

# **The Guidelines of Organizational, Management and Control Model for MRI and MHI**

*in implementation of art. 6, 3rd paragraph,  
of Italian Legislative Decree 231/2001 June 8th 2001, n. 231*

« Discipline of administrative responsibility of legal persons, of companies and associations »

September 21, 2015

(Amendments March 22, 2018)

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## 1. Preface

Further to the Board of Directors' decision dated April 22<sup>nd</sup> 2008, subsequently amended with the decisions dated November 13<sup>th</sup> 2008, March 22<sup>th</sup> 2012, March 14<sup>th</sup> 2013, March 22<sup>th</sup> 2016, July 25<sup>th</sup> 2017 and March 22<sup>th</sup> 2018, Manuli Rubber Industries S.p.A. (hereinafter "MRI") adopted a system of rules, defined as Organizational, Management and Control Model, in observance of the Italian law, and more precisely of the Italian Legislative Decree dated June 8<sup>th</sup> 2001, n. 231.

Manuli Hydraulics Italia S.r.l. (hereinafter "MHI") adopted its Organizational, Management and Control Model with the Board of Directors' decision dated January 20<sup>th</sup> 2016. The Model has been subsequently amended with the decisions dated July 25<sup>th</sup> 2017 and February 20<sup>th</sup> 2018.

The lately amended organisational Models respond to requirements of prevention, and constitute a performance of a duty imposed by the Italian law on all corporate bodies, companies and associations, even those deprived of legal status, that may be summarized as a duty for an entity to avoid commission of some typologies of crimes and thus to organize itself in an adequate manner for such purpose.

Within this document ("The Guidelines of Organizational, Management and Control Model for MRI and MHI", hereinafter also the "Guidelines"), MRI and MHI intend to communicate to proper foreign controlled affiliates and to the personnel posted abroad the fact of having adopted the Model, and to appeal to the Group's personnel to observe the rules therein contained (save for respect of laws and principles that rule those issues in analogous way in a country of reference).

The Guidelines are in particular addressed to sensitize the current personnel of foreign companies, that find themselves to perform under the management or surveillance of MRI and MHI top level management or in relations of co-workers with MRI and MHI personnel.

These Guidelines replace and supersede both the Italian and English versions of the previous guidelines, as issued on December 15, 2009, June 14, 2013, September 21, 2015.

These Guidelines are issued only in the English version.

## 2. The Italian law: Legislative Decree 231/2001 June 8th 2001, n. 231

The Legislative Decree June 8<sup>th</sup> 2001, n. 231 (hereinafter "the Decree") introduced into the Italian law responsibility of entities – corporate bodies, companies and associations, those deprived of legal status included – for administrative illicit depending on crime.

The Decree has been issued in compliance with duties imposed by some important **international acts**:

- Convention on the protection of the financial interests of the European Communities, July 26th 1995;
- Convention on the fight against corruption involving officials of the European

Communities or officials of Member States of the European Union, Brussels  
May 26th 1997;

- OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions, September 17th 1997.

Aligning itself with other European countries' legal systems (France, United Kingdom, Netherlands, Denmark, Portugal, Ireland, Sweden, Finland and Switzerland), the Decree ratifies a form of responsibility that attributes to corporate bodies for some offences, committed in their interest or for their benefit, by the persons functionally related to the latter.

In light of the above illicit behaviours committed by: a) individuals with representative, administrative or management roles, only of-fact included, in a corporate body (so-called persons of a "top level management", for instance executives, managers etc.), and b) individuals involved in the management or surveillance of any of the above parties (for instance employees but also individuals that though not being functionally related to the corporate body, act under the management or surveillance of company's top level management) are to be taken into consideration.

Corporate body's responsibility does not follow however each offence committed but only those peremptorily listed by the Decree and by other laws that refer to the latter.

Against a corporate body found responsible of an illicit depending on crime, the Decree sets forth severe sanctions and assigns duty of an appropriate verification in charge of the penal judge that prosecutes the corporate body and its legal representative.

The sanctions are of two types: **pecuniary** and **disciplinary**.

Among them, must be highlighted measures that are highly prejudicial for corporate body's activities (and its existence), like suspension or retraction of authorizations, licenses or concessions; ban on contract with the Public Administration; interdiction from tax relief, financing, financial contributions or subsidies and retraction of those already granted; ban on advertising goods and services; interdiction, definitive included, on running company's activity. Furthermore, **forfeiture** of a price or profit deriving from crime that the corporate body gained, in any equivalent form, has been established, as well as the official **publication** of **condemnation sentence**.

The corporate body responds for an administrative illicit depending on crime even when the author of the crime has not been identified or the crime is not attributable to the latter, or the crime extinguishes for a cause different then amnesty (for instance for death of the agent or prescription).

In cases and under conditions set forth by the Decree, corporate bodies having their headquarters in Italy may be called to respond also for **crimes committed abroad** (provided that the State on the territory of which the fact has been committed does not proceed against them).

First of all, in order to be able to attribute to the corporate body sanctions defined by the Decree, the following cases contemplated by the Italian Penal Code that integrate behaviours capable to offend Italian State's interests and deserve the most extensive protection are to be considered:

- a. Offences involving counterfeit money performed on the territory of Italy, public credit documents and stamp duties (exception made for offences of forgery of State's stamp and use of forged stamp not included in the group of offences presumption of corporate body's responsibility).
- b. Crimes with scope of terrorism or subversion of the democratic order.
- c. Bribery and corruption offences, prodding to corruption (in case public official on State's service is involved as a complicity and acts abusing of proper powers or in breach of proper duties deriving from its function).
- d. Offences against individual personality (slavery, human trade, purchase or alienation of slaves, juvenile prostitution and pornography).

