



**OLON S.p.A.**

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**ORGANIZATION AND MANAGEMENT MODEL  
UNDER LEGISLATIVE DECREE  
NO. 231 OF 8 JUNE 2001**

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## DESCRIPTION OF THE LEGAL FRAMEWORK

### 1.1 The regime of administrative liability of entities

Italian Legislative Decree No. 231 of 8 June 2001 containing "Rules on the administrative liability of legal persons, companies and associations including those with no legal personality, in accordance with Art. 11 of Italian Law No. 300 of 29 September 2000" (hereinafter, the "Decree") introduced into the Italian legal system the administrative liability (substantially criminal liability) of entities (meaning companies, associations, consortia, etc., hereinafter "Entities") for certain kinds of crimes committed, in the interest or to the advantage of such Entities, by:

- natural persons who hold positions of representation, administration or management of the Entities or of one of their organizational units having financial and functional autonomy;
- natural persons who exercise, including *de facto*, management and control of such Entities;
- natural persons managed or supervised by one of the parties indicated above.

**This liability is in addition to the (criminal) liability of the natural person who actually committed the crime.**

With the adoption of the Decree, Italy made domestic regulations on the liability of legal entities consistent with international conventions to which it is a party<sup>1</sup>.

#### 1.1.1 The Sanctions

The sanctions provided for<sup>2</sup> on the Entity, as a consequence of people committing or attempting to commit the crimes referred to above are:

- fines (up to 1.5 million euro);
- disqualifications, namely disqualification from carrying on business, suspension or revocation of licenses or authorizations, ban on contracting with the Public Administration, exclusion from or revocation of loans and contributions, ban on advertising goods and services;
- confiscation (and attachment in interim proceedings) of profits that the Entity derived from the crime, including for the equivalent amount;
- publication of the judgement (in case of application of disqualification<sup>3</sup>).

#### 1.1.2 The Offenses

The relevant crimes for the purposes of the Decree, as subsequently supplemented, can be divided into the following categories:

- crimes against the Public Administration<sup>4</sup>;
- cybercrime and illegal data processing<sup>5</sup>;
- organized crime<sup>6</sup>;
- crimes against public trust<sup>7</sup> involving counterfeit money, securities and duty stamps, identification instruments and distinctive signs;
- crimes against industry and trade<sup>8</sup>;
- corporate crimes<sup>9</sup>;
- crimes with the purpose of terrorism and subversion of the democratic order<sup>10</sup>;
- female genital mutilation<sup>11</sup>;
- crimes against the individual, namely the exploitation of juvenile prostitution, child pornography including via the Internet, child grooming, trafficking in human beings and slavery<sup>12</sup>;
- market abuse<sup>13</sup>;

<sup>1</sup> Including, but not limited to: 1) *Brussels Convention of the European Community of 26 July 1995* on the protection of financial interests; 2) *Convention of 26 May 1997*, also signed in Brussels, on the fight against corruption involving officials of the European Communities or of Member States; and 3) *OECD Convention of 17 December 1997* on Combating Bribery of Foreign Public Officials in International Business Transactions.

<sup>2</sup> Art. 9 and following, Title I, Section II "Sanctions in general" of the Decree.

<sup>3</sup> Art. 18, Section II mentioned above.

<sup>4</sup> Arts. 24 and 25, Title I, Section II "Administrative liability for crimes provided for in the criminal code" of the Decree.

<sup>5</sup> Art. 24-bis, Section III mentioned above.

<sup>6</sup> Art. 24-ter, Section III mentioned above.

<sup>7</sup> Art. 25-bis, Section III mentioned above.

<sup>8</sup> Art. 25-bis1, Section III mentioned above.

<sup>9</sup> Art. 25-ter, Section III mentioned above.

<sup>10</sup> Art. 25-quater, Section III mentioned above.

<sup>11</sup> Art. 25-quater1, Section III mentioned above.

<sup>12</sup> Art. 25-quinquies, Section III mentioned above.

<sup>13</sup> Art. 25-sexies, Section III mentioned above.

- manslaughter and negligent grievous and severely grievous injuries committed with breach of provisions on occupational accident-prevention and hygiene and safety protection at the workplace<sup>14</sup>;
- receiving, laundering and using money, goods or benefits originated from a crime; self-laundering<sup>15</sup>;
- crimes in the field of copyright infringement<sup>16</sup>;
- crime of inducing others to refrain from making statements or to make false statements to the judicial authorities<sup>17</sup>;
- environmental crimes<sup>18</sup>;
- crime of employing third-party nationals illegally staying in Italy, when this is a crime<sup>19</sup>;
- cross-border crime<sup>20</sup>
- illegal entry and abetting illegal stay<sup>21</sup>;
- racism and xenophobia<sup>22</sup>.

### 1.1.3 Crimes committed abroad

The liability provided for in the Decree also applies to crimes committed outside Italy in the cases envisaged by the criminal code in arts. 7, 8, 9 and 10 and on condition that the country where the crime was committed does not prosecute such crime.

## 1.2 Adopting the “Organization and Management Model” as a diligent conduct of the company to prevent, insofar as possible, committing the offenses in the Decree

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

- a) it adopted and effectively implemented through its management body, before the crime was committed, organization and management models capable of preventing the kind of crimes that occurred;
- b) it entrusted to an internal body, with autonomous powers of initiative and control, the task of overseeing operation of and compliance with the models, and ensuring their revision;
- c) the persons who committed the crime acted fraudulently eluding such organization and management models;
- d) there was no lack of or insufficient supervision by the body referred to in lett. b) above.

In addition, the Decree states that the models in letter a) above must meet the following needs:

1. identify the areas at risk where the crimes envisaged by the Decree could be committed;
2. prepare specific policies aimed at planning training and implementing the decisions of the Entity in relation to the crimes that need to be prevented;
3. define methods to identify and manage the company's financial resources capable of preventing such crimes from being prevented;
4. set obligations of disclosure to the body responsible for overseeing operation of and compliance with the model;
5. set up an internal disciplinary system capable of punishing any failure to comply with the measures indicated in the model.

The Decree also states that organization and management models may be adopted, guaranteeing the above needs, on the basis of the guidelines released by employers' association and approved by the relevant ministries.

## 1.3 Confindustria's Guidelines

In 2002, Confindustria – i.e., the Italian employers' association of reference for the company Olon S.r.l. – issued its “Guidelines for drafting organization, management and control models under Leg. Dec. 231/01” originally released on 7 March 2002 (“Guidelines”), which were supplemented in time and may be summarized in the following fundamental points:

- Identifying areas at risk, to determine in which area/segment of the business the crimes set out in the Decree could be committed;
- Preparing a control system capable of preventing risks of committing such crimes by adopting specific policies.

<sup>14</sup> Art. 25-septies, Section III mentioned above.

<sup>15</sup> Art. 25-octies, Section III mentioned above.

<sup>16</sup> Art. 25-novies, Section III mentioned above.

<sup>17</sup> Art. 25-decies, Section III mentioned above.

<sup>18</sup> Art. 25-undecies, Section III mentioned above.

<sup>19</sup> Art. 25-duodecies, Section III mentioned above.

<sup>20</sup> Law no. 146 of 16 March 2006.

<sup>21</sup> Art. 25-duodecies, Section III mentioned above.

<sup>22</sup> Art. 25-terdecies, Section III mentioned above.

## DESCRIPTION OF THE COMPANY– ELEMENTS OF THE GOVERNANCE MODEL

**1.4 Company Business**

Olon S.p.A. (the "Company" or "Olon") is a company incorporated and existing under the laws of Italy having its registered office in Rodano. It operates in the manufacture and sale of active and intermediate principles for the pharmaceutical industry through its plants located in Rodano (MI), Settimo Torinese (TO), Dorno (PV), Garbagnate Milanese (MI), Mulazzano (LO), Segrate (MI), Casaleto Lodigiano (LO). Total headcount in Italy is of approximately 1250.

The Company is part of the P&R Group, one of the major players in Italy of the chemical/pharmaceutical industry. Specifically, the group manufactures and sells active principles, active intermediate principles, resins, polystyrene, medicines, and medical devices.

**1.5 Brief description of the corporate structure****1.5.1 Organization structure**

The Company's organization structure is reflected in the organizational chart (Annex 1 hereto). The most important functions are described below to identify process owners.

Chairman

The Chairman of the Board of Directors of Olon is the legal representative of the company and is vested with the powers for the ordinary and extraordinary management.

Managing Director

The Managing Director is vested with specific powers to legally represent the Company, powers to sign, bank powers granted by resolution of the board of directors. The managing director oversees company operations, coordinating the Company's operating functions.

Strategic External Development

The function is in charge of analyzing evolution of the market and of competition to assess possible growth strategies through acquisitions.

Regulatory Affairs

This function is in charge of preparing the documents necessary to obtain product manufacturing and marketing authorizations. The function sees to compliance with domestic and international regulations on the manufacturing of pharmaceutical intermediates (GMP).

Purchase of raw materials API

The function is in charge of managing and coordinating all operations for the purchase of raw and intermediate materials for the manufacture of active principles, consistently with defined strategic and production plans.

Strategic Planning

This function supports the board of directors in the process of defining corporate goals and identifying the means, tools and actions to achieve them, in the medium-to-long term.

Purchase of technical materials and Intercompany services

This function is in charge of managing and coordinating all operations for the purchase of technical materials (maintenance and investment) and intercompany services that are functional to the manufacturing process, after selecting suppliers. This function is managed at group level to benefit from scale economies with ensuing discounts on purchase prices

File Development

This function cooperates with Consolidated Regulatory Affairs in preparing and updating product Files, prepared for authorization and regulatory purposes.

QA Corporate and foreign affiliates

This function is responsible for promoting and achieving harmonization of the Company's Quality and Control System in coordination with Italian manufacturing sites, and ensuring coordination and monitoring of Quality and Control activities of foreign affiliates.

Corporate Global Operations

The function is in charge of the coordination and integration of operations and related Quality and Control facilities at Olon Plants and foreign affiliates, to ensure that annual manufacturing targets are met in terms of quantity, quality and costs, with the times requested by the market, constant compliance with regulations on Safety, Environment Protection and Quality, and constant development of process and manufacturing synergies.

Research and Development

This function is in charge of the research and development of new products/processes. Specifically, this functions:

- Uses existing scientific, technological and sales knowledge and skills to develop processes or innovative chemical/physical features;
- Makes tests and trials and experiments necessary to obtain products' marketing authorizations or authorization to use processes;
- Manages and protects confidential information on processes and products (know-how);
- Prepares documents necessary to be granted national and international patents;
- Manages patents and know-how.

Research and Development coordinates functionally the Research and Development facilities of Olon's foreign affiliates.

Sales & Marketing

This function sells products generated by the production cycle and newly experimented products, to existing customers, or seeks new customers.

Administration and Control

This function is in charge of proper bookkeeping and mandatory corporate records, in compliance with Italian corporate and tax regulations and with international accounting standards.

Human Resources and Organization

This function is in charge of HR policies, pursuant to applicable law, contracts and regulations.

IT Services

This function ensures information technology services, inside the company and in external communication.

Plant Management

This function is in charge of the management of the site in all its operating aspects.



## CHAPTER 2

### ORGANIZATION MANAGEMENT AND CONTROL MODEL AND METHOD FOLLOWED TO PREPARE IT

#### 2.1 Method

The adoption of an Organization, management and control Model pursuant to the Decree (hereinafter the "Model"), along with the simultaneous presence of the Code of Ethics of the P&R Group (Annex 2, hereinafter the "Code") not only is a reason for exemption from liability for the Company with reference to the perpetration of certain offenses, but it is also an act of corporate social responsibility of the P&R group, which generates benefits for all stakeholders: the shareholders, users, staff, creditors and all other parties whose interests are connected to the fate of the Company.

Introducing an additional system of control, together with establishing and disseminating ethical principles, thus improving already high standards of conduct adopted by the Company, increases trust in the P&R Group and its excellent reputation with third parties (assets that are more and more valuable for companies) and, mostly, has a regulatory function. These instruments, in fact, contribute to regulating conducts and decisions of the people that are called to operate in the name or to the benefit of the Company on a daily basis in compliance with such ethical principles and conduct standards.

Accordingly, Olon intended to start an array of activities aimed to make its organization model compliant with the requirements in the Decree and consistent with both its principles, as already rooted in its governance culture, and the indications of the Guidelines. To such effect, a process aimed to revise and update the Model (hereinafter the "Project") was started based on the evolution of the law and practice and the new company set up and organizational structure after the integration of the companies of the Infa group in Olon, whose companies were merged in 2016.

The method selected for the Project, with respect to organization, definition of operating methods, setup into steps, assignment of responsibilities among the different corporate functions, was developed to ensure the quality and reliability of results. The Project was divided into phases that are briefly recapped below:

Phase	Activity
Phase 1	<b><i>Launch of the Project and identification of processes and activities where the offenses referred to in Leg. Dec. 231/01 may be committed</i></b> Collection and review of documents and preliminary identification of processes/activities where theoretically the offenses referred to in the Decree may be committed (so-called "sensitive" processes/activities).
Phase 2	<b><i>Identification of key officers</i></b> Identification of key officers, meaning the Company people that, based on their functions and responsibilities, have a thorough knowledge of sensitive areas/activities, and of currently implemented control mechanisms, to determine the scope of action and a detailed interview plan.
Phase e 3	<b><i>Analysis of sensitive processes and activities</i></b> Identification and analysis of sensitive processes and activities and of currently implemented control mechanisms, with specific focus on preventive checks and other compliance elements/actions.
Phase 4	<b><i>Identification of control policies</i></b> Identification of organization requisites featured by an appropriate organization, management and control model pursuant to the Decree and of control policies with a crime prevention purpose, in consideration of procedures already existing within Olon.
Phase 5	<b><i>Definition of the organization, management and control model</i></b> Definition of the organization, management and control model pursuant to the Decree, in all its components and operating rules.

#### 2.2 Goal and structure of the Model: General Section and Special Sections based on the different crimes

The goal of the Model is to set up a structure and consistent system of control procedures and activities aimed at preventing, insofar as possible, perpetration of conducts capable of being offenses set out in the Decree.

By identifying sensitive activities and consequently defining specific procedures, the objective on the one hand is to generate full awareness in those who act in the name and on behalf of Olon that they may commit a punishable offense, and on the other to make it possible for Olon to act quickly to prevent or counter crimes.

The Model is divided in this "General Section", with a description of the Company's business and the definition of the structure needed to implement the Model including the operation of the Surveillance Committee and the penalty system; and "Special Sections" whose contents identify the activities that could be at risk for the offenses set out in the Decree, along with the relevant control policies. Specifically, the structure of the Model to include "Special Sections" allows timely revisions by appropriate additions where the legislator passes new relevant offenses.

Within each reviewed macro-area, sensitive activities are described as are control instruments adopted for prevention. These instruments are binding upon the addressees of the Model, as defined below, and translate into obligations to do (compliance with procedures, reports to control bodies) and obligations to refrain from doing (compliance with

prohibitions), which are also fully disclosed. Compliance with these obligations has a specific legal value. If these obligations are breached, Olon will react by applying the disciplinary and sanction system referred to above.

Special Sections also need to be related to the conduct principles stated in company policies and in the Code, which orientate the conduct of the addressees in the various operating areas, with a view to preventing improper conducts or conducts that are not in line with Olon's directives. Special Sections comprise:

- Special Section A – Offenses in relations with the Public Administration;
- Special Section B – Cybercrime;
- Special Section C – Offenses in the area of counterfeiting and copyright infringement;
- Special Section D – Corporate crime;
- Special Section E – Negligent offenses in breach of occupational health and safety regulations;
- Special Section F – Money-laundering, handling stolen goods and self-laundering;
- Special Section G – Offenses related to immigration;
- Special Section H – Environmental crime;
- Special Section I – Instrumental processes.

Other "predicate offenses" of administrative liability under the Decree and namely counterfeiting currency, crimes against the individual (slavery and child pornography), crimes with the purpose terrorism or subversion of the democratic order, cross-border crime, associative crimes, organized crime, crimes against industry and trade, market abuse, inducing to refrain from making statements or to make false statements to the judicial authorities, racism and xenophobia were taken into account during the preliminary analysis. However, (based on additional review and consideration further to interviews with key officers) no sensitive activity was identified because the risk of actually committing these offenses is regarded as negligible and consequently no specific dedicated rules and/or procedures were established, without prejudice to the requirement of adopting conducts that are compliant with applicable legislation and with the principles in the Code.

The BoD of Olon is vested with the power to supplement this Model by a specific resolution in the event that it proved necessary to release additional Special Sections for new offenses related to the Company's business that in the future should be included in the scope of application of the Decree.

### 2.3 Addresses of the Model

The Model and its General Section and Special Sections are directed to directors, executives and employees (hereinafter "Company Officers") of Olon in sensitive activities and independent contractors and partners (hereinafter all referred to as "Addressees").

Specifically, the objective of the Special Sections is that all Addressees adopt rules of conduct that are consistent with the requirements of each Section to prevent perpetration of the offenses in the Decree.

## CHAPTER 3

### THE SURVEILLANCE COMMITTEE PURSUANT TO LEG. DEC. 231/01

#### 3.1 Determination of the Surveillance Committee

Based on the provisions of the Decree (art. 6, par. 1, lett. a) and b)) the entity may be exempted from liability resulting from offenses committed by qualified parties (as per the Decree), if the board of directors, among other things, engaged a body with independent powers of initiative and control to constantly monitor on operation of and compliance with the model and to revise it. Such body (as recommended by the Guidelines) must meet the following requisites:

- **autonomy and independence:**
  - no conflict of interests, albeit potential, with Olon;
  - autonomous powers of initiatives and control;
  - no operating tasks within Olon;
  - reporting directly to the BoD;
- **professionalism,** meaning:
  - adequate specialist skills;
  - specialist techniques and tools to be able to complete tasks, including through the advice of external parties;
- **continuity of action** meaning:
  - term of appointment unrelated to the term of other corporate bodies;
  - periodic audits.

#### 3.2 Establishment, appointment and replacement of the SC

The Surveillance Committee (hereinafter also "SC") of Olon is established by BoD resolution and holds office for the term that is set upon its appointment. It may comprise one or more members. The SC leaves office on the date set upon its appointment, albeit continuing to carry out its functions temporarily until a new appointment. The BoD has the authority to call a meeting with the SC at any time.

Appointment as a member of the SC is conditional on meeting the personal requisites of honorability, integrity and respectability, and on the lack of causes of incompatibility with the appointment, and of potential conflicts of interest with the role and duties that one would carry out. Accordingly, upon granting the engagement, persons designated to fill the office of member of the SC are required to deliver a statement in which they attest that there is no reason of incompatibility, as listed in the previous paragraph. These rules also apply in the event that a member of the SC is replaced.

