or maintenance in slavery or servitude (Article 600 of the Italian Criminal Code): reduction or maintenance of a person in a state of continuous subjection, which takes the form of work services that involve their exploitation;
- trafficking in persons (Article 601 of the Italian Criminal Code): trade in slaves or persons in conditions similar to slavery;
- purchase and sale of slaves (Article 602 of the Italian Criminal Code): any act involving the transfer of slaves or persons in conditions similar to slavery;
- child prostitution (Article 600-bis, paragraphs 1 and 2 of the Italian Criminal Code): induction, facilitation or exploitation of child prostitution, or carrying out sexual acts with minors in exchange for money or other economic benefits;
- child pornography (Article 600-ter, paragraphs 1, 2, 3 and 4 of the Italian Criminal Code): exploitation of minors for the purpose of making pornographic performances or producing pornographic material; trade in pornographic material produced through exploitation; distribution, dissemination, advertising of pornographic material made through the exploitation of minors, or of news or information aimed at soliciting or exploiting minors;
- tourism initiatives aimed at the exploitation of child prostitution (Article 600-quinquies of the Italian Criminal Code): organisation or marketing of trips aimed at the use of child prostitution;
- possession of child pornography material (Article 600-quater of the Italian Criminal code): obtaining or mere availability of pornographic material created through the exploitation of minors;
- virtual pornography (Article 600-quater.1. of the Italian Criminal Code): when, in the case of child pornography and possession of child pornography material, the pornographic material is represented by virtual images;
- Solicitation of minors (Article 609-undecies of the Italian Criminal Code);
- illicit intermediation and exploitation of labour (Article 603-bis of the Italian Criminal Code).

2 Sensitive Activities and the protocols to be adopted

The analysis of D-KTC's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur.

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

Selection and management of subcontractors: the sensitive activity refers to the selection and management of relationships with subcontractors, to which D-KTC contracts the stages of the product production process, regarding the related conditions and working environment.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Purchasing/Production, Quality Assurance/Manager Integrated Environmental and Safety System

➤ **Possible offences:**

- reduction or maintenance in slavery or servitude (Article 600 of the Italian Criminal Code)
- Trafficking in persons (Article 601 of the Italian Criminal Code);
- illicit intermediation and exploitation of labour (Article 603-bis of the Italian Criminal Code).

➤ **Protocols**

In the selection and contracting of works contracts for subcontractors, D-KTC:

- verifies the regularity of contributions of the contractual counterparties, in this case by requesting for the presentation of the single insurance contribution payment certificate (DURC);
- regulates the relationship with the subcontractor through a specific contract, in which the counterpart declares to comply with occupational health and safety legislation, to have employees in good standing, to undertake to comply with Legislative Decree 231/2001 and the D-KTC Code of Ethics; in case of breach of these obligations, D-KTC must have the right to withdraw from the contract;
- performs cyclical audits on the subcontractor, for the purpose of verifying the working conditions of the subcontractor's employees and compliance with safety regulations.

3 General principles of conduct

Prohibitions

This Special Section provides for the express prohibition of Recipients to:

- engage in, collaborate with or cause the implementation of conduct such as to integrate the types of offences considered above (Article 25-quinquies of the Decree);
- engage in, collaborate with or cause the implementation of conduct that, although do not constitute offences falling within those considered above, could potentially become so;
- participate in the exploitation of workers or people or not report (to hierarchical managers and the SB) information of inhuman treatment in the workplace;
- employ workers in conditions of exploitation and in disregard of safety regulations and working hours and conditions;
- contribute to employing, through the activity of third party companies, workers in conditions of exploitation.

Obligations

This section provides for the express obligation of the aforementioned subjects to:

- comply with the principles set out in the Code of Ethics regarding respect for the person and the protection of occupational health and safety;
- report (to the hierarchical managers and the SB) information of inhumane treatment in the workplace, including at subcontractors;
- request the subcontractors' commitment to comply with legal obligations regarding the protection of labour in general and in particular child and women's labour, health and safety conditions, trade union rights or the rights of association and representation required by applicable legislation.



SPECIAL SECTION "K"
ORGANISED CRIME OFFENCES

1 The offences provided for by Article 24-duodecies of the Decree

Criminal association (Article 416 of the Italian Criminal Code)

Article 416 of the Italian Criminal Code establishes criminal liability when three or more people join together for the purpose of committing more than one crime, including those that promote, establish or organise the association.