With reference to such crimes, punishment is unconditional and prosecution is absolute.

Outside these hypotheses, the applicability of Italian penal law to common crimes committed abroad is subject to specific limits and conditions (the presence of reo on the territory of the State and/or the request of the Ministry of Justice and a legal action on behalf of offended person). Such cases and conditions limit also the possibility to attribute to the corporate body a consequent responsibility under the Decree.

In any case, crimes integrally committed abroad must be considered as long as whichever element of fact (for instance any typical behaviour or act of participation of at least one of the authors or co - participants in crime) has been completed in Italy; these elements will justify the applicability of the Italian law.

In such cases (cases of **crimes committed on the territory of the Italian State**) the law does not set any limitations on the Italian jurisdiction by the penal judge: the discipline of responsibility of corporate bodies pursuant to the Decree, in such cases, is being applied both in cases of foreign and Italian corporate bodies and whether the crime has been committed by an Italian citizen or by a foreigner.

In conclusion, for crimes integrally committed abroad, corporate bodies that have their headquarters abroad (this is the case, for instance, of multinational groups) shall not be prosecuted in Italy, though the fact committed has been qualified under the Italian penal law and is to be abstractly prosecuted on the Italian territory.

It is very important to highlight that the Decree sets forth the possibility for corporate bodies of exoneration from responsibility if the same demonstrate they have adopted and efficiently set up an **organisational, management and control model** (a system of rules) for the purpose of preventing crimes of the kind committed.

The adoption of an appropriate and efficient model acts like a "framework" of corporate body's responsibility. For such purpose, the Italian legislator not only requires that the model is adopted but also efficiently implemented through concrete actions respectful of laws and that is being arranged an adequate control and verification system.

### 3. The MRI and MHI Organizational Models

In compliance with the Decree's provisions, throughout Board of Directors' first decision dated April 22<sup>nd</sup> 2008, MRI adopted a proper organizational, management and control model (the Model).

The Model represents a system of rules concerning organization, management and control of Company's activities, aimed at preventing (as far as possible) the commission of illicit under the Decree that, in cases and on conditions therein set forth, expose the Company to responsibility and a risk of application of sanctions, also severe ones.

The Model has been subsequently updated with the Board of Director's decisions dated November the 13<sup>th</sup> 2008, 22 March 2012, 14 March 2013. On 22 March 2016 the Model has been amended by the Board of Directors to take account of the changes in MRI corporate activities with the transfer of the Hydraulics business assets to the subsidiary MHI S.r.l. and the new role of MRI as a holding company. Afterwards amendments of the Model have been made on 25 July 2017 and March 22 2018 following new laws and the increased number of criminal offences that are considered relevant by the Decree for the purpose of corporate responsibility.

With regard to MHI, the company adopted its own Organizational, Management and Control Model with the Board of Directors' decision dated January 20<sup>th</sup> 2016. The Model has been subsequently amended with the decisions dated July 25<sup>th</sup> 2017 and February 20 2018 following new laws and the increased number of criminal offences that are considered relevant by the Decree for the purpose of corporate responsibility.

### 3.1 The Models' scope and their addressees

The Models, together with the Code of ethical conduct of MRI Group and other procedures in use by MRI Group as well as with the provisions of a separate "Anti-Corruption Code", form organic *corpus* of internal laws and principles, aimed at diffusion of an ethic culture, correctness and legality.

The Models are addressed to those persons that carry out representative, administrative and managerial functions in MRI and MHI and to employees of the two companies (thus to all personnel in *a broad sense*), as well as to individuals that though not being functionally related to the above mentioned companies, act under the management or surveillance of MRI and MHI top level management (for instance co-workers and consultants).

The Models are also addressed to employees of Group's foreign companies that find themselves to perform under surveillance or management of MRI and MHI top level managers or in a relation of co-workers with MRI and MHI personnel.

**Therefore, employees of Group's foreign companies** that act under management or surveillance of the Italian companies' top level managers, while performing sensitive activities, **are due** to enforce principles and rules contained in the Models (other than procedures and internal regulations in use by MRI Group).

**The MRI and MHI top level managers** that manage or supervise employees of Group's foreign companies, while performing sensitive activities, **are due** to give a wide

range information to their foreign colleagues regarding principles and rules adopted by MRI and MHI through the organizational Models, calling at the same time for their straight observance, being aware of consequences regarding responsibilities that might affect the companies deriving also from their actions.

The Models call all their addressees to strict obedience and compliance with all rules and procedures. The Models also require all addressees to report to the Control Body set up in MRI and MHI any **violation** of the rules and any crime committed that are considered by the Decree which come to their knowledge in the context of their activity.

Individuals who report such potential or suspected violations can be confident that all reports will be dealt with and treated with absolute confidentiality, in accordance with the provisions of the Models and the MRI Group's whistleblower policies. The Models and the procedures protect any individual who make good faith complaint of violations from retaliation or discrimination of any kind and provide disciplinary sanctions against individuals who intentionally make false complaints.

### **3.2 Identification of sensitive areas and relevant offences**

Elaboration of the Models required a range of preparatory actions within MRI and MHI structure, among which stands out in particular individuation of activities where theoretically exists the possibility to commit crimes that result in corporate body's responsibility (so-called **mapping** of sensitive activities).