Revocation of the powers and granting to other parties may occur upon natural expiration of the term of office or only for just cause, including when such cause is connected to a reorganization of the Company. Revocation is implemented by a specific resolution of the BoD. "Just cause" for revoking the powers connected to the appointment as member of the SC includes but is not limited to:

- Gross negligence in performing the duties, such as failure to draft the annual recapping report on completed activities, failure to draft the surveillance plan;
- "*failure to surveil or insufficient surveillance*" by the SC – pursuant to art. 6, par. 1, lett. d), Decree – established by a court decision, including if an appeal is still admissible, delivered against Olon under the Decree or a court decision of application of the sentence upon request (so-called plea-bargaining);
- In the event of an internal member, granting operating responsibilities and functions within the company organization that are incompatible with the core requisites of "*autonomy and independence*" and "*continuity of action*" of the SC. In any case, any available organization measure involving internal members (such as termination of employment, deployment to a different job task, dismissal, disciplinary measures, appointment of a new manager) must be reported to and acknowledged by the BoD;
- In the event of an external member, serious and verified reasons of incompatibility which invalidate independence and autonomy;
- Failure to meet even only one of the requisites for eligibility.

Any decision involving individual members or the entire SC concerning removal or replacement are exclusively reserved for the BoD.

### 3.3 Financial resources allocated to the Surveillance Committee

Every year, the BoD allocates a budget to the SC based on the latter's requests.

Allocation of the budget allows the SC to operate independently and with appropriate tools to effectively complete the duties that are assigned to it by this Model, pursuant to the Decree.

### 3.4 Functions and powers of the Surveillance Committee

In performing its duties, the SC will have, under its direct supervision and responsibility, the cooperation of all the Company functions and facilities, or external consultants. This enables the SC to ensure a high level of professionalism and the necessary continuity of action.

The SC has independent powers of initiative, action and control, which cover all segments and functions of Olon and need to be exercised to timely and effectively carry out the functions described in the Model and in its implementing regulations.

Specifically the SC is vested with the following powers and duties to implement and perform its functions:

- Monitor operation of the Model with respect to both prevention of the offenses in the Decree and the ability to bring light on any actually unlawful conduct;
- Carry out periodic audits and checks , on an ongoing basis – on the time-basis and with the procedures defined in the surveillance activity plan – and sample checks, based on the various action areas or types of activity and their critical points to determine the Model's efficiency and effectiveness;
- Have unrestricted access to any department and unit of Olon – with no need for prior approval – to ask for and receive information, documents and data regarded as necessary to carry out the duties in the Decree, from all executives and staff. If a reasoned denial to access documents is made, the SC will draft a specific report for the BoD, where it does not agree with such denial;
- Ask for significant information or to be shown documents, including IT documents, related to activities at risk, from Directors, control bodies, the independent auditor, independent contractors, consultants and in general all parties required to comply with the Model;
- See to, develop and promote the constant update of the Model, submitting proposals, where necessary, to the management for any appropriate revision that should prove necessary as a consequence of: i) significant breaches of the Model's regulations; ii) significant changes in the internal setup of Olon and/or of how the company's business in is operated; iii) changes in legislation;
- Monitor compliance with the Model's requirements, in connection with the different types of offenses in the Decree and any subsequent legislation which expanded its scope of application, verify compliance with the procedures in the Model and detect any discrepant conduct which possibly disclosed by the analysis of information flows and reports that it received;
- Ensure the periodic revision of the mapping of sensitive areas;
- Maintain relations with the independent auditor and with other consultants and independent contractors involved in implementing the Model;
- Liaise with and ensure information flows to the BoD;
- Promote disclosure and training sessions on the contents of the Decree and the Model, on the impact of regulations on the Company business and on rules of conduct, setting up frequency checks and possibly differentiated plans for people that work in the different sensitive areas;
- Verifying the setup of an effective internal communication system to allow transmission of information that is significant for the purposes of the Decree ensuring protection and confidentiality of the person making the report;
- Give explanations on the meaning and application of the Model;
- Develop and submit to the BoD the budget needed for the proper performance of the duties assigned to it, in a fully independent manner. The SC may autonomously commit resources that exceed its powers of disbursement when such resources are necessary to face exceptional and urgent situations. In these events, the SC must inform the BoD first meeting after the event;
- Report without delay to the management body, for the adoption of appropriate measures, any established breaches of the Model that could trigger any liability for Olon;
- Promote the activation of any disciplinary procedures and propose sanctions, if any, described in Chapter 7 of this Model;
- Verify and assess if the disciplinary system is appropriate pursuant to and for the purposes of the Decree.

### 3.5 Functions of the SC: Reporting to the Company's bodies

The SC reports on the implementation of the Model, the detection of any critical issues, the need to introduce changes and to such effect it drafts, among others:

- i) on an annual basis, a recap report of its activity in the year and a plan of activities for the following year to be submitted to the BoD;
  - ii) immediately, a report on exceptional situations (such as: significant breaches of the principles in the Model, changes in legislation on administrative liabilities of entities, etc.), and in the event of reports that it received which have an urgent nature, to be submitted to the Managing Director and to the Chairman of the BoD.
- Specific minutes must be drafted during meetings between company bodies and the SC.

### 3.6 Collection and storage of information

All information, minutes, reports to and reports by the SC under the Model are filed by the SC in a specific (IT or hardcopy) file for a period of no less than 10 years.

## CHAPTER 4

### INFORMATION FLOWS TO THE SC

#### 4.1 Obligations to report to the Surveillance Committee

Obligations to report to the Surveillance Committee apply to:

- Information, data, documents that allow the SC to carry out its supervisory operations in an informed manner;
- Reports on events that could trigger the Company's liability under the Decree.

All the Addressees of the Model are required to comply with these obligations.

#### 4.1.1 Information flows

The Surveillance Committee may determine, including by defining a procedure, the type of information that managers involved in the management of sensitive activities are required to transmit together with the time basis and manners to report such information to the SC.

The company functions involved in sensitive activities are required to transmit to the Surveillance Committee information concerning:

- Periodic outcome of their control operations conducted to implement the Model, including upon request (recapping reports of activities, etc.);
- Any anomaly or inconsistency detected in available information.

Information to be reported includes but is not limited to:

- Transactions that fall under sensitive activities (for instance: periodic recapping reports on agreements with government entities, information on new hires or use of financial resources to purchase goods or services or other investment activities, etc.);
- Measures and/or information from the criminal investigation department or from any authority, which discloses that investigations are in progress, including, against John Doe, for offenses covered by the Decree and which could involve Olon;
- Requests for legal assistance submitted by employees in the event of legal proceedings started against them in connection with the offenses covered by the Decree, unless expressly prohibited by the judicial authorities;
- Reports prepared by managers of company functions in the course of their control activity which could disclose facts, actions, events or omissions with potentially critical impact with respect to compliance with regulations and the Model's provisions;
- Information on disciplinary procedures and resulting penalties, if any, (including measures adopted against employees) or dismissals of such procedures along with the relevant reasons;
- Any other information which, although not included in this list, is significant for the purposes of proper and full surveillance and revision of the Model.

In any event, the SC defines and discloses a detailed chart of Information Flows destined to it.

Information flows are sent to the SC by transmitting the documents to the dedicated email account.

#### 4.1.2 Whistleblowing

The obligation to report any conduct which is contrary to the provisions of the Model falls under the more general due diligence and loyalty obligations of employees. External consultants or independent contractors and similar are under the contractual obligation to immediately report any circumstance where they directly or indirectly receive from an employee/representative of Olon a request for conducts which could trigger a breach of the Model.

Therefore, all the Company staff, whether key officers or subordinate employees, and all external parties are required to communicate directly with the Surveillance Committee to report the perpetration of any offenses, circumstances involving unlawful conducts under the Decree and grounded on specific and consistent elements of fact, any breaches of the Model, and any episode which departs from the conduct principles in the Model and in the Code of Ethics, which they became aware of in carrying out their functions. Communication may occur through several alternative channels appropriate to ensure, with IT means, confidentiality of the identity of the whistleblower, pursuant to art. 6, par. 2 bis, lett. b) of the Decree.

### Contents of the report

For the purpose described above, whistleblowers are required to provide all elements known to them, useful to verify reported facts, through appropriate checks. Specifically, reports must contain the following essential elements:

Subject: a clear description of the facts that are being reported is required, along with the indication of circumstances (where known) of time and place where the facts were committed or omitted.

Reported individual: the whistleblower must indicate the description or in any event any other elements (such as the function/role in the Company) which allow the simple identification of the alleged author of the misconduct.

Moreover, the whistleblower may indicate the following additional elements: (i) identification details, where they do not intend to keep their identity confidential; (ii) indication of any other persons that may report on narrated events; (iii) indication of any documents that may confirm the substance of the facts.

The contents of reports, even where anonymous, must always be relevant to the Decree. Anonymity cannot however be a tool to voice frictions or contrast between staff members. Likewise, it is forbidden to:

- Use abusive language;
- Make reports with merely disparaging purposes;
- Make reports which concern solely private life, with no direct or indirect connection with corporate business. These reports shall be regarded as even more improper when they refer to sexual, religious, political and philosophical beliefs.

In short, all reports must serve the sole purpose of protecting the integrity of the Company or preventing and/or fighting against misconducts as defined in the Model.

### Communication Channels

The Communication channels with the Surveillance Committee described below, in accordance with whistleblowing regulations, ensure confidentiality and protection of the whistleblower including from any retaliation. The Company also monitors that any career advances of whistleblowers are not treated with discrimination, and punishes with disciplinary measures based on the seriousness of facts, and in compliance with the criteria in Chapter 7 of the Model, whistleblowers that report – acting fraudulently or with serious negligence - facts that prove to be unfounded.

The following channels are set up:

*Confidential internal mail:* by using dedicated mailboxes. The envelope must clearly indicate "*Strettamente confidenziale. Informativa da dipendente*" (Strictly confidential. Employee disclosure), to ensure the utmost confidentiality.

*Email account:* segreteria@3pgo.com

*Additional channels determined and activated in accordance with art. 6, 2 bis lett. D of the Decree.*

### Treatment of reports

The Surveillance Committee adopts the most appropriate measures to ensure confidentiality of the identity of those who report information to the SC. However, conducts aimed solely at slowing down the activity of the Surveillance Committee must be appropriately punished. The company guarantees whistleblowers in good faith from any form of retaliation, discrimination or unfavorable treatment and, in any event, confidentiality of the identity of the whistleblower is ensured, without prejudice to the protection of the rights of the Company or of persons that accused incorrectly or in bad faith.

For the above purposes, the Surveillance Committee collects and maintains the reports that it receives in a dedicated (IT and/or hardcopy) file which may be accessed only by members of the SC. The Surveillance Committee at its sole discretion and under its own responsibility considers the reports that it receives and the cases where it needs to take action. Its decision on the outcome of the assessment must be reasoned in writing.



## CHAPTER 5

### TRAINING AND DISCLOSURE PLAN

#### 5.1 Introduction

With a view to an effective implementation of the Model, Olon intends to ensure proper disclosure of its contents and principles inside and outside the organization, disclosing contents and principles of the Model not only to its employees but also to the parties that, albeit not formally employees, act – on an ongoing basis – to achieve the objectives of Olon.

Indeed, Olon intends to:

- Cause awareness in all the persons that operate in its name and on its behalf in sensitive activities that they may, in the event of breach of the provisions in the Model, incur in an offense that may be punished;
- Inform whoever operates howsoever in its name, on its behalf, or in any case in its interest, that breaches of the Model's provision trigger the application of specific penalties or termination of the contract because they cause failure to comply with the duties of loyalty, fairness and diligence generated by the legal relationship with Olon;
- Restate that Olon does not tolerate unlawful conducts, of any kind, regardless of the purpose, because such conducts (even where Olon apparently could benefit therefrom) are in any case contrary to the ethical principles which Olon intends to abide by.

The disclosure and training activities must be diversified based on the addressees and, in any event, must be inspired by the principles of completeness, clarity, accessibility and continuity to enable the various addressees to have full awareness of Company regulations that they are required to comply with and of the ethical rules that must inspire their conducts.

Disclosure and training activities are supervised by the SC, as this is part of its duties.

Training initiatives may take place by remote systems, by using IT systems (such as: videoconference, e-learning).

#### 5.2 Availability of the Model and the Code

To ensure effective and rational disclosure and training, Olon promotes knowledge of the contents and of the principles of the Model and its implementation procedure with any and all executives/employees with management functions (up to the first level of the technical/administrative area of the national collective bargaining agreement) and non executive employees, and any independent contractor with permanent relationships (hereinafter "permanent independent contractors"), and diversifies the level of analysis based on position and role.

The Code is made available to employees (including new hires) and independent contractors on the Company's website or with alternative tools (for instance, enclosing it in the pay slip or posting it on Company noticeboards).

A copy of the Model is made available to members of corporate bodies and persons with Olon representation functions upon their accepting the office. Appropriate disclosure and training tool will be adopted to update these people on: i) amendments to the Model, if any; ii) significant changes in procedures, regulations or organization.

Third parties, external to Olon (such as, consultants and partners) are given a specific disclosure letter on adoption of the Model, on the consequences of any failure to comply with the Model, after inviting them to review the copy available on the website. Where possible, specific clauses aimed to regulate such consequences are inserted in the relevant contracts.



## CHAPTER 6

### DISCIPLINARY SYSTEM

#### 6.1 General principles

Art. 6, par. 2, lett. e) and art. 7, par. 4, lett. b) of the Decree indicate, as condition for an effective implementation of the organization, management and control model, the introduction of an appropriate system to punish failure to comply with the measures in the model. Therefore, the definition of an appropriate disciplinary system is an essential condition for the effectiveness of the organization, management and control model under the Decree.

Penalties will be applied to each breach of the provisions of the Model, regardless of the progress and outcome of any criminal proceedings possibly started by judicial authorities, where the punished conduct is also a relevant offense under the Decree.

Disciplinary penalties are determined and inflicted in compliance with the procedures in art. 7 of Law no. 300 30/5/1970 ("Workers' Statute") and any special applicable regulations, and implemented by taking into consideration the principles of proportionality and appropriateness to the breach. In this respect, the following circumstances are significant:

- Type of detected breach;
- Factual circumstances in which the breach occurred;
- Manner in which the conduct was committed;
- Seriousness of the breach, also in consideration of the personal attitude of its perpetrator;
- The commission of several breaches within the same conduct;
- The participation of several parties in committing the breach;
- Any repetition by the author of the breach.

#### 6.2 Persons to whom the disciplinary system applies

The penalty and disciplinary system in this Model applies to all subordinate employees, directors, independent contractors of Olon, and all those who have contracts in progress with the Company, in connection with such contracts.

The procedure to inflict the penalties in this chapter takes into consideration the specific conditions deriving from the legal status of the person against whom the procedure is started.

In any event, the SC must be informed of the disciplinary penalty procedure. The Human Resources function is responsible for the actual application of disciplinary measures and it will apply penalties upon indication, if any, of the SC, after hearing the non-binding opinion of the direct hierarchical manager of the author of the breach. The SC has the authority, in cooperation with the Legal Department, to assess if the disciplinary system is consistent with the conditions in the Decree.

The SC, together with the Human Resources function, also ensures that specific procedures are adopted to inform all the above parties from the very beginning of their relation with the Company of the existence and contents of the disciplinary system.

#### 6.3 Penalties applied to plant workers, office staff and middle managers

The National Collective bargaining agreement of the Chemical, Chemical-Pharmaceutical, of Chemical fibers, abrasives and lubricants and LPG industries ("CCNL Chemistry") applies to Company staff qualifying as plant workers, office staff and middle managers.

Any breaches by non-executive employees to the rules of conduct in this Model are disciplinary misconducts, including under and in application of the provision of the CCNL Chemistry. Applicable penalties are also the ones set out in the CCNL Chemistry, in compliance with the procedures in the Workers' Statute and any applicable special regulations.

Applicable penalties are: oral warning, written warning, fine not exceeding the amount equivalent to four hours' remuneration, suspension from service and remuneration for a period not exceeding eight days of actual work, termination of employment with or without notice.

The type and the weight of each penalty listed above will be determined based on:

- The intentionality of the conduct or the degree of negligence, carelessness, or malpractice, with reference to the possibility to predict the event;
- The overall conduct of the employee with specific reference to the existence of any previous disciplinary procedures, with the restriction imposed by the law;
- The tasks of the employee;
- The functional position of the of the persons involved in the events;
- Other specific circumstances featured by the disciplinary breach.

Specifically, disciplinary penalties apply as follows:

- 1) oral warning, applicable whenever the employee breaches one of internal procedures of the Model (for example, failure to comply with required procedures, failure to report to the Surveillance Committee required information, failure to carry out checks, ...) or in carrying out activities in sensitive areas adopts conducts that are not consistent with the requirements of the Model;
- 2) written warning, applicable when the employee repeatedly breaches the procedures in the model or adopts, in carrying out activities in sensitive areas, a conduct that is not consistent with the requirements in the Model;
- 3) fine up to 4 hours of remuneration or suspension from duty and remuneration (not exceeding 8 days), applicable when, in breaching one of the internal procedures of the Model, or in adopting conducts that are not consistent with the Model's requirements in activities in sensitive areas, the employee causes damages or a situation of potential danger for the Company, or when the employee repeated the breaches in item 2);
- 4) termination of employment with notice, applicable when, in carrying out activities in sensitive areas, the employee adopts a conduct that is not consistent with the Model's requirements and that is a significant breach, unambiguously directed to commit an offense punished by the Decree, or that causes the actual application against the Company of the measures in Legislative Decree no. 231/01;
- 5) termination of employment with no notice, applicable when in carrying out activities in sensitive areas the employee adopts a conduct that is not consistent with the requirements of the Model and that is a very serious breach, aimed unambiguously at committing an offense punished by Leg. Dec. 231/01 or which causes the actual application against the company of the measures in Leg. Dec. 231/01, and when the employee repeated the infringements in item 3).

The Company's right to claim compensation for any damages caused by an employee breaching the Model is unaffected.

#### 6.4 Measures against executives/staff with managing functions

The National Collective Bargaining Agreement for Executives of manufacturers of goods and services applies to employees qualified as Executives.

Olon's executives, in carrying out their professional services, are required to comply, and cause compliance by the people they coordinate, with the requirements in the Model. In the event of breach of internal procedures set out in this Model, or adoption, in carrying out activities in Sensitive Areas of a conduct that is not consistent with the Model's requirements, the most appropriate measures will be applied to persons responsible for such conducts, in accordance with the applicable CCNL and legislation.

Finally, abidance by executives by the principles and rules in the Model is an element for professional assessment which may affect their career.

Unlawful conducts committed by executives, which should be regarded as punishable as breaches of the Model, include but are not limited to:

- Failure to supervise on the staff that hierarchically report to them, so as to ensure compliance with the provisions of the Model in carrying out activities in sensitive areas and activities that are instrumental to sensitive operating processes;
- Failure to report non-compliances with and/or anomalies in performing requirements in the Model, where they have such information, capable of causing the Model to be ineffective with the consequent danger for Olon of being inflicted the penalties in the Decree;
- Failure to report to the SC critical issues related to carrying out activities in the areas at risk of committing an offense, detected during supervision by responsible authorities;
- The executives breach one or more of the provisions in the Model and such breaches result in perpetration of the offenses in the Model thus exposing Olon to the risk of application of penalties under the Decree.

In the event of breach of provisions and rules of conduct in this Model by an executive, the Company shall adopt against him the measure regarded as most appropriate in accordance with the law and the applicable CCNL. Generally speaking, careful attention will be paid to any damages that may have been caused to the trust-based relation between the Company and the executive by the infringement of the Model.