Mafia-type associations, including foreign ones (Article 416-bis of the Italian Criminal Code)

This article punishes anyone who is part of a mafia-type association made up of three or more people. The association is of the mafia type when those who are part of it make use of the intimidation force of the associative bond and the condition of subjection and silence that derives from it to commit crimes, to acquire directly or indirectly the management or in any case the control economic activities, concessions, authorisations, contracts and public services or to make unjust profits or advantages for oneself or for others or in order to prevent or hinder the free exercise of voting or to procure votes for oneself or others on the occasion of electoral consultations. The association is considered armed when the participants have the availability, for the achievement of the purpose of the association, of weapons or explosive materials, even if hidden or kept in place of storage. The provisions of this article also apply to the Camorra and other associations, however locally called, including foreign ones that use intimidating force of the associative bond to pursue purposes corresponding to those of mafia-type associations.

Political-mafia electoral exchange (Article 416-ter of the Italian Criminal Code)

The offence punishes the politician or one of his supporters who accepts the promise to procure votes using the methods referred to in the third paragraph of Article 416-bis of the Italian Criminal Code (through the intimidating force of the political-mafia bond) in exchange for the disbursement or promise of disbursement of money or other benefits; Article 416-ter of the Italian Criminal Code in the current wording and as amended by Law 62/2014 also punishes the conduct of those who promise to procure votes for the politician or supporter of the latter.

Kidnapping for the purpose of robbery or extortion (Article 630 of the Italian Criminal Code)

The provision in question punishes anyone who kidnaps a person in order to obtain, for himself or for others, an unjust profit as the price of liberation.

Association aimed at the unlawful trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree 309 of 1990)

The provision in question establishes criminal liability when three or more persons associate for the purpose of committing more than one of the crimes provided for in Article 70, paragraphs 4, 6 and 10 (placing on the market, import or export or possession of obtained the license) or from article 73 (unlawful production, trafficking and possession of narcotic or psychotropic substances), whoever promotes, establishes, directs, organises or finances the association. The law also punishes those who participate in the association.

Illegal manufacture, introduction into the State, sale, transfer, possession and carrying in a public place or place open to the public of war or war-like weapons or parts thereof, explosives, clandestine weapons and more common firearms except those provided for in article 2, third paragraph, of Law 110 of 18 April 1975 (Article 407, paragraph 2, letter a), number 5), of the Criminal Procedure Code)

The law establishes the criminal liability of those who carry out the conduct indicated in the category.

2 Sensitive Activities and the protocols to be adopted

The analysis of the company's business processes made it possible to identify the activities in which the above-mentioned offences could abstractly occur. Listed below are: i) Sensitive Activities; ii) the functions/organisational units involved; iii) potentially committable offences; iv) the specific protocols to be adopted.

Supplier and customer management: this is the process of managing and acquiring information on suppliers and customers (sole proprietorships or legal entities), in order to assess their merit, reliability and credibility.

➤ **Main Subjects, Functions and Organisational Units involved:**

Chairman, General Management, Administration, Purchasing/Production, Technical, Sales

➤ **Possible offences:**

- Criminal association (Article 416 of the Italian Criminal Code)

➤ **Protocols**

With reference to this sensitive area, compliance with the protocols envisaged in special Section F - Money laundering, misappropriation, self-laundering crimes is recalled; moreover, the following protocols are applicable:

- the relationship with contractors, subcontractors and suppliers is governed by a written contract, in which the value of the transaction or the criteria for determining it is clearly established;
- when choosing the third party, the reputation and reliability of the subject on the market are previously assessed, as well as adherence to values common to those expressed by the Code of Ethics and the Company's Model;
- the Head of the Function concerned by the operation immediately reports to the Supervisory Body any anomalies in the performance of the third party, particular requests made to the Company or the involvement of the third party in penalties provided for by Legislative Decree 231/2001.

We also refer to the additional sensitive processes mapped in Special Section F - Laundering, misappropriation, self-laundering crimes and the related protocols, as well as the instrumental protocol relating to the process of purchasing goods and services of Special Section L.

3 General principles of conduct

This Special Section provides for the **prohibition** to:

- engage in conduct such as to integrate the types of offences considered above (pursuant to Article 24-ter of the Decree) or conduct which, although do not constitute offences, can potentially integrate one of the offences under consideration;
- violate the principles and practices existing in the company relating to the sensitive processes indicated above.