Taking into consideration MRI and MHI activities, the following crimes have been considered relevant for the purpose of corporate responsibility pursuant to the Decree:

- Crimes against the public Administration;
- Company offences;
- Manslaughter and culpable injuries, serious or very serious, committed in breach of laws on prevention from accidents and wardship of hygiene and health at work;
- Fencing, laundering, self-laundering<sup>1</sup> and use of money, goods or utilities derived from criminal offences;
- IT crimes and illicit treatment of data;
- Copyright crimes;
- Environmental crimes<sup>2</sup>;
- Crimes against the industry and the commerce<sup>3</sup>;

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<sup>1</sup> On 15 December 2014, Italy introduced the crime of self-laundering i.e. laundering by the person who committed or participated in the commission of the offence that produced the money, assets or benefits (predicate offence). By this provision Italy comply with the international conventions on laundering and the legislation of the other leading countries.

<sup>2</sup> These crimes are considered relevant only in the course of MHI business activity.

<sup>3</sup> These crimes are considered relevant only in the course of MHI business activity.

- Corruption in the private sector.

As far as other crimes under the Decree that are not contained in the Models are concerned, MRI and MHI deemed that, in such case, the ensemble of conduct principles contemplated within the Code of ethical conduct, *corporate governance* rules and other procedures in use by the two companies, does already constitute an efficient prevention system.

### **3.2.1 Sensitive areas and principles of behaviour in relations with the Public Administration**

The activities, within the field of crimes against Public Administration, that both MRI and MHI individuated as sensitive, are indicated in detail in the companies' records, preserved and stocked by the MRI *Internal Audit's* offices.

Those activities are:

- a. participation in public evidence procedures (bids and tenders)<sup>4</sup>;
- b. sales of goods outside public evidence procedures<sup>5</sup>;
- c. credit's management and credit collection plans<sup>6</sup>;
- d. management of representative costs and souvenirs;
- e. purchase of goods and services;
- f. management of agencies' network<sup>7</sup>;
- g. administration of personnel and relations with Labour Offices and social security agencies;
- h. relations with surveillance Authorities;
- i. relations with public authorities concerning inspections and controls;
- j. relations with Finance Administration and with public agencies concerning tax issues;
- k. marketing activity in collaboration with public agencies;
- l. relations with judiciary authorities and the forces of law and order;
- m. relations with consultants and co-workers;
- n. management of informative systems.

The list of sensitive activities is constantly up-dated with regard to potential new prevention requirements.

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<sup>4</sup> This activity is relevant only for MHI business.

<sup>5</sup> This activity is relevant only for MHI business.

<sup>6</sup> This activity is relevant only for MHI business.

<sup>7</sup> This activity is relevant only for MHI business.



While performing sensitive activities, all addressees of the Models must observe general principles of behaviour that MRI and MHI have individuated, also in compliance with the Code of ethical conduct.

Correct and transparent behaviour in respect of all laws and internal corporate procedures has been made a duty of corporate body's members and all employees', consultants' and co-workers' that are involved in performance of operations concerning sensitive activities.

For those purposes, it has been prohibited to:

- keep relations with Public Authorities, exception made for persons performing such activities pursuant to Company's organizational chart (that indicates also activities performed), internal orders and proxies;
- offer or perform, either directly or indirectly, undue payments and promises of personal vantages, of any nature, to Public Administration representatives. Such prohibition includes the offer, direct or indirect, of service availability free of charge aimed at influencing decisions or transactions;
- distribute to Italian or foreign Public Administration representatives souvenirs and gifts, exception made to small souvenirs of symbolic and not significant value that may not compromise integrity and reputation of the parties and that may not be considered as aimed at improper acquisition of benefits;
- present to national and foreign public organs false declarations and lacking information due for the purpose of achievement of public funding, and in any case to commit any action that may mislead the public agency while granting funding or performing payments of any kind;
- assigning amounts received from national and foreign public agencies under the form of contributions, subventions or financings for purposes different than those for which designated;
- use forms of pressure, deceive, suggestion or to endear the public functionary in order to influence conclusions of administrative activity;
- pay to anybody, and in any form, amounts or to give goods or other utilities aimed at facilitating and/or rendering less onerous the execution and/or the management of agreements with the Public Administration with respect to duties assumed within such agreements;
- entrust consultants and co-workers activities that exceed authority limits given within consultancy mandates;
- recognize compensations to consultants, co-workers or commercial partners that are not justified by activities actually performed;
- perform payments in cash, exception made for petty expenses, and prior to Administration Finance and Control Department' authorization;
- modify in any form the IT and data transmission systems of the Company or to

manipulate the data.

Rules and principles of behaviour are completed by those contained in the “Anti-Corruption Code” adopted by MRI and its subsidiaries on March 25, 2014.

### **3.2.2 Sensitive areas and principles of behaviour in company’s performances**

The activities, within the field of company crimes that both MRI and MHI have individuated as sensitive, are indicated in detail in the companies’ records, preserved and stocked by the MRI *Internal Audit*’s offices.