#### 6.5 Measures towards Directors and Statutory Auditors

In the event of breach of the Model by one or more directors and/or statutory auditors, the SC shall inform the board of statutory auditors and the Chairman of the BoD, who, based on their respective responsibilities and consistently with the powers set out in the law and/or the bylaws, shall adopt any adequate action including, where appropriate, calling the shareholders' meeting to adopt the most suitable measures.

**6.6 Measures towards consultants and independent contractors**

Where consultants or independent contractors (whether on a permanent or occasional basis), howsoever identified or other parties that entered into agreements with Olon, adopt conducts that are in contrast with the principles in the Decree or the Code, the specific penalty clauses in the relevant agreements shall apply.

Upon executing these clauses, the third party undertakes to adopt and effectively implement Company procedures and/or to adopt conducts capable of preventing such offenses, including attempted offenses, to which the penalties in the Decree apply. Any non-performance, including partial non-performance, of this obligation shall be punished with the right for Olon to interrupt performance of the agreement and/or unilaterally terminate it, including while the agreement is in progress, possibly setting out penalties, or to terminate the agreement, without prejudice to Olon's right to compensation for any damages. These penalties shall be reported to the SC.

**6.7 Measure implementing whistleblowing regulations**

Pursuant to art. 2-bis, par. 1, lett. d) of the Decree, the penalties described in the previous paragraphs, in compliance with the principles and criteria stated therein, apply to those who infringe the protection of whistleblowers, and those who willfully or with gross negligence report facts that prove to be ungrounded.

Specifically, committing retaliation against a whistleblower in good faith is a serious disciplinary breach which will be punished applying the procedures stated in the previous paragraphs. The adoption of discrimination against whistleblowers may be reported to the National Labor Inspectorate, for the adoption of the measures that fall within its jurisdiction, not only by the whistleblower, but also by the trade union indicated by them. Dismissal in retaliation or discriminatory dismissal of the whistleblower is null. Changes in job duties under art. 2103 of the Italian Civil Code are also null, as are any other forms of retaliation or discrimination adopted against the whistleblower.

In the event of disputes connected to disciplinary penalties, or downgrading, dismissal, transfers or other measures applied to the whistleblower with directly or indirectly negative effects on working conditions, further to a report, the employer bears the burden of proving that such measures are grounded on reasons that are unrelated to the report.

Any improper use of reporting channels is also forbidden. Protection of the identity of the whistleblowers ceases whenever reports prove to be clearly unfounded and deliberately aimed at jeopardizing the reported individual or the Company. In this case as well, the conduct is a serious disciplinary breach and it is punished according to the procedures described above.

## CHAPTER 7

### ADOPTION OF THE MODEL – CRITERIA FOR REVISION AND ADJUSTMENT OF THE MODEL

#### 7.1 Checks and audits on the Model

The SC is required to draft a surveillance plan on an annual basis in which it plans, in general, its operations including: a calendar of tasks to carry out during the year, the timing of audits, the identification of criteria and procedures for analysis, the possibility of unscheduled audits and checks.

In carrying out its tasks, the SC may use both the support of Olon's internal structures with specific skills in the company's segments audited from time to time and of external consultants, with respect to the execution of technical operations necessary to carry out the surveillance function. In such case, consultants shall always report the outcome of their activity to the SC.

In the course of audits and inspections, the SC is vested with the broadest powers to carry out its tasks effectively.

#### 7.2 Revision and adjustment

The BoD resolves on the revision of the Model and its adjustment in connection with amendments and/or supplements that should prove necessary as a result of:

- i) Significant breaches of the Model's requirements;
- ii) Changes to the internal structure of Olon and/or how the company business is operated;
- iii) Changes in legislation;
- iv) Outcome of audits;
- v) Determination of the occurrence of serious, criminally-relevant events committed even before the approval of the model.

The SC has exclusive responsibility in this area.

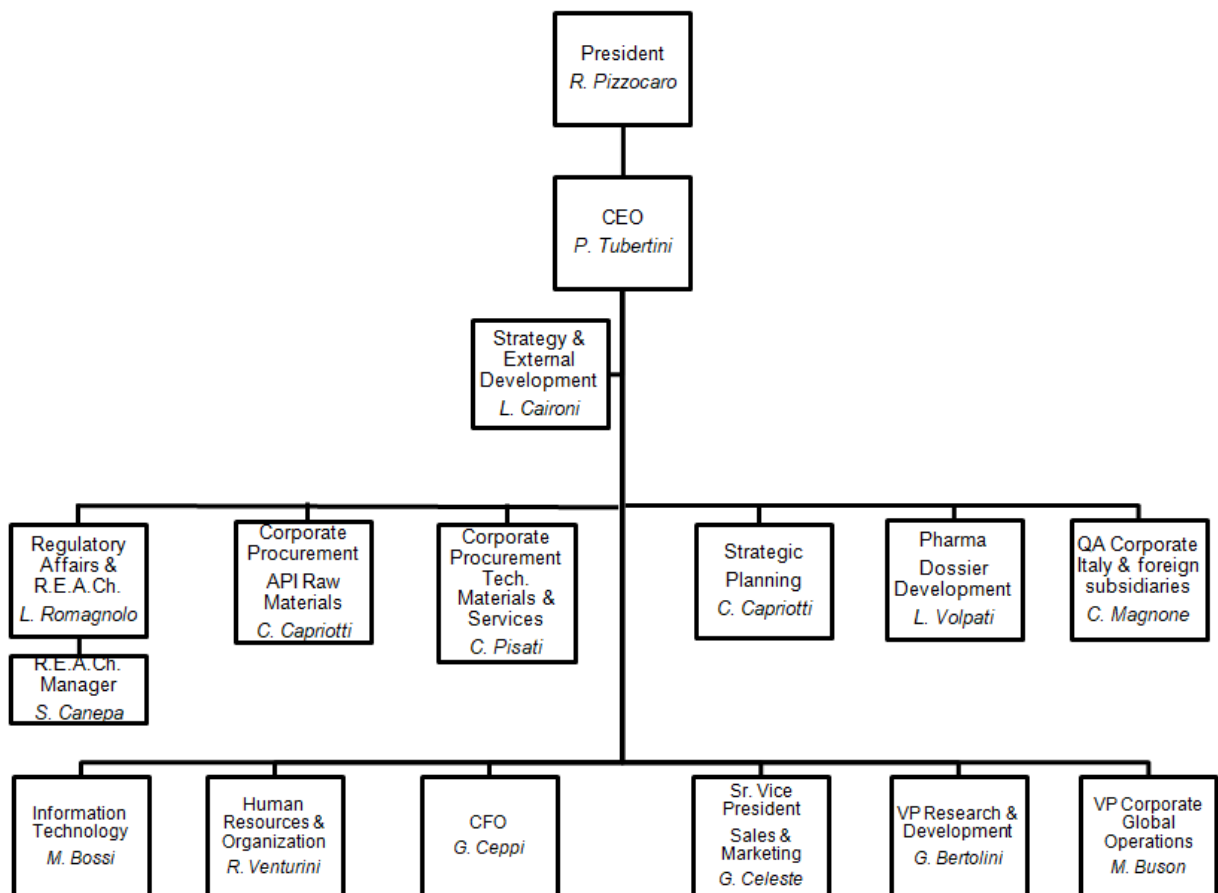
After changes and instructions for their immediate application are approved, they are disclosed to the SC, which, in turn, will immediately make them enforceable and see to the proper notification of contents inside and outside Olon.

The SC will also inform the BoD of the outcome of its action with a specific report. The SC in any event retains specific tasks and powers concerning the care, development and promotion of the constant revision of the Model. To such effect, it submits comments and proposals on the organization and control system to responsible company functions or, in very significant cases, to the BoD. Specifically, to ensure that changes to the Model are introduced with the necessary timeliness and effectiveness, without causing lack of coordination among operating processes, the Model's requirements and their disclosure, the Chairman of the BoD has the duty of making periodical changes of a descriptive nature, with prompt report to the BoD and the SC. The BoD shall ratify changes during the first possible meeting. The expression "descriptive nature" refers to elements and information that do not affect the material contents of the Special Sections of the Model and/or that originate from decisions adopted by Olon's corporate Bodies (such as, for instance, amendments to its bylaws, etc.) or specifically empowered company functions (such as, for instance, redefinition of the organizational chart, etc.).

The Model shall in any event be submitted to periodic revision on at least a three-year basis.

Annex 1 – Organizational Chart

The Company's current organizational chart is annexed hereto.



## Annex 2 – Code of Ethics

The Code of Ethics of the P&R Group is annexed hereto.

## SPECIAL SECTIONS OF THE MODE

**1 SENSITIVE ACTIVITIES AND THE SYSTEM OF CONTROLS**

Art. 6, par. 2, lett. a) of the Decree lists, as one of the essential elements of organization and management models under the Decree, the identification of so-called “sensitive activities” or “activities at risk”, i.e. those company activities which could feature the risk of perpetration the offenses expressly described in the Decree (hereinafter “**Sensitive Activities**”).

Accordingly, each special section dedicated to the macro-categories of offenses potentially at risk identifies Sensitive Activities, their process owners, offenses that could potentially be committed and crime prevention controls to be applied.

In this respect, the system of controls developed by Olon based on the indications on the major industry association, such as Confindustria’s Guidelines, involves the adoption of:

- General conduct principles;
- “Specific” control policies applied to individual Sensitive Activities.

Control policies are based on the following general rules, which apply to each special section, and must be complied with in each identified Sensitive Activity:

- **Segregation of duties:** prior and balanced distribution of responsibilities and definition of authorization levels appropriate to prevent combining roles that are potentially incompatible or concentrating too many responsibilities and powers in a single person. Specifically, segregation of activities and responsibilities must be ensured between the person who authorizes, the one who carries out and the one that controls a given transaction in Sensitive Activities.
- **Regulations:** existence of company regulations and/or official policies appropriate to set conduct principles, operating procedures to carry out Sensitive Activities and procedures to file relevant documents. Policies, regulations, and procedures of the Quality Management System and of the Occupational Health, Safety and Environment Management System form an integral part of the Model.
- **Authorization and signature powers:** the powers to authorize and to sign must be: i) consistent with assigned organization and management responsibilities, and where necessary must include indications of caps for the approval of disbursements; ii) clearly defined and known inside Olon.
- **Traceability:**
  - Each transaction related to Sensitive Activities must be, where possible, appropriately recorded;
  - The process of decision-making, authorizing and implementing the Sensitive Activity must be traceable after completion, including through appropriate supporting documents;
  - in any event, the possibility of erasing or destroying recordings must be regulated in detail.

The individual Special Sections that follow identify the relevant specific control policies for each Sensitive Activity and list general conduct principles.

SPECIAL SECTION "A"  
OFFENSES AGAINST THE PUBLIC ADMINISTRATION

## 1 OFFENSES AGAINST THE PUBLIC ADMINISTRATION

The Decree strictly lists offenses against the Public Administration which trigger the liability of Entities, and namely:

- **embezzlement to the detriment of the State or other public or EC body**<sup>23</sup>: failure to allocate contributions, subsidies, or the like subsidies to the purposes for which they were destined;
- **undue receiving of contributions, loans or other funding** from the State, from another public body or EC body<sup>24</sup> by using false documents or delivering declarations certifying untrue things, or by omitting required disclosures;
- **aggravated fraud to obtain public funding**<sup>25</sup>: receiving contributions, loans or other funding from the State, another public body or an EC body by means of deceptions or false pretenses other than by using false documents, false declarations or omitting required disclosures;
- **aggravated fraud to the detriment of the State or other public body**<sup>26</sup>: using deceptions or false pretenses to obtain an unjust profit to the detriment of the State or of another public body;
- **computer fraud to the detriment of the State or other public body**<sup>27</sup>: altering the operation of an IT or ICT system, or operating without being entitled on data, information or programs contained in an IT system, to obtain an unjust profit to the detriment of the State or another public body;
- **bribery**<sup>28</sup>, i.e., when a public official or public service worker, by exploiting their office or power, forces or induces a private individual or entity to give or promise money or other benefits;
- **corruption for an official duty**<sup>29</sup>, i.e. when a public official or public service worker who holds the office of public employee, to perform a duty of the office or their powers, receives (or accepts the promise of) for themselves or for others money or other benefits;
- **corruption for an action contrary to the duties of the office**<sup>30</sup>, i.e., when a public official or public service worker who holds the office of public employee, to refrain from or to delay an action of the office or to perform an action contrary to their duties, receives (or accepts the promise of) for themselves or for others money or other benefits;
- **corruption in judicial actions**<sup>31</sup>: in the two cases of corruption defined above, the circumstance of the person who receives (or agrees to receive) for themselves or for others money or other benefits to favor or damage a party to civil, administrative or criminal legal actions;
- **undue inducement to give or promise benefits**<sup>32</sup>: i.e. when a public official or public service worker, by exploiting their office or powers, induces someone to give or unduly promise, to them or third parties, money or other benefits; criminal liability also extends to whoever gives or promises money or other benefits;
- **instigation to corruption**<sup>33</sup>: in the two cases of corruption defined above, when the public official does not agree to receive or the private individual or entity refuses to give money or other benefits;
- **misuse of funds, bribery, undue inducement to give or promise benefits, corruption and instigation to corruption of members of the International Criminal Tribunal or of bodies of the European Communities and of officials of the European Communities and of foreign States**<sup>34</sup>: the case envisaged by Parliament involves crimes included in the list committed with foreign officials.

To understand more clearly terms used in this paragraph:

- "Publican Administration" ("PA") shall include all state or private persons that carry out a *public function* or a *public service*;

<sup>23</sup> Art. 316-bis criminal code.

<sup>24</sup> Art. 316-ter criminal code.

<sup>25</sup> Art. 640-bis criminal code.

<sup>26</sup> Art. 640, par. 2, n. 1 criminal code.

<sup>27</sup> Art. 640-ter criminal code.

<sup>28</sup> Art. 317 criminal code.

<sup>29</sup> Art. 318 criminal code.

<sup>30</sup> Art. 319 criminal code.

<sup>31</sup> Art. 319-ter criminal code.

<sup>32</sup> Art. 319-quater criminal code.

<sup>33</sup> Art. 322 criminal code.

<sup>34</sup> Art. 322-bis criminal code.



- "public function" shall mean the activities regulated by provisions of public law that relate to the legislative function (State, Regions, Special Statutes Provinces, etc.), the administrative function (members of state and local entities, law enforcement agencies, members of supra-national entities, members of regulatory authorities, of Chambers of Commerce, etc.), the judicial function (judges, judicial officers and bailiffs, auxiliary bodies of the Administration of Justice such as official receivers or bankruptcy liquidators, etc.). **Public function** features the exercise of:
  - *the power to authorize*, i.e., the power that enables the PA to achieve its purposes by means of actual and proper commands, while private individuals or entities are in a position of submission. This is the activity which translates the so-called power to govern; this includes both powers to coerce (arrest, search etc.) and to bring charges for breaches of the law (establishment of offenses etc.), and powers of hierarchical supremacy within public offices;
  - *the power to certify* which grants the certifier the power to attest a fact providing proof;
- public service shall mean activities:
  - *regulated by provisions of public law*;
  - *featuring the lack of the powers to authorize or to certify that are typical of public function*;
  - *with the exclusion of simple tasks and merely clerical services*;
- "public official" shall mean someone who "exercises a legislative, judicial or administrative public function".

## 2 Sensitive Activities and policies to be adopted

The review of Olon's corporate processes enabled to identify activities where theoretically the relevant offenses could be committed, and the processes which could be regarded as "instrumental" to the perpetration of so-called predicate offenses.

**Instrumental processes** related to perpetration of the offenses in this section are:

- Purchase of goods and services;
- Managing monetary and cash flows;
- Refund of expenses, using credit cards, company assets;
- Gifts, complimentary gifts entertainment costs;
- HR recruiting and hiring;
- Managing bonuses and benefits.

To identify control policies to be adopted reference should be made to Special Section I.

Below the list of: i) Sensitive Activities; ii) involved functions; iii) offenses that may potentially be committed; iv) specific policies to adopt.

**Managing inspections and audits by the PA:** these are activities connected to the management of inspections and/or audits by state entities and or entities in charge of public services (e.g. INAIL, INPS, the Revenue Agency, Tax Police, Fire Department, Environmental Agency, etc.).

- **Major players, functions involved:**  
Chairman, Managing Director, Corporate Global Operations, Administration and Control, HR and Organization, Plant Management.
- **Potential offenses:**
  - Corruption for an official duty (art. 318 criminal code)
  - Instigation to corruption (art. 322 criminal code)
  - Undue inducement to give or promise benefits (art. 319-quater criminal code)
- **Policies**  
With respect to this sensitive area, the following policies must be followed:
  - Clearly segregate the roles of who manages relations with the PA during inspections and who supervises their implementation (e.g. verification of inspection records);
  - Adopt procedures regulating how authorized parties should take part in legal, tax, administrative and/or supervisory inspections and how to manage relations with public persons during inspections/audits;
  - Ensure that only appropriately empowered persons are authorized to sign records and documents requested

during inspections and audits;

- Verify that only appropriately empowered persons (and in any case no less than two) take part in any legal, tax and administrative inspections. The entire inspection process must be recorded in appropriate records that will be appropriately filed. If the final records indicate critical issues, the SC must be informed in writing by the Manager of the relevant Function;
- Check the existence of any conflict of interest in connection with personal, asset, legal or other relations with legal/natural persons of the PA with whom the staff of Olon should liaise in connection with the Sensitive Activities under review;
- Arrange the traceability and verifiability after completion of transactions with the PA through appropriate documents and IT media;
- Select outsourcers, consultants, partners and independent contractors involved in the inspection/audit process with transparent methods and based on a specific Company procedure;
- Periodically send the SC a list of completed inspections/audits.

***Managing relations with public entities, with specific reference to the Ministry of Health, for the delivery of authorizations, licenses, concessions for exercising the corporate business:*** these are activities aimed to the obtain acknowledgement by public authorities (Ministry of Health, Medicines Agency) for product marketing authorizations.

➤ **Major players, functions involved:**

Chairman, Managing Director, Regulatory Affairs, Corporate Global Operations, QA and Corporate

➤ **Potential offenses:**

- Corruption for an official duty (art. 318 criminal code)
- corruption for an action contrary to the duties of the office (art. 319 criminal code)
- Undue inducement to give or promise benefits (art. 319-quater criminal code)
- Instigation to corruption (art. 322 criminal code)
- aggravated fraud to the detriment of the State or other public body (art. 640, par. 2, n. 1 criminal code)

➤ **Policies**

With respect to this sensitive area, the following policies must be followed:

- Identify the roles and responsibilities of persons authorized to liaise with relevant public authorities;
- Clearly segregate the roles of who prepares documents and who checks accuracy, authorizing transmission to the PA;
- Only appropriately empowered persons are authorized to sign supporting documents;
- Arrange the traceability and verifiability after completion of transactions with the PA through appropriate documents and IT media;
- Select outsourcers, consultants, partners and independent contractors possibly involved by the Company to assist it in the process under review with transparent methods ensuring that they meet the requisites of professionalism and skill;
- Periodically send the SC a list of requests submitted to the PA.