Consequently, this Special Section provides for the express **obligation** for company representatives to:

- behave in a correct, transparent and collaborative manner, in compliance with the laws in force;
- comply with the principles set out in the Code of Ethics;
- ensure traceability, timeliness, correctness and good faith in all business transactions;
- carry out the necessary training and information courses.

**SPECIAL SECTION "L"
INSTRUMENTAL PROCESSES**

1 Instrumental Processes

The analysis of D-KTC's business processes has also identified a series of processes instrumental to the perpetration of a crime, or those processes which contain the tool through which the crime could be committed. For this reason, the control system on these processes must be particularly stringent.

The instrumental processes and the crime classes (and the special section) to which they are connected are listed below:

	Article 24: Offences against Public Authorities P.S. A	Article 25-ter: Corporate Crimes P.S. D	Article 25 octies: Money laundering, misappropriation, self-laundering P.S. F	Article 24-ter: Organised crime offences P.S. K
Instrumental Process				
Granting of donations and donations of goods	✓	✓	☐	☐
Purchasing of goods or services	✓	✓	✓	✓
Management of monetary and financial flows	✓	✓	✓	☐
Gifts, entertainment expenses	✓	✓	☐	☐
Reimbursement of expenses, use of credit cards, company assets	✓	✓	☐	☐
Staff selection and hiring	✓	✓	☐	☐
Management of bonuses and benefits	✓	✓	☐	☐
Management of agents	✓	✓	☐	☐

2 Control system -Specific control standards

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

<p>1) Granting of donations and donations of goods</p> <p>With reference to this sensitive area it is necessary to comply with the following protocols:</p> <ul style="list-style-type: none"> carefully examine donations in order to verify the existence of the purposes of pure donation, justified by the humanitarian purpose; provide for an adequate and multi-subject authorisation process, which involves the final approval of the members of the board of directors for amounts exceeding € 2,000.00; not to allocate donations to an individual (natural person) or to a private commercial company (S.p.A., S.r.l., S.n.c. S.c.a.r.l., etc.); in the case of donations intended for entities, these must be associations with legal personality, moral entities or foundations; budget for the total amount allocated to donations annually.



2) Purchasing of goods or services

With reference to this sensitive area it is necessary to comply with the following protocols:

- provide for a clear segregation of roles between those who formulate the purchase request, those who authorise and execute it, those who make the payment, subject to verification of receipt of the good or service;
- respect the following steps: (i) the person making the purchase request (the "requesting function") requests it from the Purchasing/Production function; (ii) the Purchasing/Production function, having verified the purchase request, examines the various supply options, identifying the one most suitable for the needs to be satisfied; (iii) after this assessment, the Purchasing/Production function presents the single estimate, accompanied by motivation, or several estimates to the General Management; (iv) the General Management verifies the single estimate with the relative motivation, or the estimates presented; (v) upon the outcome of the verification, the General Management may: a) request an additional estimate from the Purchasing/Production function, if it deems the motivation accompanying the single estimate to be insufficient; b) authorise the purchase request, considering the motivation that accompanies the estimate sufficient, or after selecting the estimate in agreement with the Purchasing/Production function; c) for amounts higher than € 100,000.00 the General Management submits the purchase request for the Chairman's final approval; (vi) in the presence of the authorisation, the order is sent to the supplier (where possible upon conclusion of the contract); (vii) payment is made upon the outcome and verification of the provision of services/delivery of goods;
- contracts for purchase orders must contain a specific clause of the supplier's commitment to comply with the principles referred to in Legislative Decree 231/2001 and the Code of Ethics;
- verify the existence of any conflicts of interest with reference to personal, property, legal or other relationships existing with the physical/legal entities of the counterparty with which D-KTC staff should entertain relations with reference to the sensitive activity in question;
- no payment can be made in cash or in excess of the limit set by law. In any case, payments must be made in the context of specific administrative procedures, which document the traceability of the expenditure;
- communicate, without delay, to the hierarchical manager and the Company's management, and at the same time, to the Supervisory Body as far as it is concerned, any critical issues arising in the performance of consulting/supply assignments.