Those activities can be grouped in the following manner:

- a. registration and representation of company’s activities within accountant books, balance sheets, reports and other corporate documents containing Company’s economic, financial and patrimonial situation, as well as communication of the above information to third parties;
- b. drafting of economic, patrimonial and financial situations for the purpose of performance of extraordinary operations;
- c. relations with the shareholders, with the Board of Directors, with statutory auditors and external auditing company;
- d. management of IT systems security;
- e. relations with Surveillance Authorities (Guarantee Authority for Competition and the Market, etc.);
- f. relations with press and media in general;
- g. management of Company’s financial resources;
- h. relations with goods and services vendors;
- i. relations with agents<sup>8</sup>;
- j. participation in public evidence procedures (bids and tenders)<sup>9</sup>;
- k. sales of goods outside public evidence procedures<sup>10</sup>.

The list of sensitive activities is constantly up-dated with regard to potential new prevention requirements.

All addressees of the Models must observe general principles of behaviour that both MRI and MHI have individuated, also in compliance with the Code of ethical conduct, Company’s Act of Association’s rules and all other applicable internal rules and regulations.

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<sup>8</sup> This activity is relevant only for MHI business.

<sup>9</sup> This activity is relevant only for MHI business.

<sup>10</sup> This activity is relevant only for MHI business.

Correct and transparent behaviour, in respect of all laws and internal company procedures, has been made a **duty** of corporate body's members and all employees', consultants' and co-workers' that, in fulfilment of company's duties, are involved in performance of operations concerning sensitive activities.

It is considered duty of the above mentioned persons to:

- respect the law and company's internal procedures, in all activities aimed at preparation of the balance sheet and other social communications in the manner to guarantee the shareholders and third parties the possibility to dispose of a clear and faithful representation of Company's economic, patrimonial and financial situation;
- observe the law aimed at preservation of the integrity of social capital, Company's estates, as well as aimed at protection of the shareholders, the creditors and, more in general, other third parties;
- secure the regular functioning of the Company and its bodies, guaranteeing and favouring any form of control over company's management set forth by the law, as well as independent and correct formation of shareholders' resolutions;
- inform the Board of Directors and Statutory Auditors Council of any interest that the Directors might have in a concrete Company's operation or transaction;
- duly and clearly fulfil all communication duties established by the law and regulations towards Surveillance Authorities, and more in general, towards agencies.

For those purposes, pursuant to the penal law, it has been prohibited to:

- commit or omit acts against the duties and responsibilities of an MRI and MHI function or the duty of loyalty;
- in any relations with commercial partners and private sector entities (companies, enterprises, trusts and other entities, which are entirely or to a determining extent owned by private persons), whether or not in the course of business activity, offer or promise, either directly or indirectly, or through an intermediary, payments, benefits or other advantages to personnel of MRI and MHI commercial partners or private sector entities (both managers and personnel acting under the direction or surveillance of the managers) with the scope of inducing them to perform improperly any function or activity connected with the business or rewarding them for the improper performance of such a function or activity; request or accept the promise or the offer of payments, benefits or other advantages to/by the above mentioned individuals or through an intermediary to act against the duties and responsibilities of a MRI and MHI function or the duty of loyalty;
- expose false facts or to omit the obligatory information to be contained in balance sheets and other communications set forth by the laws;
- manage money or other goods of Company's property without leaving any

evidence of such operations in accountant books;

- return contributions to shareholders or to relieve them from a duty to execute the contributions, outside cases of legitimate company capital decrease. The ban includes also sales of company goods in benefit of one or more shareholders in exchange of derisory compensation, payment to shareholders of compensations for operations non actually promoted by such shareholders, acknowledgement of inexistent debt in favour of one or more shareholders;
- allocate profits or down payments on profits non actually generated or designated under the laws as reserves;
- purchase or subscribe Company's shares outside cases set forth by the laws in a manner to damage company capital's integrity or reserves not distributable under the laws. The ban includes conclusion of fiduciary legal transactions or other agreements aimed at making the Company to purchase, by means of fiduciary companies or interjected persons, proper shares;
- execute company capital decreases, mergers or divisions in breach of creditor's guardianship laws;
- proceed with formation or fictitious increase of company capital, attributing shares for a value superior to company capital amount or value of contributions actually executed;
- obstruct, in any way, control activity on behalf of shareholders, corporate bodies and external auditors;
- obstruct in any way public surveillance Authorities in performance of their tasks (by exposing false facts, to be more precise, by omitting information due to such authorities within communications transmitted to them and in general by obstruct behaviours like for instance delay in transmitting communications, opposition of refusals used as an excuse or offer of requested documentation);
- influence in an illicit manner, with simulated or deceitful acts, formation of a majority in shareholders' meeting. The ban includes, for instance, admission to voting in shareholders' meeting persons that, with respect to a concrete decision in question or in definitive, may not exercise the right of vote; paralyzing shareholder's legitimate right to exercise the right of vote; introducing into shareholders' meeting minutes among shareholders attending and voting persons that never attended the meeting or never voted or voted differently then indicated; attribution to one or more shareholders of number of shares different from the real one with consequent acknowledgement of major number of votes;
- diffuse false notices or to put into action simulate operations or others in a manner to provoke alteration of Company's financial instruments' price.

### **3.2.3 Sensitive areas and principles of behaviour in wardship of health and security on work sites**

The activities, within the field of crimes of manslaughter and negligent injuries, serious or very serious, committed in breach of laws on prevention from accidents and wardship of hygiene and health at work, that both MRI and MHI individuated as sensitive, are indicated in detail in the companies' records, preserved and stocked by the MRI *Internal Audit's* offices.

Those activities can be grouped in the following manner:

- a. management of activities in the field of health and security.

The list of sensitive activities is constantly up-dated with regard to potential new prevention requirements.