***Managing and obtaining state funding/contributions:*** These activities include preparing the documents necessary to obtain contributions their management and reporting relevant charges, contributions issued by the Ministry of Economic Development, Regions, European Union, tax credits granted by the Revenue Agency.

➤ **Major players, functions involved:**

Chairman, Managing Director, Administration and Control, Human Resources and Organization, Research and Development

➤ **Potential offenses:**

- undue receiving of contributions, loans or other funding from the State (art. 316-ter criminal code)
- fraud to the detriment of the State or other public body (art. 640, par. 2, criminal code)
- embezzlement to the detriment of the State (art. 316 bis criminal code)
- aggravated fraud to obtain public funding (art. 640 bis criminal code)

➤ **Policies**

With respect to this sensitive area, the following policies must be followed:

- Identify the roles and responsibilities of persons authorized to liaise with relevant public authorities, at domestic or EU level;
- Clearly segregate the roles between who prepares contribution application/expense reports and who checks their contents, forwarding them to the relevant authority;
- Ensure that the person signing statements/notices to obtain funding/contributions/tax credits is granted a power of attorney;
- Cause supplied information or documents to be checked, where possible, by the relevant Manager for the subject of the funding/contribution/tax credit or, in their absence, by their previously-identified subordinates and, where possible, initialed upon delivery;
- Arrange that the person assigned to manage relations with national or EU entities documents any activity by keeping track of supplied information and documentation - including to other departments involved in the procedure for obtaining the funding/contribution/tax credit - by indicating the persons, if any, that liaised with the public entity involved, so that it is always possible to trace, after completion, the features and the reasons for transactions, and to identify involved parties at all times ("traceability");
- Arrange that any exchange of information, whether preliminary or related to obtaining the funding/contribution/tax credit, is always in writing and, with respect to Olon, through the person or unit expressly authorized to such effect;
- Ensure that the delegated Manager, or the person designated by the latter, drafts a specific periodic report on requests of the domestic or EU agency, to be submitted through the information flows to the SC based on the deadlines indicated by the latter. Information flows serve the purpose of enabling the SC of the Company to be informed of situations featuring a potential risk of an offense and monitor the application of the Model and the Code. If, in carrying out these activities, any critical issue emerge, the SC must be immediately informed;
- Ensure that all reporting activities to the domestic and/or EU entity connected to the allocation of funding/contributions, contain absolutely true elements and are consistent with the subject for which they were requested. To such effect, all reporting drafted by Olon must be filed in a specific file and signed by the manager of the relevant Function;
- Ensure that outsourcers, consultants, partners and independent contractors that take part in the process under review are selected with transparent methods that are consistent with the procedure to obtain the funding and based on a specific corporate procedure.

**Management of in-court and out-of-court litigation with the PA:** these activities involve the management of in-court and out-of-court litigation originated from relations with the PA or other government agencies.

➤ **Major players, functions involved:**

Chairman, Managing Director, Administration and Control, Human Resources and Organization.

➤ **Potential offenses:**

- corruption in judicial actions (art. 319-ter criminal code)
- corruption for an official duty (art. 318 criminal code)
- instigation to corruption (art. 322 c.1-4, criminal code)
- undue inducement to give or promise benefits (art. 319 quater criminal code)

➤ **Policies**

With respect to this sensitive area, the following policies must be followed:

- Clearly define roles and tasks of the Functions in charge of managing in-court and out-of-court litigation in which the Company is a plaintiff or defendant;
- Check for the existence of any conflicts of interests;
- Proceed with traceability and verifiability after completion of the different litigation phases;
- Periodically send the SC a list of litigation in which the company is a plaintiff or a defendant with the indication of the subject matter.

### 3 General conduct principles required in Sensitive Activities

This Special Section sets out the express obligation for Addressees to:

1. Strictly comply with all laws and regulations on company operations, with specific reference to operations that involve liaising and relations with the PA and operations related to a public function or public service;
2. Set up and maintain any relation with the PA based on the criteria of full disclosure and fairness;
3. Set up any relation with third parties in all operations related to a public function or public service based on criteria of full disclosure and fairness, to ensure successful development of the function or service and impartiality in their delivery;
4. Refrain from adopting, cooperating with or giving cause for conducts which, taken individually or collectively, qualify directly or indirectly as the offenses listed above (art. 24 and 25 of the Decree);
5. Refrain from breaching company principles and polices set out in this section.

In connection with these conducts, **it is specifically prohibited to:**

- Give cash or assets that are similar and/or treated as such to Italian or foreign public official;
- Distribute complimentary gifts in excess of company practice (meaning, any form of gift in excess of standard sales or courtesy practices however aimed at securing favorable treatment in conducting any kind of company business). Specifically, any form of gift to Italian and foreign public officials or their family members is prohibited (including in countries in which gifts are a common practice), where the gift may influence their discretion or independent judgement or lead to ensuring any advantage for the Company; in any event, the provisions of the Code shall apply;
- Grant other advantages of any kind (including, but not limited to, promises to hire directly or next of kin) to the benefit of members of the PA, capable of triggering the same consequences as the ones described in the previous bullet point;
- Pay remuneration or deliver services to the benefit of consultants, suppliers, clients and agents (if any) that are not appropriately justified by the contractual relation in progress with them and by local practice;
- Submit false statements to domestic or EU public bodies to obtain public grants, contributions or funding;
- Allocate sums received from domestic or EU public bodies as grants, contributions or funding to purposes other than their original destination.

The general conducts described above are in addition to and do not replace the principles in the Code, and any other more stringent Olon policy on Sensitive Activities (policies, regulations and procedures of the Quality Management System and of the Health, Safety, Environment management System).

### 3.1 The System of Delegated Powers

In this specific area, the system of delegated powers adopted by the company is of paramount importance and will have to meet the following fundamental conditions:

- The head of the Function is responsible for ensuring that all the staff reporting to him that represent the Company with the PA, including on an occasional basis, are granted written proxy;
- The proxy must indicate:
  - The person delegating powers (to whom the proxyholder reports hierarchically);
  - Name and tasks of the proxyholder, consistent with their position;
  - Scope of application of the proxy (e.g. project, term, product, etc.);
  - Date of issue.

The SC may periodically and with the support of other competent functions verify the system of delegated powers and proxies in force and their consistency with the overall system of organization notices (meaning the Company's internal documents granting proxies) and recommend any changes where powers to manage and/or qualifications fail to match the powers of representation granted to the proxyholder or in the event of other anomalies.

**SPECIAL SECTION "B"  
CYBERCRIME****1 Cybercrime and illegal data processing**

Legislative Decree no. 48 dated 4 April 2008, ratifying and implementing the Budapest Convention on Cybercrime, introduced the offenses listed below in the scope of application of the Decree:

- forgery of computer documents (art. 491 bis criminal code);
- illegal access to a computer or ICT system (art. 615 ter criminal code);
- illegal possession and distribution of codes to access computer or ICT systems (art. 615 quater criminal code);
- distributing equipment, devices or computer programs aimed at damaging or interrupting computer or ICT systems (art. 615 quinquies criminal code);
- illegal interception, hindrance or interruption computer or ICT communications (art. 617 quater criminal code);
- installing devices designed to intercept, hinder or interrupt computer or ICT communications (art. 617 quinquies criminal code);
- damaging information, data and computer programs (art. 635 bis criminal code);
- damaging information, data and computer programs used by the State or other public body or public utility body (art. 635 ter criminal code);
- damaging computer or ICT systems (art. 635 quater criminal code);
- damaging computer or ICT systems of public utility (art. 635 quinquies criminal code);
- computer-related fraud by the party that provides electronic signature certification services (640 quinquies criminal code).

Decree Law no. 93 dated 14 August 2013, on: "Urgent provisions on safety for the prevention of violence in general, and on civil contingency planning and state commissioning of provinces", introduced in the scope of application of the Decree the offense of computer fraud committed by replacing digital ID to the detriment of one or more parties (art. 640-ter, par. 3, criminal code).

**2 Sensitive Activates policies to be adopted**

The review of Olon's corporate processes enabled to identify activities where theoretically the offenses described above could be committed.

Below the list of: i) Sensitive Activities; ii) functions involved; iii) offenses that may potentially be committed; iv) specific policies to adopt.

**Managing IT systems:** the management of IT systems, data bases and ICT networks with specific reference to:

- Compliance with security measures so that they are consistent with the requirements of Leg. Dec. 196/03 and EU Regulation 22016/679;
- access codes to software protected by copyright and software that is capable of causing damages (malicious software, data flow interception systems);
- The protection of data from intrusions or use by third parties and mailing list management.

➤ **Major players, functions involved:**

All functions and persons that use an electronic device, IT Services

➤ **Potential offenses:**

- illegal access to a computer or ICT system (art. 615 ter criminal code);
- illegal possession and distribution of codes to access computer or ICT systems (art. 615 quater criminal code).

➤ **Policies**

The Company is required to implement the following actions:

- Provide Addressees with appropriate training/information on:

- Proper use of the company's IT assets;
- Risk of committing cybercrime;
- Importance of keeping one's access codes (username and password) confidential, and no disclosure to third parties;
- Requirement to refrain from leaving one's IT systems unattended and the appropriateness to block them whenever leaving the workstation;
- Limit, insofar as possible, Addressees' use of and access to IT systems (including to and from the outside through an internet connection) to the purposes connected with their job tasks;
- Pursuant to privacy regulations, trade union agreements in progress and the Workers' Statute, make periodic checks on the company's IT network to identify anomalous conducts;
- Set up and maintain appropriate physical defenses protecting servers and all other company IT systems;
- Ensure compliance with the policies and regulations adopted by the Company and procedures in the Quality Management System;
- Set up IT systems in such a manner that, when they are not used for a given amount of time, they are automatically blocked;
- Equip the data processing center of a door with a lock;
- Protect insofar as possible all Company IT systems to prevent unlawful installation of hardware devices capable of intercepting communication of an ICT system or between systems, or capable of preventing or interrupting them (keylogger, backdoor, malicious software, etc.);
- Equip every IT system with appropriate firewall and antivirus software and cause, where possible, such software not to be disabled;
- Prevent installation and use of software that is not approved by the Company or that is unrelated to the job tasks carried out to the benefit of the Company;
- Limit access to areas and internet sites that are very sensitive in that they are a vehicle for the distribution and spreading of infected programs (so-called "viruses") capable of damaging or destroying the IT systems or the data stored in them (for instance, email sites or information and file dissemination sites);
- Where the Internet network connection uses wireless connections (with routers with a WiFi antenna), protect them with an access key to prevent third parties from unlawfully connecting to the network through the routers and carry out actions ascribable to Company employees;
- Where possible, set up an authentication procedure with username and password corresponding to a limited system management profile, specific for each Addressee or category of Addressees.

### 3 General conduct principles

In carrying out relevant tasks/functions, in addition to knowing and complying with the rules in the Company's bylaws, the principles in the Code, operating procedures and any other internal rule concerning the Corporate Governance system, Addressees shall also comply with the rules of conduct in this Special Section which includes the express prohibition to adopt conducts capable of qualifying as the offenses listed above (under art. 24-bis del of the Decree) or conducts which, albeit not offenses themselves, may potentially become one of the offenses under review.

Specifically, **it is absolutely prohibited to:**

- Introduce in the Company computers, peripherals, other equipment or software without the prior authorization of IT Services and howsoever change configurations of fixed and mobile workstations set up by IT Services;
- acquire, own or use software and/or hardware tools capable of being used to assess or jeopardize the security of IT or ICT systems (such as systems to identify passwords, vulnerability, decipher encrypted files, intercept transit traffic, etc.);
- obtain access credentials to IT or ICT systems of the Company, clients or third parties with methods or procedures other than the ones authorized to such effect by the Company;
- disclose, transfer or share with internal or external staff one's access credential to systems or networks of the Company, of clients and third parties – each account holder is responsible for the actions committed through their account on the company systems and network;
- distort, conceal, replace one's identity and send anonymous emails or emails with false identification details;
- tamper with, remove or destroy the IT assets of the Company, clients or third parties, including archives, data



and programs;

- test or attempt to jeopardize security controls on Company IT systems, unless this is expressly included in one's job tasks;
- take advantage of any vulnerability or inappropriate security measure of the IT or ICT systems of the Company, clients or third parties to access resources or information other than the ones to which one has authorized access, including where such intrusion does not damage data, programs or systems;
- disclose to unauthorized persons, inside or outside the Company, controls implemented on IT systems and how they are used.

Moreover, **the following requirements must be complied with:**

- use the corporate email system in compliance with the Code, using only one's assigned account;
- each account holder is required to see to security backup copies on a daily/weekly/two-week basis (depending on the type of data base to back up, such as accounting records, email, personal folders of staff) of data bases used, in cooperation with the provider or providers of electronic tool management and maintenance services, to ensure the integrity of data against the risk of destruction or loss;
- data and information that is not public concerning customers and third parties (whether related to business, organization or technical aspects) including remote connection methods must be treated as confidential;
- in transmission, the utmost care must be paid both when drafting and when saving, so that information is accessible only to persons that are authorized to know it and there is no risk of alteration.

## SPECIAL SECTION "C"

## OFFENSES IN THE FIELD OF COUNTERFEITING AND COPYRIGHT INFRINGEMENT

**1 Offenses against industry and trade; Offenses in the field of copyright infringement**

Law no. 99 dated 23 July 2009 "Provisions on the development and internationalization of companies, and on energy", enacted on 15 August 2009, introduced the following offenses in the Decree:

- infringing, altering or using trademarks or distinctive signs or patents and models (art. 473 criminal code);
- introducing in Italy and selling products bearing infringed marks (art. 474 criminal code);
- disrupting freedom of industry or trade (art. 513 criminal code);
- unfair competition with threats or violence (art. 513-bis criminal code);
- fraud against Italian industries (art. 514 criminal code);
- fraud in exercising trade (art. 515 criminal code);
- selling non-genuine foodstuffs as genuine (art. 516 criminal code);
- selling industrial products with false markings (art. 517 criminal code);
- manufacturing and selling goods produced by infringing industrial property rights (art. 517-ter criminal code);
- counterfeiting geographical indications or denominations of origin of food products (art. 517-quater criminal code);
- offenses of copyright infringement (arts. 171, par. 1, letter a-bis, and par. 3, 171-bis, 171-ter, 171-septies and 171-octies Law no. 633 of 22 April 1941).

**2 Sensitive Activities and policies to be adopted**

The review of Olon's corporate processes enabled to identify activities where theoretically the offenses described above could be committed.

Below the list of: i) Sensitive Activities; ii) functions involved; iii) offenses that may potentially be committed; iv) specific policies to adopt.

**Manufacture and sale of goods:** these activities involve product manufacturing operations, marketing, management of strategies and management of marketing operations, managing the sale process of manufactured products.

**➤ Major players, functions involved:**

Chairman, Managing Director, Sales & Marketing, Research and Development, Corporate Globe Operations, QA Corporate, Regulatory Affairs.

**➤ Potential offenses:**

- introducing in Italy and selling products bearing infringed marks (art. 474 criminal code);
- fraud in exercising trade (art. 515 criminal code);
- selling industrial products with false markings (art. 517 criminal code);
- manufacturing and selling goods produced by infringing industrial property rights (art. 517-ter criminal code).

**➤ Policies**

Regulations of these activities must:

- Require Addressees to make sure that persons responsible for checking the existence, if any, of identical trademarks or patents capable of conflicting with the one that the Company intends to register, did not give a negative opinion to filing and consequently using a trademark or patent on the Italian market;
- Require that, in a new product's research, manufacturing, marketing phases, Addressees abide by the procedures adopted by the Company which assign Research and Development the responsibility of detecting any critical issue connected with trademarks or patents;
- Require that a file necessary for a possible patent registration be prepared;
- Require that specific checks be implemented on products and their packaging, with the analysis of the finished product's composition up to monitoring the environment of the production line, to ensure the quality, safety and integrity of products and their packaging.



Moreover, specific and material controls are planned, such as:

- Inspection on pre-existing third parties' rights to ensure that no similar or identical patent has already been filed/registered and no third parties' rights are infringed;
- Definition of specific powers of attorney to manage and file trademarks;
- Specific review to monitor competitors' patents and research activities;
- Preparing product declarations of conformity;
- A specific product label validation process;
- A specific complaint management process;
- A specific process to manage product document collection and filing operations;
- Company procedures for the quality management system;
- A specific claim management process.

With specific reference to this marketing and promotional activities, the following policies are implemented:

- Ensure traceability of the authorization and signing process of contracts related to all marketing and promotional activities;
- Promotional and marketing activities must be authorized, verified by the Chairman and by the Managing Director, pursuant to internal delegations of powers, powers of attorney, so that promotional or other communication may be assured to be true.

**Managing computer software and licenses:** these activities refer to controlling conditions to access, use and protect IT assets used within Olon.

➤ **Major players, functions involved:**

IT Services, Research and Development, Corporate Global Operations, QA Corporate, Regulatory Affairs.

➤ **Potential offenses:**

- Duplicating, converting, distributing, unlawful transmission of programs covered by copyright (art. 171, Law no. 633/1941).

➤ **Policies**

It is necessary to:

- Set out the obligation to comply with legal provisions protecting the authors of computer programs and databases covered by copyright ("Works") and limitations on rights to duplicate computer programs and to reproduce, transfer, distribute and/or transmit the contents of databases;
- Set out authorization mechanisms to use, reproduce, process, duplicate and distribute Works or their parts;
- Adopt protection tools (e.g. access rights) for storing and filing Works, ensuring proper inventory;
- upon receiving media with computer software, databases, phonograms or ideograms of musical, cinema, audiovisual works and or footage, arrange for the official check that they bear the specific mark of copyright authorities, or the exemption of such media from such obligation.

Regulations on the activity described above must include:

- the installation of programs that have not been acquired at centralized level must be authorized by each function Manager;
- all IT media that is disposed of (PCs, floppy disks, CDs or DVDs) must be appropriately be made illegible to prevent involuntary disclosure of protected programs and/or databases.

### 3 General conduct principles

In carrying out relevant tasks/functions, in addition to knowing and complying with the rules in the Company's bylaws, the principles in the Code, operating procedures and any other internal rule concerning the Corporate Governance system, Addressees shall also comply with the rules of conduct in Model.

This Special Sections sets out the express prohibition to adopt conducts capable of qualifying as the offenses described above (under art. 25-bis, lett. f-bis, 25-bis 1 and art. 25-novies of the Decree) or conducts which, albeit themselves do not qualify as offenses, could potentially do so.