3) Management of monetary and financial flows

With reference to this sensitive area it is necessary to comply with the following protocols:

- provide for limits on the autonomous use of financial resources by defining quantitative thresholds consistent with the roles and organisational liability attributed to individuals;
- authorise people previously identified and with a specific power of attorney to manage and handle financial flows;
- make payments against registered invoices, accompanied by the related orders and in any case approved by the requesting department, which certifies the service and consequently authorises the payment;
- ensure that all provisions on bank current accounts in the name of the Company, as well as payments made with different methods (e.g. company credit cards), are adequately documented and authorised according to the system of proxies in force;
- guarantee that no payment or collection can be settled in cash and in any case for amounts that do not exceed sums managed through petty cash and the limits set by the law;
- handle all financial flows with tools that guarantee their traceability;
- perform a consistency check between the person to whom the invoice is made out and the holder of the service/product;
- guarantee the periodic reconciliation of bank current accounts;
- for the management of incoming and outgoing flows, use exclusively the banking channels and other financial intermediaries accredited and subject to the regulations of the European Union or credit/financial institutions located in



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a non-EU country that imposes obligations equivalent to those provided for by the laws on money laundering and provides for monitoring compliance with these obligations;

- in case of use of company credit cards, ensure compliance with the rules adopted by the Company as well as the types of expenses allowed;
- ensure the presence of supporting documents relating to expenses made with company credit cards;
- ensure that the use of petty cash funds is adequately documented, justified and carried out by specifically authorised personnel;
- ensure that the documentation is filed with the functions involved in the process.

As part of the aforementioned conduct, it is particularly forbidden to:

- make cash payments for amounts exceeding regulatory limits or with non-traceable means of payment;
- make payments to encrypted current accounts or current accounts not in the name of the supplier;
- make payments to current accounts other than those provided for in the contract;
- make payments that are not adequately documented;
- carry out any commercial or financial transaction, either directly or through an intermediary, with subjects (natural or legal persons) whose names are contained in the Lists available at the Bank of Italy, or by subjects controlled by the latter, when such relationship control is known;
- receive payments from subjects who have no commercial/contractual relationship with the Company, except for specific cases that may be governed by company procedures;
- make money transfers with respect to which there is no full coincidence between the payment recipients/orderers and the counterparties actually involved in the transactions;
- make payments or recognize compensation in favour of third parties who work on behalf of the Company, which are not adequately justified in the context of the contractual relationship established with them.

4) Reimbursement of expenses, use of credit cards, company assets

With reference to this sensitive area it is necessary to follow these protocols:

- comply with the internal policies that manage the recognition of expense reimbursements; in detail, the following procedure must be observed: (i) each employee, under his or her liability, fills in the expense reimbursement form with the relevant supporting documents, signs it and submits it to the hierarchical manager for approval (in the case of the General Management, this will be submitted directly to the Chairman); (ii) the form signed by the applicant and the manager with all attachments is subject to the Chairman's final authorisation (except in cases in which the Chairman has already provided the authorisation); (iii) the form showing the authorisations is sent to the Administration function, which carries out the related administrative and tax checks; (iv) upon completion of the checks, expenses are reimbursed through the use of cash for amounts of less than € 400.00 and by bank transfer for amounts exceeding € 400.00;
- in the case of business trips, the employee requests authorisation from the hierarchical superior; in the case of the General Management, the authorisation is issued by the Chairman;
- ensure the complete filing of the documentation relating to the management of expense reports by the functions involved;
- provide that each company credit card holder submits a summary sheet of the expenses with the related justifications attached to the Chairman for final approval; the form showing the Chairman's approval is sent to the Administration function, which carries out the related administrative and tax checks;
- comply with the internal policies that manage the assignment of corporate assets.



5) Gifts, entertainment expenses

With reference to this sensitive area it is necessary to follow these protocols:

- ensure that gifts are of reasonable value and linked to institutional contexts, in compliance with the provisions of the Code of Ethics;
- guarantee the traceability of the expenses incurred for each beneficiary and of the gifts given;
- set up a register showing the amount of the gift, the recipient, the motivation, the requesting function (for amounts exceeding € 150.00);
- annually budget for the amount of gifts and entertainment expenses;
- entertainment expenses must be authorised by the President; they must meet the following criteria:
 - ✓ justified by an invoice made out to the Company;
 - ✓ containing the names of the people who have used it and the companies they represent.
- verify the existence of any conflicts of interest with reference to personal, property, legal or other relationships existing with the external physical/legal entities (private or public) with which D-KTC staff should entertain relations with reference to the sensitive activity in question;
- the SB must be informed with a written note of any criticality or conflict of interest that arises.