All addressees of the Models must observe general principles of behaviour that both MRI and MHI have individuated, also in compliance with the Code of ethical conduct.

Correct and transparent behaviour, in respect of all laws and internal company procedures, has been made a **duty** of corporate body's members' and all employees', consultants' and co-workers' that are involved in performance of operations concerning sensitive activities like the ones mentioned in previous paragraph.

In particular, there exists a duty to strictly observe **health and security guardianship on work sites** laws, by respecting in particular the following legal duties regarding:

- technical - structural law standards concerning facilities, installations, work sites, chemical, physical and biological agents;
- risk assumption activities and predisposition of subsequent prevention and protection measures;
- organizational activities like emergencies, medical aid, management of tender contracts, periodic security meetings, consultations of workers' representatives for security;
- sanitary surveillance activities;
- workers' formation and information activities;
- surveillance activities with reference to safe work procedures and instructions;
- acquisition of documents and certificates obligatory under the laws;
- periodic controls on application and efficiency of procedures.

### **3.2.4 Sensitive areas and principles of behaviour in fencing, laundering, self-laundering and use of money, goods or utilities derived from criminal offences**

The activities, within the field of crimes of fencing, laundering, self-laundering and use

of money, goods or utilities derived from criminal offences, that both MRI and MHI individuated as sensitive, are indicated in detail in the companies' records, preserved and stocked by the MRI *Internal Audit's* offices.

Those activities can be summarized as follows:

- a. purchase and/or sales agreements, financial transactions and investments with counterparts;
- b. sponsorships;
- c. inter-company purchase and/or sales agreements;
- d. management of financial flows;
- e. relations with providers and commercial and financial partners;
- f. relations with consultants and co-workers.

The list of sensitive activities is constantly up-dated with regard to potential new prevention requirements.

All addressees of the Models must observe general principles of behaviour that MRI and MHI have individuated, also in compliance with the Code of ethical conduct.

Correct and transparent behaviour in respect of all laws and internal company procedures has been made a **duty** of corporate body's members' and all employees', consultants' and co-workers' that are involved in performance of operations concerning sensitive activities like the ones mentioned in previous paragraph.

For those purposes it has been **prohibited** to:

- purchase, receive, occult, by means of third parties included, money or goods derived from or obtained, directly or indirectly, from criminal offences;
- convert, transfer money, goods or other benefits derived from or obtained, directly or indirectly from criminal offences for the purpose of concealing or disguising the illicit origin of the property;
- engage into economic or financial activities money, goods or other benefits derived from or obtained, directly or indirectly from criminal offences.

### **3.2.5 Sensitive areas and principles of behaviour in IT crimes prevention**

The activities, within the field of IT crimes and illicit treatment of data, that both MRI and MHI individuated as sensitive, are indicated in detail in the companies' records, preserved and stocked by the MRI *Internal Audit's* offices.

In brief, the activity consists in:

- a. management of informative systems.

While performing sensitive activities, all addressees of the Models must observe general

principles of behaviour that MRI and MHI have individuated, also in compliance with the Code of ethical conduct.

Correct and transparent behaviour in respect of all laws and internal company procedures has been made a **duty** of corporate body's members and all employees', consultants' and co-workers' that are involved in performance of operations concerning sensitive activities.

For those purposes it has been **prohibited** to:

- modify electronic documents, public or private, for evidence and forensic purpose;
- access, without having proper authorization, an IT or data transmission system or to restrain oneself against express or tacit will of whom has a right to exclude such access (the ban includes access to public or private competitors' intranet network for the purpose of gaining information on commercial or industrial progresses);
- intercept, prevent or illegally interrupt IT or data transmission communications;
- destroy, deteriorate, cancel, alter or suppress information, data and IT programmes (the ban includes non authorized intrusion into competitor's IT system for the purpose of altering its information and data);
- destroy, deteriorate, cancel, alter or suppress information, data and IT programmes used by the State or other public agency, or by agencies belonging to them, or in any case agencies of public utility;
- destroy, damage, render, totally or in part, non useful someone else's IT or data transmission systems or obstruct severally their functionality;
- destroy, damage, render, totally or in part, non useful public utilities' IT or data transmission systems or obstruct severally their functionality;
- provide oneself, reproduce, diffuse, communicate or, more precisely, inform third parties of codes, passwords or other appropriate means of access to someone else's IT or data transmission systems protected by security measures, or to deliver indications of instructions aimed at allowing third parties access to IT or data transmission systems protected by security measures;
- provide oneself, produce, reproduce, import, diffuse, communicate, deliver or, in any case, offer to others equipment, devices o IT programs in order to damage illegally IT or data transmission systems, information, data or programs therein contained and related, or, more precisely, to encourage total or partial interruption, alteration of their functionality (the ban includes transmission of virus aimed at damaging information systems of competitors).

### 3.2.6 Sensitive areas and principles of behaviour in copyright crimes prevention

The activities, within the field of IT crimes and illicit treatment of data, that both MRI and MHI individuated as sensitive, are indicated in detail in the companies' records, preserved and stocked by the MRI *Internal Audit's* offices.

In brief, the activity consists in:

- a. management of IT systems

While performing sensitive activities, all addressees of the Models must observe general principles of behaviour that MRI and MHI have individuated, also in compliance with the Code of ethical conduct.

Correct and transparent behaviour in respect of all laws and internal company procedures has been made a **duty** of corporate body's members and all employees', consultants' and co-workers' that are involved in performance of operations concerning sensitive activities.