Specifically, **the following requirements apply:**

- Manage relations with clients ensuring high quality standards, in compliance with legislation on the protection of competition and the market and providing true, accurate and exhaustive information on the origin and quality of products on sale;
- Check supplies of finished products, both before and upon release onto the market;
- Check, prior to registering any trademark, logo or distinctive sign, or patenting inventions, designs and models, or in any case any other creative works, that they have not already been registered or patented, at national, international and EU level, or cause the relevant bodies to carry out such checks;
- Obtain a regular license for each distinctive sign or creative work used by the Company and of which it is not the holder;
- Purchase, develop, post online only contents (photos, video footage, poetry, comments, articles and other writing, music files in any format) with a user license or in any event in compliance with regulations on copyright and on other rights connected to their use;
- check (through one or more managers expressly empowered to such effect) beforehand, where possible, or with specific periodic control activities, with the utmost strictness and timeliness, that online contents are consistent with applicable legislation on copyright and on rights connected to the use of protected creative works;
- verify that for all contents that are posted online by third parties or purchased by the Company and posted online, such third parties expressly accepted liability for compliance with laws on copyright and any other rights connected with the use of creative works;
- likewise, check users post all the above contents online after they have been identified (registration and authentication) and expressly accepted liability for posting contents online that are protected by laws on copyright and any other rights connected with their use;
- use only software with user licenses and within the limitation and on the conditions in applicable legislation and in the license of the relevant software, with the exception of downloadable open-source computer programs, always on the conditions and with the limitations in the law or set by the holder of copyright or other rights connected to its use;
- use only databases with user licenses and within the limitations and on the conditions in applicable legislation and in the relevant license, with the exception of freely accessible databases, always on the conditions and with the limitations in the law or set by the holder of copyright and other rights connected to their use, including with reference to search, extraction, processing, reprocessing and publication of the relevant contents.

Moreover, **it is forbidden to:**

- adopt, cooperate or give cause to the adoption of conducts that qualify as the offenses listed above (art. 25-bis of the Decree);
- adopt, cooperate or give cause to the adoption of conducts that, albeit not qualifying themselves as the offenses listed above, may potentially do so;
- reproduce, promote or put on sale designs or models capable of causing confusion on the identification or origin of the product, and use evocative names or distinctive signs of the products of others with no valid license or outside the restrictions set by the relevant agreements;
- intimidate howsoever or harass other competitors that operate in the same industry (for instance, through boycotting, solicitation of employees, by refusing to enter into contracts, etc.);
- counterfeit or alter national or foreign trademarks or distinctive signs of industrial products, while knowing of the existence of the industrial property right, or use counterfeit or altered trademarks or distinctive signs;
- counterfeit or alter any national or foreign patents, industrial models or designs, or use such counterfeit or altered patents, models or designs;

- introduce in the territory of Italy, with a view to drawing benefits, industrial products bearing counterfeit or altered national or foreign trademarks or other distinctive signs;
- deliver purchasers a movable property for another, or a movable property that differs, by origin, provenance quality or quantity, from what was declared or agreed;
- put on sale or howsoever put on the market creative works or industrial products bearing national or foreign names, trademarks or distinctive signs capable of misleading the buyer as to their origin, provenance or quality;
- manufacture or use industrially objects or other property obtained by misusing or infringing an industrial property right, while being in a position to know of the existence of such industrial property right;
- introduce in the territory of Italy, hold for sale, put on sale by offering consumers directly or howsoever put on the market objects or other property obtained by misusing or infringing an industrial property right to make profits;
- duplicate, illegally to make profits, computer programs or, for the same purpose, import, distribute, sell, hold for commercial or business purposes, or lease programs on media that does not bear the SIAE sticker or stamp;
- reproduce, to make profits, on media that does not bear the SIAE sticker or stamp, or transfer to a different media, distribute, disclose, present, or show to the public the contents of a database in breach of the provisions in articles 64-quinquies and 64-sexies of Law no. 633/1941, or extract or reuse the database in breach of the provisions in articles 102-bis and 102-ter of the same law, or distribute, sell or lease databases.

The general conducts described above are in addition to and do not replace any principles in the Code or in any more stringent policies, regulations provisions set by Olon in the Quality Management System.

SPECIAL SECTION "D"  
CORPORATE CRIME**1 Corporate crime**

In the framework of the reform of corporate law, Legislative Decree no. 61 dated 11 April 2002, enacted on 16 April 2002, introduced the new art. 25-ter of the Decree, expanding the regime of administrative liability of Entities to include so-called "corporate crime". Corporate crime covers the following offenses:

- **false corporate communications and minor events (art. 2621 and 2621-bis, civil code):** disclosing, with knowledge, untrue material facts in financial statements, reports or other corporate disclosures to the shareholders or to the public, required by law, or omitting material facts whose disclosure is required by law on the economic or financial situation or assets of the company or group to which the company belongs, in a manner which is actually capable of leading others to make mistakes, with a view to obtaining an unjust personal profit or profits for third parties. Law No. 69 of 27 May 2015, published in Italy's Official Journal No. 124 dated 30 May 2015, introduced significant amendments to the criminal provisions on false corporate communications, in the civil code. Namely, major amendments concerned (i) ex officio prosecution of the crime, (ii) the psychological element consisting in specific willful intent aimed to achieve "unjust personal profits or profits for third parties", but no longer features an element of deceitful intent, (iii) the partial revision of typical conduct, (iv) removal of quantity thresholds triggering criminal liability for the conduct
- **undue return of contributions (art. 2626 civil code):** returning contributions to shareholders or releasing them from the obligation to make them;
- **illegal distribution of profits and reserves (art. 2627 civil code):** distributing profits or reserves which by law cannot be distributed;
- **illegal deals on shares of the company or of the parent company (art. 2628 civil code):** acquiring or subscribing shares, including in the parent company, to the detriment of the share capital;
- **deals to the detriment of creditors (art. 2629 civil code):** reducing the share capital, carrying out mergers or demergers that cause damage to creditors;
- **failure to disclose conflicts of interest (art. 2629 bis civil code):** breaching obligations to disclose situations of conflict of interest to the detriment of the company or third parties;
- **fictitious formation of capital (art. 2632 civil code):** increasing fictitiously the capital, subscribing shares reciprocally and overestimating contributions or assets in the case of transformation;
- **undue distribution of company assets by the liquidators (art. 2633 civil code):** distributing assets before settling creditors or before setting aside necessary sums to satisfy them;
- **preventing control (art. 2625, par. 2, civil code):** hiding documents in order to prevent performance of control activities by shareholders and other corporate bodies;
- **private-to-private corruption (art. 2635, par. 3 civil code) and instigation to private-to-private corruption (art. 2635 bis civil code):** offering, including further to solicitation, or promising money or other benefits (as corrupter) to directors, general managers, executives responsible for corporate financial reporting, statutory auditors and liquidators, and persons with other management functions, to perform or omit actions in breach of the obligations of their office or of the obligations of loyalty (as corrupted persons); the liability under Italian Legislative Decree 231/2001 refers to the corrupter and applies even when the offer or promise of cash or other undue benefits is not accepted;
- **illegal influence over the shareholders' meeting (art. 2636 civil code):** performing simulated or fraudulent actions aimed at creating illicit majorities in shareholders' meetings;
- **market manipulation (art. 2637 civil code):** publishing false news or carrying out simulated deals capable of causing alteration to the price of unlisted financial instruments;
- **interfering with the exercise of the functions of public supervisory authorities (art. 2638, pars. 1 and 2, Civil Code):** with a view to interfering with the exercise of supervisory functions, reporting untrue material information, albeit under assessment, on the economic or financial situation or assets of supervised entities or, for the same purpose, hiding - with other fraudulent means - information which must be disclosed.

**2 Sensitive Activities and policies to be adopted**

The review of Olon's corporate processes enabled to identify activities where theoretically the offenses described above could be committed and the processes which could be regarded as "instrumental" to the perpetration of so-called predicate offenses.

**Instrumental processes** related to committing the offenses in this section are:

- Purchase of goods and services;
- Managing monetary and cash flows;
- Refund of expenses, using credit cards, company assets;
- Gifts, complimentary gifts entertainment costs;
- HR recruiting and hiring;
- Managing bonuses and benefits.

To identify control policies to be adopted reference should be made to Special Section I.

Below the list of: i) Sensitive Activities; ii) functions involved; iii) offenses that may potentially be committed; iv) specific policies to adopt, discriminating between Sensitive Activities related to corporate crime in general and Sensitive Activities related to private-to-private corruption.

### Sensitive Activities – corporate crime

***Drafting annual accounts and the directors' report on operations and other corporate reporting:*** this involves operations connected to detecting, recording and disclosing the company's operations in accounting records, financial statements, reports and any other statement on the company's assets and liabilities, its revenues and charges of Olon required by laws and regulations on accounting and corporate bookkeeping.

- **Major players, functions involved:**  
Chairman, Managing Director, Administration and Control.
- **Potential offenses:**
  - false corporate communications (art. 2621-2621-bis civil code)
  - preventing control (art. 2625, parl. 1, civil code)
  - illegal influence over the shareholders' meeting (art. 2636 civil code)
  - market manipulation (art. 2637 civil code)
  - interfering with the exercise of the functions of public supervisory authorities (art. 2638 civil code).
- **Policies**  
With reference to this sensitive area, the following policies must be complied with:
  - Clearly define roles and tasks of the functions responsible for managing the different phases of the sensitive process;
  - Disclose with the people involved in the document preparation activities described above, regulatory tools that clearly define accounting principles to be adopted to determine information and data on Olon's assets and liabilities, revenues and charges and operating procedures for their accounting. These rules must be timely supplemented/updated with the indications given by the relevant office based on new primary and secondary legislation and disclosed to the addresses indicated above;
  - Prepare and disclose instructions to the different Functions, indicating which data and information must be provided to Administration and Control, which is responsible for the process of preparing the financial statements at the end of the fiscal year and mid-year reporting periods, and the manner and timing for their transmission (for instance, preparing the calendar of accounting cut-off dates);
  - Adjust accounting data only with the authorization of the Function which generated them;
  - Hold one or more meetings, and draft the relevant minutes, between the auditors and the SC – before the meetings with the BoD and the Shareholders' Meeting called to approve the annual financial statements – on the draft financial statements if critical issues emerge during audit operations;
  - Carry out basic training activities (with respect to main legal and accounting notions and issues) to the benefit of staff of the of Administration and Control and of the Functions involved in the definition of valuation items in such documents;
  - Schedule periodic meetings and/or exchange of information with any tax, accounting and other outsourcers, to determine their proper and constant professionalism in managing the service and

preparing accounting documents;

- Set official rules on keeping, maintaining and updating the file of the financial statements and other corporate accounting documents from their opening and approval by the BoD to deposit and disclosure (including by IT means) and relevant filing.

**Managing corporate operations:** these are extraordinary operations such as the distribution of reserves, capital decreases, mergers, demergers, contributions, which may cause change to the corporate capital.

➤ **Major players, functions involved:**

Chairman, Managing Director, Administration and Control.

➤ **Potential offenses:**

- Preventing control (art. 2625, par. 1, civil code)
- Undue return of contributions (art. 2626 civil code)
- Illegal distribution of profits and reserves (art. 2627 civil code)
- Illegal deals on share of the company or of the parent company (art. 2628 civil code)
- Deals to the detriment of creditors (art. 2629 civil code)
- Failure to disclose conflicts of interests (art. 2629-bis civil code)
- Fictitious formation of capital (art. 2632 civil code)
- Illegal influence over the shareholders' meeting (art. 2636 civil code)
- Market manipulation (art. 2637 civil code)
- Interfering with the exercise of the functions of public supervisory authorities (art. 2638 civil code)

➤ **Policies**

With reference to this sensitive area the following policies need to be complied with:

- Clearly define roles and tasks of the Functions responsible for the management of corporate transactions, arranging checks that information in documents necessary to carry out institutional or regulatory activities is complete and true;
- Segregate the roles and responsibilities of who reports the need for a transaction, who implements it and who controls it;
- Identify the function and the person in charge of managing extraordinary corporate transactions on behalf of Olon, to whom specific written power of attorney needs to be granted;
- Manage corporate transaction truly and fairly, consistently and in compliance with the principles of Corporate Governance adopted by the BoD;
- Ensure, for each prepared document, the traceability of sources and information elements;
- Record, file and keep (as hardcopy and on IT media) relevant documents (the agenda, notices of call, resolutions, minutes);
- Record the minutes of the BoD's and of the Shareholders' meetings on corporate books;
- Allow all persons engaged to carry out control activities access to corporate books as required by applicable provisions.

The following is also required:

- A training/knowledge plan for staff employed in preparing documents related to corporate transactions;
- Monitoring powers, including with reference to the verification of signatures on documents related to corporate transactions.

**Management or relations with the Independent Auditor, with the Board of Statutory Auditors:** these are relations with the Independent Auditor with reference to audit operations that the latter may operate pursuant to the law, and relations with the Board of Statutory Auditors.

➤ **Major players, functions involved:**

Chairman, Managing Director, Administration and Control.

➤ **Potential offenses:**

- Preventing control (art. 2625, par. 1, civil code)
- Private-to-private corruption (art. 2635, par. 3 civil code)
- Illegal influence over the shareholders' meeting (art. 2636 civil code).

➤ **Policies**

With reference to this sensitive area, the following policies must be followed:

- Clearly segregate the roles of who prepared documents submitted to the Board of Statutory Auditors, the Independent Auditor and who authorizes submission;
- Clearly define roles and tasks of the Functions responsible for the management of the different phases of the sensitive process (e.g. collection or provision of information to send to the Board of Statutory Auditors, the Independent Auditor, control on the accuracy of collected documents/information);
- Select the Independent Auditor with transparent methods and pursuant to the provisions of art. 13 of Leg. Dec. no. 39/2010;
- Hold one or more meetings, recording the relevant minutes, with the Independent Auditor, the Board of Statutory Auditors and the SC – before meetings of the BoD and the Shareholders called to approve financial statements – to discuss the draft financial statements if critical issues emerge in audit operations;
- Disclose with the people involved in the document preparation activities described above, regulatory tools that clearly define accounting principles to be adopted to determine information and data on Olon's assets and liabilities, revenues and charges and operating procedures for their accounting. These rules must be timely supplemented/updated with the indications given by the relevant office based on new primary and secondary legislation and disclosed to the addresses indicated above;
- Document and file with Administration and Control major relations with the Board of Statutory Auditors, the Independent Auditor, and any request for documents or findings.

### Sensitive Activities – Private-to-private corruption

**Managing relations with third parties:** these are activities aimed to promote the company's business with private third parties (non-profit organizations, NGOs, foundations, etc.), the management of relations with suppliers and securing new business, customer retention activities, execution of new agreements, and any other activity carried out to promote business with potential or established customs.

➤ **Major players, functions involved:**

Chairman, Managing Director, Purchase of Technical Materials and Group Services, Corporate Global Operations, Strategic Planning, Purchase of Raw Materials, Sale & Marketing, Administration and Control, Human Resources and Organization, IT Systems, Plant Management

➤ **Potential offenses:**

- Private-to-private corruption (art. 2635, par. 3 civil code)
- Instigation to private-to-private corruption (art. 2635-bis civil code)

➤ **Policies**

With reference to this sensitive area, the following policies must be followed:

- Clearly define roles and tasks of the Functions responsible for the management of the different phases of the sensitive process (identification of the other party, management of the relation, contractual proposal, execution of the agreement);
- Liaise with customers, institutions, suppliers, third parties in general, which meet the moral and



professional requisites set by the Company, considering among other things the creditworthiness as analyzed by the relevant function;

- Comply with the principle of traceability of the process adopted to reach execution of the agreement;
- Use only contract standards prepared by the relevant functions and submit any material change to such standards to the approval of the relevant function;
- Define agreements jointly with the relevant functions;
- Enter into agreements in writing and using contractual standards; where necessary, the customer's contractual standard or clauses may be used, provided that they have been approved by the relevant functions;
- Train on anti-bribery and conflict of interest;
- Track any form of contribution paid to non-profit organizations, and indicate the relevant reasons;
- Identify general and transparent criteria to determine a maximum offer price for each product or service, so that any anomaly may be easily detected;
- Determine general rules, especially for payment terms and conditions;
- Plan benchmarking activities (comparison with market values);
- Draft appropriate company policies for: purchases of property and services; engaging consultants and other professionals;
- Report to the SC in writing:
  - Sale transactions for amounts in excess of a given amount which is the risk threshold;
  - Sales transactions for amounts in excess of a given percentage compared with the average price of the product, based on the above general criteria;
  - All payments received below standard terms of payment (for instance, invoices paid at sight).

**Submitting bids in tenders called for by private parties:** these are activities involved in managing submissions of bids in tenders called for by private parties for their supplies of active principles CDMO activities.

➤ **Major players, functions involved:**

Chairman, Managing Director, Sales & Marketing, Administration and Control.

➤ **Potential offenses:**

- Private-to-private corruption (art. 2635, par. 3 civil code)
- Instigation to private-to-private corruption (art. 2635-bis civil code)

➤ **Policies**

With reference to this sensitive area, the following policies must be followed:

- Clearly define roles and tasks of the Functions responsible for the management of the different phases of the sensitive process (identification of the other party, management of the relation, contractual proposal, execution of the agreement);
- Verify that the procedure to submit bids in calls for tenders is correctly applied with reference to the phase when information is received on the nature of the call (i.e. how the company acquired knowledge of the call), the assessment of the call, its approval, and to preparation and transmission to the private company that called the tender;
- Make checks on the documents attesting the existence of: (a) the essential conditions to submit bids directly and through outsourcers, (b) contacted entities, (c) checks made by the legal department, (d) the resolutions authorizing submission of bids, (e) checks on the integrity of the cover letter to the documents necessary to submit bids;
- Ensure traceability and verifiability after completion of transactions with third parties through appropriate supporting documents and IT media;
- Check authorization and monitoring procedures implemented by top functions on calls for tenders, periodically obtaining the list of calls and calls in progress, verifying relevant procedural steps;



- Monitor powers, including with reference to checks on authorizing signatures for calls awarded to the Company and calls for tenders in progress.

### 3 Required general conduct principles

#### Corporate crime

##### Prohibitions

This Special Section expressly prohibits Company Representative, directly, and independent contractors and partners, through appropriate contract clauses:

- To adopt, cooperate with, or give a cause for conducts capable of qualifying as the crimes referred to above (art. 25-ter of the Decree);
- To adopt, cooperate with, or give a cause for conducts which, although not qualifying themselves as the crimes referred to above, may potentially become so.

In connection with these conducts, it is specifically prohibited to:

- Represent, or transmit for processing and representation in financial statements, budgets, reports or other corporate disclosures, false or incomplete data or data that does not reflect the actual situation, the assets and liabilities, profits and losses, and the cash flow of the Company;
- Omit disclosing data and information required by the law on the assets and liabilities, profits and losses, and the cash flow of the Company;
- Return contributions of shareholders or release shareholders from making them, except for cases of lawful reduction of the corporate capital, in any form which need not be expressly listed below;
- Distribute profits or advances on profits that have not been actually achieved or which are, by law, allocated to reserve;
- Implement reductions of the corporate capital, mergers or demergers, in breach of laws and regulations on the protection of creditors, causing them damages;
- Proceed with establishing or increasing the corporate capital fictitiously, assigning shares for a lower value than their face value upon incorporation of the company or capital increase;
- Divert company asset upon liquidation of the Company, from their destination to creditors, distributing them to the shareholder before settling creditors or setting aside amounts necessary for their satisfaction;
- Adopt conducts which materially prevent, by concealing documents or other fraudulent means, or howsoever interfere with the control and audits on company operations by the Independent Auditor;
- Determine or influence the adoption of resolutions of the shareholders' meeting by implementing simulated or fraudulent actions aimed at altering the regular decision-making process of the shareholders' meeting.