6) Staff selection and hiring

With reference to this sensitive area it is necessary to comply with the following protocols:

- operate in full compliance with laws, regulations in force, Code of Ethics and principles of loyalty, correctness, clarity and transparency;
- verify that the new hires fall within the approved budget limits and that the hiring is approved according to the internal authorisation process;
- carry out the selections according to methods designed to ensure that the choice of candidates is made on the basis of objective considerations of the professional and personal characteristics necessary for the execution of the work to be performed, avoiding favouritism of any kind;
- operate in compliance with the criteria of meritocracy and equal opportunities, without any discrimination based on sex, racial and ethnic origin, nationality, age, political opinions, religious beliefs, state of health, sexual orientation, economic and social conditions, in relation to the real needs of the Company;
- guarantee the segregation of the selection process, also ensuring the traceability of the candidate assessment process by filing the relevant documentation;
- ensure that the verification of the existence of possible conflicts of interest and of the candidate's former public employee status is carried out, in order to ensure compliance with the provisions of Legislative Decree 165/2001, Article 53, paragraph 16-ter (introduced by Law 190/2012 on "Anti-corruption");
- Hire staff only and exclusively with a regular employment contract and with remuneration consistent with the applied Industry-Wide Agreement;
- ensure that the contracts are signed by persons with suitable powers;
- ensure that the definition of the economic conditions is consistent with the position held by the candidate and the responsibilities/tasks assigned;
- ensure that at the time of hiring, the employee is given a copy of the Code of Ethics and this Model and that they formally undertake to fully comply with the principles contained therein;
- verify that the working hours are applied in compliance with current legislation;
- ensure that working conditions respectful of personal dignity, equal opportunities and an adequate working environment are ensured within the Company, in compliance with the collective bargaining regulations of the sector and social security, tax and insurance regulations;
- guarantee an adequate training process on the Model and the Code of Ethics;
- if dedicated companies are used in the search and selection of personnel, enter into written contracts that provide for the supplier's commitment to comply with the principles set out in Legislative Decree 231/2001 and the Code of Ethics.



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7) Management of bonuses and benefits

With reference to this sensitive area it is necessary to follow these protocols:

- disburse incentives to personnel only in the event of the pursuit of specific results, previously determined on the basis of objective, accountable and verifiable parameters;
- set maximum limits on variable remuneration, consistent with the responsibilities, tasks assigned and sector practices;
- ensure that the incentive systems correspond to realistic objectives and consistent with the duties, the activity carried out and the responsibilities entrusted;
- ensure that periodic and documented checks on the calculation and payment of variable remuneration are formally established and effectively carried out;
- provide for limitations to the incentive system in the event of inappropriate conduct, subject to a formal act by the Company (e.g. the imposition of disciplinary sanctions);
- guarantee the traceability of the incentive process, through the formalisation of the objectives and the related final balance.

8) Selection and management of agents

With reference to this sensitive area it is necessary to follow these protocols:

- guarantee an adequate process of qualification of the agents which provides, among others, the verification of the commercial and professional reliability and the integrity requirements of the counterparties through, for example, the request for the professional's curriculum vitae or chamber of commerce certificate, register of pending charges, or other commercial information available;
- respect the principles of transparency, professionalism, reliability, motivation and non-discrimination in the choice of the counterpart;
- ensure that the agent selection process always takes place in compliance with company practices;
- ascertain the identity of the counterpart;
- ensure that the agreed commissions fall within normal market conditions and in any case are contractually defined on the basis of objective calculation criteria;
- ensure that the assignment of the mandate to the counterpart is a written document;
- make sure that relations with the aforementioned third parties are defined in the context of formalized contracts bearing clauses specifying the third party's commitment to comply with the principles set out in Legislative Decree 231/2001 and the Code of Ethics;
- pay the fees in a transparent way, which can always be documented and reconstructed ex post. In particular, verify the correspondence between the recipient of the payment and the person who provided the service;
- ensure that the bonuses to agents are recognized upon reaching the professional targets established by contract;
- promptly communicate to the supervisor of Company's Management and, at the same time, the Supervisory Body, also through the communication tools existing within the Company, of any suspicious conduct or activities carried out by those who work for the counterpart.