For those purposes it has been **prohibited** to:

- insert in a IT network through connections of any kind and make available to the public, without having the right, a creative work protected by copyright or a part of it. It also prohibited to insert in a IT network a creative work of any kind protected by copyright, including software, database, and audiovisual works;
- reproduce without authorization software and database if only for personal purpose and for reasons not related to MRI business (for example it is prohibited to duplicate a software in order to use the program on a different computer or give it to others and it is also prohibited to install a program regularly purchased with a single license that restricts the use to one computer on others computers);
- distribute computer programs and database illegally duplicated or contained in carriers without SIAE's sticker (SIAE is the Italian authority protecting copyrights);
- hold computer programs and database contained in carriers without SIAE's sticker for commercial and entrepreneurial reasons;
- hold for sale and distribution, market, sell, rent, transfer under whatever title, publicly show, broadcast through radio or television videocassettes, musicassettes, any carrier containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of images in motion, or any other carrier that according to Italian law should bear SIAE's sticker, without or with a counterfeited or altered SIAE stamp;
- import, reproduce, illegally copy, devices or decryption systems that allow the access to a scrambled service without paying the fee or broadcast a scrambled signal received by systems able to decode conditional access transmissions. It is also prohibited to produce, distribute under whatever title, hold for commercial purpose, devices,



products or components which main purpose is to circumvent any technological measure of protection;

- promote or organize the above mentioned activities.

### **3.2.7 Sensitive areas and principles of behaviour in environmental crimes prevention<sup>11</sup>**

The activities, within the field of environmental crimes, MHI individuated as sensitive, are indicated in detail in Company's records, preserved and stocked by the MRI *Internal Audit's* offices.

In brief, the activities consist in:

- a. drainage of industrial sewage;
- b. emissions to the atmosphere (including the substances damaging the ozone);
- c. waste management;
- d. reclamation of plants.

The addressees of the Model undertake to behave in a proper and transparent manner, in compliance with the provisions of the law, the Model and the internal procedures of the Company.

Correct and transparent behaviour in respect of all laws and internal company procedures has been made a **duty** of corporate body's members' and all employees', consultants' and co-workers' that are involved in performance of operations concerning sensitive activities like the ones mentioned in previous paragraph.

With particular reference to the environmental matters, compliance with the law implies the compliance with national and regional laws and all the technical and regulation standards, as well as the requirements prescribed by the competent Authorities to the Company, and those included in the authorization measures provided by the relevant entities.

The legal representatives of the Company are responsible to take all necessary measures suited to ensure the compliance with the environmental law, also by means of establishing an appropriate and effective Company function in charge of the tasks relating to compliance with said law which shall be headed by a responsible manager with adequate powers of intervention and expenditure and technical and professional skills.

The persons responsible for each production site of the compliance with the environmental law are in charge of performing all necessary and due activities, within the scope of the functions assigned, also by performing suitable controls and checks on the activities devolved to the technicians of the Company, to external companies in charge of analysis, measurements, sampling, monitoring, inspections, and maintenances,

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<sup>11</sup> These crimes are considered relevant only in the course of MHI business activity.

to the persons who operate within the waste's management process, the reclamations, the enterprises and the self-employed workers which operate on behalf of the Company inside and outside the Company's plants.

With reference to the **industrial sewage**, and without prejudice to the law obligations, the requirements of the Authority and the prohibitions provided for by applicable law, for the specific purposes of preventing the liability under the Decree, the Company prohibits to perform the following activities:

- drainages of industrial sewage without the required authorization or the maintenance of said drainages despite the revocation and/or suspension of the authorization, when the produced industrial sewage contains the dangerous substances listed in chart 3/A under Annex 5 to part three of the Italian Legislative Decree 152/2006 (among which persistent mineral oils and persistent hydrocarbons of petroleum origin are included). The submission of an application for the authorization to the drainage not being in accordance with the requirements of the law is equivalent to the non-submission of the application itself;
- drainages of industrial sewage containing the dangerous substances listed in chart 5 and chart 3/A under Annex 5 to part three of the Italian Legislative Decree 152/2006 without complying with the requirements of the authorization, or without complying with the requirements issued by the competent Authorities (technical rules, regulatory requirements, emission limit values) with reference to the drainages into the sewerage system and the requirements regarding the maximum substance's quantity allowed for the drainages of the dangerous substances listed in chart 3/A under Annex 5 to part three of the Italian Legislative Decree 152/2006 deriving from the production cycles specified in the same chart;
- drainages of industrial sewage exceeding the emission limit values to surface water and sewerage as listed in chart 3, or in case of drainage on the ground in chart 4 under Annex 5 to part three of the above mentioned decree (emission limit values for urban and industrial sewage ending up on the ground), or exceeding the more restrictive limits set forth by the Region or by the competent Authority (technical rules, regulatory requirements, emission limit values), in relation to the substances listed in chart 5 and chart 3/A under Annex 5 to part three of the Italian Legislative Decree 152/2006;
- drainage on the ground or on the surface layers of the underground and direct drainage into the underground waters and the underground.

With reference to the **emissions to the atmosphere**, and without prejudice to the obligations provided for by the law, the requirements of the Authorities, and the prohibitions provided for by applicable law (in particular, those relating to the authorizations related to the running of the plant, the notices and the authorizations for the eventual change of the registered office, and any other amendment, either substantial or not of the plant), for the specific purposes of preventing the liability under the Decree, the Company prohibits to perform, in particular, the following activities:

- to breach the limit values or the requirements provided for by the authorizations, the rules of Annexes I, II, III, IV, V part five of the Italian Legislative Decree 152/2006, the air's quality plans or programs, the requirements set forth for the systems and activities, or the requirements otherwise imposed by the competent Authorities.