##### Obligations

This section includes the express obligation for the parties referred to above to:

- Adopt a proper, straightforward and cooperative conduct, in compliance with the laws in all activities aimed at processing accounts, drafting and preparing Olon's annual financial statements and any other documents required by industry regulations;
- strictly comply with all laws and regulations protecting the integrity and actual existence of the Company's capital;
- refrain from simulated or howsoever fraudulent transactions, capable of significantly distorting the economic and financial results achieved by the Company;
- know and comply with the principles of Corporate Governance as stated in the Code, in information documents on Olon, EC and international best practices.

Moreover, the following additional controls are necessary:

- implementing a staff training plan for people affected by rules of Corporate Governance and corporate crime;
- periodic meetings of the Company's control functions and the SC to verify compliance with corporate law and Corporate Governance;

- disclosing, duly in advance, all documents on the items on the agenda of meetings of company bodies or on which they are required to give an opinion under the law, to the Company's control functions.

The general conducts described above are in addition to and do not replace any principles in the Code, in any more stringent policies, regulations and provisions set by Olon in the Quality Management System.

#### Private-to-private corruption

##### Prohibitions

This Special Section sets out the express prohibition for Company Representative, directly, and independent contractors and partners, through appropriate contract clauses, to:

- give or promise money or other benefits to directors, general managers, executives responsible for corporate financial reporting, statutory auditors and liquidators of customers or potential customers or partners in general belonging to the private sector;
- adopt conducts which, albeit not qualifying themselves as crimes pursuant to Art. 2635 of the Italian Civil Code, may potentially become such;
- be in or cause any situation of conflict of interest in relation to customers or potential customers in connection with the provisions on the crime offense to above.

In connection with the above conducts, it is expressly prohibited to:

- Render services to outsourcers, consultants, partners and independent contractors in general that are not appropriately justified in the framework of the agreement entered into with them or in connection with the kind of engagement to perform and locally applied practices;
- Make gifts in cash or grant advantages of any nature (such as the promise to hire) to the parties referred to in art. 2635 civil code.

##### Obligations

To implement the conducts described above:

- Engagements to independent contractors must be in writing with the indication of agreed fees, and must be offered and approved by at least two people;
- Company Representatives must not accept or solicit gifts, forms of courtesy, such as complimentary gifts or hospitality, or other benefits, except where of petty value and where they can be regarded as usual in connection with the occurrence and cannot be interpreted, by an impartial observer, as aimed at acquiring advantages improperly. No gift or form of courtesy such as complimentary gifts or hospitality or other benefits shall be offered or promised, other than of petty value. In any event, such expenses must always be authorized, documented and in compliance with budget caps;
- When negotiating business, a request or trading relation with a private entity, the following actions shall not be taken (whether directly or indirectly):
  - Examine or offer employment and/or business opportunities which may be to the benefit of staff of such private parties;
  - Request or obtain confidential information which may jeopardize the integrity or reputation of both parties.

The general conducts described above are in addition to and do not replace any principles in the Code, in any more stringent policies, regulations and provisions set by Olon in the Quality Management System.

**SPECIAL SECTION "E"**  
**NEGLIGENT OFFENSES IN BREACH OF OCCUPATIONAL HEALTH AND SAFETY REGULATIONS**

**1 Manslaughter and Negligent grievous and severely grievous injuries serious committed with breach of the provisions on accident prevention and protection of hygiene and health at the workplace.**

Italian Law No. 123 of 3 August 2007<sup>35</sup>, introduced Art. 25 septies into the Decree, subsequently amended by the Consolidated Act on Safety; the entity is also liable for:

- Manslaughter (art. 589 criminal code) and
- Negligent grievous and severely grievous injuries (art. 590 criminal code),

where manslaughter was committed by breaching accident-prevention and occupational health and safety provisions.

Provisions of reference are included in the Consolidated Safety Act.

Moreover, any breach of the employer's obligation to guarantee the safety of the workplace (Art. 2087 of the Italian Civil Code) generating an at least serious injury entails the automatic opening of proceedings against the company. Case law has established, in fact, that any breach of rules on workplace safety is an aggravating circumstance of manslaughter and grievous and severely grievous injuries and, therefore, triggers the application of Art. 25-septies of the Decree.

Grievous and severely grievous injuries means (Art. 583 of the criminal code) injuries that cause:

- an illness which jeopardizes the injured's life, or an illness or inability to carry out standard activities for more than forty days;
- permanent weakening of a sense or organ; a certainly or probably incurable illness; the loss of a sense; the loss of a limb, or a mutilation which makes the limb useless, or the loss of use of an organ or of the ability to procreate, or a permanent and serious speech difficulty; deformation, or permanent scarring of the face.

It is important to point out that in these cases the crime is punished even if no willful intent is present: unlike other predicate offenses which require awareness and the voluntary nature of the action.

**2 Sensitive Activities and policies to be adopted**

The review of Olon's corporate processes enabled to identify activities where theoretically the offenses described above could be committed.

Below the list of: i) Sensitive Activities; ii) functions involved; iii) offenses that may potentially be committed; iv) specific policies to adopt.

***System to assign responsibilities and organize safety:*** these are activities aimed to properly identify roles and responsibilities in the area of occupational safety, with the consequent identification of the following roles: Employer ("DL"), Delegate of the Employer ("DDL"), Manager of the Prevention and Protection System ("RSPP"), Workers' Safety Representative ("RLS"), company physician, executives and supervisors.

- **Major players, functions involved:**  
Research and Development, Corporate Global Operations, Human Resources and Organization, Managing Director, Plant Management
- **Potential offenses:**
  - Manslaughter (art. 589 criminal code) and
  - Negligent grievous and severely grievous injuries (art. 590 criminal code)

<sup>35</sup> Published in Official Journal No. 185 of 10 August 2007, and enacted on 25 August 2007.

➤ **Policies**

With reference to this sensitive area, the following policies must be followed:

- The DL clearly defines (DL being the individual who, pursuant to official company documents, is vested with the responsibility for the company organization, including for the purposes of occupational health and safety regulations applicable from time to time) the organization structure in charge of occupational safety and any changes thereto, and cause such information to be reported to the BoD and the SC;
- The organization structure must ensure a clear identification of the DL and an official system of delegated functions in the area of health and safety implemented based the following principles which have been developed further to decisions delivered by courts: (i) the delegate must actually and simultaneously have both independent decision-making powers and financial autonomy; (ii) the delegate must be technically and professionally qualified; (iii) the delegate's tasks must be supervised without acquiescence or interference; (iv) certainty, specificity and awareness;
- The DL grants a power of attorney for the relevant functions according to the requirements in art. 16 of Leg. Dec. 81/2008. The system of delegated powers must be appropriately documented and traceable;
- The assignments of RSPP, company physician, the election or designation of the Workers' Safety Representative, the identification of the functions of executives and supervisor must be in compliance with laws and regulations applicable from time to time and in manners that are capable of ensuring compliance with the principles of fairness, transparency, traceability; specifically, it is necessary to: (i) determine the existence of specific requisites in compliance with the provisions of applicable legislation; (ii) ensure traceability of audits conducted concerning specific requirements in applicable legislation; (iii) make an *assessment* of staff to understand their skills and time availability to cover these specific roles; (iv) officially designate and appoint roles; (v) ensure traceability of official acceptance of granted roles;
- Where the Protection and Prevention Service is outsource, ensure that the relation between the Service and the Company is governed by an agreement and that the agreement includes specific clauses which require the outsourcer to comply with the principles contained in the Model and in this Special Section and regulate the consequences of any breaches to requirements herein.

***Identifying and assessing risks:*** these activities aim at assessing company risks pursuant to Leg. Dec. no. 81/2008.

➤ **Major players, functions involved:**

Research and Development, Corporate Global Operations, Human Resources and Organization, Managing Director, Plant Management

➤ **Potential offenses:**

- Manslaughter (art. 589 criminal code) and
- Negligent grievous and severely grievous injuries (art. 590 criminal code)

➤ **Policies**

With reference to this sensitive area, the following policies need to be followed:

- Comply with HSE plant procedures;
- Clearly define roles and tasks to identify: (i) responsibilities for checking, approving and revising the contents of the Risk Assessment document (DVR); (ii) procedures and criteria for reviewing processes to identify dangers and assess risks; (iii) traceability of the involvement of the company physician in the process to identify dangers and asses risks;
- Identify employees' job tasks;
- Expressly define valuation methods adopted for the different categories of risks, in compliance with applicable provisions and requirements;
- Draft the Risk Assessment Document (DVR) in accordance with the provisions of the law; it needs to contain at least: (i) the assessment process, with the specific indication of adopted criteria and names of the persons that took part in the assessment; (ii) identification of prevention and protection measures and of

individual protection devices, procedures to implement measures ensuing from the assessment; (iii) the plan of actions regarded as appropriate to ensure improvement in time of safety levels; (iv) identification of the job tasks that expose employees to specific risks which require recognized professional skills and specific experience and classroom and on-the-job training;

- Timely update the DVR where changes occur to company risks or new provisions are introduced or accidents or significant events occur which recommend changes;
- Make available the DVR to the SC and inform the SC of any update and revision.

**Process to define and manage protection and prevention procedures:** these activities involve the identification, drafting, application and disclosure of procedures appropriate to prevent occupational accidents in standard conditions and in emergencies.

➤ **Major players, Functions involved:**

Research and Development, Corporate Global Operations, Human Resources and Organization, Managing Director, Plant Management

➤ **Potential offenses:**

- Manslaughter (art. 589 criminal code) and
- Negligent grievous and severely grievous injuries (art. 590 criminal code)

➤ **Policies**

With reference to this sensitive area, the following policies need to be followed:

- Comply with plant procedures;
- Define methods to acquire, assess and manage instructions on organization to comply with applicable technical/structural standards, including changes to machines, plants and work environments;
- Define training plans and periodically hold training sessions aimed to disclose thoroughly management and operating safety measures;
- Revise any possibly breached safety procedures when accidents or near-misses occur or when emergency situations occur, analyze the events that took place, where appropriate;
- Maintain under control, with preventive and scheduled maintenance, all machine, plants work environments, ensuring the functionality of all alarms and safety devices;
- Organize how to manage emergencies and evacuations and carry out drills;
- Involve each of the roles forming the organization structure monitoring occupational safety (DL, Manager of the Prevention and Protection Service, Workers' Safety Representative, company physician. Safety executives and supervisors) in the process to define, implement, disclose and monitor prevention and protection procedures, each one according to their roles and area of responsibility.

Specifically, to correctly implement the foregoing:

- The DL, pursuant to arts. 17 and 29 of Leg. Dec. 81/2008, defines and maintains criteria and methods to identify company specific risks;
- The Manager of the Prevention and Protection Service: (i) reports at least on a six-month basis to the DL on the status of the effectiveness and efficiency of the occupational health and safety protection system on Olon's workplace. This report discloses any critical issue connected among other things to significant changes in the organization of work or in connection with the level of evolution of state of the art, of prevention and protection, or further to significant accidents and any already planned and/or adopted strategies to fight and mitigate such situations (solution/person responsible) and situations that have not been faced yet; (ii) establishes that company regulations on occupational safety are appropriate; (iii) oversees the operations of the Protection and Prevention Service; (iv) calls the annual meeting with involved roles;
- The company physician reports at least once a year to the DL on activities carried out and any detected critical issue. If the company physician determines non-compliance by the DL with temporary or permanent unfitness for a specific task for one or more employees, they shall timely report to the SC;

- The workers' safety representative cooperates with the DL, reporting any detected irregularity and suggesting appropriate solutions. The workers' safety representative, pursuant to applicable legislation, also has the authority to access workplaces, including during inspections, and company documents on risk assessment and related prevention measures;
- The Manager of the Prevention and Protection Service meets at least once a year with the workers' safety representative, the company physician and the DL, or a representative of the latter, under art. 35 of the Consolidated Act on Safety ("TUS"). A copy of the minutes of the meeting is forwarded to the SC;
- Upon completion of the activity, a specific report is drafted on results of the assessment. Based on the findings of the activity and recorded outcome, actions to take to remove any non-compliance are defined.

### 3 General conduct principles

This Special Secom, pursuant to the provisions in art. 30 of Leg. Dec. no. 81/2008, requires:

- Compliance with statutory state of the art standards on equipment, plants, workplaces, chemical, physical and biological agents;
- Risk assessment and setup of ensuing prevention and protection measures;
- Organization activities, such as emergency, first aid, management of contract works, periodic safety meetings, consultation of workers' safety representatives;
- Health surveillance operations;
- Employee information and training;
- Supervision of employee compliance with safe work procedures and instructions;
- Acquisition of documents and certificates required by law;
- Periodic audits on the application and effectiveness of adopted procedures.

Pursuant to statutory requirements, to pursue the foregoing, Olon adopts and implements in each of its plants, a System for the management of occupational safety (SGSL), that is consistent with the British Standard OHSAS 18001, pursuant to art. 30, par. 5 of Leg. Dec. 81/2008. The procedures in the Safety, Health and Environment Management System are applicable.

#### Prohibitions

This Special Section accordingly includes the express prohibitions for Addressees to:

- Adopt conducts capable of exposing Olon to one of the offenses set out in art. 25-septies of the Decree;
- Adopt conducts capable of making it easier to commit the offenses in art. 25-septies of the Decree;
- Omit revision of prevention measures further to changes in organization which are relevant for occupational health and safety;
- Omit to adopt fire-prevention and evacuation measures in the event of serious and immediate danger.

#### Obligations

This Special Section sets out the express obligations for the parties listed above to:

- Comply with the SGSL Manual and related documents;
  - Correctly use equipment, transportation means, other working tools, and safety devices;
  - Appropriately use protection devices made available to them;
  - Immediately report to the Manager of the Prevention and Protection Service any shortcomings in the devices listed in the two previous points, and any dangerous conditions which they become aware of, and take immediate action in the event of emergencies;
  - Refrain from removing or changing without authorization or in any event tamper with safety, alarm or monitoring devices;
  - Refrain from carrying out of their own initiative actions or maneuvers that are not under their responsibility or that may jeopardize their safety or the safety of other workers;
  - Comply with the requirements of the Emergency and Evacuation Plan;
- Comply with requirements imposed by safety signs and in emergency-safety procedures given by the RSPF including through classroom training.



SPECIAL SECTION "F"  
MONEY LAUNDERING, RECEIVING STOLEN GOODS, SELF-LAUNDERING**1 Receiving, laundering and using cash, goods or benefits of criminal origin**

Legislative Decree dated 16 November 2007<sup>36</sup>, introduced in the scope of application of the Decree, the cases set out in articles 648 (receiving stolen goods), 648-bis (money-laundering) and 648-ter (using cash, goods or benefits of criminal origin) of the criminal code.

The Legislator intends to prevent that, after an offense (so-called predicate offense), people other than the perpetrators ("Except in cases of abetting...") benefit from the things that derive from the said crime. The core of the three specific crimes can thus be found in activities subsequent to perpetration of a crime, activities that entail in any case jeopardizing the legal asset of property (as these provisions are aimed at preventing any economic increase obtained with goods of criminal origin) and of the legal asset of the administration of justice (because goods of illegal origin risk being dispersed with said criminal conduct, creating an obstacle to the authority in its activities of investigation and repression of predicate crimes).

Differences in Articles 648, 648 bis and 648 ter of the criminal code, instead, lie essentially in the conduct (the material element) and in the personal element (generic or specific willful intent).

As to the material element:

- Receiving (stolen goods): it is against the law to acquire, receive, hide or take part in acquiring, receiving or hiding money or things coming from crime.
- Laundering: it is against the law to replace, transfer, perform other actions to prevent identification of the criminal origin of money, goods or other benefits coming from crime.
- Using money, goods or benefits of criminal origin: it is against the law to use money, goods or benefits of criminal origin in economic or financial activities.

As to the personal element:

- Receiving (stolen goods): conducts aimed to procure a profit (specific intent) for oneself or for others are against the law.
- Laundering: this crime features generic willful intent.
- Using money, goods or benefits of criminal origin: this crime features generic willful intent.

In the scope of corporate criminal law, out of these three kinds of crime, money-laundering is certainly the most significant and, therefore, the most important risk to consider.

This constantly evolving legislation provides for limitations on the use and transfer of cash, requirements to identify customers, for financial brokers to record and report suspicious transactions, as well as operating rules for the prevention of criminal activities ("know your customer rule" and quantitative analysis of transactions) capable of orienting among other things the contents of the compliance model.

In 2013 the scope of application of the Decree was expanded to cover the misuse or alteration of credit or payment cards, or any other similar instrument which allows to withdraw cash or to purchase goods or services.

**Self-laundering**

Article 3 of Law No. 186 of 15 December 2014 "Provisions on the disclosure and repatriation of foreign-held assets and to step up the fight against tax evasion. Provisions on self-laundering", introduced in the Italian legal framework, among other things, the crime of self-laundering which punishes "whoever, after committing or abetting to commit a crime with willful intent, uses, replaces, transfers to financial, economic, business or speculative activities, any money, assets or other benefits originating from such crime, so as to materially interfere with the identification of their unlawful origin.

Self-laundering is a crime having the nature of a multiple offense, cable of consolidating the loss to the property of the victim of the predicate crime and to jeopardies the administration of justice and public economy as a whole. The person that self-launderes through investments and purchases of various nature prevents or interferes with the operations of compensating the victim, pollutes credit and prices and, ultimately, the entire system of economic

<sup>36</sup> Implementing Directive 2005/60/EC dated 26 October 2005, Directive 2006/70/EC dated 1 August 2006.



relations. Self-laundering is a crime of its own because the perpetrator must necessarily be the person that took part in committing the crime with willful intent which originated the profit that is later reinvested.

As to the material element, the typical conduct of the crime involves three different patterns of circumstances: replacing, transferring and using money, assets or other benefits originated from a crime committed with willful intent, in economic or financial activities.

Punishable conducts are limited to those behaviors which, albeit not necessarily deceitful themselves (i.e., having the features of deception and false pretenses typical of fraud), make it objectively difficult to identify the criminal origin of the asset.

Specifically, the notion of replacing money, assets or other benefits originated from a crime includes all activities aimed at so-called "laundering" of the crime product, severing it from any possible connection with the crime (replacement may thus occur in many different ways, including for instance exchanging cash with other bills, depositing cash with the bank and then withdrawing it).

Transfer, instead, is a sub-category of replacement and involves all conducts which imply shifting assets originated from a crime from a person to another, or from a place to another, so as to make it impossible to trace their holder, origin and actual destination.

Transferring or replacing crime products must involve business, financial, economic or speculative activities, as required by par. 4 of art. 648 ter.1 of the criminal code. In any event, the crime cannot be punished if money, assets or other benefits originated from a crime are destined to a personal use.

The material element of the crime will not be present if the money, goods or other benefits of criminal origin are destined to personal use or enjoyment.

As to the personal element, the crime may be punished as generic willful intent, which consists in conscience and will of replacing or transferring or implementing other transactions on money, assets or other benefits, along with the awareness that the conduct is capable of creating an obstacle to identifying the origin.

The main categories of predicate offenses of self-laundering include but are not limited to:

- tax crime
- crimes against property (such as usury, extortion, theft, misappropriation, robbery)
- crimes against the Public Administration
- crimes against the administration of justice
- organized crime.

Accordingly, as a result of self-laundering, the predicate offense could be one of the offenses that does not fall within the scope of application of Legislative Decree No. 231/2001, such as tax crimes.

## 2 Sensitive Activities and policies to be adopted

The review of Olon's corporate processes enabled to identify activities where theoretically the offenses described above could be committed.

Below the list of: i) Sensitive Activities; ii) functions involved; iii) offenses that may potentially be committed; iv) specific policies to adopt.

**Managing investments:** these activities involve the management of the Company's investments.

➤ **Major players, functions involved:**

Chairman, Managing Director, Corporate Global Operations, Strategic Planning, Purchase of Raw Materials Administration and Control, Plant Management

➤ **Potential offenses:**

- Money-laundering (art. 648-bis criminal code)
- Using money, assets or benefits of unlawful origin (art. 648-ter criminal code)
- Self-laundering (art. 648 ter 1, criminal code)

➤ **Policies**

With reference to this sensitive area, the following policies must be followed:

- Clearly define roles and tasks of the functions responsible for the management of the various phases of the sensitive process;
- Allow the SC to verify that banking reconciliation is done correctly;
- Keep records, in specific computer files, of transaction made on bank accounts opened in countries with less restrictive rules and managed independently;
- Verify the reliability of beneficiaries of financial transactions, ensuring that they are made in the countries where they operate or in the countries indicated in the agreement;
- Timely report to the SC any transaction with features possible indexes of anomaly including but not limited to:
  - ✓ Lack of reasonable justification for carrying out clearly unusual transactions, unreasonable transaction or unproportioned transactions with respect to the standard operation of the business;
  - ✓ Transactions which use funds that are in excess with respect to the company's economic/financial position;
  - ✓ Transactions that apparently have no financial and economic reasons;
  - ✓ Acquisitions, howsoever, of assets, including luxury assets, with a high value that are not reasonable with respect to the Company's turnover, especially if using cash;
  - ✓ Investments in movable and/or real-estate property of a significant amount by parties that lack an appropriate economic-business profile or by foreign citizens with no connection with Italy;
  - ✓ Agreements entered into to the benefit of third parties, agreements for a party to be appointed or a fiduciary party, concerning rights on real-estate property, on no reasonable grounds;
  - ✓ Purchases or sales of real estate property of a significant amount in the name of a frontman or third party, with no apparent personal or professional or business link with the latter party;
  - ✓ Purchases of movable and/or real estate property of a significant amount in cash or paying a large amount in cash.

**Managing intercompany transactions:** these are all the activities connected with relations with P&R Group companies.

➤ **Major players, Functions involved:**

Chairman, Managing Director, Administration and Control.

➤ **Potential offenses:**

- Receiving stolen goods (art. 648 criminal code)
- Money-laundering (art. 648-bis criminal code)
- Using money, assets or benefits of unlawful origin (art. 648-ter criminal code)
- Self-laundering (art. 648 ter 1, criminal code)

➤ **Policies**

With reference to this sensitive area, it is necessary to follow the following policies:

- Always assess purposes, profitability and the interest of the Company in an intercompany transaction;
- Formalize contractual terms and conditions regulating intercompany transactions; specifically, a written agreement must be entered into for each intercompany transaction and it must contain:
  - ✓ The indication of the parties to the agreement;
  - ✓ The description of the subject matter (services, purchase/sale of goods, loan) of the agreement;
  - ✓ The indication of the consideration (price, commission, royalties, interest rate) or the criterion to calculate the consideration;
  - ✓ The term of the agreement;
- Ensure that the consideration of intercompany transactions is at arm's length pursuant to art. 110, par. 7 of Pres. Dec. 22 December 1986, No. 917 and the OECD Transfer Pricing Guidelines;
- Comply with the following operating policies:
  - ✓ Copy of the agreement signed as an original document by the parties must be appropriately filed and kept at the Company premises;
  - ✓ The subject matter of the agreement must be actually performed by the different parties involved on

- agreed terms and conditions;
- ✓ The relevant manager must appropriately track - through documents - any purchases or sales or services delivered or received, and any documents must be filed at the Company premises;
  - ✓ Payments made or received as consideration must be consistent with: (i) sales/services actually rendered/delivered, and (ii) clauses of the relevant agreement;
  - ✓ All payments must be made upon issue of an invoice or equivalent document, where required by law;
  - ✓ All payments must be regularly recorded in accounting records, pursuant to applicable legislation;
  - Make reconciliations through the SAP system;
  - Use dedicated intercompany accounts in the Chart of Accounts.

**Managing customers' and suppliers' lists:** this is the process to acquire information on customers and suppliers to determine their merit, reliability and credibility.

- **Major players, functions involved:**  
Chairman, Managing Director, Administration and Control, Purchase of Technical Materials and Group Services, Corporate Global Operations, Strategic Planning, Purchase of Raw Materials.
- **Potential offenses:**
  - Receiving stolen goods (art. 648 criminal code)
  - Money-laundering (art. 648-bis criminal code)
  - Using money, assets or benefits of unlawful origin (art. 648-ter criminal code)
  - Self-laundering (art. 648 ter 1, criminal code)
- **Policies**  
With reference to this sensitive area, it is necessary to follow the following policies:
  - Acquire information on customers and suppliers (for amounts in excess of € 500.000 p.a.) according to the internal procedures adopted by the function Purchase of Raw Materials and Purchase of Technical Materials and Group Services and Administration and Control;
  - The relevant function must timely report to the SC any case in which:
    - ✓ The supplier does not or is unreasonably reluctant to provide all information necessary to declare the business, submit accounting or other documents, provide any information which, in standard circumstances, is acquired in carrying out ordinary corporate operations;
    - ✓ The supplier does not give or objects to giving the bank account number on which payment was or will be credited;
    - ✓ The supplier gives evidently inaccurate or incomplete information capable of expressing the intent of concealing essential information;
    - ✓ The supplier uses apparently-counterfeit identification documents;
    - ✓ The supplier resorts to the services of a frontman with no plausible reason.

**Managing cash pooling:** these are activities related to managing the Group's cash pooling.

- **Major players, functions involved:**  
Chairman, Managing Director, Administration and Control
- **Potential offenses:**
  - Money-laundering (art. 648-bis criminal code)
  - Using money, assets or benefits of unlawful origin (art. 648-ter criminal code)
  - Self-laundering (art. 648 ter 1, criminal code)
- **Policies**  
With reference to this sensitive area, it is necessary to follow the following policies:
  - Formalize the cash pooling arrangement with a specific agreement;

- Perform monthly bank reconciliations;
- Manage relations with participating companies with clear methods that ensure flow traceability;
- File all bank documents.

**Managing corporate transactions:** these are activities aimed to complete extraordinary corporate transactions.

➤ **Major players, functions involved:**

Chairman, Managing Director, Administration and Control.

➤ **Potential offenses:**

- Money-laundering (art. 648-bis criminal code)
- Using money, assets or benefits of unlawful origin (art. 648-ter criminal code)
- Self-laundering (art. 648 ter 1, criminal code)

➤ **Policies**

With reference to this sensitive area, it is necessary to follow the following policies:

- Transmit data and information, including data and information relating to extraordinary corporate deals (acquisitions, mergers, demergers, etc.), to the responsible function and the SC, through a system (possibly a computer system) that enables to track single steps including cash inflows and outflows in order to check, for instance, the existence of certain anomaly indexes, including but not limited to:
  - ✓ financial transactions performed with international money grams, especially from foreign countries known for being off-shore bases or featuring preferential taxation systems or banking secret or identified as non-cooperative by FATF (Financial Action Task Force);
  - ✓ Transactions featuring unjustified recourse to payment techniques, through offsetting, or elements such as domiciliation of the agent with third parties, presence of post office boxes or addresses that differ from the tax or professional domicile;
  - ✓ Settling payments by checks with progressive serial numbers or several checks of the same amount and with the same date or without the indication of the beneficiary;
  - ✓ Completing transactions with parties located in unusual locations;
  - ✓ Sending and receiving cash to/from numerous and recurring foreign parties in places that are not geographically distant;
  - ✓ Transactions that involve parties established in foreign countries known for being off-shore bases or featuring preferential taxation system or banking secret or identified as non-cooperative by FATF, and that are not justified by the business of the customer or other circumstances;
  - ✓ Transactions related to the establishment and transfer of rights in rem on real estate property, completed with payment methods originating from the countries referred to above;
  - ✓ Raising loans based on guarantees, including securities or certificates, certifying the existence of large deposits with foreign banks, especially if such deposits or loans are deposited or granted by parties established in the countries referred to above.

**Managing taxes and relevant statutory requirements:** these are activities aimed to prepare tax documents and to settle taxes, etc.

➤ **Major players, functions involved:**

Chairman, Managing Director, Administration and Control.

➤ **Potential offenses:**

- Money-laundering (art. 648-bis criminal code)
- Using money, assets or benefits of unlawful origin (art. 648-ter criminal code)
- Self-laundering (art. 648 ter 1, criminal code)

**➤ Policies**

Operations in this sensitive area must include:

- Segregating, in the process, roles of who records economic transactions, who controls recordings, and who does tax management;
- Traceability of the decision-making process by the involved facility documenting and filing (IT and/or hardcopy) all steps of the process;
- Using a dedicated computer system to record sale and purchase invoices, and all economic transactions;
- Regulating and monitoring accesses to the computer system;
- Accounting, by the relevant office, of only sale/purchase invoices that were validated for recording and payment/collection, only after receiving validation from the manager that requested the purchase/sale;
- Recording all of the Company's administration events with an impact on assets or liabilities and revenues or charges;
- Regularly keeping and filing mandatory accounting records with respect to income taxes and VAT;
- Calculating and determining the tax liability with the assistance of a third party consultant with which a specific agreement needs to be signed including standard clauses on unconditional acceptance by the consultant of the Model under Leg. Dec. 231/2001;
- Periodic training sessions on tax issues and related requirements by a third party consultant;
- Periodic audits that tax requirements were correctly fulfilled;
- Compliance with group policies on tax consolidation; to such effect a specific written agreement needs to be entered into with the consolidating company;
- Verification with a third party consultant of any tax implication resulting from any ordinary or extraordinary transaction.

**3 General conduct principles****Prohibitions**

This Special Section sets out the **express prohibition for Addressees** to:

- Adopt, cooperate with, or give a cause for conducts capable of qualifying as the crimes referred to above (Art. 25 undecies of the Decree);
- Adopt, cooperate with, or give a cause for conducts which, albeit not qualifying themselves as the crimes described above, may potentially become such.

**Obligations**

This Special Section sets out the express **obligation** for the parties referred to above to:

- Know and comply with all measures aimed to ensure proper cash management and therefore of payments made and received;
- Check the business and professional reliability of suppliers and customers;
- Check that payments are remitted regularly with reference to the match of payees/payors and the other parties to agreements are actually involved in the business transaction;
- Make formal and material checks on company cash flows with respect to payments made to and received from third parties and intercompany transactions. These checks must take into account, among other things, the registered office of the other party (for instance, tax havens, countries featuring risks of terrorism, etc.), banks involved (registered office of banks involved in the transactions and banks that have no physical establishment in any country).

The general conducts described above are in addition to and do not replace any principles in the Code, in any more stringent policies, regulations and provisions set by Olon in the Quality Management System.

SPECIAL SECTION "G"  
OFFENSES RELATED TO IMMIGRATION**1 The offenses in art. 25-duodecies of the Decree****Employing illegally staying third-country nationals**

Leg. Dec. 109/2012 on "Implementation of Directive 2009/52/EC providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals" recalls in art. 25-duodecies of the Decree the offense set out in art. 22 par. 12-bis of Leg. Dec. 289/1998 (employing third-country nationals illegally staying in Italy).

**Offenses of causing illegal entry and abetting illegal stay**

Art. 30 par. 4 of Law no. 161 dated 17 October 2017 on "Amendments to the Code of antimafia laws and of prevention measures in legislative decree no. 159 dated 6 September 2011, to the Criminal code and the implementing, coordination and transition rules of the Code of criminal procedure and other provisions. Delegation to Government to protect work in confiscated companies" included in predicate offenses of the Decree, under art. 25-duodecies, the offenses related to illegal immigration of causing illegal entry (art. 12 pars. 3, 3-bis, 3-ter of Leg. Dec. no. 286 of 25 July 1998) and of abetting illegal stay (art. 12, par. 5 of Leg. Dec. no. 289 of 25 July 1998).

**2 Sensitive Activities and policies to be adopted**

The review of Olon's corporate processes enabled to identify activities where theoretically the offenses described above could be committed.

Below the list of: i) Sensitive Activities; ii) functions involved; iii) offenses that may potentially be committed; iv) specific policies to adopt.

**Assigning engagements for works or services:** this activity refers to the management of the selection and granting of engagements to independent contractors in connection with works or services that the latter undertake to deliver personally, "in a fully autonomous manner" and "with no subordination bond", accordingly outside a subordinate employment relation.

**➤ Major players, functions involved:**

Purchase of Technical materials and Group Services.

**➤ Potential offenses:**

- Employing illegally staying third-country nationals (art. 22, par. 12-bis, Leg. Dec. no. 286 of 25 July 1998).

**➤ Policies**

With reference to this sensitive area, the Company sets up:

- A specific procedure/check list for the execution of temporary agency work agreements and works and service contract;
- An appropriate system of proxies and powers of attorney for the execution of agreements that imply the employment of labor by the other party;
- Authorization procedures for purchases;
- Specific requests to suppliers or business partners to expressly undertake to comply with the legislation referred to in this section.

**Hiring staff:** this activity refers to how staff is selected and hired with an employment contract.

**➤ Major players, functions involved:**

Human Resources and Organization

- **Potential offenses:**
- Employing illegally staying third-country nationals (art. 22, par. 12-bis, Leg. Dec. no. 286 of 25 July 1998)
  - Causing illegal entry (art. 12 pars. 3, 3-bis, 3-ter of Leg. Dec. no. 286 of 25 July 1998)
  - Abetting illegal stay (art. 12, par. 5 of Leg. Dec. no. 289 of 25 July 1998)

➤ **Policies**

Reference should be made to Policy no. 5 in Special Section I – Instrumental Processes.

Moreover, the following policies must be followed:

- preliminary checks and obtaining information, including from authorities, on the validity of residence permits and on meeting requisites in general for work by third-country nationals that apply for a job;
- periodic checks after hiring that validity requisites of residence permits continue to be met by third-country nationals hired by the Company.

### 3 General conduct principles

In carrying out relevant activities/functions in addition to knowing and complying with the rules of the Company's Bylaws, the principles in the Code, operating procedures and any other internal regulation on the system of Corporate Governance, Company Representatives, directly, and independent contractors and partners, through specific contract clauses, shall comply with the rules of conduct in this Model.

This Special Section sets out the express **prohibition** to:

- Adopt conducts capable of qualifying as the crimes referred to above (Art. 25 undecies of the Decree) or conducts which, albeit not qualifying themselves as the crimes described above, may potentially become such.
- Breach company principles and procedures on hiring foreign workers and/or principles and provisions in this Special Section.

Consequently, this Special Section sets out the express **obligation** for the parties referred to above to:

- Adopt a fair, transparent and cooperative conduct in compliance with legislation on the employment of third-country nationals;
- Give in due time, correctly and in good faith all the notices required by laws and regulations to supervisory authorities, without interfering with their supervisory activities, if any;
- Hold the necessary training sessions.

The general conducts described above are in addition to and do not replace any principles in the Code, in any more stringent policies, regulations and provisions set by Olon in the Quality Management System.



**SPECIAL SECTION "H"  
ENVIRONMENTAL CRIMES****1 Environmental crimes**

Certain "Environmental Crimes" were included in the scope of application of the Decree, including but not limited to:

- the killing, destruction, catching, possession or taking of specimens of protected wild fauna or flora species (art. 727-bis criminal code)
- destruction or deterioration of a habitat within a protected site (art. 733-bis criminal code);
- trading in specimens of species listed in Annex A, Appendix I, and Annex C, part 1 of EC Regulations No. 338/97 (art. 1 of Law No. 150 of 7 February 1992);
- trading in specimens of species listed in Annex A, Appendix I and III, and Annex C, part 2 of EC Regulations No. 338/97 (art. 2 of Law No. 150 of 7 February 1992);
- ban on possessing specimens that are a danger for public health and safety (art. 6 of Law No. 150 of 7 February 1992);
- waste water discharges (art. 137, par. 2, 3, 5, 11, 13 Legislative Decree No. 152 of 3 April 2006);
- discharges onto land (art. 103 Legislative Decree No. 152 of 3 April 2006);
- underground discharges and discharges into underground waters (art. 104 Legislative Decree No. 152 of 3 April 2006);
- discharges into the sewer network (art. 107 Legislative Decree No. 152 of 3 April 2006);
- discharges of dangerous substances (art. 108 Legislative Decree No. 152 of 3 April 2006);
- unauthorized waste management operations (art. 256, par. 1, 3, 4, 5, 6, and arts. 208, 209, 210, 211, 212, 214, 215, 216 Legislative Decree No. 152 of 3 April 2006);
- no abandoning waste (art. 192 Legislative Decree No. 152 of 3 April 2006);
- no mixing dangerous waste (art. 187 Legislative Decree No. 152 of 3 April 2006);
- electrical and electronic waste, sanitary waste, scrapped vehicles and products containing asbestos (art. 227 Legislative Decree No. 152 of 3 April 2006);
- remediation of sites (art. 257, pars. 1 and 2, Legislative Decree No. 152 of 3 April 2006);
- breach of reporting obligations and requirements to keep mandatory registers and forms (art. 258, par. 4, 2<sup>nd</sup> sentence, Legislative Decree No. 152 of 3 April 2006);
- intentionally false statements made by a private party in a public instrument (art. 483 criminal code);
- illegal waste trafficking (art. 259, par. 1, Legislative Decree No. 152 of 3 April 2006);
- organized activities for illegal waste trafficking (art. 452-quaterdecies criminal code);
- computerized waste tracking control system (art. 260-bis Legislative Decree No. 152 of 3 April 2006);
- breach of emission limit values (art. 279, par. 5, Legislative Decree 152/06);
- forgery of certificates or administrative authorizations committed by a public official (art. 477 criminal code);
- forgery of documents committed by a private party (art. 482 criminal code);
- discontinuance and reduction of the use of substances that deplete the ozone layer (art. 3 Law No. 549 of 28 December 1993);
- pollution with willful intent caused by ships (art. 8 Legislative Decree No. 202 of 6 November 2007);
- pollution with no willful intent caused by ships (art. 8 Legislative Decree No. 202 of 6 November 2007);
- environmental pollution (art. 452-bis criminal code);
- environmental disaster (art. 452-quater criminal code);
- offenses with no willful intent against the environment (art. 452-quinquies criminal code);
- aggravated conspiracy to commit crime (art. 452-octies criminal code);
- trafficking and abandoning highly radioactive material (art. 452-sexies criminal code).

## 2 Sensitive Activities and policies to be adopted

The review of Olon's corporate processes enabled to identify activities where theoretically the offenses listed above could be committed.