The prohibition includes the use of monitoring methods and systems other than, or not in compliance with, the requirements of the authorization in performing the relevant controls, as well as omitting the availability of the results to the competent Authority in order to enable this latter to execute the controls set forth by the law; and the lack in the communication to the competent Authority itself, within the prescribed term, of eventual dissimilarities noticed while verifying the compliance between the measured values and the mandatory limit values.

With reference to the **waste**, and without prejudice to the obligations provided for by the law, the requirements of the Authorities, and the prohibitions provided for by applicable law, for the specific purposes of preventing the liability under the Decree, the Company prohibits to:

- give wastes to persons without the authorizations, registrations, communications necessary to the collection, transportation, recycling, disposal, trade and brokerage of the wastes themselves;
- take part in any manner (collection, transportation, recycling, disposal, trade and brokerage) in non authorized waste management activities, including by means of a negligent behaviour and, in particular, without adopting proper measures to ensure the compliance with the law;
- allow to anybody else the continuous and regular deposit, the unlimited storage and the abandonment of wastes in the area owned by or belonging to the Company, without taking positive actions as noticing or reporting those facts to the authority and, in any case, not taking measures to remove said breach of law;
- carry out not allowed waste blending activities. The prohibition includes, where not permitted under the relevant authorizations, the blending of dangerous wastes with different dangerousness specifications or even dangerous with non-dangerous wastes. The blending includes the dilution of dangerous materials;
- carry out or allow, including by means of a negligent behaviour, the storage, even if provisional, of dangerous medical wastes;
- carry out shipments of wastes (either dangerous or non-dangerous) as to constitute illicit trade of wastes under the relevant EC rules. The prohibition includes, by way of an example, the shipment of wastes not actually detailed in the cover letter or with false notices to the relevant authority, as well as in case of intention or unintentional mixture ("blending of wastes") of two or more types of wastes identified by different codes in order to give origin to a blend not identified by a specific code;
- organize or take part in the organization of illicit trades of wastes. The prohibition includes any conduct that may in any manner ease said organization,

also for other goals than economic returns purposes, related to, by way of an example, a saving on costs or a profit of any other kind.

With reference to the **reclamation of plants**, and without prejudice to the obligations provided for by the law, the requirements of the Authorities, and the prohibitions provided for by the reference law (in particular, those relating to the duties of intervening and securing the polluted sites, the authorizations related to the running of the plant, the notices and the authorizations for the eventual change of the registered office, and any other substantial, or not, amendment of the plant), for the specific purposes of prevention of the liability charge under the Decree, the Company prohibits to perform the following activities and in particular to:

- pollute the ground, the underground of either surface or subterranean waters, and exceed the risk thresholds concentration through any “polluting mean” (draining of industrial sewage, containing dangerous and non-dangerous material, and wastes pollution) without remedying in compliance with the law and the relevant provisions. The prohibition includes the non-implementation of the characterization plan in order to hamper or encumber the realization of the project of reclamation;
- omit to give the compulsory notice in case of potential site-polluting events.

With reference to the **waste monitoring information system (SISTRI**, as referred to by Italian regulations), and without prejudice to the obligations provided for by the law, the requirements of the Authorities, and the prohibitions provided for by the reference law (in particular, those relating to the subscription to the system, the related contribution and the filling in of the form), for the specific purposes of preventing of the liability under the Decree, the Company prohibits to perform the following activities in particular:

- give false information on the waste type and chemical-physical composition in the drafting of a waste analysis certificate used in the SISTRI, and enclose false certificates in the documents provided for the monitoring of the wastes;
- transfer dangerous wastes;
- use a waste analysis certificate that includes false information on the waste type and chemical-physical composition for a transportation;
- transfer of either dangerous or non-dangerous wastes without a print copy of the SISTRI form – Fraudulently modified handling AREA;

With reference to the **cessation and reduction of the use of substances damaging the ozone**, the Company prohibits to perform any activities aimed at infringing:

- the provisions set forth by the Italian Law no. 549/1993 and the EC Regulations for the production, use, importation, exportation, possession and trading of the damaging substances listed in chart A of said Law;
- the provisions concerning the prohibition to manufacture equipment which use the substances listed in chart of the Italian Law no. 549/1993;

- the provisions governing the use of the substances listed in chart A for the maintenance and refill of devices and equipment already sold and installed at the date of coming into force of the Italian Law no. 549/1993;
- the provisions governing the terms and conditions for the cessation of the use and the essential use of the substances listed in chart B of the Italian Law no. 549/1993;
- the provisions concerning the terms of the production, use, importation, exportation and trading of the substances listed in charts A and B of the Italian Law no. 549/1993;
- the provisions concerning the restrictions of use in the field of the fire-fighting of the hydrochlorofluorocarbons (HCFC), perfluorocarbons (PFC) and hydrofluorocarbons (HFC) in order to reduce the emission of high greenhouse potential gases.

### 3.2.8 Sensitive areas and principles of behaviour in crimes against industry and commerce prevention<sup>12</sup>.

The activities, within the field of the crimes against industry and commerce, MHI individuated as sensitive, are indicated in detail in Company's records, preserved and stocked by the MRI *Internal Audit's* offices.

In brief, the activities consist in:

- a. customer relationship management and sale contracts;
- b. sale of goods and services;
- c. definition of the characteristics of goods and services;
- d. quality customer service and claims management;
- e. e-commerce;
- f. web site management;
- g. brochures and catalogues creation;
- h. advertising campaign.

While performing sensitive activities, all addressees of the Model must observe general principles of behaviour that MHI has individuated, also in compliance with the Code of ethical conduct.

Correct and transparent behaviour in respect of all laws and internal company procedures has been made a **duty** of corporate body's members' and all employees', consultants' and co-workers' that are involved in performance of operations concerning sensitive activities like the ones mentioned in previous paragraph.

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<sup>12</sup> These crimes are considered relevant only in the course of MHI business activity.

It has been **prohibited** to:

- sell or distribute a product different for origin, quality and quantity from the ones advertised or declared;
- state in the MHI advertising, web site, brochures and catalogs of products, commercial agreements, and in general in all the communications related to an offer of goods and services, false information about characteristics, country of origin, quality and quantity of the goods and services;
- sell or trade either in Italy or abroad products or creative works with names, distinction signs and trademarks forged or counterfeit even when trademarks are not registered or signs are not protected under the law;
- sell or trade products or creative works with names, trademarks, distinction signs (Italians or foreigners) able to mislead customers about the country of origin, quality or quantity of the product or the creative work. It is also prohibited to copy others' trademarks and distinction signs (and not only to counterfeit or alter) even when trademarks are not registered or signs are not protected under the law.

### **3.2.9 Sensitive areas and principles of behaviour for the prevention of corruption in the private sector.**

MRI and its subsidiaries (including MHI) have adopted a specific “Anti-Corruption Code” that contains rules and principles of behaviour for the prevention of corruption both in the private and in the public sector.

The Anti-Corruption Code applies to MRI and its subsidiaries personnel (employees and managers) both in Italy and abroad.

## **4. The disciplinary system**

In compliance with the Decree, both MRI and MHI have adopted a disciplinary system in order to sanction lack of respect of measures indicated in the Models.

The disciplinary measures and respective sanctions against breach of the Models' rules are individuated by the companies on the basis of criteria that take into consideration different personnel's grade (employees or managers, directors, statutory auditors or co-workers), conditions and circumstances under which breach has been committed (negligence, imprudence, inexperience, predictability of an event, disciplinary precedents if any), appropriateness of the sanction in order to reflect proportionality principle.

The disciplinary measures are being adopted by the companies' bodies and offices resulting competent in virtue of powers conferred to them on the basis of Act of Association and Company's internal regulations and in respect of laws in force and National Collective Labour Agreements.

Application of disciplinary system set forth by the Models is independent from carrying out and from results of any other civil, penal or administrative action promoted against a person responsible for breach. The application of sanctions therein does not exclude any other potential penal, civil or administrative sanctions established by the law for the same event.

Against violations committed by employees, the subsequent disciplinary measures are foreseen:

- a. *Measures against employees different from managers.*
- b. *Measures against managers.*
- c. *Measures against employees of foreign companies.*

Measures against employees of foreign companies belonging to MRI Group are being adopted by the person entitled with disciplinary powers, in collaboration with the Italian Area Manager and its foreign correspondent, in compliance with countries' laws of reference and employee's job agreement.

The Models set forth also disciplinary measures against breaches committed by the companies' **Directors** and **Statutory Auditors**, as well as disciplinary measures against **breaches committed by service providers, consultants, co-workers and partners.**

## **5. The Control Body in MRI and MHI Models**

Adoption of the Model both in MRI and MHI requested institution of an internal organ (the Control Body), with surveillance and control tasks over functionality and compliance of the Model and its efficient implementation.

At the beginning the Board of Directors of MRI nominated a collegial body composed of three members, in respect of autonomy and impartiality requisites requested by the Decree. MRI's Statutory Auditors Council's Chairmen, Group General Counsel and Chairman to the Statutory Audit were called to be members of the Control Body. On 22 March 2016, however, taking account of the changes in the corporate activities, the Board of Directors entrusted the tasks of surveillance and control over functionality and compliance of the Model to the Board of Statutory Auditors of MRI.

In MHI the Board of Directors appointed a collegial body actually composed of three members: the General Counsel of MRI, the Internal Audit Manager of MRI and a person outside the company.

The Control Body both in MRI and in MHI responds directly to the Board of Directors:

- a) whenever retains necessary to inform the Board, in order to guarantee correct functionality and compliance with the Model;
- b) annually, by means of written report that contains also information regarding the state of the Model.

The Models set forth the flow of information from and towards the Control Body and

the companies' internal structures and **communication duties** in charge of Models' addressees (members of corporate and control bodies included) regarding also breaches of the Models and crime notices and/or notices of administrative illicit that may result in corporate responsibility under the Decree.

**MRI and MHI top level managers** that manage or supervise employees of Group's foreign companies, while performing sensitive activities, **are due** to give a prompt notice to the Control Body of any kind of anomaly occurred in the relationship that might involve a breach or a non exact observance of Model's rules.

The Control Body duly informs MRI and MHI Board of Directors with respect to adoption of necessary measures:

- regarding Model's ensured breaches and any crime notice relevant under the Decree of which the same has been informed by proper initiative or by means of communication defined by the Model;
- regarding necessity to proceed with Model's updating or adjustments;
- regarding any information useful for the purpose of correct performance of proper functions and efficient implementation of the Model.