Below the list of: i) Sensitive Activities; ii) functions involved; iii) offenses that may potentially be committed; iv) specific policies to adopt.

**Waste management:** this system concerns the management of environment protection systems and specifically:

- Waste management process (collection, transportation, recovery, disposal and intermediation) and relevant statutory requirements and authorizations;
- Process for selection assessment and management of relations with the company engaged for disposal;
- Process for preparing the certificate of analysis and characterization of waste;
- Process for the management of the temporary storage of hazardous waste;
- Waste tracking process.

➤ **Major players, functions involved:**

Corporate Global Operations, Purchase of Technical Materials and Group Services, Plant Management

➤ **Potential offenses**

- Unauthorized waste management operations (art. 256, par. 1, 3, 4, 5, 6, and arts. 208, 209, 210, 211, 212, 214, 215, 216 Legislative Decree No. 152 of 3 April 2006);
- Breach of reporting obligations and requirements to keep mandatory registers and forms (art. 258, Legislative Decree No. 152 of 3 April 2006);
- Illegal waste trafficking (art. 259, par. 1, Legislative Decree No. 152 of 3 April 2006);
- Organized activities for illegal waste trafficking (art. 452-quaterdecies criminal code);
- Computerized waste tracking control system (art. 260-bis Legislative Decree No. 152 of 3 April 2006).

➤ **Policies**

The following principles must be followed and supplemented with system procedures and process, operating control and emergency instructions in each plant.

Specifically, any waste management operating procedures adopted by the Company pursuant to the provisions of Leg. Dec. 152/06 must be defined and strictly complied with, as must any waste management administrative procedures applicable to the different types of waste generated by the Company, especially requirements concerning reporting, and keeping mandatory books and forms and/or requirements imposed by the IT waste control tracking system (SISTR).

Moreover, the following policies must be met:

- Identify all categories of waste and their appropriate temporary stocking methods, including regulation of waste generated by subcontractors on the Company's sites;
- Identify administrative and operating responsibilities for waste management;
- Define administrative methods to convey waste to companies that collect, stock, and dispose of waste, including criteria for preliminary checks, and for inspections while the contract is in progress, that such companies have the necessary authorizations;
- Train all employees;
- Hold training and knowledge classes for employees that, within the Company organization, operate in activities that feature the risk of an offense;
- Check recordings (including, but not limited to, the loading/unloading register of generated waste, waste transport forms, SISTR, etc.) in the environmental management system;
- Acquire and keep documents on compliance with environment protection laws and regulations;
- Retain documents on authorization processes, authorizations, certificates and all related documentation, including any supplementing or amending document;
- Carry out internal audits;

- Retain document on internal Company regulations;
- Constantly monitor corporate procedures, ensuring their appropriate and timely revision, especially when the risk becomes more serious or in case of emergencies;
- Monitor environmental provisions and any requirements imposed by them;
- Periodically check compliance with administrative requirements in applicable environmental regulations.

***Protection of land, subsoil and waters (e.g. discharge of substances in underground waters, discharges from purification plants):*** this involves the management of environmental protection systems and namely:

- management of process and waste waters and of the relevant statutory requirements, including authorizations, restrictions and thresholds;
- management of plants generating waste water;
- compliance with statutory requirements on the cleanup of polluted sites;
- pollution of land, subsoil, surface waters or underground waters with no cleanup.

➤ **Major players, functions involved:**

Corporate Global Operations, Purchase of Technical Materials and Group Services, Plant Management.

➤ **Potential offenses:**

- environmental pollution, including with no willful intent (art. 452-bis and art. 452-quinquies criminal code);
- site cleanup (non-arrestable offense potentially occurring: (i) upon acquiring access to land purchased from a previous owner which had polluted the site; (ii) with own polluting operations, when concentrations exceed risk thresholds) (art. 257 par. 1 and 2, Leg. Dec. No. 152 3 April 2006);
- environmental disaster, including with no willful intent (art. 452 quater and art. 452 quinquies, criminal code);
- breach of provisions on waste water discharges (art. 137, pars. 2, 3, 5, 11, 13 Legislative Decree No. 152 of 3 April 2006).

➤ **Policies**

The following principles must be followed and supplemented with system procedures and process, operating control and emergency instructions set out in each plant:

- Rigorously define and comply with specific policies on the adoption of preventive measures, in standard operating conditions, and any emergency safety measures possibly necessary in case of events capable of causing situations of potential contamination of land, subsoil, surface or underground waters, and/or potentially impacting the fauna and flora, and on the adoption of any cleanup action which should prove necessary under articles 239 and following of Leg. Dec. No. 152/2006.

Moreover, the following policies must be followed:

**Management of industrial wastewater:**

- Identify discharge points in each plant;
- Comply with the prohibition to discharge wastewater on land, in subsoil and underground waters;
- Obtain the necessary authorizations to discharge industrial wastewater;
- Maintain and renew by applicable statutory deadlines authorizations to discharge industrial wastewater;
- File a new authorization application if discharges change;
- Periodically check chemical/physical parameters set out in the authorization to comply with emission limits;
- Comply with requirements in authorizations set by competent authorities;
- Comply with restrictions imposed by applicable regulations, including the dilution ban, since emission limit values cannot howsoever be achieved by dilution with waters added to such effect;
- Equip every drain with an uphill inspection shaft;

- Sample waters immediately before discharge in receiving waters to verify if required limits have been exceeded;
- Check that all employees received appropriately training/knowledge on the environment and on the prevention of pollution;
- Make all drain discharges, except for home drains and drains treated as such, accessible for sampling by the competent inspection authority;
- Periodically check appropriate implementation of the above requirements.

Management of the protection of land, subsoil and cleanup operations

- If an event occurs which is capable of potentially contaminate the site, adopt, in the following 24 hours, the necessary measures to prevent the spreading of the contamination, and immediately report to the relevant Agencies;
- Make a preliminary survey to identify concentration of the potential pollution parameters. If contamination is determined to have occurred, immediately report to the relevant Agencies describing any adopted prevention and emergency safety measures;
- By statutory deadlines, submit the characterization plan of the site to relevant Agencies for their authorization;
- After approval of the characterization plan and by statutory deadlines, submit to the Region the results of the site-specific risk analysis conducted based on the outcome of the characterization. In this event, the following procedure needs to be followed:
  - ✓ Further to the valuation and validation of such analysis, the site is declared polluted or unpolluted. In the latter case, the relevant Agencies declare the procedure closed and possibly require a monitoring plan, that will need to be submitted by the person responsible for the pollution; if the site is declared polluted, in the six months following approval of the risk analysis, an operating cleanup plan or a plan to restore safe operating or permanent conditions needs to be submitted (along with, where necessary, additional environmental remediation measures);
  - ✓ Relevant Agencies approve the plan, and possibly insert requirements and supplements, (the time limit may be suspended only once to ask for additional or more detailed documents, and runs again starting from submission of the supplemented plan);
  - ✓ Relevant Agencies establish and certify that cleanup works are completed, safe operating or permanent conditions are restored at the site, and that such works comply with the plan;
- Identify applicable environmental requirements, define how such requirements apply to environmental issues of the specific plant and perform the periodic assessment of compliance;
- Set up a specific environmental register, indicating significant areas for the identification and assessment of the environmental impact of the plant's operation;
- Prepare operating instructions on the protection of the environment which, among other things, include monitoring limits set out in applicable authorizations or legislation;
- Check that all employees received appropriate training/knowledge on environment and pollution prevention;
- Identify potential emergencies and potential accidents that may impact the environment and relevant response.

**Air emissions:** this involves the management of environmental protection systems and namely:

- Compliance with statutory requirements on the management of air emissions, including relevant authorizations, restrictions and thresholds.

➤ **Major players, functions involved:**

Corporate Global Operations, Purchase of Technical Materials and Group Services, Plant Management

➤ **Potential offenses:**

- Breach of emission limit values (art. 279, par. 5, Legislative Decree 152/06);
- Discontinuance and reduction of the use of substances that deplete the ozone layer (art. 3 Law No. 549 of 28 December 1993).

➤ **Policies**

The following principles must be followed and supplemented with each plant's system procedures and process, operating control and emergency instructions:

- Define and rigorously comply with specific policies on the adoption of preventive measures, in standard operating conditions, and any emergency safety measures possibly necessary in case of events capable of causing situations that potentially exceed air emission limits;
- Strictly prohibit using and keeping the substances in Table A annexed to Law no. 549 of 28 December 1993, and keep any ozone-depleting substances under control;
- verify, in connection with the provisions of applicable law, the need to obtain any air emission authorization for the plant;
- obtain authorization by statutory time limits, and implement, in case of plants that have not been authorized yet, the checks required in applicable legislation;
- implement the provisions in authorizations on: intake and conveyance methods (in case of air emissions that are technically conveyable), compliance with emission values and requirements, sampling methods and analysis, periodic checks;
- maintain and renew emission authorizations by applicable statutory time limits;
- submit a new authorization application if changes are introduced in the plant;
- periodically check that the above requirements are correctly implemented.

Moreover, the following policies need to be followed:

- define operating instructions on environmental protection which include monitoring methods for limits in applicable authorizations and legislation;
- check that all employees received appropriate training/knowledge on the environmental issues and pollution prevention;
- identify potential emergency situations and potential accidents capable of causing limits to be exceeded and having an impact on the environment and the relevant response;
- ensure that prevention action is taken regularly on plants and machinery, especially abatement equipment, by planning maintenance of defined deadlines.

**Managing prevention and containment systems:** this involves the management of prevention and containment systems implemented in each plant.

➤ **Major players, functions involved:**

Corporate Global Operations, Purchase of Technical Materials and Group Services, Plant Manager

➤ **Potential offenses:**

- environmental pollution (art. 452-bis criminal code);
- environmental disaster (art. 452-quater criminal code);
- offenses with no willful intent against the environment (art. 452-quinquies criminal code).

➤ **Policies**

With reference to this sensitive area, the following policies need to be followed:

- Define appropriate policies to plan adoption, improvement of and action on prevention and containment systems for any gasses or liquid fluids, which could be discharged or released in the atmosphere during accidents;
- Periodically have environmental specialists audit the quality, reliability of prevention and containment systems;
- Periodically inspect containment systems and equipment (containment tanks, fire extinguishing systems, etc.), including with accident drills;

- Plan and carry out maintenance actions on plants and equipment whose purpose is to contain liquid discharges or gas releases after accidents;
- Carry out thorough analysis on action/reaction mechanisms of prevention and containment systems in case of near misses to detect any weaknesses, shortcomings, with the consequent definition of a development and improvement plan.

### 3 Required general conduct principles

In carrying out our relevant tasks/functions Addressees, in addition to knowing the rules in the Company's Bylaws, operating procedures and any other internal rule on the Corporate Governance system, must also comply with rules of conduct in this Model.

This Special Section sets out the express prohibition to adopt conducts qualifying as the offenses listed above (under art. 25-undecies of the Decree) or conducts which, albeit themselves do not qualify as offenses, may potentially become so. Specifically In, it is expressly **prohibited** for Addressees to:

- Adopt, cooperate or give cause to the adoption of conducts which, albeit themselves not qualifying as the offenses listed above, could potentially become so;
- Render services to outsourcers, consultants, partners and independent contractors in general which are not appropriately justified in the established contractual relations with them or in connection with the type of engagement to carry out and local practice;
- Give cash or benefits of any kind (including promises of a job) to public officials responsible for inspections in connection with environmental regulations;
- Adopt any conduct which interferes with supervisory functions, including during inspections by government agencies (tax police, labor inspectorate, environmental protection agency, fire department, etc.) such as: express objections, denials in bad faith or interference or failure to cooperate, including delays in making documents available, delays in meetings organized with due notice.

This Special Section accordingly includes the express **obligation** for Addressees to:

- Adopt a proper, timely, clear and cooperative conduct, in compliance with internal company procedures, in all environmental protection tasks;
- Rigorously comply with all statutory provisions on environmental protection and always act in compliance with internal Company procedures that are based on such provisions;
- manage relations with the PA comprehensively with respect to environmental supervisory authorities in connection with sensitive activities, identifying the manager of each operation or category of operations (where repetitive) carried out in Sensitive Areas;
- define internal environmental protection regulations appropriate for environmental risks;
- comply with the procedures of the Health, Safety Environment Management System.

**SPECIAL SECTION "I"  
INSTRUMENTAL PROCESSES**

**1 Instrumental processes**

The review of Olon's corporate processes also enabled to identify a set of Processes that are instrumental to perpetration of offenses (Instrumental Processes), i.e., processes which contain the instrument which could be used to commit the offense. This is why the control system on such processes must be very strict.

The following table lists instrumental processes and offense classes (and the special sections) to which they relate:

	Art. 24: Offenses against Public Administration	Art. 25 ter: Corporate crime	Art. 25 octies: Money laundering, receiving stolen goods, self-laundering
Instrumental process	S.S. A	S.S. D	S.S. F
Purchase of goods or services	✓	✓	✓
Managing bonuses and benefits	✓	✓	<input type="checkbox"/>
Managing monetary and cash flows	✓	✓	✓
Gifts, complimentary gifts hospitality	✓	✓	<input type="checkbox"/>
Refund of expenses, using credit cards, company assets	✓	✓	<input type="checkbox"/>
Preparing financial statements, directors' report and other corporate reporting	✓	✓	<input type="checkbox"/>
HR recruiting and hiring	✓	✓	<input type="checkbox"/>

**2 Control system – Specific control standards**

The following paragraphs describe specific control policies for each identified Instrumental process:

**1) Purchase of goods or services**

With reference to this sensitive area, the following policies need to be followed:

- Comply with purchase procedures adopted by the Company;
- Clearly segregate roles of who requests a purchase, who authorizes and makes it, who makes the payment, after appropriate checks that goods or services have been delivered;
- Determine the existence of any conflicts of interest with respect to personal, property, legal or other relations existing with natural/legal persons of the other party with whom Olon's staff should relate in connection with the sensitive activity under review;
- No payment may be made in cash and any exceptions must be appropriately authorized. In any event, payments must be settled in accordance with specific administrative procedures, which document the allocation and the traceability of the expense.

**2) Managing monetary and cash flows**

With reference to this sensitive area, the following policies need to be followed:

- Clearly define roles, tasks and responsibilities of functions involved in the various phases of the process;
- The person that signs the statement/notice to obtain funding/contributions must have a specific power of attorney;



- Prepare a schedule with the type of contribution/funding/subsidy, the state entity that grants it, the manager of the function involved, external partners involved, work in progress;
- Trace and verify the phases of the process by appropriately filing all documents used;
- Drafted documents and any other official information must contain only absolutely true elements;
- All adjustments to accounting data must be made only with the authorization of the function that generated it;
- Prepare a periodic report to the SC;
- All reporting to the national and/or EC body connected with the destination of the funding/contribution/tax credit must contain only absolutely true elements which must be consistent with the purpose for which they were requested. To such effect all reporting generated by Olon must be filed in a specific file and signed by the manager of the involved Function;
- Outsourcers, consultants, partners and independent contractors that take part in the process under review must be selected with transparent methods and based on a specific company procedure;
- periodically send the SC a list of funding/contributions received by the Company.

### 3) Refund of expenses, using credit cards, company assets

With reference to this sensitive area, the following policies need to be followed:

- Comply with internal policies regulating refunds of expenses and the assignment of company assets;
- The SC must be informed in writing of any critical issue or conflict of interest;
- All adjustments to accounting data must be made only with the authorization of the function that generated it;
- Sources and elements of information of all prepared documents must be traceable;
- Periodically report to the SC the list of activities completed;
- The Company implements specific procedural controls and pays specific attention to flows that are not part of the company's core business to prevent the creation of hidden reserves; No payment may be made in cash and any exceptions must be appropriately authorized. In any event, payments must be settled in accordance with specific administrative procedures, which document the allocation and the traceability of the expense.

### 4) Gifts, complimentary gifts, hospitality

With reference to this sensitive area, the following policies need to be followed:

- Any gift, complimentary gift must be authorized by Administration and Control and by the Managing Director; if the authorization is asked by the Managing Director, then it is given by Administration and Control and the Chairman;
- Any employee, independent contractor, Managing Director, Chairman incurring hospitality directly or by credit card prepares and Expense Report with the indication of the reasons for the expense and the third-party beneficiary; the Expense Report is approved by the function manager or the Managing Director;
- All hospitality expenses refunded or incurred by credit card, together with the Expense Report must be prepared monthly and supported by the original invoices of receipts and sent to Human Resources and Organization and to Administration and Control for their accounting; Administration and Control sends the Human Resources and Organization the monthly statement of payments settled by credit card and copy of the relevant documents;
- Determine the existence of any conflicts of interest with respect to personal, property, legal or other relations existing with external natural/legal persons (whether private or state) with whom Olon's staff should relate in connection with the sensitive activity under review;
- The SC must be informed in writing of any critical issue or conflict of interest;
- Report periodically to the SC a list of incurred hospitality expenses;
- No payment may be made in cash and any exceptions must be appropriately authorized;
- Comply with the Code of Ethics.

**5) HR recruiting and hiring**

With reference to this sensitive area, the following policies need to be followed:

- Clearly define roles and tasks of persons responsible for recruiting and managing subordinate staff and independent contractors;
- Adopt a structured candidate assessment system to ensure traceability of reasons that led to the selection/exclusion of candidates;
- Identify the person responsible for managing these activities and grant the relevant responsibilities;
- Define methods to file documents on these activities to ensure that they are easy to retrieve in case of request and to ensure traceability of the process.

It is also necessary to:

- Verify that agreements, invoices, payments, including tax and social security payments match, paying great attention to authorizations initiated by people authorized to do so;
- Prepare periodic reports on newly hired staff, indicating both how candidates were selected and exceptions to standard rules, for submission to the SC.

Moreover:

- This Model must be appropriately disclosed to all staff, not only executives, and specific disclosure mechanisms must be set up (e.g. posters in common areas or periodic newsletters) to enable the awareness of any changes and/or revisions to it;
- Executives are responsible for the constant training of their staff and independent contractors. Specifically, executives must: (i) disclose the ethical principles of the Company as stated in the Code; (ii) promote principles of organization clarity and transparency among subordinate employees so as to make them aware of their responsibilities and to support reaching targets; (iii) make it clear which rules of conduct and standards in relations with the PA are requested by Company; (iv) ensure that each employee participates in and completes anti-bribery training; (v) annually revise performance and adopted methods.

**6) Managing bonuses and benefits**

With reference to this sensitive area, the following policies need to be followed:

- Periodically monitor remuneration systems;
- Ensure traceability of reward mechanisms by using appropriate IT tools;
- The SC must be informed in writing of any critical issue or conflict of interest;
- Report periodically to the SC a list of completed activities;
- Valuation of individual conducts with a view to career within the Company is made by expressly taking into consideration the requisites of honesty and compliance with policies, procedures and principles in the Code;
- The Company implements specific procedural controls and pays specific attention to flows that are not part of the company's core business to prevent the creation of hidden reserves;
- no payment may be made in cash and any exceptions must be appropriately authorized. In any event, payments must be settled in accordance with specific administrative procedures, which document the allocation and the traceability of the expense.